Pan Global Resources Inc.

FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

January 31, 2011

Pan Global Resources Inc.

BALANCE SHEETS

AS AT JANUARY 31

	2011	2010
Assets		
Current		
Cash	$ 2,549,065	$ 956,101
Receivables	29,776	18,726
Deposits	35,000	-
Prepaid expenses	8,058	-
	$ 2,621,899	$ 974,827
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 404,700	$ 38,106
	404,700	38,106
Shareholders' equity:		
Share capital (note 4)	3,519,244	1,497,590
Contributed surplus	399,707	108,414
Deficit	(1,701.752)	(669,283)
	2.217.199	936,721
	$ 2.621.899	$ 974,827

Nature of operations and going concern (note 1)

Subsequent event (note 10)

APPROVED BY THE DIRECTORS:

"Julian Bavin"

"Robert Baxter"

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

Pan Global Resources Inc.

STATEMENTS OF OPERATIONS AND DEFICIT
YEARS ENDED JANUARY 31

	2011	2010
Exploration expenditures (note 3)	$ 580,811	$ 253,253
General and administrative expenses		
Accounting, tax and audit	58,393	34,655
Office and rent	22,811	13,487
Management fees	72,916	-
Professional fees	23,726	17,369
Project evaluation	112,599	21,603
Regulatory and transfer agent	28,419	19,263
Stock based compensation	118,737	-
Travel	14,677	-
	452,278	106,377
Loss before other items	1,033,089	359,630
Other expenses (income):		
Write-off of mineral property	-	112,825
Interest income	(620)	(28,220)
	(620)	84,605
Net income (loss) for the year	(1,032,469)	(444,235)
Deficit, beginning of year	(669,283)	(225,048)
Deficit, end of year	$ (1,701,752)	$ (669,283)
Basic and diluted income (loss) per common share	$ (0.10)	$ (0.05)
Weighted average number of common shares outstanding	10,547,218	9,427,014

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

Pan Global Resources Inc.

STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 31

		2011		2010
Cash flows used in operating activities				
Net income (loss) for the year	$	(1,032,469)	$	(444,235)
Items not affecting cash:				
Stock based compensation		118,737		-
Write-off of mineral property (note 3)		-		112,825
Changes in non-cash working capital items:				
Receivables		(11,050)		28,244
Deposit		(35,000)		-
Prepaid expenses		(8,058)		-
Accounts payable and accrued liabilities		366,594		18,741
		(601,246)		(284,425)
Cash flows provided by investing activities				
Mineral properties		-		(72,825)
Short term investments (net)		-		1,000,000
		-		927,175
Cash flows provided by financing activities				
Shares issued for cash, net of share issue costs		2,194,210		-
		2,194,210		-
Increase in cash during the year		1,592,964		642,750
Cash, beginning of year		956,101		313,351
Cash, end of year	$	2,549,065	$	956,101
Supplementary cash flow information:				
Cash paid during the year				
Interest	$	-	$	-
Income taxes		-		-
Investing activities				
Shares issued for mineral property (Note 4)	$	-	$	40,000

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

1. Nature of operations and going concern

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on February 1, 2006 and is classified as a Tier II mining company, effective June 8, 2009 and trades on the TSX Venture Exchange. On December 21, 2009, the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company's continuing operations and the ability of the Company to meet its mineral property commitments are dependent upon the ability of the Company to raise additional equity, debt financing and seeking joint venture partners.

On October 10, 2008 the Company entered into a letter of intent with Full Metal Minerals (USA) Inc. ("Full Metal"), to acquire an option to earn an undivided 60% interest in and to the mineral properties comprising Full Metal's "Mount Andrew Property" located approximately 48 km west north-west of Ketchikan, Alaska (the "Acquisition"). The Acquisition constituted the Company's Qualifying Transaction and acceptance of the TSX Venture Exchange was received on June 8, 2009. During the period, the Company decided to discontinue its option agreement on the Mount Andrew Property.

