

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pan American Energy Corp. (formerly Golden Sun Mining Corp.):

Opinion

We have audited the consolidated financial statements of Pan American Energy Corp. (formerly Golden Sun Mining Corp.) and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended March 31, 2023 and for the period from incorporation on October 12, 2021 to March 31, 2022, 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 March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2023 and for the period from incorporation on October 12, 2021 to March 31, 2022 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the conditions indicating that a material uncertainty exists that may 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2023. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Accounting for the reverse acquisition</i>	
Refer to note 1b	Our approach to addressing the matter involved the following procedures, among others:
<p>On May 19, 2022, the Company acquired 100% of the issued and outstanding securities of 1328012 B.C. Ltd. (“Numberco”) in exchange for 20,000,100 common shares and 20,000,000 share purchase warrants of the Company (the “RTO Transaction”). In the RTO Transaction, although legally the Company became the parent of Numberco, Numberco was determined to be the accounting acquirer and the Company was determined to be the acquiree for accounting purposes. Upon completion of the RTO Transaction, the former shareholders of Numberco became the controlling shareholders of the Company.</p> <p>The RTO Transaction required significant judgment in determining whether the transaction met the definition of a business combination under IFRS 3 Business Combinations, or whether the transaction should be assessed under IFRS 2 <i>Share-based Payment</i>. In addition, significant estimation was required to determine the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired.</p> <p>We considered this a key audit matter, given the judgment required to determine the appropriate accounting treatment for the transaction and the estimation uncertainty regarding the fair value of consideration paid and the fair value of the identifiable assets and liabilities acquired.</p>	<ul style="list-style-type: none"> • We read the RTO Transaction legal documents to understand the terms of the arrangement; • We evaluated the determination of the accounting acquirer and the accounting as a reverse acquisition; • We assessed the Company’s identification that the acquisition does not constitute a business by assessing the substantive processes that could create outputs or convert inputs into outputs at the date of the transaction; • We evaluated the fair value of the purchase consideration by assessing the number of shares that Numberco would have issued to the legal parent to obtain the same percentage ownership interest in the combined entity; • We evaluated the fair value per share of the share consideration that Numberco would have issued to the legal parent by comparing to the share price in the recent financing closed by Numberco; • We tested the fair value of the assets and liabilities of Numberco acquired on the acquisition date; and • We evaluated the appropriateness and completeness of the disclosures of the RTO Transaction in the notes to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor’s report. We have nothing to report in this regard.

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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 International Financial Reporting Standards, 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 to 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 the 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 judgment 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 risk 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 on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
July 28, 2023

PAN AMERICAN ENERGY CORP.
(FORMERLY GOLDEN SUN MINING CORP.)

In Canadian Dollars, unless noted.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

AND

FOR THE PERIOD FROM INCORPORATION ON OCTOBER 12, 2021 TO MARCH 31, 2022

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)
Consolidated Statements of Financial Position

As at March 31, 2023 and 2022

In Canadian Dollars, unless noted

As at	Notes	March 31, 2023	March 31, 2022
		\$	\$
ASSETS			
Cash		4,674,800	1,310,469
Accounts receivable		160,610	-
Prepaid expenses	5	505,736	-
Promissory note receivable	6	-	151,397
Assets held for sale	7	296,988	-
TOTAL CURRENT ASSETS		5,638,134	1,461,866
Exploration and evaluation assets	8, 10	4,945,332	-
TOTAL ASSETS		10,583,466	1,461,866
LIABILITIES			
Accounts payable and accrued liabilities		2,000,570	119,210
Loan payable	9	172,291	-
Other liability	10	660,628	-
Liabilities held for sale	7	4,618	-
TOTAL LIABILITIES		2,838,107	119,210
EQUITY			
Share capital	10	13,215,269	1,500,001
Reserves	10	1,942,673	-
Deficit		(7,412,583)	(157,345)
TOTAL EQUITY		7,745,359	1,342,656
TOTAL LIABILITIES AND EQUITY		10,583,466	1,461,866

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

Going concern (Note 2), Commitments (Notes 8 and 12) and Subsequent events (Notes 7 and 16)

Approved on behalf of the Board of Directors on July 28, 2023:

"Jason Latkowcer", Director

"Sean Kingsley", Director

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Consolidated Statements of Loss and Comprehensive Loss

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022

In Canadian Dollars, unless noted

	Notes	Year-Ended March 31, 2023 \$	Period from Incorporation to March 31, 2022 \$
EXPENSES			
Advertising and marketing		2,101,639	-
Consulting fees	11	447,737	141,750
Filing fees		119,790	-
Office and miscellaneous		127,118	157
Professional fees		496,581	16,835
Share-based compensation	8, 10	2,287,918	-
OPERATING EXPENSES		(5,580,783)	(158,742)
OTHER EXPENSES			
Flow-through share recovery	10	31,680	-
Interest expense		(10,467)	-
Interest income		32,342	1,397
Listing expense	1	(1,423,066)	-
Loss on debt settlement	10	(304,944)	-
NET AND COMPREHENSIVE LOSS		(7,255,238)	(157,345)
Loss per share, basic and diluted		(0.22)	(0.01)
Weighted average number of common shares outstanding – Basic and diluted		33,430,461	15,882,453

