

PENGRAM CORPORATION

Quarterly Report for the Fiscal Quarter Ended August 31, 2012

Item 1 Exact name of the Issuer and the address of its principal executive offices.

The name of the issuer is "Pengram Corporation" (the "Company").

The Company's principal executive office is located at 1200 Dupont Street, Suite 2J, Bellingham, WA, United States 98225.

Tele: (360) 255-3436

Fax: None

Website: www.pengramgold.com

Item 2 Shares outstanding.

As at August 31, 2012, the Company's: (i) authorized shares of common stock was 300,000,000 shares and issued and outstanding shares of common stock was 58,264,344 shares, (ii) public float consisted of 26,292,144 shares of common stock, (iii) total number of beneficial shareholders is unknown as a number of the shareholders hold their shares within CEDE & Co. and the Company did not order a NOBO list as at August 31, 2012*, and (iv) registered shareholders totaled 26. The Company's authorized shares of preferred stock was 100,000,000 shares, of which none were issued or outstanding.

* As of July 7, 2011, there were a total of 613 beneficial shareholders of the Company.

Item 3 Interim financial statements.

The Company's interim financial statements for the nine month period ended August 31, 2012 include:

1. Interim Condensed Consolidated Balance Sheets as of August 31, 2012 and November 30, 2011;
2. Interim Condensed Consolidated Statements of Operations for the three and nine months ended August 31, 2012 and 2011 and for the cumulative period from inception on April 28, 2006 to August 31, 2012;
3. Interim Condensed Consolidated Statements of Cash Flows for the nine months ended August 31, 2012 and 2011 and for the cumulative period from inception on April 28, 2006 to August 31, 2012;
4. Interim Condensed Statements of Stockholders' Deficiency for the period from inception on April 28, 2006 to August 31, 2012; and
5. Notes to the Interim Condensed Consolidated Financial Statements.

PENGRAM CORPORATION
(An Exploration Stage Company)

**THIRD QUARTER INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

NINE MONTHS ENDED AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

PENGRAM CORPORATION
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Stated in U.S. Dollars)

| | AUGUST 31 2012 | NOVEMBER 30 2011 |
|---|-------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 4,109 | \$ 1,856 |
| Amount receivable (Note 3) | - | 14,701 |
| Total Current Assets | 4,109 | 16,557 |
| Long-term Investment (Note 4) | 25,068 | 10,367 |
| Mineral Property Acquisition Costs (Note 5) | 344,799 | 357,099 |
| Total Assets | \$ 373,976 | \$ 384,023 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 463,769 | \$ 406,873 |
| Amounts due to related parties (Note 11) | 95,121 | 68,121 |
| Amount due to shareholder | 1,920 | 1,920 |
| Promissory notes payable (Notes 5 and 6) | 201,122 | 183,712 |
| Promissory notes payable to related parties (Note 7) | 46,406 | 34,418 |
| Loans payable (Note 8) | 21,118 | 20,832 |
| Total Current Liabilities | 829,456 | 715,876 |
| STOCKHOLDERS' DEFICIENCY | | |
| Capital Stock (Note 10) | | |
| Authorized: | | |
| 100,000,000 preferred stock with a par value of \$0.001 per share | | |
| 300,000,000 common voting stock with a par value of \$0.001 per share | | |
| Issued: | | |
| 58,264,344 common shares at August 31, 2012 and November 30, 2011 | 58,264 | 58,264 |
| Additional Paid-In Capital | 1,224,285 | 1,224,285 |
| Share Purchase Warrants (Note 10) | 30,150 | 30,150 |
| Deficit Accumulated During The Exploration Stage | (1,768,179) | (1,644,552) |
| Total Stockholders' Deficiency | (455,480) | (331,853) |
| Total Liabilities And Stockholders' Deficiency | \$ 373,976 | \$ 384,023 |

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

PENGRAM CORPORATION
(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
(Stated in U.S. Dollars)

| | THREE MONTHS ENDED AUGUST 31 | | NINE MONTHS ENDED AUGUST 31 | | CUMULATIVE PERIOD FROM INCEPTION APRIL 28 2006 TO AUGUST 31 2012 |
|---|------------------------------------|---------------------|-----------------------------------|---------------------|--|
| | 2012 | 2011 | 2012 | 2011 | 2012 |
| Expenses | | | | | |
| Bank charges and interest | \$ 7,127 | \$ 5,706 | \$ 25,156 | \$ 13,108 | \$ 86,206 |
| Consulting fees | - | 13,355 | 24,600 | 39,705 | 108,081 |
| Depreciation expense | - | - | - | - | 1,516 |
| Filing and regulatory | 317 | 1,717 | 911 | 3,684 | 23,568 |
| Finance charges | - | - | - | - | 137,500 |
| Incorporation costs | - | - | - | - | 3,382 |
| Investor relations | - | - | - | - | 15,800 |
| Management fees | 9,000 | 9,000 | 27,000 | 27,000 | 191,600 |
| Mineral property exploration costs | 9,308 | 8,966 | 10,482 | 35,085 | 145,314 |
| Office and administrative | 2,931 | 11,174 | 5,155 | 22,276 | 93,898 |
| Professional fees | 8,160 | 28,611 | 26,058 | 111,867 | 700,767 |
| Recovery on mineral property | - | - | - | - | (18,377) |
| Stock-based compensation | - | 355,000 | - | 355,000 | 355,000 |
| Travel | - | - | - | - | 16,341 |
| Website design | - | - | 165 | 1,044 | 5,253 |
| Write-off of mineral property costs | 4,100 | - | 4,100 | - | 13,100 |
| Loss Before Other Income | (40,943) | (433,529) | (123,627) | (608,769) | (1,878,949) |
| Other Income | | | | | |
| Dividend income (Note 4) | - | - | - | 115,909 | 115,909 |
| Loss on settlement of debt (Note 4) | - | - | - | (9,509) | (9,509) |
| Unrealized gain on marketable securities (Note 4) | - | - | - | 4,370 | 4,370 |
| Net Loss For The Period | \$ (40,943) | \$ (433,529) | \$ (123,627) | \$ (497,999) | \$ (1,768,179) |
| Basic And Diluted Loss Per Share | \$ (0.00) | \$ (0.01) | \$ (0.00) | \$ (0.01) | |
| Weighted Average Number Of Common Shares Outstanding | 58,264,344 | 58,264,344 | 58,264,344 | 58,110,417 | |

