PELANGIO EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS Form 51-102F1

For the Three Months Ended June 30, 2018 and 2017

August 22, 2018

PELANGIO EXPLORATION INC.
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FOR THE THREE MONTHS ENDED JUNE 30, 2018

This Management's discussion and analysis ("MD&A") of the consolidated operating results and financial condition of Pelangio Exploration Inc. (the "Company", "Pelangio", "us", "we", "our" or similar terms) for the three months ended June 30, 2018 has been prepared based on information available to Pelangio as of August 22, 2018 and should be read in conjunction with the unaudited consolidated financial statements and the related notes for the three months ended June 30, 2018 and June 30, 2017. This MD&A is dated August 22, 2018 The Company's public filings can be viewed on the SEDAR website (www.sedar.com) and on the Company's website (www.pelangio.com).

The consolidated financial statements, including comparatives, and the related notes have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless noted otherwise.

CORPORATE OVERVIEW
Pelangio is a Canadian junior gold exploration company with properties in two of the top-ranked mining jurisdictions in the world, Ghana and Canada. Pelangio focuses on the acquisition and exploration of early stage or undervalued exploration prospects located in world-class gold belts and aims to make discoveries that will significantly increase shareholder value. Pelangio is a reporting issuer in Ontario, Alberta, British Columbia, Saskatchewan and Nova Scotia, and our common shares commenced trading on the TSX Venture Exchange ("TSX-V") on September 10, 2008 under the symbol PX.

FORWARD LOOKING INFORMATION
Certain statements herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to:

- the mineral resource estimate;
- the timing of exploration programs and the filing of technical reports;
- exploration plans and results with respect to our Manfo, Obuasi and Akroma properties in Ghana (the "Ghana Properties") and our properties in Canada (the "Canadian Properties");
- our future business and strategies;
- requirements for additional capital and future financing;
- future price of gold; and
- estimated future working capital, funds available and uses of funds, and future capital expenditures, exploration expenditures and other expenses for specific operations.

Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, the price of gold, and the state of the economy and equity markets. Although our management believes that the assumptions made, and the expectations represented by such statement or information are reasonable, there can be no assurance that a forward-looking statement or information referenced herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Such risks, uncertainties and other factors include, among other things, the following:

- our ability to advance the Ghana Properties and the Canadian Properties;
- gold price volatility;

- speculative and uncertain nature of gold exploration;
- inherent uncertainties in estimating mineral resources;
- discrepancies between actual and estimated mineral resources;
- subjectivity of estimating mineral resources and the reliance on available data and assumptions and judgments used in the interpretation of such data;
- volatility of global and local economic climate;
- changes in equity markets;
- exploration costs, capital requirements and the ability to obtain funding;
- regulatory restrictions;
- defective title to mineral claims or property;
- risks associated with outstanding litigation;
- political developments in Ghana;
- uncertainties and risks related to carrying on business in foreign countries, including illegal mining, possible adverse changes in laws and taxation, foreign currency exchange fluctuations and inflation;
- risks associated with environmental liability claims and insurance;
- risks associated with the volatility of the Company's common share price and volume; and
- risks associated with dilution;

as well as those factors discussed under "Risk Factors" below.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. Also, many of the factors are beyond the control of Pelangio. Forward-looking statements and forward-looking information are based upon management's beliefs, estimates and opinions at the time they are made. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update any forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

OVERALL PERFORMANCE HIGHLIGHTS

AFRICA

Manfo Project – Diamond Drill Program Completed

- Final two holes completed in second phase diamond drill program

Dormaa – Air Core Drill Program Completed

- 49 drill holes completed in the Air Core Drilling program

CANADA

Birch Lake Property – Acquisition of NSR ("NSR Royalty") and Keigat Lake Claims, Red Lake Mining Division, Ontario

- Acquired a 1.5% NSR in 10 claims (1856 hectares) – the Keigat Lake Claims, surrounding Pelangio's Birch Lake Property
- Option agreement to acquire a 100% interest in the Keigat Lake Area Claims

SELECTED QUARTERLY INFORMATION
Summary of Quarterly Results

For the three-month period ended				
	June 30, 2018 **$**	**March 31, 2018** **$**	**December 31, 2017** **$**	**September 30,2017** **$**
Total revenues	14,986		-	-
Net income (loss)	(319,003)	(491,878)	(346,448)	(214,491)
Net (loss) per share				
- Basic	(0.00)	(0.00)	(0.00)	0.00
- Diluted	(0.00)	(0.00)	(0.00)	0.00
Total assets	506,420	807,424	618,623	465,550