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

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Consolidated Statements of Changes in Equity

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022

In Canadian Dollars, unless noted

	Common Shares	Share Capital	Reserves	Deficit	Total Equity (Deficiency)
	Number (#)	\$	\$	\$	\$
Incorporation, October 12, 2021	-	-	-	-	-
Incorporation shares	100	1	-	-	1
Shares issued - private placements	20,000,000	1,500,000	-	-	1,500,000
Net and comprehensive loss for the period	-	-	-	(157,345)	(157,345)
Balance, March 31, 2022	20,000,100	1,500,001	-	(157,345)	1,342,656
Shares issued - Corporate Transaction (Note 1)	4,099,366	409,937	-	-	409,937
Shares issued - settlement of indebtedness (Note 10)	1,270,600	533,652	-	-	533,652
Shares issued - Big Mack Lithium Property (Note 8)	392,156	200,000	-	-	200,000
Shares issued - private placement (non-flow-through) (Note 10)	10,000,000	5,000,000	-	-	5,000,000
Shares issued - private placement (flow-through) (Note 10)	4,615,384	2,307,692	-	-	2,307,692
Shares issued - Horizon Lithium Property (Note 8)	3,012,174	2,746,000	-	-	2,746,000
Share issuance costs (Note 10)	-	(587,763)	258,272	-	(329,491)
Vesting of options and restricted share rights (Note 10)	-	-	2,364,151	-	2,364,151
Exercise of restricted share rights	962,500	679,750	(679,750)	-	-
Exercise of warrants	3,950,000	426,000	-	-	426,000
Net loss and comprehensive loss for the year	-	-	-	(7,255,238)	(7,255,238)
Balance, March 31, 2023	48,302,280	13,215,269	1,942,673	(7,412,583)	7,745,359

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

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)
Consolidated Statement of Cash Flows

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022
 In Canadian Dollars, unless noted

	Year-Ended March 31, 2023	Period from Incorporation to March 31, 2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(7,255,238)	(157,345)
Items not affecting cash		
Flow-through recovery (Note 10)	(31,680)	
Listing expense (Note 1)	1,423,066	-
Loss on debt settlement (Note 10)	304,944	-
Share-based compensation (Note 10)	2,287,918	-
Interest income	(32,342)	(1,397)
Net changes in non-cash working capital items:		
Accounts receivable	(136,451)	-
Prepaid expenses	(495,633)	-
Accounts payable and accrued liabilities	(479,564)	119,210
Loan payable	172,291	
Liabilities held for sale	4,618	
Net cash used in operating activities	(4,238,071)	(39,532)
INVESTING ACTIVITIES		
Property option agreement payments (Note 8)	(425,750)	-
Exploration and evaluation expenditures (Note 8)	(149,935)	-
Cash acquired through reverse takeover (Note 1)	27,405	-
Interest income	32,342	-
Promissory note issued	-	(150,000)
Assets held for sale	(129,566)	-
Net cash used in investing activities	(645,504)	(150,000)
FINANCING ACTIVITIES		
Share issuance proceeds (Note 10)	8,000,000	1,500,001
Share issuance costs (Note 10)	(329,491)	-
Warrant exercises (Note 10)	426,000	
Change pre-acquisition loan receivable from acquiree (Note 1)	151,397	-
Net cash provided by financing activities	8,247,906	1,500,001
Net change in cash	3,364,331	1,310,469
Cash, beginning of year	1,310,469	-
Cash, end of year	4,674,800	1,310,469

No cash interest nor income taxes paid during the year ended March 31, 2023 (2022 – Nil). A total of \$32,342 of cash interest was received during the year ended March 31, 2023 (2022 – Nil)

Supplemental cash flow information (Note 15)

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

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022
In Canadian Dollars, unless noted

1. NATURE OF OPERATIONS

a. Corporate information

Pan American Energy Corp. (formerly “Golden Sun Mining Corp.”) (the “Company”) was incorporated under the laws of British Columbia on March 14, 2007. The Company’s corporate office and principal place of business is 521 3rd Avenue SW, Suite 100, Calgary, Alberta T2P 3T3.

On May 5, 2022, the Company entered into a share purchase agreement (the “Agreement”) with 1328012 B.C. Ltd. (“Numberco”). Pursuant to the terms of the Agreement, the Company acquired all of the outstanding securities of Numberco in exchange for securities of the Company. The shareholders of Numberco received securities of the Company such that they collectively control the Company subsequent to the completion of the transaction. The transaction constitutes a reverse acquisition of the Company by Numberco for accounting purposes. Consequently, the comparative figures reported are those of Numberco.

Numberco was incorporated under the laws of the Business Corporations Act (British Columbia) on October 12, 2021, and as such, the comparative period for presentation is the period from incorporation on October 12, 2021 to March 31, 2022.