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

PENGRAM CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Stated in U.S. Dollars)

| | NINE MONTHS ENDED AUGUST 31 | | CUMULATIVE PERIOD FROM INCEPTION APRIL 28 2006 TO AUGUST 31 |
|---|-----------------------------------|------------------|--|
| | 2012 | 2011 | 2012 |
| Cash Provided By (Used In): | | | |
| Operating Activities | | | |
| Net loss for the period | \$ (123,627) | \$ (497,999) | \$ (1,768,179) |
| Adjustment for items not affecting cash: | | | |
| Depreciation | - | - | 1,516 |
| Finance charges on convertible notes | - | - | 137,500 |
| Foreign exchange | - | - | 11,369 |
| Recovery of mineral property | - | - | (18,377) |
| Accrued interest expense | 24,888 | 12,380 | 81,930 |
| Write-off of mineral property costs | 4,100 | - | 13,100 |
| Dividend income | - | (115,909) | (115,909) |
| Loss on settlement of debt | - | 9,509 | 9,509 |
| Unrealized gain on marketable securities | - | (4,370) | (4,370) |
| Stock-based compensation | - | 355,000 | 355,000 |
| Changes in non-cash operating working capital items: | | | |
| Accounts payable and accrued liabilities | 46,692 | 71,213 | 490,664 |
| Amounts due to related parties | 27,000 | 24,511 | 109,511 |
| Amount receivable | - | (5,797) | - |
| Prepaid expenses | - | (551) | - |
| | <u>(20,947)</u> | <u>(152,013)</u> | <u>(696,736)</u> |
| Investing Activities | | | |
| Advances | - | - | (10,367) |
| Mineral property acquisition costs | - | - | (84,075) |
| Recovery of mineral property costs | 8,200 | 41,075 | 166,352 |
| Purchase of computer equipment | - | - | (1,516) |
| | <u>8,200</u> | <u>41,075</u> | <u>70,394</u> |
| Financing Activities | | | |
| Issuance of convertible notes | - | - | 137,500 |
| Issuance of common stock | - | - | 278,981 |
| Finder's fees | - | - | (5,042) |
| Units and share subscriptions received in advance | - | - | 43,825 |
| Advance on promissory note payable | 5,000 | 113,846 | 193,846 |
| Repayment of promissory note | - | (14,611) | (67,969) |
| Promissory note payable to related party | 10,000 | 12,000 | 49,000 |
| Repayment of promissory notes payable to related parties | - | - | (7,000) |
| Advance on loan payable | - | - | 5,390 |
| Advance on amount due to shareholder | - | - | 1,920 |
| | <u>15,000</u> | <u>111,235</u> | <u>630,451</u> |
| (Decrease) Increase In Cash | 2,253 | 297 | 4,109 |
| Cash, Beginning Of Period | 1,856 | 353 | - |
| Cash, End Of Period | \$ 4,109 | \$ 650 | \$ 4,109 |
| Supplemental Disclosure Of Cash Flow Information | | | |
| Cash paid during the year for: | | | |
| Interest | \$ - | \$ - | \$ 400 |
| Income taxes | \$ - | \$ - | \$ - |
| Non-Cash Financing And Investing Activities | | | |
| Shares received from Solfotara Minerals Corp. (Note 4) | \$ - | \$ - | \$ 10,367 |
| Shares issued for mineral property acquisition costs (Note 5) | \$ - | \$ - | \$ 379,900 |
| Promissory note payable for mineral property acquisition costs (Note 5) | \$ - | \$ - | \$ 56,600 |
| Shares issued on conversion of convertible note (Note 10) | \$ - | \$ - | \$ 137,500 |
| Shares issued from funds received in advance (Note 10) | \$ - | \$ 26,360 | \$ 26,360 |
| Marketable securities transferred for debt settlement (Note 4) | \$ - | \$ 110,770 | \$ 110,770 |

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

PENGRAM CORPORATION
(An Exploration Stage Company)

STATEMENTS OF STOCKHOLDERS' DEFICIENCY

PERIOD FROM INCEPTION APRIL 28, 2006 TO AUGUST 31, 2012

(Unaudited)

(Stated in U.S. Dollars)

| | COMMON STOCK | | UNITS AND SHARE SUBSCRIPTIONS RECEIVED IN ADVANCE | ADDITIONAL PAID-IN CAPITAL | SHARE PURCHASE WARRANTS | DEFICIT ACCUMULATED DURING THE EXPLORATION STAGE | TOTAL |
|--|-------------------|------------------|---|----------------------------------|-------------------------------|---|---------------------|
| | SHARES | AMOUNT | | | | | |
| June 19, 2006 – stock issued for cash at \$0.001 | 27,000,000 | \$ 27,000 | \$ - | \$ (18,000) | \$ - | \$ - | \$ 9,000 |
| Stock issued for cash at \$0.01 in private placement | 17,997,144 | 17,997 | - | 101,984 | - | - | 119,981 |
| Net loss for the period | - | - | - | - | - | (20,112) | (20,112) |
| Balance, November 30, 2006 | 44,997,144 | 44,997 | - | 83,984 | - | (20,112) | 108,869 |
| Net loss for the year | - | - | - | - | - | (108,384) | (108,384) |
| Balance, November 30, 2007 | 44,997,144 | 44,997 | - | 83,984 | - | (128,496) | 485 |
| September 4, 2008 – units issued for cash at \$0.03 | 3,000,000 | 3,000 | - | 41,300 | 35,700 | - | 80,000 |
| Net loss for the year | - | - | - | - | - | (139,039) | (139,039) |
| Balance, November 30, 2008 | 47,997,144 | 47,997 | - | 125,284 | 35,700 | (267,535) | (58,554) |
| Stock issued for mineral property | 6,000,000 | 6,000 | - | 294,000 | - | - | 300,000 |
| Relative fair value allocation of convertible notes | - | - | - | 90,021 | 47,479 | - | 137,500 |
| Stock issued under assignment agreement | 150,000 | 150 | - | 37,350 | - | - | 37,500 |
| Stock issued pursuant to extension agreement | 60,000 | 60 | - | 35,940 | - | - | 36,000 |
| Share subscriptions received in advance | - | - | 2,500 | - | - | - | 2,500 |
| Net loss for the year | - | - | - | - | - | (375,580) | (375,580) |
| Balance, November 30, 2009 | 54,207,144 | 54,207 | 2,500 | 582,595 | 83,179 | (643,115) | 79,366 |
| Units issued for cash at \$0.10 | 600,000 | 600 | - | 37,650 | 21,750 | - | 60,000 |
| Finder's fees | - | - | - | (5,042) | - | - | (5,042) |
| Exercise of warrants | 150,000 | 150 | (2,500) | 12,350 | - | - | 10,000 |
| Expiry of warrants | - | - | - | 83,179 | (83,179) | - | - |
| Conversion of convertible notes | 2,750,000 | 2,750 | - | 134,750 | - | - | 137,500 |
| Stock issued under assignment agreement | 30,000 | 30 | - | 6,370 | - | - | 6,400 |
| Share subscriptions received in advance | - | - | 26,360 | - | - | - | 26,360 |
| Net loss for the year | - | - | - | - | - | (426,953) | (426,953) |
| Balance, November 30, 2010 | 57,737,144 | 57,737 | 26,360 | 851,852 | 21,750 | (1,070,068) | (112,369) |
| Units issued for cash at \$0.05 | 527,200 | 527 | (26,360) | 17,433 | 8,400 | - | - |
| Stock-based compensation | - | - | - | 355,000 | - | - | 355,000 |
| Net loss for the year | - | - | - | - | - | (574,484) | (574,484) |
| Balance, November 30, 2011 | 58,264,344 | 58,264 | - | 1,224,285 | 30,150 | (1,644,552) | (331,853) |
| Net loss for the period | - | - | - | - | - | (123,627) | (123,627) |
| Balance, August 31, 2012 | 58,264,344 | \$ 58,264 | \$ - | \$ 1,224,285 | \$ 30,150 | \$ (1,768,179) | \$ (455,480) |

