

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-32919

PATRIOT GOLD CORP.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

86-0947048

(I.R.S. Employer
Identification No.)

401 Ryland St. Suite 180

Reno, Nevada, 89502

(Address of principal executive offices)

89502

(Zip Code)

(702) 456-9565

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 73,449,687 shares of common stock, \$0.001 par value, issued and outstanding as of May 12, 2023.

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PART I

FINANCIAL INFORMATION

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

THIS QUARTERLY REPORT ON FORM 10-Q, INCLUDING EXHIBITS HERETO, CONTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE FORWARD-LOOKING STATEMENTS ARE TYPICALLY IDENTIFIED BY THE WORDS “ANTICIPATES,” “BELIEVES,” “EXPECTS,” “INTENDS,” “FORECASTS,” “PLANS,” “ESTIMATES,” “MAY,” “FUTURE,” “STRATEGY,” OR WORDS OF SIMILAR MEANING. VARIOUS FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS, INCLUDING THOSE DESCRIBED IN “RISK FACTORS” IN OUR ANNUAL REPORT ON FORM 10-K. WE ASSUME NO OBLIGATIONS TO UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT NEW INFORMATION, ACTUAL RESULTS, CHANGES IN ASSUMPTIONS, OR CHANGES IN OTHER FACTORS, EXCEPT AS REQUIRED BY LAW.

Item 1. Financial Statements**PATRIOT GOLD CORP.
CONSOLIDATED BALANCE SHEETS**

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
<u>ASSETS</u>		
Current assets:		
Cash	\$ 2,127,691	\$ 2,157,336
Marketable securities	25,565	36,104
Royalty receivables	435,015	803,883
Prepaid expenses	210,838	172,302
Total current assets	<u>2,799,109</u>	<u>3,169,625</u>
Long-term assets:		
Deferred tax asset, net of valuation allowance	1,043,000	1,043,000
Total long-term assets	<u>1,043,000</u>	<u>1,043,000</u>
Total assets	<u>\$ 3,842,109</u>	<u>\$ 4,212,625</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 62,686	\$ 29,253
Accounts payable and accrued liabilities – related parties	68,516	193,175
Total current liabilities	<u>131,202</u>	<u>222,428</u>
Commitments and contingencies	–	–
Stockholders' equity:		
Preferred stock, par value \$.001; 6,500,000 shares authorized; no shares issued at March 31, 2023 and December 31, 2022, respectively	–	–
Series A Preferred stock, par value \$.001; 13,500,000 shares authorized; 290,000 shares issued at March 31, 2023 and December 31, 2022, respectively	290	290
Common stock, par value \$.001; 400,000,000 shares authorized; 74,491,580 and 77,841,893 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	74,492	77,842
Treasury stock (100,000 shares)	(9,093)	(9,093)
Additional paid-in capital	28,728,928	29,230,625
Common shares to be issued	22,400	22,400
Accumulated other comprehensive income (loss)	(16,302)	(16,067)
Accumulated deficit	(25,089,808)	(25,315,800)
Total stockholders' equity	<u>3,710,907</u>	<u>3,990,197</u>
Total liabilities and stockholders' equity	<u>\$ 3,842,109</u>	<u>\$ 4,212,625</u>

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

PATRIOT GOLD CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Revenues	\$ 493,286	\$ 389,288
Expenses:		
Mineral costs	31,724	42,479
Consulting expense	123,187	110,760
Directors fees	52,500	52,500
General and administrative	48,762	104,669
Total operating expense	256,173	310,408
Net income from operations	237,113	78,880
Other income (expense):		
Unrealized holding gain (loss) on marketable securities	(10,562)	(56,038)
Currency exchange	(681)	9,303
Other miscellaneous income	122	—
Total other income (expense)	(11,121)	(46,735)
Net income	\$ 225,992	\$ 32,145
Other comprehensive income (loss)		
Foreign currency translation adjustment	(235)	111
Comprehensive income	\$ 225,757	\$ 32,256
Earnings per share, basic and diluted:		
Income per common share - basic	\$ 0.00	\$ 0.00
Income per common share - diluted	\$ 0.00	\$ 0.00
Weighted average shares outstanding - basic	75,161,643	74,380,354
Weighted average shares outstanding - diluted	75,161,643	74,380,354