For the three-month period ended				
	June 30, 2017 **$**	**March 31, 2017** **$**	**December 31, 2016** **$**	**September 30,2016** **$**
Total revenues	-	-	-	-
Net income (loss)	(68,067)	(70,093)	(178,315)	(211,822)
Net (loss) per share				
- Basic	0.00	0.00	(0.00)	(0.00)
- Diluted	0.00	0.00	(0.00)	(0.00)
Total assets	172,160	153,131	142,502	180,020

We do not own any interests in producing mineral properties or have any other significant revenue generating activities. Our only source of revenue is from interest earned on cash, mineral properties management income and option income. We spend money on evaluating, acquiring and exploring mineral properties and on general and administrative costs associated with maintaining a public company.

RESULTS OF OPERATIONS
Three months ended June 30, 2018

The following table outlines the significant increases (decreases) experienced by the Company in the three months ended June 30, 2018 compared with the three months ended June 30, 2017.

	For the three months ended		
	June 30, 2018 **$**	**June 30, 2017** **$**	**Increase (Decrease)** **$**
Consulting services	52,033	6,609	45,424
Exploration and evaluation expenses	143,819	23,222	120,597

- *Consulting services increased during the period due to the contract entered into with Asty Capital and costs associated with preparation of quarterly financial statements*
- *Exploration and evaluation expenses increased as a result of the commencement of an exploration program on the Manfo property in Ghana with the funds raised through the private placements Investor relations increased as a response to increased interest in the junior mining industry and costs incurred to facilitate the private placement undertaken in 2018*

LIQUIDITY

Our activities consist of the exploration and evaluation of our various properties, a process that is ongoing, and is dependent on many factors, some of which are beyond our control. We do not generate any cash flows from operations and do not currently have any income other than interest income, property option income and management fee income. We rely on equity financings to fund our working capital requirements and planned exploration, development and permitting activities. We maintain a policy of reviewing our working capital requirements on a monthly basis and are mindful of our property and administrative commitments.

Sources

During the three months ended June 30, 2018, no funds were raised.

Uses

Our expenditures on exploration activities during the three months ended June 30, 2018 totaled $143,819, of which $112,141 was incurred on the Manfo Property. The Company issued 1,000,000 common shares, with a deemed value of $30,000, pursuant to the agreement to acquire the additional property in the Birch Lake area.

In Ghana, the significant components of costs were as follows:

	Manfo $	Obuasi $	Akroma $
Drilling	43,320		
Field supplies	873		
Site meal services	3,906		
Geologists	16,250		
Travel and vehicle	14,168		
Soil sampling	10,861		
Crop compensation	2,595		
Licenses and permits	5.796		
In-country logistics	14,372		
Total:	**112,141**		

Exclusive of exploration and evaluation expenses, general and administrative cash costs for the three months ended June 30, 2018 totaled $181,542.

Working Capital

As at June 30, 2018, Pelangio has a working capital deficiency of $62,145 compared to a working capital deficiency of $436,362 at June 30, 2017. The working capital position improved as funds generated by the private placements was greater than the funds expended on operations in the period.

CAPITAL RESOURCES

Management continues to closely monitor the Company's working capital position and 12-month budget outlook considering current market conditions and the financing environment. As currently budgeted, we are likely to have a working capital deficit during the next twelve months unless further capital is raised during that period. The current budget does however offer significant further flexibility to adjust exploration and general expenditures. Management is confident that, based on the Company's history and previous success in raising capital, as well as the quality of the Company's assets, such further financing will be available as required.

We expect to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing or optioning out the Company's properties. There can be no assurance that we will succeed in obtaining additional financing in the future. Failure to raise additional capital on a timely basis could cause us to suspend exploration and eventually to forfeit or sell interests in our mineral properties.