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

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

The unaudited financial information furnished herein reflects all adjustments, all of which are of a normal recurring nature, which in the opinion of management are necessary to fairly state the interim consolidated financial position of Pengram Corporation ("the Company") and the results of its operations for the periods presented. These unaudited interim financial statements should be read in conjunction with the Company's unaudited financial statements and notes thereto for the fiscal year ended November 30, 2011. The Company assumes that the users of the interim financial information herein have read or have access to the unaudited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in the Company's unaudited financial statements for the fiscal year ended November 30, 2011, has been omitted. The results of operations for the nine month period ended August 31, 2012 are not necessarily indicative of results for the entire fiscal year ending November 30, 2012.

Consolidated Financial Statements

These consolidated financial statements include the accounts of Pengram Corporation ("the Company") and its wholly owned subsidiaries, Magellan Acquisition Corp. (Nevada) ("MAC") and Clisbako Minerals Inc. (British Columbia) ("CMI"). All intercompany balances have been eliminated.

Use of Estimates and Assumptions

Preparation of the Company's financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant areas requiring management's estimates and assumptions relate to determining the fair value of stock-based compensation, fair value of shares issued for services and the acquisitions, and useful lives of long-lived assets.

Organization

The Company was incorporated in the State of Nevada, U.S.A., on April 28, 2006. The Company's principal executive offices are in Bellingham, Washington, U.S.A. The Company's year end is November 30.

Exploration Stage Activities

The Company has been in the exploration stage since its formation and has not yet realized any revenues from its planned operations. The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Company has not commenced business operations. The Company is an exploration stage company as defined in the Securities and Exchange Commission ("S.E.C.") Industry Guide No. 7.

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS (Continued)

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying financial statements, the Company has incurred a net loss of \$1,768,179 for the period from April 28, 2006 (inception) to August 31, 2012, and has no revenues. These factors raise substantial doubt about the Company's ability to continue as a going concern. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its natural resource properties. Management intends to seek additional capital through equity and/or debt financings. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

a) Organization and Start-up Costs

Costs of start up activities, including organizational and incorporation costs, are expensed as incurred.

b) Exploration Stage Enterprise

The Company's financial statements are prepared using the accrual method of accounting. Until such properties are acquired and developed, the Company will continue to prepare its financial statements and related disclosures in accordance with entities in the exploration stage.

PENGRAM CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Mineral Property Interests

The Company is an exploration stage mining company and has not yet realized any revenue from its operations. It is primarily engaged in the acquisition, exploration and development of mining properties. Exploration costs are expensed as incurred regardless of the stage of development or existence of reserves. Costs of acquisition are capitalized subject to impairment testing when facts and circumstances indicate impairment may exist. Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period.

The Company regularly performs evaluations of any investment in mineral properties to assess the recoverability and/or the residual value of its investments in these assets. All long-lived assets are reviewed for impairment whenever events or circumstances change which indicate the carrying amount of an asset may not be recoverable.

Management periodically reviews the carrying value of its investments in mineral leases and claims with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of mineral deposits, anticipated future mineral prices, anticipated future costs of exploring, developing and operating a producing mine, the expiration term and ongoing expenses of maintaining mineral properties and the general likelihood that the Company will continue exploration on such project. The Company does not set a pre-determined holding period for properties with unproven deposits, however, properties which have not demonstrated suitable metal concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted, whether there has been any impairment in value and that their carrying values are appropriate.

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or determination of value. The amounts recorded as mineral leases and claims represent costs to date and do not necessarily reflect present or future values.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws are continually changing, generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The accumulated costs of properties that are developed on the stage of commercial production will be amortized to operations through unit-of-production depletion.

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash

Cash consists primarily of cash on deposit.

e) Investments

Investments in securities of publicly traded companies are measured at fair value. Resulting gains or losses are recognized in the statement of operations.

Investments in securities of private companies that do not have a quoted market price on a recognized securities exchange are recorded at cost. Investments are written-down when, in the opinion of management, there has been an impairment in their value which is other than temporary and such impairment is recorded in the statement of operations.

f) Computer Equipment

Computer equipment is recorded at cost and will be depreciated over an estimated useful life of three years on a straight-line basis.

g) Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities, amounts due to related parties, amount due to shareholder, promissory notes payable, promissory notes payable to related parties, loan payable and convertible notes. All such instruments are carried at cost, which, due to the short maturity of these financial instruments, approximate fair value at August 31, 2012.

h) Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in a foreign currency are translated into U.S. dollars as follows:

- i) monetary items are translated at the exchange rate prevailing at the balance sheet date;
- ii) non-monetary items are translated at the historical exchange rate;
- iii) revenue and expense items are translated at the average rate in effect during the applicable accounting period.

i) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results may differ from the estimates.

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Basic and Diluted Loss Per Share

Basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

The following outstanding share purchase warrants and stock options were excluded from the diluted loss per share computation as their effect would have been anti-dilutive:

| | AUGUST 31 2012 | NOVEMBER 30 2011 |
|-------------------------|---------------------------|---------------------|
| Share purchase warrants | 527,200 | 1,127,200 |
| Stock options | 5,500,000 | 5,500,000 |

k) Income Taxes

The Company uses an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

l) Impairment of Long-Lived Assets

The Company records impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In such cases, the amount of the impairment is determined based on the relative fair values of the impaired assets. The Company tests the recoverability of the assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

m) Asset Retirement Obligations

An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of a tangible long-lived asset and is recognized as a liability in the period which it is incurred and becomes determinable, with an offsetting increase in the carrying amount of the associated asset.