The Company currently plans to explore and develop new early stage opportunities in the Lithium and associated elements markets. It currently has a formal binding Letter of Intent with LithiumLi Balkan doo, the holder of exploration licences for the Jadar West, Valjevo and Lopare mineral prospects, to earn an initial 51% interest, with further options to earn up to an 80% undivided interest.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of obtaining and exploring its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

As at January 31, 2011 and 2010, the Company's working capital and deficit were as follows:

	2011	**2010**
Working capital	$ 2,217,199	$ 966,721
Deficit	(1,701,752)	(669,283)

2. Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant areas requiring use of management estimates include the determination of impairment of mineral properties, and furniture and equipment; amounts of reclamation and environmental obligations; amortization rates for furniture and equipment; fair value of investments; valuation allowance for future income tax assets; and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Cash

Cash includes cash on hand and demand deposits.

Mineral properties and exploration expenditures

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

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

Asset retirement obligations

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

2. Significant accounting policies (cont'd…)

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Valuation of equity units issued in private placements

Pan Global has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

Earnings (loss) per share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from contributed surplus to share capital.

2. Significant accounting policies (cont'd…)

Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in operations. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized is removed from accumulated other comprehensive income and recognized in operations even though the financial asset has not been de-recognized. Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair values:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

See Note 6 for fair value hierarchy classification.

Recent Accounting Pronouncements

Recent accounting pronouncements which may impact the Company in the future are as follows:

Business Combinations, Consolidated Financial Statements and Non-Controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations occurring in years beginning on or after January 1, 2011, unless earlier adopted.

International Financial Reporting Standards ("IFRS")

A decision of the CICA Accounting Standards Board (the "AcSB') will require the Company to report under IFRS for interim and annual financial statements for fiscal years beginning on or after February 1, 2011. The transition date of February 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended January 31, 2011.

3. Exploration Expenditures

The Company is currently exploring and developing new early stage opportunities in the Lithium and associated elements markets. At January 31, 2011 it had a formal binding Letter of Intent with LithiumLi Balkan doo, the holder of exploration licences for the Jadar West, Valjevo and Lopare mineral prospects, to earn an initial 51% interest, with further options to earn up to an 80% undivided interest. During the year ended January 31, 2011, the Company incurred $692,034 in exploration expenditures on this and other project investigation activities. During the year ended January 31, 2010, the Company incurred exploration expenses on the Mount Andrew Property of $253,253. During the early part of the current year the Company decided to discontinue its option agreement on the Mount Andrew Property.

A write-off of mineral property of $112,825 relating to the Mount Andrew Property was taken during the year ended January 31, 2010, as follows:

<u>Mineral properties – write-off</u>

	January 31, 2011	January 31, 2010
Mount Andrew Property	$ -	$ 112,825
Write-off of – Mount Andrew	-	(112,855)
	$ -	$ -

4. Share Capital

Authorized

Unlimited number of common shares without par value;
Unlimited class “A” common shares with a par value of $1 without special rights or restrictions attached;
Unlimited class “B” common shares with a par value of $5 without special rights or restrictions attached.

Issued and outstanding

	Number Of shares	Stated Value	Contributed Surplus
Balance January 31, 2009	9,264,000	$ 1,457,590	$ 108,414
Shares issued for mineral property	250,000	40,000	-
Balance January 31, 2010	9,514,000	$ 1,497,590	$ 108,414
Shares issued on private placement	7,874,991	2,449,997	-
Less: share issuance costs	-	(255,787)	-
Less: Agents warrants issued on private placement	-	(172,556)	172,556
Stock based compensation	-	-	118,737
Balance January 31, 2011	17,388,991	$ 3,519,244	$ 399,707

4. Share Capital (cont'd…)

Issued and outstanding (cont'd…)

During the year ended January 31, 2010, the Company issued 250,000 shares of the Company, valued at $40,000, pursuant to an option agreement with Full Metal Minerals (USA) Inc. which was terminated by the Company in March 2010.

On December 10, 2010, the Company completed a private placement of 6,999,991 units at a price of $0.30 per unit for gross proceeds of $2,099,997.30. Each unit consisted of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase another share for $0.45 which expires on December 10, 2012. If, after the expiry of all Canadian resale restrictions, the closing price of Pan Global's common shares on the TSX Venture Exchange is $0.50 or greater for a period of 7 consecutive trading days, the Company may accelerate the expiry of the Warrants after giving notice thereof. Finder's fees were payable in cash to Raymond James Ltd. as a commission of 7.5% of the total proceeds raised in the offering and agent's warrant's equal to 7.5% of the number of units issued pursuant to the offering. On January 28, 2011, the Company completed a second private placement of 875,000 units with the same terms as the first private placement, for total proceeds of $350,000.