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

PATRIOT GOLD CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Series A Preferred Stock		Common Stock		Treasury Stock	Additional Paid-In Capital	Common Shares To be issued	Accumulated Other Comprehensive Income	Retained Deficit	Total
	Shares	Par Value	Shares	Par Value						
<u>For the 3 months ended March 31, 2022</u>										
Balance December 31, 2021	290,000	\$ 290	74,380,354	\$ 74,380	\$ (9,093)	\$29,476,587	\$ 22,400	\$ (16,452)	\$ (25,937,311)	\$3,610,801
Net income	-	-	-	-	-	-	-	111	32,145	32,256
Balance March 31, 2022	<u>290,000</u>	<u>\$ 290</u>	<u>74,380,354</u>	<u>\$ 74,380</u>	<u>\$ (9,093)</u>	<u>\$29,476,587</u>	<u>\$ 22,400</u>	<u>\$ (16,341)</u>	<u>\$ (25,905,166)</u>	<u>\$3,643,057</u>
<u>For the 3 months ended March 31, 2023</u>										
Balance December 31, 2022	<u>290,000</u>	<u>\$ 290</u>	<u>77,841,893</u>	<u>\$ 77,842</u>	<u>\$ (9,093)</u>	<u>\$29,230,625</u>	<u>\$ 22,400</u>	<u>\$ (16,067)</u>	<u>\$ (25,315,800)</u>	<u>\$3,990,197</u>
Stock repurchase	-	-	(3,350,313)	(3,350)	-	(501,697)	-	-	-	(505,047)
Net income	-	-	-	-	-	-	-	(235)	225,992	225,757
Balance March 31, 2023	<u>290,000</u>	<u>\$ 290</u>	<u>74,491,580</u>	<u>\$ 74,492</u>	<u>\$ (9,093)</u>	<u>\$28,728,928</u>	<u>\$ 22,400</u>	<u>\$ (16,302)</u>	<u>\$ (25,089,808)</u>	<u>\$3,710,907</u>

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

PATRIOT GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Net Income	\$ 225,992	\$ 32,145
Adjustments to reconcile net income to net cash provided by operating activities:		
Fair value adjustment for marketable securities	10,539	55,319
Change in operating assets and liabilities:		
Royalties receivables	368,868	718,008
Prepaid expenses	(38,535)	6,042
Accounts payable and accrued liabilities	33,432	15,014
Accounts payable and accrued liabilities – related parties	(124,659)	(86,059)
Net cash flows provided by operating activities	475,637	740,469
Cash flows from investing activities:		
Net cash flows from investing activities	–	–
Cash flows from financing activities:		
Payment for repurchase of shares	(505,047)	–
Net cash flows used in financing activities	(505,047)	–
Foreign exchange effect on cash	(235)	111
Net increase (decrease) in cash	(29,645)	740,580
Cash, beginning of year	2,157,336	1,417,275
Cash, end of year	\$ 2,127,691	\$ 2,157,855
Supplemental disclosure of cash paid for:		
Interest	\$ –	\$ –
Income taxes	\$ –	\$ –
Non-cash financing activities:	\$ –	\$ –

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

PATRIOT GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 - NATURE OF BUSINESS AND OPERATIONS

Patriot Gold Corp. (“Company”) was incorporated in the State of Nevada on November 30, 1998. The Company is engaged in natural resource exploration and is focused on acquiring, exploring, and developing natural resource properties. Currently the Company is undertaking programs in Nevada. The Company’s common stock trades on the Canadian Securities Exchange under the symbol PGOL, and also on the Over-The-Counter (“OTCQB”) market under the symbol PGOL.

On May 23, 2017, the Company caused the incorporation of its wholly owned subsidiary, Patriot Gold Canada Corp (“Patriot Canada”), under the laws of British Columbia, Canada.

On April 16, 2010, the Company caused the incorporation of its wholly owned subsidiary, Provex Resources, Inc., (“Provex”) under the laws of Nevada. Effective May 7, 2018, Provex’s name was changed to Goldbase, Inc. (“Goldbase”).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Goldbase and Patriot Gold Canada. Collectively, they are referred to herein as “the Company”. Inter-company accounts and transactions have been eliminated.

Management’s Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that all applicable estimates and adjustments are appropriate. Actual results could differ from those estimates.

Going Concern

Management believes they will have sufficient funds to support their business based on the following: (a) revenues derived from the Moss royalty, given the Moss Mine is now in production; (b) the Company’s marketable securities are relatively liquid; (c) current cash on hand is sufficient to cover estimated minimum operational costs for the next 12 months.

Exploration and Development Costs

Mineral exploration costs and payments related to the acquisition of the mineral rights are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to acquire and develop such property will be capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. No costs have been capitalized through March 31, 2023.

Cash and Cash Equivalents

The Company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. The Company has no cash equivalents as of March 31, 2023 and December 31, 2022.

Marketable Securities

Equity investments with readily determinable fair values are measured at fair value. Equity investments without readily determinable fair values are measured using the equity method or measured at costs with adjustments for observable changes in price or impairments (referred to as the measurement alternative). We currently do not have investments without readily determinable fair values. We perform a qualitative assessment on a periodic basis and recognize an impairment if there are sufficient indicators that the fair value of the investment is less than carrying value. Changes in value are recorded in Other income (expense), net.

Royalties Receivables

Royalties Receivables consist of amounts due from Golden Vertex related to the net smelter return royalty on the Moss Mine in Arizona (see Note 4). An allowance for uncollectible receivables is based on historical collection trends and write-off history. As of March 31, 2023 and December 31, 2022, there was no allowance recorded.