PENGRAM CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Asset Retirement Obligations (Continued)

The cost of the tangible asset, including the initially recognized ARO, is depleted, such that the cost of the ARO is recognized over the useful life of the asset. The ARO is recorded at fair value, and accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value. The fair value of the ARO is measured using expected future cash flows, discounted at the Company's credit-adjusted risk-free interest rate. To date, no significant asset retirement obligation exists due to the early stage of exploration. Accordingly, no liability has been recorded.

n) Share-based Compensation

The Company accounts for stock-based compensation under the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, Stock Compensation, which requires the recognition of the fair value of stock-based compensation. Under the fair value recognition provisions for ASC 718, stock-based compensation cost is estimated at the grant date based on the fair value of the awards expected to vest and recognized as expense ratably over the requisite service period of the award. The Company has used the Black-Scholes valuation model to estimate fair value of its stock-based awards which requires various judgmental assumptions including estimating stock price volatility and expected life. The Company's computation of expected volatility is based on a combination of historical and market-based volatility. In addition, the Company considers many factors when estimating expected life, including types of awards and historical experience. If any of the assumptions used in the Black-Scholes valuation model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 718 and the conclusions reached by ASC 505-50. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by ASC 505-50.

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Environmental Protection and Reclamation Costs

The operations of the Company have been, and may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restorations costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged to the statements of operations as incurred or capitalized and amortized depending upon their future economic benefits. The Company does not currently anticipate any material capital expenditures for environmental control facilities because its property holding is at an early stage of exploration.

p) Fair Value of Financial Instruments

Fair value is defined 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 in the principal or most advantageous market.

The Company uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company did not have any fair value adjustments for assets and liabilities measured at fair value on a nonrecurring basis during the nine month period ended August 31, 2012.

PENGRAM CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Fair Value of Financial Instruments (Continued)

The following table presents information about the Company's financial instruments that have been measured at fair value as of August 31, 2012, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair values:

| DESCRIPTION | FAIR VALUE AT AUGUST 31 2012 | QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) | SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) | UNOBSERVABLE INPUTS (LEVEL 3) |
|---|---------------------------------------|---|---|-------------------------------------|
| Financial Assets: | | | | |
| Cash | \$ 4,109 | \$ 4,109 | \$ - | \$ - |
| Long-term investment | \$ 25,068 | \$ 14,701 | \$ - | \$ 10,367 |
| Financial assets measured at fair value at August 31, 2012 | <u>\$ 29,177</u> | <u>\$ 18,810</u> | <u>\$ -</u> | <u>\$ 10,367</u> |

q) Recent Accounting Pronouncement

In May 2011, the FASB issued new authoritative guidance to provide a consistent definition of fair value and ensure that fair value measurements and disclosure requirements are similar between GAAP and International Financial Reporting Standards. This guidance changes certain fair value measurement principles and enhances the disclosure requirements for fair value measurements. This guidance is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company does not expect that the adoption of this guidance will have a material impact on its financial statements.

Management does not believe any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying financial statements.

3. AMOUNT RECEIVABLE

The Company is owed 100,000 shares (received) from a formerly private company, Manado Gold Corp. ("Manado"), under the September 15, 2010 option agreement as outlined in Note 5(a). Alternative measures were performed to value the shares receivable. The most reliable measure of the shares was deemed to be the stated unit price in Manado's initial public offering dated December 12, 2011 which was \$0.147 (\$0.15 CDN).

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4. LONG-TERM INVESTMENT

In the year ended November 30, 2009, the Company received 250,000 common shares in Solfotara Mining Corp. ("Solfotara"), a private Canadian company as consideration for transferring its interest in an option agreement to Solfotara. The total value attributed to the common stock received from Solfotara was \$10,367.

Solfotara undertook a corporate reorganization, whereby it spun out a certain project to Copper Development Corporation ("CDC") in consideration for publicly traded shares in CDC.

These marketable securities were distributed to Solfotara's shareholders on March 24, 2011. Accordingly, the Company received 209,000 shares in CDC, having a fair value of \$115,909. This receipt was recognized as dividend income in the statement of operations.

On April 21, 2011, the Company settled \$110,770 of debt by transferring its ownership in the 209,000 CDC shares which had a value of \$120,279. The settlement of debt was allocated as follows:

| | |
|---|-------------------|
| Accounts payable and accrued liabilities | \$ 64,448 |
| Amounts due to related parties | 14,390 |
| Promissory notes payable | 24,459 |
| Promissory notes payable to related parties | 5,883 |
| Loan payable | <u>1,590</u> |
| | <u>\$ 110,770</u> |

As result of this settlement, the Company recorded a loss on settlement of debt of \$9,509 and an unrealized gain on the marketable securities of \$4,370 in the statement of operations.

During the nine month period ended August 31, 2012, the Company received the 100,000 shares from Manado for a deemed value of \$14,701 that were receivable at November 30, 2011 as outlined in Note 3.

5. MINERAL PROPERTY ACQUISITION COSTS

| | NOVEMBER 30 2011 | ADDITIONS | ABANDONED, IMPAIRED | RECOVERY | RECOVERY RECOGNIZED AS INCOME | AUGUST 31 2012 |
|---------------------|---------------------|-----------------|------------------------|--------------------|-------------------------------------|-------------------|
| Mineral Property | | | | | | |
| Clisbako claims (a) | \$ 285,074 | \$ - | \$ - | \$ - | \$ - | \$ 285,074 |
| Eureka claims (b) | 72,025 | 6,800 | (4,100) | (15,000) | - | 59,725 |
| | <u>\$ 357,099</u> | <u>\$ 6,800</u> | <u>\$ (4,100)</u> | <u>\$ (15,000)</u> | <u>\$ -</u> | <u>\$ 344,799</u> |

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

| | NOVEMBER 30 2010 | ADDITIONS | ABANDONED, IMPAIRED | RECOVERY | RECOVERY RECOGNIZED AS INCOME | NOVEMBER 30 2011 |
|---------------------|---------------------|------------------|------------------------|--------------------|-------------------------------------|---------------------|
| Mineral Property | | | | | | |
| Clisbako claims (a) | \$ 350,350 | \$ - | \$ - | \$ (65,276) | \$ - | \$ 285,074 |
| Eureka claims (b) | 62,525 | 9,500 | - | - | - | 72,025 |
| Elko claims (c) | - | 10,000 | (10,000) | - | - | - |
| | <u>\$ 412,875</u> | <u>\$ 19,500</u> | <u>\$ (10,000)</u> | <u>\$ (65,276)</u> | <u>\$ -</u> | <u>\$ 357,099</u> |

a) Clisbako Claims

On December 16, 2008, the Company entered into a purchase agreement to acquire an undivided 100% interest in a group of ten mineral claims (collectively known as the "Clisbako" claims) located in the Cariboo Mining Division of British Columbia, Canada. Consideration for the claims was 6,000,000 shares (issued – see Note 10(a)) of the Company's common stock with a value of \$300,000 and the issuance to the vendor of a promissory note in the amount of CDN\$70,000 (US\$56,600) payable June 30, 2009. On July 23, 2009, the Company reached an agreement with the vendor to extend the deadline of the CDN\$70,000 mineral property payment ("Property Payment") to December 31, 2009. In consideration of the extension of the deadline, the Company issued 60,000 common shares to the vendor with a fair value of \$36,000.