The shares and warrants issued in the two private placements were valued using the residual value method which resulted in the full amount of their fair value being allocated to the common shares.

The brokers' warrants were valued separately using a Black-Scholes option pricing model with the following inputs: For the first private placement: a stock price of $.42, an exercise price of $0.30, an expected life of 2 years, a risk-free interest rate of 1.72%, an expected dividend yield of 0% and an expected volatility of 107%. These inputs generated a value of $139,530. For the second private placement: a stock price of $0.72, an exercise price of $0.40, an expected life of 2 years, a risk-free interest rate of 1.67%, an expected dividend yield of 0% and an expected volatility of 113%. These inputs generated a value of $33,025.

Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 10 years from the date of grant and vested at the discretion of the Board of Directors at the time of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

4. Share Capital (cont'd…)

Options (cont'd…)

During the years ended January 31, 2011 and January 31, 2010 the change in stock options outstanding was as follows:

	Number of Shares	Weighted Average Exercise Price
Balance as of January 31, 2009 and 2010	646,000	$0.20
Granted	450,000	0.28
Balance as of January 31, 2011	1,096,000	$0.23

As at January 31, 2011 stock options are outstanding enabling the holders to acquire up to 1,096,000 common shares with a weighted average exercise price of $0.23 per share, as follows:

Grant Date	Number Outstanding	Exercise Price	Number Vested	Expiry Date
30-Nov-06	559,000	$0.20	559,000	30-Nov-11
30-Nov-06	87,000	0.20	87,000	30-Nov-16
08-Jul-10	250,000	0.25	93,750	8-Jul-15
10-Dec-10	200,000	0.32	200,000	10-Dec-15
	1,096,000	$ 0.23	939,750	

Warrants

During the years ended January 31, 2011 and January 31, 2010 change in warrants outstanding was as follows:

	Number of Shares	Weighted Average Exercise Price
Balance as of January 31, 2010	-	-
Issued	590,624	0.31
Private placements	3,937,491	0.45
Balance as of January 31, 2011	4,258,115	$0.43

4. Share Capital (cont'd…)

Warrants (cont'd…)

The following table provides the details of the outstanding warrants at January 31, 2011:

Private Placement Date	Number outstanding	Exercise price	Expiry date
December 10, 2010			
Private placement	3,499,991	$ 0.45	December 10, 2012
Finders' warrants	524,999	0.30	December 10, 2012
January 29, 2011			
Private placement	437,500	0.45	January 29, 2013
Finders' warrants	65,625	0.40	January 29, 2013
	4,258,115		

Stock-based compensation and contributed surplus:

During the year ended January 31, 2011 the Company granted 450,000 stock options to directors, officers and consultants with a weighted-average exercise price of $.28 and expiry dates of July 8, 2015 and December 10, 2015. Out of 250,000 options granted on July 8, 2010, 93,750 options vested on the grant date, resulting in unamortized amount of $25,048. All of 200,000 options granted on December 10, 2010 vested on the grant date. The Company did not grant any options during the year ended January 31, 2010.

The options have been measured on a fair value basis using the Black-Scholes option pricing model, with the following weighted-average assumptions:

	2011
Expected dividend yield	0%
Expected stock price volatility	107-130%
Risk-free interest rate	2.47 – 2.56%
Expected life of options in years	5.0
Weighted average grant date fair value	$0.26

Based on these inputs, under the fair value based method of accounting for stock-based compensation, the Company recorded stock-based compensation expense of $118,737 (2010 – nil) with the offsetting amount credited to contributed surplus.

5. Related Party Transactions:

During the year months ended January 31, 2011, the Company entered into the following transactions with related parties:

- Paid or accrued $79,226 (2010 - $40,194) for legal fees to a company controlled by an officer of the company.
- Paid or accrued $12,000 (2010 - $11,500) for rent and office expenses to a company controlled by an officer of the Company.
- Paid or accrued $20,000 (2010 - $12,100) for accounting expenses to an officer of the company.