On May 19, 2022, the Company listed its common shares on the Canadian Securities Exchange (the “CSE”) under the symbol “GSU”. On June 29, 2022, the Company changed its name to “Pan American Energy Corp.” from “Golden Sun Mining Corp.” and began trading under the symbol “PNRG”.

The Company is a Canadian corporation that is in the business of exploration and evaluation of mineral properties.

These consolidated financial statements (the “financial statements”) were approved for issuance by the Board of Directors on July 28, 2023.

b. Corporate Transaction

On May 5, 2022, the Company entered into the Agreement with Numberco, pursuant to which the Company acquired 100% of the issued and outstanding securities of Numberco in exchange for 20,000,100 common shares and 20,000,000 share purchase warrants of the Company. As a result of the Agreement, securityholders of Numberco hold 20,000,100 common shares of the Company representing 82.99 percent and securityholders of the Company hold 4,099,366 common shares representing 17.01 percent of the Company. The securityholders of Numberco, therefore, controlled the Company upon completion of the Agreement. The transaction was accounted for as a reverse acquisition, with Numberco identified as the acquirer. The acquisition was completed on May 19, 2022.

The fair value of the consideration was determined based on 4,099,366 common shares issued at the price of \$0.10 per share, which corresponds to the price of the most recent financing closed, totaling \$409,937.

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022
In Canadian Dollars, unless noted

The purchase price allocation at the acquisition date was:

	\$
Net assets acquired	
Cash	27,405
Accounts receivable	24,159
Prepaid expenses	10,103
Exploration and evaluation assets	167,422
Accounts payable and accrued liabilities	(933,047)
Promissory note payable	(150,000)
Loan payable	(159,171)
Listing expense ⁽¹⁾	1,423,066
Net assets acquired	409,937
Consideration	
Fair value of 4,099,366 shares issued	409,937

(1) The transaction costs, primarily relating to the acquired public exchange listing, were expensed.

2. GOING CONCERN

These financial statements have been prepared 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 for the foreseeable future. The Company does not generate cash flow from operations to fund its exploration activities and has therefore relied upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its future operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future.

These conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments may be required to the carrying value of assets and liabilities and the consolidated statement of financial position classifications used. These financial statements do not include any adjustments that may arise should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

a. Basis of preparation

These financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022
In Canadian Dollars, unless noted

b. Basis of consolidation

These financial statements include the operations of the Company and its wholly owned subsidiaries as follows:

- 1328012 B.C. Ltd. which is incorporated in British Columbia, Canada
- Legacy Lithium Corp, which is incorporated in British Columbia, Canada
- Pan American Energy LLC, which is incorporated in Utah, United States
- Pan American Energy (Nevada) LLC, which is incorporated in Nevada, United States

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

c. Foreign currencies

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates and then translated into the functional currency. The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in profit or loss, or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

d. Significant accounting judgments and estimates

The timely preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognized prospectively. As at March 31, 2023 the following have been identified as material estimates:

i. Share-based compensation

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using valuation techniques. Assumptions are made and judgment used in applying valuation techniques.

These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

In the preparation of these financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the financial statements:

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022

In Canadian Dollars, unless noted

i. Exploration and evaluation assets

The Company is required to make certain judgments in assessing indicators of impairment of exploration and evaluation assets. Judgment is required to determine if the right to explore will expire in the near future or is not expected to be renewed.

Judgment is required to determine whether substantive expenditures on further exploration for and evaluation of mineral resources in specific areas will not be planned or budgeted. Judgment is required to determine if the exploration for and evaluation of mineral resources in specific areas have not led to the commercially viable quantities of mineral resources and the Company will discontinue such activities. Judgment is required to determine whether there are indications that the carrying amount of an exploration and evaluation property is unlikely to be recovered in full from successful development of the project or by sale.

ii. Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

iii. Reverse acquisition

The reverse acquisition transaction required significant judgment in determining whether the transaction met the definition of a business combination under IFRS 3 Business Combinations, or whether the transaction should be assessed under IFRS 2 *Share-based Payment*. In addition, significant estimation was required to determine the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Those financial assets that have contractual cash flows that are solely payments of principal and interest, are generally classified as at amortized cost. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

ii. Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method, net of any impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022

In Canadian Dollars, unless noted

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value less transaction costs. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are included in comprehensive income or loss in the period in which they arise.

iii. Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv. Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities are removed from the consolidated statement of financial position when the contract is extinguished, or, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss is recorded in profit or loss.

b. Impairment

At each consolidated statement of financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Pan American Energy Corp. (Formerly Golden Sun Mining Corp.)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023 and for the Period From Incorporation on October 12, 2021 to March 31, 2022
In Canadian Dollars, unless noted

c. Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were issued. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. The Company 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 Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date.

The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

d. Share-based payments

The Company's share option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date and the fair value of non-employee options is at the grant date or over the period such services are received. Each tranche of employee and non-employee options granted is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payments granted to non-employees that are related to the issuance of shares are recorded as a reduction of share capital. All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve is credited to share capital, adjusted for any consideration paid.

e. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit.

Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

f. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same.

g. Exploration and evaluation assets

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and evaluation of mineral properties incurred subsequent to the acquisition of legal rights to explore, including property maintenance costs, are capitalized by property. Mineral properties acquired from entities under common control are recorded at the same carrying value which the common control entity carried the mineral properties at. If economically recoverable mineral reserves are determined to exist, capitalized costs of the related property will be reclassified as mineral assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off or derecognized. Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount. The estimated recoverable amount is the greater of fair value less costs of disposal, and value in use. If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to explore and complete the development of the properties, and future profitable production from the disposition of the minerals produced from the properties or by sale.

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h. Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are issued, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Share capital – the market trading price of the common share;
- Flow-through premium – the difference noted between the market trading price of the common share and the price for each flow-through share or unit.
- Warrant reserve – any excess noted, if any.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed as exploration and evaluation expenses and the flow-through premium, if any, will be reversed when the paperwork to renounce is filed.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

i. Assets held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Assets are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position.

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j. Upcoming accounting standards and interpretations

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2023 or later periods. The new and amended standards are not expected to have a material impact on the Company's financial statements.

5. PREPAID EXPENSES

As at March 31, 2023 and 2022, the Company's prepaid expenses were as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Marketing and advertising	233,236	-
Exploration costs	250,000	-
Insurance	12,500	-
Legal	10,000	-
Total	505,736	-

6. PROMISSORY NOTE RECEIVABLE

During the period ended March 31, 2022, the Company and Numberco entered into a promissory note agreement ("Loan") to borrow up to \$500,000 for the purpose of pursuing the Agreement. The Loan accrued interest at 10% per annum payable along with the principal on the earlier of the maturity date of nine months from the effective date of the initial advance or the demand date. As a result of the Agreement, the total Loan of \$150,000 and interest receivable of \$2,630, were eliminated upon consolidation. See Note 1(b) for additional information.

7. ASSETS HELD FOR SALE

Acquisition: Green Energy Lithium Property

The Green Energy Lithium Property was acquired by the Company as outlined in Note 1(b). The exploration and evaluation assets were acquired which relate to the following:

On December 4, 2021, the Company entered into the Amended and Restated Asset Purchase Agreement with Beta Energy Corp. and Voltaic Minerals (USA), Inc. for the purchase of the mineral property referred to as the Green Energy Project located in the State of Utah. Pursuant to the terms of the agreement, the Company issued to Beta Energy Corp. 1,000,000 common shares and at any time within twenty-four months following the closing date, the Company has the option to complete the acquisition by issuing to Beta Energy Corp. \$950,000 worth of common shares at the market price, either in a single or multiple tranches.

The total value of the acquisition was \$50,000 (1,000,000 common shares, issued at \$0.05 per share) and has been recorded as "Exploration and Evaluation Assets" on the consolidated statement of financial position. In addition, the Company had capitalized \$117,422 in costs related to the exploration and evaluation of the property acquired.

At March 31, 2023, the Company has capitalized costs of \$296,988 related to the Green Energy Lithium Property, which consists of \$184,836 in costs prior to the Corporate Transaction and \$112,152 in exploration and evaluation costs incurred by the Company since May 14, 2022 (the date of the Corporate Transaction).

On February 8, 2023, the Company announced that it has entered into an arrangement agreement (the "Arrangement") with a newly incorporated, wholly owned subsidiary of the Company named Legacy Lithium Corp. ("Legacy") with respect to the proposed "spin out" of the Company's Green Energy Lithium Property, (the "Property"). The Arrangement involves, among other things, the distribution of 100% of the common shares of Legacy (the "Legacy Common Shares") to Company shareholders pursuant to the terms and subject to the conditions contained in the Arrangement Agreement,

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such that each shareholder as of a particular record date, occurring immediately prior to closing of the Arrangement (the "Record Date"), will receive one Legacy Common Share for each five common shares of the Company held as of the Record Date.

The Arrangement became effective at 12:01 a.m. on April 21, 2023. The former common shares of Pan American were delisted from the Canadian Securities Exchange effective at the close of trading on April 20, 2023. The new common shares of the Company distributed pursuant to the Arrangement commenced trading on the Canadian Securities Exchange at market opening on April 21, 2023. Pursuant to the Arrangement, the owners of common shares of the

Company at 12:01 a.m. on April 21, 2023 are entitled to receive: (i) one new common share of the Company for each common share of the Company held at such time; and (ii) one-fifth of a common share of Legacy for each common share of the Company held at such time.

In accordance with *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations*, the Property meets the criteria to be classified as a disposal group held for sale as at March 31, 2023. At March 31, 2023, all assets and liabilities related to the Property have been classified as held for sale and are presented in current assets and current liabilities in the consolidated statement of financial position. The assets held for sale did not meet the requirements of being recognized as discontinued operations.