Foreign Currency Translation

The Company's functional currency and reporting currency is the U.S. dollar. Monetary items denominated in foreign currency are translated to U.S. dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates in effect when the assets were acquired, or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in the consolidated statements of operations.

Concentration of Credit Risk

The Company has no off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. The Company maintains the majority of its cash balances with two financial institutions in the form of demand deposits. Accounts at banks in the United States are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, while accounts at banks in Canada are insured by the Canada Deposit Insurance Corporation ("CDIC") up to \$100,000. At March 31, 2023 and December 31, 2022, the Company had \$1,755,733 and \$1,855,389 in excess of the FDIC and CDIC insured limits, respectively.

Income/Loss per Share

Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares plus dilutive potential common shares outstanding during the period.

As of March 31, 2023 and 2022, all of the outstanding stock options and warrants were excluded from the computation of diluted shares outstanding as they would have had an anti-dilutive impact on the Company's income from continuing operations.

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income. For the Company, such items consist primarily of foreign currency translation gains and losses.

Stock Options

The Company measures all employee stock-based compensation awards using a fair value method on the date of grant and recognizes such expense in its consolidated financial statements over the requisite service period. The Company uses the Black-Scholes pricing model to determine the fair value of stock-based compensation awards on the date of grant. The Black-Scholes pricing model requires management to make assumptions regarding option lives, expected volatility, and risk-free interest rates.

The Company accounts for non-employee stock-based awards in accordance with the Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718)*: Under this standard, the Company values all equity classified awards at their grant-date under ASC718.

Stock-based Compensation

The Company accounts for equity-based transactions with nonemployees awards in accordance with the Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718)*: ASU 2018-07 establishes that equity-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The fair value of common stock issued for payments to nonemployees is measured at the market price on the date of grant. The fair value of equity instruments, other than common stock, is estimated using the Black-Scholes option valuation model. In general, we recognize the fair value of the equity instruments issued as deferred stock compensation and amortize the cost over the term of the contract.

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation—Stock Compensation*, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered.

The Company has granted Restricted Common Stock, where the Restricted Common Stock is restricted for a period of three years following the date of grant. During the three-year period the recipient may not sell or otherwise dispose of the shares. The Company has applied a discount for illiquidity to the price of the Company's stock when determining the amount of expense to be recorded for the Restricted Common Stock issuance. The discount for illiquidity for the Restricted Common Stock was estimated on the date of grant by taking the average close price of the freely traded common shares for the period in which the services were provided, and applying an illiquidity discount of 10% for each multiple that the total Restricted Common Stock is of the average daily volume for the period, to a maximum of 50%.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including prepaids, accounts payable and accrued liabilities, at March 31, 2023 and December 31, 2022 approximates their fair values due to the short-term nature of these financial instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company carries other company's equity instruments at fair value as required by U.S. GAAP, which are valued using level 1 inputs under the fair value hierarchy.

In general, investments with original maturities of greater than 90 days and remaining maturities of less than one year are classified as short-term investments. Investments with maturities beyond one year may also be classified as short-term based on their highly liquid nature and can be sold to fund current operations.

Fair Value Hierarchy

Fair value is defined within the accounting rules as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The rules established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As presented in the tables below, this hierarchy consists of three broad levels:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.

Level 3. Unobservable inputs to the valuation methodology are significant to the measurement of the fair value of assets or liabilities. These Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that we were unable to corroborate with observable market data.

Assets measured at fair value on a recurring basis by level within the fair value hierarchy are as follows:

	Fair Value Measurement at		Fair Value Measurement at	
	March 31, 2023		December 31, 2022	
	<u>Using</u>	<u>Total</u>	<u>Using</u>	<u>Total</u>
	<u>Level 1</u>		<u>Level 1</u>	
Assets:				
Equity securities with readily determinable fair values	\$ 25,565	\$ 25,565	\$ 36,104	\$ 36,104

Revenue Recognition

The Company has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company receives a royalty from Golden Vertex of 3% of net smelter returns (see Note 3) and recognizes revenue at the time minerals are produced and sold at the Moss Mine. The Company’s revenue recognition policy standards include the following elements under ASU 606:

1. Identify the contract with the customer. The contract with Golden Vertex is documented in the Purchase and Sale Agreement dated 5/12/16 and the Royalty Deed dated 5/25/16.
2. Identify the performance obligations in the contract. The performance obligation in the contract required Patriot to relinquish its 30% interest in the Moss Mine. The Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the claims appurtenant thereto, and in which the Company had any interest.
3. Determine the transaction price. The transaction price was C\$1,500,000 plus 3% of the Net Smelter Returns on the future production of the Moss Mine. See Note 3 for definition of Net Smelter Returns.
4. Allocate the transaction price to the performance obligations in the contract. The Company only has one performance obligation, the transfer of the rights to the Moss Mine, which has already been fulfilled.
5. Recognize revenue when (or as) the entity satisfies a performance obligation. The C\$1,500,000 was recognized as a sale of the mining rights in 2016, resulting in a gain from the disposition of the property. The 3% net smelter returns royalty are recognized as revenue in the period that Golden Vertex produces and sells minerals from the Moss Mine, which began in March 2018. The royalties that have been received to date have been highly variable, as the amounts are dependent upon the monthly production, the demand of the buyers, the spot price of gold and silver, the costs associated with refining and transporting the product, etc. As such, management has determined that the revenue recognition shall be treated as variable consideration as defined in ASC 606. Variable consideration should only be recognized to the extent that it is probable that a significant reversal of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Given the fact that royalties to date have been highly variable with a great degree of uncertainty, and any attempts to estimate future revenue would likely result in a significant reversal of revenue, royalty revenue will be recognized when payments and settlement statements are received from Golden Vertex, in the period for which the sales were made by Golden Vertex. It is at that time that any uncertainty related to royalty payments is resolved. The Company applied ASC 606 using the modified retrospective method applied to contracts not yet completed as of the date of adoption.

Related Party Transactions

A related party is generally defined as (i) any person who holds 10% or more of the Company’s securities and their immediate families, (ii) the Company’s management, (iii) an entity or person who directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income Taxes

The Company follows ASC 740-10-30, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date.

The Company adopted ASC 740-10-25 (“ASC 740-10-25”) with regard to uncertainty of income tax positions. ASC 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10-25, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC 740-10-25 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures.

New Accounting Pronouncements

The Company adopted ASU 2016-13, “Measurement of Credit Losses on Financial Instruments” effective January 1, 2021. The pronouncement revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. There was no material impact on the consolidated financial statements as a result of the adoption of this standard.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 - MINERAL PROPERTIES

Vernal Property

The Vernal Property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. The Company holds the property via 12 unpatented mining claims (approximately 248 acres). The Company has a 100% interest in the Vernal property, subject to an existing royalty. As of March 31, 2022, the Company has incurred approximately \$89,616 of accumulated option and exploration expenses on the Vernal property. During the three months ended March 31, 2023 and 2022, the Company incurred no exploration expenses on the Vernal property.

Moss Mine Property

In 2004, the Company obtained a 100% interest in a number of patented and unpatented mining claims known as the Moss Mine property located in the Oatman Mining District of Mohave county Arizona. In 2011, the Company entered into an Exploration and Option to Enter Joint Venture Agreement (the “Moss Agreement”), with Idaho State Gold Company, LLC, (“ISGC”) whereby the Company granted the option and right to earn a vested seventy percent (70%) interest in the property and the right and option to form a joint venture for the management and ownership of the properties called the Moss Mine, Mohave County, Arizona. Subsequently, ISGC transferred its rights to Elevation Gold Mining Corporation. (“Elevation”), formerly known as Northern Vertex Mining Corporation. In 2016, it was determined that Northern Vertex had met the required conditions to earn an undivided 70% interest in the Moss Mine. As such, the Company entered into a material definitive Agreement for Purchase and Sale of Mining Claims and Escrow Instructions (the “Purchase and Sale Agreement”) with Golden Vertex Corp., an Arizona corporation (“Golden Vertex,” a wholly-owned Subsidiary of Northern Vertex) whereby Golden Vertex agreed to purchase the Company’s remaining 30% working interest in the Moss Mine for \$1,155,600 (C\$1,500,000) plus a 3% net smelter return royalty. See Note 4 for additional information regarding the royalty from the Moss Mine.

Windy Peak Property

The Windy Peak Property, (“Windy Peak”) consists of 114 unpatented mineral claims covering approximately 2,337 acres, 3 miles NNE of the Bell Mountain and 7 miles east of the Fairview mining district in southwest Nevada. Annual maintenance fees paid to the BLM and recording fees must be paid to the respective county on or before September 1 of each year to keep the claims in good standing, provided the filings are kept current these claims can be kept in perpetuity. As of March 31, 2023, the company has incurred approximately \$1,326,155 of exploration expenses on the Windy Peak Property, and \$31,724 and \$39,576 were spent for the three months ended March 31, 2023 and 2022, respectively.

Rainbow Mountain Property

The Rainbow Mountain gold project consisted of 81 unpatented lode claims totaling approximately 1,620 contiguous acres, located approximately 23 km southeast of Fallon, in the state of Nevada. In August, 2021, the Company relinquished these claims to the BLM and have completed the required reclamation work. As a result, the Company has requested a refund of its reclamation deposit of \$7,074 and anticipates receiving this refund once the BLM has inspected and approved the reclamation work.

As of March 31, 2023, the company has incurred approximately \$359,008 of fees and exploration expenses on the Rainbow Mountain Property, and \$0 and \$2,903 were spent for the three months ended March 31, 2023 and 2022, respectively.