On January 21, 2010, the Company reached an agreement with the vendor to further extend the due date of the Property Payment to February 15, 2010. In consideration of the further extension of the deadline, the Company issued 10,000 shares of its common stock to the vendor with a value of \$4,200.

On March 15, 2010, the Company entered into a third extension agreement dated for reference February 15, 2010, with the vendor to extend the Property Payment from February 15, 2010 to June 30, 2010. In consideration of the extension, the Company issued to the vendor 20,000 common shares with a value of \$2,200.

On September 15, 2010, and as amended by letter agreement dated November 15, 2010 and April 30, 2011, the Company entered into an option agreement (the "Clisbako Option Agreement") with Manado Gold Corp. ("Manado"), whereby the Company granted Manado the sole and exclusive right and option to acquire a 75% undivided interest in the Clisbako Property. Under the terms of the Option Agreement, Manado will exercise its option upon completing the following:

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

a) Clisbako Claims (Continued)

1. Paying an aggregate of \$150,000 to CMI. as follows:
 - i) \$50,000 on execution of the agreement (paid);
 - ii) a further \$50,000 on or before February 28, 2011 (paid); and
 - iii) a further \$50,000 on or before April 30, 2011. (By agreement dated April 30, 2011 with Manado, the Company has agreed to waive payment, in exchange to terminate an assigned option with respect to the Manado property.)
2. Issuing an aggregate of 600,000 Shares to CMI as follows:
 - i) 100,000 Shares on or before September 15, 2011 (issued);
 - ii) a further 200,000 Shares on or before September 15, 2012 (issued subsequent to period end); and
 - iii) a further 300,000 Shares on or before September 15, 2013.
3. Incurring Exploration Expenditures of CDN\$650,000 on the Clisbako Property as follows:
 - i) CDN\$100,000 on or before September 15, 2011 (incurred);
 - ii) a further CDN\$300,000 on or before September 15, 2012 (incurred subsequent to period end); and
 - iii) a further CDN\$250,000 on or before September 15, 2013.

Manado will also be responsible to make all government payments required to keep the claims in good standing.

b) Eureka Claims

On May 29, 2009, the Company entered into an assignment agreement to acquire an undivided 100% interest in a series of mineral claims referred to as the CPG Project, Fish Claims and The Golden Snow Property (collectively known as the "Eureka" claims) situated in the Eureka County, Esmeralda County and Mineral County, Nevada. Consideration for the claims was as follows:

- i) 150,000 common shares (issued) with a value of \$37,500;
- ii) \$10,000 advance royalty payment due on or before August 28, 2009 (paid);
- iii) \$15,000 advance royalty payment due on or before August 28, 2010 (paid);

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

b) Eureka Claims (Continued)

- iv) \$20,000 advance royalty payment due on or before August 28, 2011 (paid);
- v) \$25,000 advance royalty payment due on or before August 28, 2012;
- vi) \$30,000 advance royalty payment due on or before August 28, 2013, with an additional \$30,000 due each year thereafter for a period of ten years, with an option to renew for an additional ten years.

The Company entered into three separate property agreements dated as of April 26, 2011 covering the Golden Snow Property, the CPG Project and the Fish Claims to replace the above single agreement covering these mineral properties.

CPG Project

The Company entered into an agreement dated as of March 31, 2011 with Claremont Nevada Mines LLC ("Claremont") to earn a 100% undivided interest (the "CPG Option") in the CPG Project by:

(a) paying to the Claremont advance royalty payments as follows:

- i) \$4,100 on or before August 28, 2011 (paid);
- ii) \$5,100 on or before August 28, 2012; and
- iii) \$6,200 on or before August 28, 2013.

(b) paying to Claremont, during the term of the option, \$1,000 in connection with the delivery by the Company to Claremont of:

- i) a copy of a mine plan of operations in respect of the property which is approved by the lead government agency having responsibility for such approval; and
- ii) a final feasibility study in respect of the property that is approved by the Company's management.

The term of the CPG Option expires August 28, 2013, but may be extended for five years by paying \$6,200 in each subsequent year. The Company is also obligated to pay all county and BLM claim fees and Nevada state taxes during the currency of the agreement.

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

b) Eureka Claims (Continued)

CPG Project (Continued)

The CPG Project is subject to a royalty of 3% net smelter returns upon the commencement of commercial production. At any time the Company may reduce the royalty as follows:

- i) to 1% by paying \$1,000,000 to the royalty holder; or
- ii) to 2% by paying \$500,000 to the royalty holder.

Subsequent to the August 31, 2012 period end, the Company allowed its option on the CPG Project to lapse and wrote off accumulated costs incurred in respect of this property in the nine month period ended August 31, 2012.

Fish Claims

The Company entered into an agreement dated as of March 31, 2011 with Claremont to earn a 100% undivided interest (the "Fish Option") in the Fish Claims by:

- (a) paying to Claremont advance royalty payments as follows:
 - i) \$5,400 on or before August 28, 2011 (paid);
 - ii) \$6,800 on or before August 28, 2012 (paid); and
 - iii) \$8,100 on or before August 28, 2013.
- (b) paying to Claremont, during the term of the option, \$1,000 in connection with the delivery by the Company to Claremont of:
 - i) a copy of a mine plan of operations in respect of the property which is approved by the lead government agency having responsibility for such approval; and
 - ii) a final feasibility study in respect of the property that is approved by the Company's management.

The term of the Fish Option expires August 28, 2013, but may be extended for five years by paying \$8,100 in each subsequent year. The Company is also obligated to pay all county and BLM claim fees and Nevada state taxes during the currency of the agreement.

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

b) Eureka Claims (Continued)

Fish Claims (Continued)

The Fish Claims are subject to a royalty of 3% net smelter returns upon the commencement of commercial production. At any time the Company may reduce the royalty as follows:

- i) to 1% by paying \$1,000,000 to the royalty holder; or
- ii) to 2% by paying \$500,000 to the royalty holder.

Golden Snow Property

The Company entered into an agreement dated as of March 31, 2011 with Scoonover Exploration LLC and JR Exploration LLC (collectively, the "Golden Snow Optionors") to earn a 100% undivided interest (the "Golden Snow Option") in the Golden Snow Property by:

- (a) paying to the Golden Snow Optionors advance royalty payments as follows:
 - i) \$10,600 on or before August 28, 2011 (paid);
 - ii) \$13,200 on or before August 28, 2012 (paid); and
 - iii) \$15,900 on or before August 28, 2013.
- (b) paying to the Golden Snow Optionors, during the term of the option, \$1,000 in connection with the delivery by the Company to the Golden Snow Optionors of:
 - i) a copy of a mine plan of operations in respect of the property which is approved by the lead government agency having responsibility for such approval; and
 - ii) a final feasibility study in respect of the property that is approved by the Optionee's management.

The term of the Golden Snow Option expires August 28, 2013, but may be extended for five years by paying \$15,900 in each subsequent year. The Company is also obligated to pay all county and BLM claim fees and Nevada state taxes during the currency of the agreement.