The net assets of the Property disposal group as at March 31, 2023 are as follows:

	March 31, 2023
	\$
Exploration and evaluation asset	296,988
Accounts payable and accrued liabilities	(4,618)
Net assets of discontinued operations held for sale	292,370

8. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2023, the Company's exploration and evaluation assets were as follows:

	Green Energy	Big Mack	Horizon	Assets held for sale	Total
	\$	\$	\$	\$	\$
Balance, March 31, 2022	-	-	-	-	-
Agreement (Note 1b)	167,422	-	-	(167,422)	-
Option agreement - cash	-	80,000	345,750	-	425,750
Option agreement - share issuance	-	200,000	2,746,000	-	2,946,000
Expenditures	129,566	137,282	1,360,067	(129,566)	1,497,349
Capitalized share-based compensation (Note 8d)	-	76,233	-	-	76,233
Balance, March 31, 2023	296,988	493,515	4,451,817	(296,988)	4,945,332

The following table summarizes the Company's exploration and evaluation expenses by property and type of expense, for the year ended March 31, 2023:

	Green Energy	Big Mack	Horizon	Assets held for sale	Total
	\$	\$	\$	\$	\$
Geophysics	76,847	137,282	57,238	(76,847)	194,520
Drilling	-	-	1,223,693	-	1,223,693
Land maintenance	52,719	-	46,687	(52,719)	46,687
Reporting and administration	-	-	32,449	-	32,449
Balance, March 31, 2023	129,566	137,282	1,360,067	(129,566)	1,497,349

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Acquisition: Big Mack Lithium Property

On August 22, 2022, the Company entered into a property option agreement (“Big Mack Option Agreement”), with Magabara Resources Corporation (the “Big Mack Vendor”), pursuant to which the Company has been granted the right to acquire up to a 90% interest in and to the Big Mack Lithium Property, which consists of a single mining lease (LEA-107832) in the Paterson Lake Area located approximately 80 kilometres north of Kenora, Ontario, Canada (the “Big Mack Lithium Property”).

Pursuant to the terms of the Big Mack Option Agreement, the Company has the option to acquire a 90% interest in the Big Mack Property from the Big Mack Vendor, in consideration for completing a series of cash payments and issuances of common shares in accordance with the following schedule:

Milestones	Cash Payments	Common Shares Issuances ⁽¹⁾	Exploration Expenditures
Phase 1: Acquire 51%			
Within thirty (30) days following the “Effective Date” (August 22, 2022) (paid)	\$80,000	-	-
Within ninety (60) days following the Effective Date (issued)	-	\$200,000	-
Within twelve (12) months following the Effective Date	-	-	\$1,000,000
Phase 2: Acquire Additional 24% (Total 75%)			
Within twelve (12) months following the Effective Date	\$90,000	-	-
Within twenty-four (24) months following the Effective Date	-	\$400,000	\$1,000,000
Phase 3: Acquire Additional 15% (Total 90%)			
Within thirty-six (36) months following the Effective Date	\$30,000	\$100,000	\$1,000,000

Note:

1) Common Shares to be valued based on the Canadian Securities Exchange price on the day of issuance.

At March 31, 2023, the Company has capitalized \$280,000 in payments made in accordance with the option agreement (\$80,000 cash and 392,156 common shares issued on August 30, 2022 at \$0.51/common share, for total consideration of \$200,000), \$76,233 in capitalized share-based compensation and \$137,282 in costs related to the exploration and evaluation of the Big Mack Lithium Property.

Acquisition: Horizon Lithium Property

On September 27, 2022, the Company entered into a property option agreement (“Horizon Option Agreement”), with FMS Lithium Corporation and Horizon Lithium LLC (the “Horizon Vendors”), pursuant to which the Company has been granted the right to acquire a 100% interest in the Horizon Lithium Property (the “Horizon Property”). The Horizon Property is comprised of 839 unpatented lode mining claims covering approximately 17,334 acres of land, located in the Big Smoky and Monte Cristo Basins of Esmeralda County, Nevada.

Pursuant to the terms of the Horizon Option Agreement, the Company has the option to acquire a 100% interest in the Horizon Property from the Horizon Vendor, in consideration for completing a series of cash payments and issuances of common shares in accordance with the following schedule:

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Milestones ⁽²⁾	Cash Payments	Common Shares Issuances ⁽¹⁾
Initial Payment (within five business days of the Option Agreement)	US\$250,000	US\$2,000,000
First Anniversary of Receipt of Drill Permits Necessary for the Company to Undertake Exploration Drilling (the "Drill Permits")	US\$250,000	US\$3,000,000
Second Anniversary of Receipt of Drill Permits	US\$500,000	US\$4,000,000

Note:

- 1) Common Shares to be valued based on the greater of the 20-day volume-weighted average price ("VWAP") of the common shares prior to the issuance of such common shares and the lowest price permissible pursuant to the policies of the exchange(s) on which the common shares are then listed.
- 2) In addition, if during the period beginning on September 27, 2022 (the "Effective Date") and ending on the date that is five (5) years from the Effective Date, (A) the Company completes 10 consecutive drill holes on the Horizon Property, which drill holes are comprised of at least 400 meters of drilling and which drill holes have an average grade across the cumulative core of such drill holes of at least 750 parts per million lithium, the Company shall issue an additional US\$1,250,000 worth of common shares, and (B) if the Company publicly discloses a National Instrument 43-101 compliant technical report declaring a mineral resource estimate on the Property containing inferred mineral resources of 2 million tonnes or greater of lithium carbonate equivalent, the Company shall issue an additional US\$3,750,000 worth of common shares.