NOTE 4 – ROYALTY INTERESTS

Pursuant to the Purchase and Sale Agreement with Golden Vertex, the Company has a 3% net smelter return royalty on the Moss Mine in Arizona. For the three months ended March 31, 2023 and 2022, the Company earned royalties of \$493,286 and \$389,288, respectively.

Pursuant to the Bruner Purchase and Sale Agreement with Canamex Resources (“Buyer”) dated April 25, 2017, the Company has a 2% net smelter return (“NSR”) royalty on the Bruner Gold/Silver mine in Nevada, including any claims acquired within a two-mile area of interest around the existing claims. The Buyer has the option to buy-down half of the NSR royalty retained by Patriot for \$5 million any time during a five-year period following closing of the purchase and sale agreement. As of March 31, 2023, no royalties have yet been earned.

In March 2019, the Company purchased a Vanadium Oxide royalty interest from a related party. In exchange for a non-refundable payment of \$300,000, the Company is to receive royalties based on the gross production of Vanadium Oxide (“Vanadium”) from a bitumen deposit covering 19 oil sands leases in Alberta. For each barrel of bitumen produced from the specified oil sands until March 21, 2039, or upon termination of mining, whichever is earlier, the Company is to be paid a royalty equal to 25 grams of Vanadium per barrel of bitumen produced, multiplied by the price of Vanadium Pentoxide 98% min in-warehouse Rotterdam published on the last business day of the month in which the gross production of bitumen occurred. While management believes the royalty interest continues to have value, there is no defined timeline to begin production of Vanadium and as such, the Company has fully impaired the royalty asset.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we may be exposed to claims and threatened litigation, and use various methods to resolve these matters in a manner that we believe serves the best interest of our shareholders and other constituents. When a loss is probable, we disclose the amount of probable loss, or disclose a range of reasonably possible losses if they are material and we are able to estimate such a range. If we cannot provide an estimate, we explain the factors that prevent us from doing so. We believe the recorded reserves in our consolidated financial statements are adequate in light of the probable and estimable liabilities. We do not presently believe that any claims or litigation will be material to our results of operations, cash flows, or financial condition.

NOTE 6 - STOCK OPTIONS

The Company's Board of Directors adopted the 2019 Stock Option Plan (the "2019 Plan") in July 2019, the 2014 Stock Option Plan (the "2014 Plan") in June 2014, and the 2012 Stock Option Plan (the "2012 Plan") in July 2012. There were no compensation costs charged against those plans for the three months ended March 31, 2023 and 2022, respectively.

The 2019 Plan, the 2014 Plan, and the 2012 Plan reserve and make available for grant common stock shares of up to 9,500,000, 5,000,000, and 3,900,000, respectively. No option can be granted under the plans 10 years after the plan inception date.

Options granted to officers or employees under the plans may be incentive stock options or non-qualified stock options. Options granted to directors, consultants, and independent contractors are limited to non-qualified stock options.

The plans are administered by the Board of Directors or a committee designated by the Board of Directors. Subject to specified limitations, the Board of Directors or the Committee has full authority to grant options and establish the terms and conditions for vesting and exercise thereof. However, the aggregate fair market value (determined at the time the option is granted) of the shares with respect to which incentive stock options are exercisable for the first time by an optionee during any calendar year cannot exceed \$100,000.

Options granted pursuant to the plans are exercisable within ten years after the date of grant. The exercise price per share of common stock for options granted shall be determined by the Board of Directors or the designated committee, except for incentive stock options granted to a holder of ten percent or more of Patriot's common stock, for whom the exercise price per share will not be less than 110% of the fair market value.

As of March 31, 2023, there were 9,500,000, 185,000 and 155,000 shares available for grant under the 2019 Plan, 2014 Plan and 2012 Stock Option Plan, respectively.

Stock Option Activity

The fair value of each stock option is estimated at the date of grant using the Black-Scholes option pricing model. No options were granted in the three months ended March 31, 2022. Assumptions regarding volatility, expected term, dividend yield and risk-free interest rate are required for the Black-Scholes model. The volatility assumption is based on the Company's historical experience. The risk-free interest rate is based on a U.S. treasury note with a maturity similar to the option award's expected life. The expected life represents the average period of time that options granted are expected to be outstanding.

The following table summarizes stock option activity and related information for the period ended March 31, 2023:

	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance December 31, 2021	10,340,000	\$ 0.10	5.72	\$ 0.00
Option granted	—			
Options cancelled / expired	—	—		—
Options exercised	—			
Balance December 31, 2022	10,340,000	\$ 0.10	4.72	\$ 0.00
Option granted	—			
Options cancelled / expired	—	—		—
Options exercised	—			
Balance March 31, 2023	<u>10,340,000</u>	<u>\$ 0.10</u>	<u>4.48</u>	<u>\$ 0.00</u>
Exercisable at March 31, 2023	10,340,000	\$ 0.10	4.48	\$ 0.00

There were no unvested stock options at March 31, 2023. The Company issues new stock when options are exercised.