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

b) Eureka Claims (Continued)

Golden Snow Property (Continued)

The Golden Snow Property is subject to a royalty of 3% net smelter returns upon the commencement of commercial production. At any time the Company may reduce the royalty as follows:

- i) to 1% by paying \$1,000,000 to the royalty holder; or
- ii) to 2% by paying \$500,000 to the royalty holder.

Agreement with Terrace Ventures Inc. (Golden Snow Property)

On April 26, 2011, the Company entered into an agreement, as amended June 29, 2011, July 31, 2012 and September 20, 2012, (the "Earn-In Agreement") with Terrace Ventures Inc. ("Terrace"). Under the terms of the Earn-In Agreement, Terrace will earn up to a 75% interest in the Company's agreement with the Golden Snow Optionors (the "Underlying Agreement") by paying the Company up to \$175,000 and expending up to \$1,000,000 in exploration expenditures on the Golden Snow Property. On July 31, 2012 and September 30, 2012, the Company entered into an agreement with Terrace to extend the due dates of cumulative exploration expenditures required under the Earn-In Agreement. In consideration for the extension, Terrace paid the Company \$1.

(a) The first 25% interest in the Underlying Agreement upon Terrace:

- i) issuing the Company a \$25,000 Promissory Note, bearing interest at a rate of 10% per annum, due on September 27, 2011, during the nine month period ended August 31, 2012, this promissory note was substituted for a series of non-interest bearing promissory notes totalling \$30,000 payable on the following dates:
 - \$5,000 on or before March 31, 2012 (paid);
 - \$5,000 on or before June 30, 2012 (paid);
 - \$10,000 on or before February 28, 2013;
 - \$10,000 on or before February 28, 2013.
- ii) completing cumulative exploration expenditures on the Property totalling \$250,000 by December 31, 2012.

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5. MINERAL PROPERTY ACQUISITION COSTS (Continued)

b) Eureka Claims (Continued)

Agreement with Terrace Ventures Inc. (Golden Snow Property) (Continued)

- (b) An additional 25% interest in the Underlying Agreement upon Terrace:
 - i) paying the Company \$50,000 on or before May 31, 2013;
 - ii) completing cumulative exploration expenditures on the Property totalling \$500,000 by December 31, 2013.
- (c) An additional 25% interest in the Underlying Agreement upon Terrace:
 - i) paying the Company \$100,000 on or before May 31, 2014;
 - ii) completing cumulative exploration expenditures on the Property totalling \$1,000,000 by December 31, 2014.

Terrace is also obligated to pay all advance royalties, county and BLM claim fees and Nevada state taxes during the currency of the Earn-In Agreement.

c) Elko Claims

On April 13, 2011, the Company acquired a 30-day exclusive right to negotiate with Development Resources LLC, a Delaware limited liability company, for the acquisition of 54 mineral claims located in Elko County, Nevada. The Company paid \$10,000 to Development Resources LLC to acquire the exclusive right. This right expired unexercised on May 20, 2011.

6. PROMISSORY NOTES PAYABLE

- a) On January 11, 2010, the Company entered into a promissory note agreement whereby it borrowed \$75,000 from an arm's length party. The note bears interest at 10% per annum, is unsecured and repayable on demand. As at August 31, 2012, a total of \$16,450 (November 30, 2011 - \$12,643) has been accrued as interest on this note.

On April 21, 2011, the Company settled \$24,459 of the promissory note by way of exchange of marketable securities for debt. See Note 4.

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6. PROMISSORY NOTES PAYABLE (Continued)

- b) Pursuant to a purchase agreement to acquire the Clisbako claims outlined in Note 5(a), the Company issued a promissory note in the amount of CDN\$70,000 (translated to US\$65,913 as at November 30, 2009) payable June 30, 2009. The promissory note is unsecured and free of interest. During the year ended November 30, 2009, the Company reached an agreement with the vendor to extend the deadline of the promissory note to December 31, 2009.

During the year ended November 30, 2010, the Company obtained various extensions from the vendor to postpone the Property Payment. The Company repaid CDN\$55,000 on the promissory note. During the year ended November 30, 2011, the Company repaid the remaining balance of CDN\$15,000 of the promissory note.

- c) During the year ended November 30, 2011, the Company entered into additional promissory note agreements, whereby it borrowed an additional \$113,846 from arms' length parties. These notes bear interest at 10% per annum, are unsecured and are repayable on demand. As at August 31, 2012, total interest of \$15,260 (November 30, 2011 - \$6,682) has been accrued on these outstanding notes.
- d) During the nine month period ended August 31, 2012, the Company entered into additional promissory note agreements, whereby it borrowed an additional \$5,000 from an arms' length party. These notes bear interest at 10% per annum, are unsecured and are repayable on demand. As at August 31, 2012, total interest of \$25 has been accrued on these outstanding notes.

7. PROMISSORY NOTES PAYABLE TO RELATED PARTIES

- a) On December 19, 2007, the Company entered into a promissory note agreement whereby it borrowed \$20,000. The note is unsecured, repayable on demand and bears interest at 10% per annum, payable annually. As at August 31, 2012, a total of \$8,606 (November 30, 2011 - \$7,542) has been accrued as interest payable on the loan. During the year ended November 30, 2008, the owner of the company holding the promissory note became an officer and director of the Company.

On April 21, 2011, the Company settled \$5,883 of the promissory note by way of marketable securities for debt exchange. See Note 4.

- b) On April 13, 2011, the Company entered into a promissory note agreement, whereby it borrowed \$12,000 from a related party. This note bears interest of 10% per annum, is unsecured and is repayable on demand. As at August 31, 2012, total interest of \$1,664 (November 30, 2011 - \$759) has been accrued on this note.

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7. PROMISSORY NOTES PAYABLE TO RELATED PARTIES (Continued)

- c) On August 24, 2012, the Company entered into a promissory note agreement, whereby it borrowed \$10,000 from a related party. This note bears interest of 10% per annum, is unsecured and is repayable on demand. As at August 31, 2012, total interest of \$19 has been accrued on this outstanding note.

8. LOAN PAYABLE

On October 1, 2008, the Company received a loan from an arm's length party of \$10,000. The loan is unsecured, repayable on demand and bears interest at 10% per annum, payable annually. During the year ended November 30, 2009, the Company paid back \$4,610 of this balance. As at August 31, 2012, a total of \$2,353 (November 30, 2011 - \$2,067) has been accrued as interest payable on the loan.

On April 21, 2011, the Company settled \$1,590 of the loan by way of exchange of marketable securities for debt. See Note 4.

During the year ended November 30, 2011, the Company reclassified the unit subscriptions received \$14,965 as loans payable due to a provision in the subscription agreements which state subscription funds will constitute non-interest bearing demand loans to the Company in the event the subscriptions are not accepted by the Company.