As at January 31, 2011, $40,500 (2010 - $5,472) was included in accounts payable and accrued liabilities. The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties.

6. Financial Instruments and Risks

The Company's financial instruments are comprised of cash, short-term investments, receivables, and accounts payable and accrued liabilities. The Company classifies its cash and short-term investments as held-for-trading and receivables as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

The fair value of these financial instruments approximate their carrying value, unless otherwise noted. Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3
Cash	$ 2,549,065	-	-

The Company's financial instruments are exposed to certain financial risks, including, credit risk, liquidity risk and interest rate risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

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 ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the likely short and long-term requirements.

6. Financial Instruments and Risks (cont'd…)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash are currently held in short-term interest-bearing accounts, management considers the interest rate risk to be limited.

7. Income Taxes

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

	2011	2010
Income (loss) before income taxes	$ (1,032,469)	$ (444,235)
Expected income tax (recovery)	$ (292,533)	$ (132,715)
Items not deductible for tax purposes	198,205	92,645
Other deductible items	19,623	(10,120)
Unrecognized benefit of non-capital losses	74,704	50,190
Total income taxes (recovery)	$ -	$ -

At January 31, 2011and 2010 the tax effects of the significant components with the Company's future income tax assets are as follows:

	2011	2010
Future income tax assets		
Non-capital losses	$ 169,300	$ 69,000
Mineral properties	105,700	101,000
Share issue costs	51,200	8,000
	326,200	178,000
Less:		
Valuation allowance	(326,200)	(178,000)
Net future income tax assets	$ -	$ -

The Company has non-capital tax loss carry forwards of approximately $505,000 (2010 - $276,000) that are available to reduce taxable income in future periods. These tax loss carry forwards expire through 2030.

Due to uncertainty surrounding the realization of future income tax assets, the Company has recognized a 100% valuation allowance against its future income tax assets.

8. Segmented Information

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

9. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. In the management of capital, the Company includes the components of shareholders' equity as capital. 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.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. The Company expects its current capital resources will be sufficient to fund its project activities and administrative costs for the next twelve months.

10. Subsequent Events

- On February 14, 2011 the Company signed a definitive option agreement with LithiumLi Holdings Inc. to earn an undivided 51% interest, with further options to earn an undivided 65% or 80% interest, in LithiumLi. LithiumLi, through wholly-owned subsidiaries in the Balkans, has been granted two exploration licenses in the Repulic of Serbia and has applied for an additional six licenses in Serbia and one in Bosnia and Herzegovina. Pan Global entered into a Letter of Intent on July 29, 2010 with LithiumLi Balkan doo, now a wholly-owned subsidiary of LithiumLi, to earn an interest in three exploration licenses. Under the terms of the Option Agreement, of the two exploration licenses granted and seven exploration licenses applied for, a maximum of three may be retained by a company controlled by the principal of LithiumLi ("the Optionor"). Pan Global shall determine, in its sole discretion, which exploration licenses may be retained by the Optionor.

  To earn a 51% interest in LithiumLi, Pan Global must pay to the Optionor an aggregate of $500,000 in property payments, incur exploration expenditures of not less than $1,500,000 within 18 months of the date of the Option Agreement, incur exploration expenditures of not less than an additional $2,500,000 within three years of the date of the Option Agreement, and issue 375,000 common shares (issued subsequently) to the Optionor. To earn an additional 14% interest and bring its interest in LithiumLi to 65%, Pan Global must incur exploration expenditures of not less than $8,000,000 within four years of the date of exercise of the initial 51% option. To earn an additional 15% interest and bring its interest in LithiumLi to 80%, Pan Global must incur sufficient exploration expenditures for the completion of a feasibility study, or $20,000,000 in the aggregate, within ten years of the date of the Option Agreement. In addition, Pan Global will issue to the Optionor 250,000 common shares on exercise of the initial 51% option, and 250,000 common shares on each of the first and second anniversaries of the exercise of the initial 51% option. The Optionor will be the operator of the project until exercise of the third option, at which point Pan Global shall have the right to take over as operator.

- On April 18, 2011, the Company granted an aggregate of 525,000 incentive stock options to directors, officers and consultants of the Company, exercisable at a price of $1.03 for a term of five years.