NOTE 7 - COMMON STOCK

The Company may issue up to 400,000,000 shares of \$.001 par value common stock. As of March 31, 2023, the Company had 74,491,580 of common shares outstanding. Some of these outstanding shares were granted as payment for services provided to the Company and are restricted. The restricted common stock is restricted for a period of three years following the date of grant. During the three-year period the recipient may not sell or otherwise dispose of the shares. The Company has applied a discount for illiquidity to the price of the Company's stock when determining the amount of expense to be recorded for the Restricted Common Stock issuance. The discount for illiquidity for the Restricted Common Stock was estimated on the date of grant by taking the average close price of the freely traded common shares for the period in which the services were provided, and applying an illiquidity discount of 10% for each multiple that the total Restricted Common Stock is of the average daily volume for the period, to a maximum of 50%.

In 2022, Trevor Newton opted to receive his director fees for 2022 – 2024 in the form of shares in lieu of cash. See Note 11 for further details.

On June 25, 2022, the Board of Directors approved the re-purchase and cancellation of 3,000,000 shares at \$0.15 per share for an aggregate price of \$450,000.

On March 1, 2023, the Board of Directors approved the re-purchase and cancellation of 3,350,313 shares at \$0.15 per share for an aggregate price of \$502,546.95.

NOTE 8 - WARRANTS

The following table summarizes warrant activity during the period ended March 31, 2023. All outstanding warrants were exercisable during this period.

	Number of Warrants	Weighted Average Exercise Price
Outstanding December 31, 2021	9,640,000	\$ 0.13
Issued	—	—
Canceled / exercised	—	—
Expired	—	—
Outstanding December 31, 2022	9,640,000	0.13
Issued	—	—
Canceled / exercised	—	—
Expired	—	—
Outstanding March 31, 2023	<u>9,640,000</u>	<u>\$ 0.13</u>

In April 2019, warrants for 8,000,000 shares were exercised in exchange for a note receivable for \$705,000. As a result of this transaction, the shareholder is now considered a beneficial owner (see Note 10 – Related Party Transactions). The note is non-interest bearing and can be repaid at any time with 15 days advance notice to the Company. As this note remains outstanding as of March 31, 2023, in accordance with ASC 505-10-45-2, it is classified as a reduction of Additional Paid-In Capital.

The following tables summarizes outstanding warrants as of March 31, 2023, all of which are exercisable:

Range of Exercise Prices	Warrants Outstanding and Exercisable		
	Number of Warrants	Weighted Avg Exercise Price	Remaining Contractual Life (years)
<i>\$0.05 - \$0.08</i>	320,000	\$0.08	9.67
<i>\$0.09 - \$0.14</i>	6,320,000	\$0.11	3.23
<i>\$0.15 - \$0.21</i>	3,000,000	\$0.16	2.47
Total Outstanding March 31, 2023	<u>9,640,000</u>		

NOTE 9 - PREFERRED STOCK

As of March 31, 2023, there are 290,000 shares of Series A preferred stock outstanding, owned by a related party. The holders of the Series A Preferred stock shall be entitled to receive non-cumulative dividends in preference to the declaration or payments of dividends on the Common Stock. In the event of liquidation of the Company, the holders of the Series A Preferred Stock shall receive any accrued and unpaid dividends before distribution or payments to the holders of the Common Stock. Series A Preferred Stock carries the same right to vote and act as Common stock, except that it carries super-voting rights entitling it to One Hundred (100) votes per share.

NOTE 10 - RELATED PARTY TRANSACTIONS

Mr. Zachary Black, a Board Member, provides geological consulting services to the Company pursuant to a consulting agreement. He is paid on an hourly basis for his services and reimbursed for his out-of-pocket expenses in performing such consulting services. For the three months ended March 31, 2023 and 2022, Mr. Black was paid fees in the amount of \$29,100 and \$0, respectively.

Mr. Robert Coale, a Board Member, provides geological consulting services to the Company pursuant to a consulting agreement. He is paid on an hourly basis for his services and reimbursed for his out-of-pocket expenses in performing such consulting services. For the three months ended March 31, 2023 and 2022, there were no consulting expenses.

Mr. Trevor Newton, President, Chief Financial Officer, Secretary, Treasurer and Director of the Company, provides consulting services to the Company pursuant to a consulting agreement. He is paid on an hourly basis for his services and reimbursed for his out-of-pocket expenses in performing such consulting services. For the three months ended March 31, 2023 and 2022, Mr. Newton was paid fees in the amount of \$98,300 and \$103,219, respectively.