9. CONVERTIBLE NOTES

On April 30, 2009, the Company issued Convertible Notes (the "notes") in the aggregate amount of \$137,500 due and payable on or before October 31, 2010, with interest charged at the rate of 10% per annum payable annually. Attached to the Notes were 550,000 share purchase warrants. Each warrant entitles the holder to purchase three shares of the Company's common stock for a period expiring one year from the date of issuance of the notes at an exercise price of \$0.25. At the election of the holder, the notes and interest accrued thereon are convertible into such number of shares of the Company's common stock as shall be equal to the principal amount of the convertible note to be converted divided by \$0.05. Conversion of the notes does not affect the warrants.

During the year ended November 30, 2008, the Company had received \$67,500 towards the convertible notes offering. During the year end November 30, 2009, the Company received the remaining \$70,000 towards this offering.

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9. CONVERTIBLE NOTES (Continued)

The Company has allocated the proceeds received between the notes and the detachable warrants on a relative fair value basis. The fair value of the warrants was estimated using the Black-Scholes option pricing model at the date of issue with the following weighted average assumptions: expected dividend yield of 0%; average risk free interest rate of 0.63%; expected volatility of 229% and a term of 1.0 year. The fair value of the notes was estimated by multiplying the number of shares that would result from an immediate exercise of the conversion option, by the market price on the date of issue. The relative fair values of the notes and the warrants determine the debt discount attributable to the warrants. The result was \$47,479 of the proceeds being allocated to the warrants and \$90,021 being allocated to the notes. The resulting discount on the notes is amortized over the term of the notes to maturity such that, in the absence of any conversions, the carrying value of the notes at maturity would be equal to the face amount of \$137,500. In the event of a conversion of any, or all, of the face amount of the notes, the proportionate amount of the unamortized discount as of the date of conversion is immediately charged to operations.

In accordance with the provisions of ASC 470 – 20, the Company determined the intrinsic value of the beneficial conversion feature on the notes by comparing the market price of the Company's common stock at issuance of the notes to the effective conversion price of the notes, as determined by dividing the proceeds allocated to the notes by the number of shares that would result from an immediate exercise of the conversion option. The initial beneficial conversion feature was determined to be \$734,250; however, in accordance with the provisions of ASC 470 – 20, it is limited to the proceeds allocated to the notes, being \$90,021. This beneficial conversion feature was recorded as an immediate charge to additional paid-in capital and a further discount on the convertible note carrying value. This further discount is to be amortized over the term of the notes to maturity. In the event of a conversion of any, or all, of the face amount of the notes, the proportionate amount of the unamortized beneficial conversion feature as of the date of conversion is immediately charged to operations.

During the year ended November 30, 2010, the Company recorded as finance charges, \$28,964 of amortization of the discount resulting from the allocation of proceeds to the warrants and a further \$54,917 of the intrinsic value of the beneficial conversion feature, leaving total unamortized amounts of \$Nil. The accrued interest of \$24,122 remains unpaid as of August 31, 2012, and is included in accounts payable and accrued liabilities.

During the year ended November 30, 2010, the entire principal of \$137,500 was converted into 2,750,000 shares of the Company's common stock.

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10. CAPITAL STOCK

a) Common Stock

On June 19, 2006, the Company issued 27,000,000 common shares to the Company's founder (9,000,000 pre-stock split shares at a price of \$0.001 for gross proceeds of \$9,000).

During the year ended November 30, 2006, pursuant to a private placement, the Company issued 17,997,144 common shares (5,999,048 pre-stock split shares at a price of \$0.02 for gross proceeds of \$119,981).

During the year ended November 30, 2008, the Company received \$80,000 from completing a private placement of 3,000,000 units (1,000,000 pre-stock split units at a price of \$0.08 per unit). Each unit was comprised of one share of the Company's common stock and one share purchase warrant. Each warrant entitles the subscriber to purchase one share of the Company's common stock for a period expiring two years from the date of issue at an exercise price of \$0.033 per share.

During the year ended November 30, 2009, the Company completed the following stock transactions:

- issued 6,000,000 common shares pursuant to a mineral property purchase agreement (see Note 5). The Company recorded these shares at a price of \$0.05 per share for a total value of \$300,000;
- issued 150,000 common shares pursuant to a mineral property assignment agreement (see Note 5). The Company recorded these shares at a price of \$0.25 per share for a total value of \$37,500; and
- issued 60,000 common shares pursuant to an extension to a mineral property purchase agreement (see Note 5). The Company recorded these shares at a price of \$0.60 per share for a total value of \$36,000.

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10. CAPITAL STOCK (Continued)

a) Common Stock (Continued)

During the year ended November 30, 2010, the Company completed the following stock transactions:

- issued 600,000 units for total proceeds of \$60,000 in relation to a private placement. Each unit consists of one common share and one share purchase warrant, each whole warrant entitling the holder thereof to purchase an additional common share at a price of \$0.15 for a period of two years.
- issued 150,000 common shares from exercise of warrants;
- issued 2,750,000 common shares with a value of \$137,500 pursuant to the conversion of convertible notes (see Note 9);
- issued 30,000 common shares with a value of \$6,400 pursuant to an extension to a mineral property purchase agreement (see Note 5).

The Company approved a private offering of up to 3,000,000 units (the "Units") at a price of \$0.05 per unit for gross proceeds of up to \$150,000. The Company received in advance 527,200 units for proceeds of \$26,360 which were issued during the year ended November 30, 2011. Each unit consists of one common share and one share purchase warrant, each whole warrant entitling the holder thereof to purchase an additional common share at a price of \$0.10 for a period of two years.

b) Share Purchase Warrants

As at August 31, 2012 share purchase warrants were outstanding for the purchase of common shares as follows:

| NUMBER OF WARRANTS | EXERCISE PRICE | EXPIRY DATE |
|-----------------------|-------------------|-------------------|
| 527,200 | \$ 0.10 | February 18, 2013 |

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10. CAPITAL STOCK (Continued)

b) Share Purchase Warrants (Continued)

A summary of changes in share purchase warrants for the years ended November 30, 2010 and 2011 and the period ended August 31, 2012 is presented below:

| | NUMBER OF WARRANTS | WEIGHTED AVERAGE EXERCISE PRICE |
|---------------------------------|-----------------------|--|
| Balance, November 30, 2009 | 4,650,000 | \$ 0.05 |
| Granted | 600,000 | \$ 0.15 |
| Exercised | (150,000) | \$ (0.083) |
| Expired | (4,500,000) | \$ (0.05) |
| Balance, November 30, 2010 | 600,000 | \$ 0.15 |
| Granted | 527,200 | \$ 0.10 |
| Balance, November 30, 2011 | 1,127,200 | \$ 0.13 |
| Expired | (600,000) | \$ (0.15) |
| Balance, August 31, 2012 | 527,200 | \$ 0.10 |

The fair value of the warrants issued in connection with the private placement during the year ended November 30, 2010 was measured at the award date using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; average risk free interest rate of 1.46%; expected volatility of 168% and a term of 2 years. Of the total proceeds, \$21,750 was allocated to share purchase warrants.