At March 31, 2023, the Company has capitalized US\$250,000 (CAD\$345,750) in option agreement payments, issued 3,012,174 common shares at \$0.91 per common share for a total fair value of US\$2,000,000 (CAD\$2,746,000) and \$1,360,067 in costs related to the exploration and evaluation of the Horizon Lithium Property.

9. LOAN PAYABLE

As outlined in Note 1b, loans payable were assumed which relate to the following:

- On November 18, 2020, the Company entered into a loan agreement with a non-arm's length party for \$50,000, bearing interest at Prime plus 1% per annum due on November 18, 2021. On January 28, 2021, the Company entered into a further loan agreement with a non-arm's length party for \$152,518 bearing interest at a rate of 4.00% per annum due on demand or before July 1, 2021. On April 19, 2021, the Company repaid \$50,000 under the 4.00% loan payable.

As at March 31, 2023, \$172,291 (March 31, 2022- \$Nil) is outstanding, including \$152,518 in principal plus \$19,773 in accrued interest payable (March 31, 2022 - \$Nil and \$Nil, respectively).

10. SHARE CAPITAL

a) Authorized and Issued Share Capital

For the Year Ended March 31, 2023

On June 23, 2022, the Company entered into debt settlement agreements with certain creditors of the Company, pursuant to which it discharged aggregate indebtedness of \$228,708 in consideration of the issuance of a total of 1,270,600 common shares of the Company at a fair value of \$0.42 per common share. The Company recognized a loss on debt settlement of \$304,944.

On October 11, 2022, the Company completed a non-brokered private placement of 10,000,000 units of the Company at \$0.50 per unit for aggregate gross proceeds of \$5,000,000. Each unit is composed of one common share and one common share purchase warrant. Finder's fees of \$205,900 were paid and 674,100 finder's warrants fair valued at \$257,322 were issued in connection with the private placement. Each finder's warrant is exercisable at \$0.75 for two years from the date of issuance. There was no residual value allocated to the warrants as the market price of the share on the date of completion was \$0.72 per common share.

On October 11, 2022, the Company completed a non-brokered private placement of 4,615,384 flow-through units (each, a "FT Unit") of the Company at \$0.65 per FT Unit for aggregate gross proceeds of \$3,000,000. Each FT Unit is composed of one common share, issued on a flow-through basis pursuant the Income Tax Act (Canada), and one common share purchase warrant.

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Each warrant is exercisable at \$0.85 per share for two years from the date of issuance. Finder's fees of \$123,591 were paid and 2,638 finder's warrants fair valued at \$950 were issued in connection with the private placement. There was residual value allocated to the flow-through obligation, based on a \$0.15 premium between the \$0.65 FT Unit issued and the \$0.50 unit issued. As a result, \$692,308 in flow-through premium liability was recorded as an "Other Liability" on the Statement of Financial Position. No residual value was allocated to the warrants as the market price of the share on the date of completion was \$0.72 per common share.

At March 31, 2023, the Company derecognized \$31,680 of the flow-through premium as the renouncement occurred and eligible expenditures were incurred subsequently. The amount is recognized on the statement of loss and comprehensive loss as a "Flow-through recovery".

For the Period from Incorporation on October 12, 2021 to March 31, 2022

On October 12, 2021, the Company issued 100 common shares at \$0.01 per common share for total proceeds of \$1 pursuant to incorporation.

On October 25, 2021, the Company issued 10,000,000 units at \$0.05 per unit for total proceeds of \$500,000 pursuant to a private placement. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.10 for a period of 24 months, the entire proceeds were allocated to the common shares.

On December 8, 2021, the Company issued 10,000,000 units at \$0.10 per unit for total proceeds of \$1,000,000 pursuant to a private placement. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.12 for a period of 24 months, the entire proceeds were allocated to the common shares.

b) Share Purchase Warrants

A summary of the Company's purchase warrants ("warrants") is as follows as at March 31, 2023:

	Exercise Price	Issued	Exercised	Remaining	Expiry Date
Balance, March 31, 2022	\$ -	-	-	-	-
Granted – Corporate Transaction	\$0.10	10,000,000	(2,400,000)	7,600,000	October 25, 2023
Granted – Corporate Transaction	\$0.12	10,000,000	(1,550,000)	8,450,000	December 8, 2023
Granted - Private Placement	\$0.75	10,000,000	-	10,000,000	October 11, 2024
Granted - Private Placement	\$0.85	4,615,384	-	4,615,384	October 11, 2024
Granted - Broker Warrants	\$0.75	674,100	-	674,100	October 11, 2024
Granted - Broker Warrants	\$0.85	2,638	-	2,638	October 11, 2024
Balance, March 31, 2023	\$0.40	35,292,122	(3,950,000)	31,342,122	