In April 2019, an unrelated third party exercised warrants for 8,000,000 shares in exchange for a note receivable for \$705,000. As a result of this transaction, the owner of the stock is now a related party. The note is non-interest bearing and can be repaid at any time with 15 days advance notice to the Company. As this note remains outstanding as of March 31, 2023, in accordance with ASC 505-10-45-2, it is classified as a reduction of Additional Paid-In Capital. In addition, this shareholder provides consulting services to the company including claims administration of the Moss Mine royalties. For the three months ended March 31, 2023 and 2022, there were no consulting expenses.

Board members are paid fees of \$70,000 per calendar year. Each director term is three years. In lieu of cash, Mr. Newton opted to receive his director fees for 2022 - 2024 in restricted shares of the Company, totaling 6,461,539 shares. The shares were valued at \$0.0325 for total non-cash expense of \$70,000 for the year ended December 31, 2022, recorded as Directors Fees Expense. The fees for 2023 - 2024 are recorded as Prepaid Expenses as of March 31, 2023, in the amount of \$122,500. For the three months ended March 31, 2023 and 2022, directors' fees totaled \$52,500 and \$52,500, respectively.

The Company owns 2,760,260 shares of common stock of Strata Power Corporation ("Strata"), acquired through a series of private placements, as an investment in lithium mining extraction technologies. The purchase was accounted for as a marketable security in available for sale securities. Strata is a related party through Trevor Newton, who is President and a member the Board of Directors of both Patriot and Strata. Management has considered the guidance that is used to evaluate whether the Company has significant influence over Strata and has determined that no such significant influence exists.

NOTE 11 - SUBSEQUENT EVENTS

In accordance with SFAS 165 (ASC 855-10) management has performed an evaluation of subsequent events through the date that the financial statements were available to be issued and has determined that it does not have any material subsequent events to disclose in these financial statements, other than the following:

In April, 2023, the Board of Directors approved the re-purchase and cancellation of 1,041,893 shares at \$0.0605 per share for an aggregate price of \$63,034.53.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (hereinafter referred to as the "Company," "Patriot Gold" or "we") and other matters. One can find many of these statements by looking for words including, for example, "believes," "expects," "anticipates," "estimates" or similar expressions. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

The Company has based the forward-looking statements relating to the Company's operations on management's current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company's actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

General Overview

As a natural resource exploration company, our focus is to acquire, explore and develop natural resource properties which may host mineral reserves which may be economical to extract commercially. With this in mind, we have identified and secured interests in mining claims with respect to properties in Nevada. Current cash on hand plus anticipated royalty revenue is sufficient to fund planned operations for 2023 after payment of accounts payable outstanding at March 31, 2023. Our officers and directors and advisors, attorneys and consultants will continue to be utilized to support all operations.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 to the Three Months Ended March 31, 2022

During the three months ended March 31, 2023 and 2022, we had revenues of \$493,286 and \$389,288, respectively, resulting from the Moss Mine royalty. We are currently exploring and developing our properties and are actively reviewing new projects.

Net income for the three months ended March 31, 2023 and 2022 was \$225,992 and \$32,145, respectively. The change in profitability is primarily due to the \$193,846 increase in royalty revenue compared to the prior year. In addition, there was an approximate \$56,000 decrease in general and administrative expenses.

For the three months ended March 31, 2023 and 2022, mineral and exploration expenses were \$31,724 and \$42,479, respectively. The decrease in 2023 is primarily due to drilling and consulting expenditures on the Windy Peak project.

For the three months ended March 31, 2023 and 2022, general and administrative expenses were \$48,762 and \$104,669, respectively. The decrease in 2023 is primarily due to a decrease in professional fees.

For the three months ended March 31, 2023 and 2022, other income (expenses) were (\$11,121) and (\$46,735), respectively. The change in other income/expense is due to an approximate \$45,000 decrease in unrealized losses on marketable securities.

Liquidity and Capital Resources

We had total assets of \$3,842,109 at March 31, 2023 consisting primarily of \$2,127,691 of cash, \$25,565 of marketable securities, \$435,015 of royalty receivables, and \$210,838 of prepaid expenses. We had total liabilities of \$131,202 at March 31, 2023, consisting primarily of accounts payable and accrued expenses.

We anticipate that we will incur the following during the year ended December 31, 2023:

- \$1,000,000 for operating expenses, including exploration, working capital and general, legal, accounting and administrative expenses associated with reporting requirements under the Securities Exchange Act of 1934 and compliance with Canadian regulatory authorities.

Cash provided by operations was \$475,637 and \$740,469 for the three months ended March 31, 2023 and 2022, respectively. The \$264,832 decrease in cash provided by operations was primarily due to the change in royalty receivables.

There were no investing activities for the three months ended March 31, 2023 and 2022.

Cash used in financing activities were \$505,047 and \$0 for the three months ended March 31, 2023 and 2022, due to a repurchase of 3,350,313 shares of the Company's common stock.

Management estimates that the Company will not need additional funding for the next twelve months.

We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

Use of Estimates

The preparation of the consolidated financial statements in conformity with 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that all applicable estimates and adjustments are appropriate. Actual results could differ from those estimates.