The fair value of the warrants issued in connection with the private placement during the year ended November 30, 2011 was measured at the award date using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; average risk free interest rate of 0.78%; expected volatility of 202% and a term of 2 years. Of the total proceeds, \$8,400 was allocated to share purchase warrants.

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AUGUST 31, 2012
(Unaudited)
(Stated in U.S. Dollars)

10. CAPITAL STOCK (Continued)

c) Stock Options

On March 1, 2011, the Company adopted its 2011 Stock Incentive Plan (the "2011 Plan"). The 2011 Plan provides for the issuance of incentive and non-qualified shares of the Company's stock to officers, directors, employees, and non-employees. A total of 5,500,000 shares of the Company's common stock are available for issuance under the Plan. The exercise price must not be less than: (i) 80% of market price of the Company's common stock in respect of non-qualified stock options; and (ii) market price of the Company's common stock in respect of incentive stock options. The options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors. As of May 31, 2012, 5,500,000 options (November 30, 2011 - \$5,500,000) had been issued under this plan.

During the year ended November 30, 2011, the Company granted a total of 5,500,000 stock options at an exercise price of \$0.065 per share.

During the year ended November 30, 2011, the Company recorded \$355,000 (2010 - \$Nil) in stock-based compensation expense for options granted in current period.

The fair value of the common stock options granted during the year ended November 30, 2011 was measured at the grant date using the Black-Scholes option pricing model. The dividend yield assumption is based on historic dividend payments. The Company relied on observations of historical stock prices at the date of the grant to calculate the estimate of volatility. The risk-free interest rates used were U.S. treasury zero-coupon securities with maturity terms that approximated the expected term of the options as of the date of the grant. The expected term of the options represents the period of time the options are expected to be outstanding. The following weighted average assumptions were used: expected dividend yield of 0%; risk free interest rate of 0.28%; expected volatility of 180% and average expected option term of 2.0 years.

The following table provides certain information with respect to the above stock options that are outstanding and exercisable at August 31, 2012:

| EXERCISE PRICE | STOCK OPTIONS ISSUED AND OUTSTANDING | STOCK OPTIONS OUTSTANDING AND EXERCISABLE | EXPIRY DATE |
|-------------------|--|---|----------------|
| \$ 0.065 | 5,500,000 | 5,500,000 | August 4, 2013 |

10. CAPITAL STOCK (Continued)

c) Stock Options (Continued)

A summary of changes in stock options for the years ended November 30, 2010 and 2011 and the period ended August 31, 2012 is presented below:

| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
|---|-------------------------|--|
| Balance, November 30, 2010 and 2009 | - | \$ - |
| Granted | 5,500,000 | 0.065 |
| Balance, November 30, 2011 and August 31, 2012 | 5,500,000 | \$ 0.065 |

As at August 31, 2012, the aggregate intrinsic value ("AIV"), under the provisions of SFAS No. 123R, of all outstanding, vested stock options was \$NIL and the AIV of options exercised during the nine month period ended August 31, 2012 was \$Nil.

11. RELATED PARTY TRANSACTIONS

As of August 31, 2012, the Company is indebted to the following additional related parties otherwise not disclosed in previous notes:

- i) Included in due to related parties is a loan payable to a member of the board of directors of MAC of \$497 (November 30, 2011 - \$497);
- ii) Included in due to related parties is a loan payable to a company owned by a member of the board of directors of MAC of \$1,013 (November 30, 2011 - \$1,013).

The amounts due to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

During the nine month period ended August 31, 2012, the Company paid or accrued \$27,000 (2011 - \$27,000) for management fees to the board of directors of MAC.

On April 21, 2011, outstanding management fees aggregating \$14,390 were settled by the Company by the transferring of marketable securities to related parties. See Note 4.

These transactions with related parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties.

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12. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company has no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements or other matters. Rental of premises and investor relations services are provided on a month-to-month basis.

13. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Details of identifiable assets by geographic segments are as follows:

| | <u>MINERAL PROPERTY INTERESTS</u> |
|--------------------------|---|
| August 31, 2012 | |
| USA | \$ 59,725 |
| Canada | 285,074 |
| | <u>\$ 344,799</u> |
| | |
| | <u>MINERAL PROPERTY INTERESTS</u> |
| November 30, 2011 | |
| USA | \$ 72,025 |
| Canada | 285,074 |
| | <u>\$ 357,099</u> |

Item 4 Management's discussion and analysis or plan of operation.

Plan of Operations

Over the next twelve months, the Company's plan of operation is to focus its resources on the exploration of the Fish Claims. Subject to obtaining sufficient financing, the Company plans to retain a consulting geologist to conduct a review of the Fish Claims in order to recommend an exploration program to be conducted in spring 2013. Once the consulting geologist has provided the Company with their findings, the Company will determine whether to proceed with an exploration program on these properties.

During the next twelve months, the Company will be required to make a number of payments in order to maintain its options to acquire the Golden Snow Property and Fish Claims. Under the terms of the options to acquire the Golden Snow Property and Fish Claims, in order to keep them in good standing, the Company is required to pay to Claremont: (i) an option payment of \$24,000 by August 28, 2013; and (ii) the Bureau of Land Management annual claim maintenance fees of approximately \$18,200 by September 1, 2013. If the Company is unable to make the option payments to Claremont or the Bureau of Land Management annual claim maintenance fees, it will lose its interest in the Golden Snow Property and Fish Claims.

As the agreement is an option, the Company may decide at any time not to proceed in which case it would not be liable to pay any funds beyond the amounts due at the time it provides notice that it is not proceeding. There is no assurance that it will exercise the option.

As at August 31, 2012, the Company had \$4,109 cash on hand. Accordingly, the Company has insufficient cash on hand to proceed with its exploration on the Golden Snow Property and Fish Claims, and meet its ongoing operating costs. As such, the Company will require substantial financing in order to meet its obligations. There is no assurance that the Company will be able to acquire such financing on terms that are acceptable to it, or at all.

Off-Balance Sheet Arrangements

None.

Item 5 Legal proceedings.

The Company is not subject to any current, past, pending or threatened legal proceedings or administrative actions either by or against the Company that could have a material effect on the Company's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulatory authority.

Item 6 Defaults upon senior securities.

None.

Item 7 Other information.

None.

Item 8 Exhibits.

The Company described and/or attached its exhibits in the Initial Disclosure Document filed on October 11, 2012.

Item 9 Certifications.

The certifications shall follow the format below:

I, Richard Donaldson, certify that:

1. I have reviewed this quarterly disclosure statement of Pengram Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: October 22, 2012

/s/ Richard Donaldson

Richard Donaldson,
Chief Executive Officer and
Chief Financial Officer
Pengram Corporation