During the year ended March 31, 2022, the Company had 3,950,000 warrants exercised, with an weighted average exercise price of \$0.11 per warrant, for total proceeds of \$426,000. The weighted average market value of the Company's shares for the warrants exercised was \$0.74 at the time of exercise. The share purchase warrants have a weighted average remaining life of 1.07 years.

c) Share Purchase Options

The Company has established an omnibus equity incentive plan (the "Plan"), contemplating the grant of equity-based incentive awards, in the form of options, restricted share units, preferred shared units ("PSUs") and deferred share units, to employees, officers, directors and consultants of the Company. The Plan is a 10% rolling plan, pursuant to which share awards may be granted by the Company not exceeding 10% of the issued and outstanding common shares at the time of grant.

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A summary of the Company's share purchase options ("options") is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, October 12, 2021	-	-
Granted - April 22, 2021	300,000	\$0.50
Balance, March 31, 2022	300,000	\$0.50
Granted - May 19, 2022	1,300,000	\$0.35
Granted - November 10, 2022	200,000	\$0.71
Granted - December 1, 2022	50,000	\$0.80
Balance, March 31, 2023	1,850,000	\$0.43

At March 31, 2023, the following options were outstanding:

Grant Date	Number of Options	Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life
April 22, 2021	300,000	300,000	\$0.50	April 22, 2026	3.06
May 19, 2022	1,300,000	1,300,000	\$0.35	May 19, 2024	1.14
November 10, 2022	200,000	50,000	\$0.71	November 10, 2027	4.62
December 1, 2022	50,000	12,500	\$0.80	December 1, 2027	4.67
	1,850,000	1,662,500	\$0.43		1.92

The fair value of each option granted was determined using the Black-Scholes option pricing model with the weighted average assumptions as follows:

	March 31, 2023	March 31, 2022
Exercise price	\$0.41	\$0.50
Risk-free interest rate	2.88%	0.93%
Volatility	100%	100%
Dividend yield	0.00%	0.00%
Expected life (years)	2.81	5.00
Forfeiture rate	0.00%	0.00%

During the year ended March 31, 2023, the Company recorded \$106,552 (2022 - \$nil) as share-based compensation expense related to the vesting of the options.

d) Restricted Share Rights

A summary of the Company's restricted share rights ("RSRs") is as follows:

	Number of RSRs
Balance, March 31, 2022	-
Granted – Time Based Vesting	3,562,508
Granted – Performance Based Vesting	3,337,500
Exercised	(962,500)
Balance, March 31, 2023	5,937,508

The weighted average share price at the time of exercise was \$0.77.

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Time Based Vesting

On August 31, 2022, the Company issued and granted 2,162,500 time-based vesting RSRs to certain consultants and a director of the Company. The RSRs vest quarterly in four equal tranches (i.e. November 30, 2022, February 28, 2023, May 31, 2023 and August 31, 2023) and expire on August 31, 2025.

On November 10, 2022, the Company issued and granted 850,000 RSRs to certain consultants of the Company. The RSRs vested immediately and expire November 10, 2025.

On November 10, 2022, the Company issued and granted 250,008 time-based vesting RSRs to a director of the Company. The RSRs will vest in 12 quarterly installments of 20,834 RSRs, beginning on January 31, 2023 and ending on October 31, 2025.

On March 17, 2023, the Company issued and granted 300,000 RSRs to a certain consultant of the Company. The RSRs vested immediately and expire March 17, 2025.

For the year ended March 31, 2023, the Company recorded \$1,834,722 in share-based compensation related to the vesting of these RSRs (2022 - \$nil).

Performance Based Vesting

The Company issued 1,000,000 RSRs to its CEO, with the following performance-based milestones:

- 500,000 RSRs will be released quarterly in four equal tranches beginning four months after the date of final acceptance of the Company's listing. As the Company was successfully listed on the CSE the RSRs were earned and valued on May 19, 2022 (\$0.05 per RSR). The RSRs will vest in four equal tranches on August 19, 2022, November 19, 2022, February 19, 2023 and May 19, 2023.
- 500,000 of the RSRs will vest in three equal tranches based on the successful completion of the following:
 - a) Successful launch of a pilot project;
 - b) Successful fundraising of \$5,000,000 in a single financing or in a series of financings; and
 - c) Complete an acquisition or series of acquisitions in total value over \$2,000,000.

Management has applied vesting probability of 100% to the vesting of these RSRs, as the Company had successfully listed on the CSE on May 19, 2022 (500,000 RSRs at \$0.05 per RSR), launched a pilot project, raised over \$5,000,000 in financing and completed \$2,000,000 in acquisitions (500,000 RSRs at \$0.65 per RSR). As a result, \$346,644 has been recorded as share-based compensation expense related to the vesting of these RSRs for the year ended March 31, 2023 (2022 - \$nil).