Revenue Recognition

On June 1, 2018, the Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company receives a royalty from Golden Vertex of 3% of net smelter returns (see Note 3) and recognizes revenue at the time minerals are produced and sold at the Moss Mine. The Company’s revenue recognition policy standards include the following elements under ASU 606:

1. Identify the contract with the customer. The contract with Golden Vertex is documented in the Purchase and Sale Agreement dated 5/12/16 and the Royalty Deed dated 5/25/16.
2. Identify the performance obligations in the contract. The performance obligation in the contract required Patriot to relinquish its 30% interest in the Moss Mine. The Company conveyed all of its right, title and interest in those certain patented and unpatented lode mining claims situated in the Oatman Mining District, Mohave County, Arizona together with all extralateral and other associated rights, water rights, tenements, hereditaments and appurtenances belonging or appertaining thereto, and all rights-of-way, easements, rights of access and ingress to and egress from the claims appurtenant thereto, and in which the Company had any interest.
3. Determine the transaction price. The transaction price was C\$1,500,000 plus 3% of the Net Smelter Returns on the future production of the Moss Mine. See Note 3 for definition of Net Smelter Returns.
4. Allocate the transaction price to the performance obligations in the contract. The Company only has one performance obligation, the transfer of the rights to the Moss Mine, which has already been fulfilled.
5. Recognize revenue when (or as) the entity satisfies a performance obligation. The C\$1,500,000 was recognized as a sale of the mining rights in 2016, resulting in a gain from the disposition of the property. The 3% net smelter returns royalty will be recognized as revenue in the period that Golden Vertex produces and sells minerals from the Moss Mine, which began in March 2018. The royalties that have been received to date have been highly variable, as the amounts are dependent upon the monthly production, the demand of the buyers, the spot price of gold and silver, the costs associated with refining and transporting the product, etc. As such, management has determined that the revenue recognition shall be treated as variable consideration as defined in ASC 606. Variable consideration should only be recognized to the extent that it is probable that a significant reversal of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Given the fact that royalties to date have been highly variable with a great degree of uncertainty, and any attempts to estimate future revenue would likely result in a significant reversal of revenue, royalty revenue will be recognized when payments and settlement statements are received from Golden Vertex, in the period for which the sales were made by Golden Vertex. It is at that time that any uncertainty related to royalty payments is resolved. The Company applied ASC 606 using the modified retrospective method applied to contracts not yet completed as of the date of adoption.

Mineral Property Acquisition and Exploration Costs

Mineral exploration costs and payments related to the acquisition of the mineral rights are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to acquire and develop such property will be capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. No costs have been capitalized through March 31, 2023.

Deferred Taxes

The Company follows ASC 740-10-30, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date.

The Company adopted ASC 740-10-25 (“ASC 740-10-25”) with regard to uncertainty of income tax positions. ASC 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10-25, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC 740-10-25 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures.

Stock-Based Compensation

We account for equity-based transactions with nonemployees awards in accordance with the Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718)*: ASU 2018-07 establishes that equity-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The fair value of common stock issued for payments to nonemployees is measured at the market price on the date of grant. The fair value of equity instruments, other than common stock, is estimated using the Black-Scholes option valuation model. In general, we recognize the fair value of the equity instruments issued as deferred stock compensation and amortize the cost over the term of the contract.

We account for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation—Stock Compensation*, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered.

The Company has granted Restricted Common Stock, where the Restricted Common Stock is restricted for a period of three years following the date of grant. During the three-year period the recipient may not sell or otherwise dispose of the shares. The Company has applied a discount for illiquidity to the price of the Company’s stock when determining the amount of expense to be recorded for the Restricted Common Stock issuance. The discount for illiquidity for the Restricted Common Stock was estimated on the date of grant by taking the average close price of the freely traded common shares for the period in which the services were provided, and applying an illiquidity discount of 10% for each multiple that the total Restricted Common Stock is of the average daily volume for the period, to a maximum of 50%.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including our principal executive, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), as of March 31, 2023. Based on this evaluation, the Company’s Chief Executive Officer, who also serves as its Principal Financial Officer, concluded that our disclosure controls and procedures were effective.

Changes in internal controls

During the quarter covered by this report, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

N/A

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and Item 104 of Regulation S-K require certain mine safety disclosures to be made by companies that operate mines regulated under the Federal Mine Safety and Health Act of 1977. However, the requirements of the Act and Item 104 of Regulation S-K do not apply as the Company does not engage in mining activities. Therefore, the Company is not required to make such disclosures.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

Exhibit No.	Description
31.1	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.</u> *
32.1	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.</u> *
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	The cover page for this report, formatted in Inline XBRL (included in Exhibit 101).*

*Filed Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 12, 2023

PATRIOT GOLD CORP.

By: /s/ Trevor Newton
Trevor Newton
Chief Executive Officer and President