On August 31, 2022, the Company issued and granted 187,500 RSR's to a consultant, with performance-based milestones tied to the Big Mack Lithium Project. At March 31, 2023, management applied a 100% probability to the vesting of these RSRs. As a result, \$76,233 has been capitalized to "Exploration and Evaluation Assets" related to the vesting of these RSRs for the year ended March 31, 2023.

On March 17, 2023, the Company issued and granted 2,150,000 RSR's to directors, officers and certain consultants of the Company, with performance-based milestones tied to the Company's growth strategy and potential acquisitions. At March 31, 2023, management applied a 0% probability to the vesting of these RSRs. As a result, no share-based compensation expense has been recorded.

For the year ended March 31, 2023, the Company recorded a total of \$2,257,599 related to the vesting of RSRs, where \$2,107,936 was recorded in share-based compensation and \$76,233 was capitalized to "Exploration and Evaluation Assets". (Note 8)

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11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The aggregate value of transactions relating to key management personnel during the year ended March 31, 2023 and the comparative period were as follows:

For the Years Ended	March 31, 2023	March 31, 2022
	\$	\$
Consulting fees (to company owned by CEO)	149,000	23,625
Consulting fees (to company owned by CFO)	111,375	-
Share-based compensation (to directors and officers)	518,449	-
Total	778,824	23,625

As at March 31, 2023, a \$54,838 balance was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities (2022 – \$23,625). The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

12. COMMITMENTS

As of March 31, 2023, the Company has a contract with a company controlled by the CEO and Director of the Company for monthly payments of \$12,000 for a period of two years beginning in May 2021. Subsequent to March 31, 2023, the contract was extended to May 2025 with a change in monthly payments from \$12,000 to \$15,000.

As a result of the flow-through financing structure (see Note 10(a)) on October 11, 2022, the Company is committed to expend \$3,000,000 of flow-through share proceeds related to flow-through shares issued during the year on qualifying exploration expenditures. The Company must incur eligible expenditures within 24 months from issuing the flow-through shares. As at March 31, 2023, the Company has \$2,862,718 remaining in committed flow-through proceeds to be expended.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
	\$	\$
Loss for the year	(7,255,000)	(157,000)
Combined tax rate	27%	27%
Expected income tax	(1,959,000)	(42,000)
Permanent differences	618,000	-
Impact of flow-through shares	810,000	-
Share issue cost	(89,000)	-
Change in unrecognized deductible temporary differences	620,000	42,000
Total income tax expense (recovery)	-	-

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

	March 31, 2023	March 31, 2022
Deferred Tax Assets (liabilities)	\$	\$
Exploration and evaluation assets	(810,000)	-
Share issue costs	71,000	-
Non-capital losses	2,251,000	42,000
	1,512,000	42,000
Unrecognized deferred tax assets	(1,512,000)	(42,000)
Net deferred tax assets	-	-

As at March 31, 2023, the Company has approximately \$8,336,000 in non-capital losses to carry forward to future years, expiring as follows:

Year of expiry	
2043	4,928,000
2042	451,000
2041	247,000
2040	8,000
2039	25,000
2038	1,000
2037	19,000
2036	99,000
2035	169,000
2034	297,000
2033	568,000
2032	668,000
2031	438,000
2030	247,000
2029	85,000
2028	80,000
2027	6,000
	8,336,000

14. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. The management of these risks has not changed materially from that of the prior period.

i. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management's assessment of the Company's exposure to credit risk on its \$4,674,800 in cash (March 31, 2022 - \$1,310,469) is low as the Company's cash is held with major Canadian financial institutions.

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ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at March 31, 2023 the Company's working capital surplus is \$2,800,027 (March 31, 2022 - \$1,342,656), and it does not have any long-term monetary liabilities.

The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. Management believes the Company is not exposed to significant interest rate risk or to other price risk.

• Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The Company's has acquired exploration and evaluation assets in Utah and Nevada, United States of America. As a result, future changes in exchange rates could materially affect the viability of exploration and development activities.

b) Fair Values

The carrying values of cash, accounts payable and accrued liabilities and loan payable approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the Year Ended	March 31, 2023
	\$
Finders warrants issued for share issuance costs	258,272
Shares issued for purchase of exploration and evaluation assets	2,946,000
Interest paid	-

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16. SUBSEQUENT EVENTS

On May 16, 2023, the Company announced the grant of 200,000 stock options to a certain director, with an exercise price of \$0.64 and fair value of \$0.40 per option. The total fair value of \$81,430 will be recognized as share-based compensation over the vesting period of the options. In addition, the Company granted 350,000 restricted share units to a certain director and officer of the Company. The total fair value of \$224,000 will be recognized as share-based compensation over the vesting period of the RSRs.

Subsequent to March 31, 2023, the following share awards were exercised into common shares of the Company:

- 66,668 restricted share rights for nil proceeds. The total fair value charged to shareholders' equity was \$39,584.