OFF-BALANCE SHEET ARRANGEMENTS

Pelangio has not entered into any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

The June 30, 2018 consolidated financial statements include the financial statements of the Company and its subsidiaries and their respective effective ownership listed in the following table:

Pelangio Mines (B) Inc. (Barbados)	100%
Pelangio Adansi Asaasi (G) Limited (Ghana)	100%
Pelangio Kyereboso Mining (G) Limited (Ghana)	100%
Pelangio Adansi Gold (G) Limited (Ghana)	100%
Pelangio Edubiase (G) Limited (Ghana)	100%
Pelangio Ahafo (B) Inc. (Barbados)	100%
Pelangio Ahafo (G) Limited (Ghana)	100%

The following transactions were entered into with related parties that are not subsidiaries of the Company during the period:

	Quarter ended June 30	
	2018 **$**	**2017** **$**
With a corporation whose President is an officer of the Company		
Exploration and evaluation expenses	14,428	20,333
With an officer of the Company		
Consulting services	6,164	-
With a partnership in which an officer of the Company is a partner		
Accounting services	21,831	17,003

Of the accounting service fees, $5,191 (2017 - $10,495) is included in professional fees and $16,640 (2017 - $6,608) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities include amounts owing to related parties in the amount of $304,995 (2017 - $288,109). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the August 2017 non-brokered private placement described in note 9(ii) of the consolidated financial statements for the six months ended June 30, 2018, directors and officers of the Company and members of their families subscribed for 5,100,000 units for gross proceeds of $255,000.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2018 and 2017 were as follows:

	Quarter ended June 30	
	2018 **$**	**2017** **$**
Short-term benefits	11,250	21,250
Share-based payments	5,506	2,084

CRITICAL ACCOUNTING ESTIMATES

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, decisions as to when exploration costs should be capitalized or expensed and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting the valuations of share-based payments, warrants and the valuation of tax accounts. Pelangio regularly reviews its estimates and assumptions. Actual results could differ from these estimates and these differences could be material.

CHANGES IN ACCOUNTING POLICIES

During 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 12, disclosure of interests in other entities, IAS 7, statement of cash flows and IAS 12, income taxes. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Future Accounting Changes

The following pronouncements issued by the IASB or the IFRIC have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share- based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

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

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 – Interpretation of Uncertainty over Income Tax Treatments ("IFRIC 23") was published on June 17, 2017. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC Interpretations (Interpretations) form part of the authoritative IFRS requirements. They are developed by the IFRS Interpretations Committee to provide requirements on specific application issues and are ratified by the IASB. IFRIC 23 is effective for annual accounting periods beginning on or after 1 January 2019. Earlier application is permitted. IFRIC 23 has not yet been endorsed by the EU.

OPERATING AND FINANCIAL STRATEGIES

Our strategy is to acquire large, camp-sized properties with potential for world-class gold deposits, and to advance exploration on these properties to the development stage before seeking to joint venture or sell interests in them while maintaining upside exposure to resource expansion and potential new discoveries. We model this strategy on the January 2007 transaction in which the Company's predecessor, Pelangio Mines Inc. ("Mines"), sold the Detour Lake property for an equity interest in Detour Gold Corporation, thus providing shareholders with an opportunity to retain upside exposure to the Detour Lake project through the late stage exploration and development phase.

TECHNICAL DISCLOSURE
Disclosure of a scientific or technical nature regarding the Ghana Properties and the Canadian Properties was prepared by or under the supervision of or approved by Warren Bates, P. Geo., (APGO #0211), (the "Qualified Person") a qualified person within the meaning of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects ("NI 43-101")* and our Vice President, Exploration. The Qualified Person has verified the data disclosed. Data verification involved checking of information for past drill holes, trench surveying, logging, sampling and assaying as well as a review of information in the exploration computer database.

The mineral resource estimation work was completed by Dorota El-Rassi, P. Eng. (APEO #100012348) and Blair Hrabi, P. Geo. (APGO #1723), under the supervision of Glen Cole, P.Geo. (APGO #1416) of SRK Consulting (Canada) Inc. ("SRK"). Ms. El-Rassi, Mr. Hrabi and Mr. Cole, are independent qualified persons as this is defined in National Instrument 43-101. Mr. Hrabi inspected the Manfo gold project from May 15 to 22, 2012.

PROPERTY DESCRIPTIONS
GHANA PROPERTIES
Manfo
During the third quarter of 2010, Pelangio entered into a letter of intent with a private Ghanaian company (the "Optionor") to acquire a 100% interest (subject to a 10% free carried interest held by the Government of Ghana, the Government's right to acquire a further 20% interest on mutually agreed terms, and a 5% royalty interest (the "Government Interest"), as stipulated in Clause 43, *The Minerals and Mining Act 703 of 2006* (the "Mining Act") in each of the contiguous Subriso, Sempekrom and Twabidi concessions (collectively, the "Manfo Property"). We subsequently entered into three definitive option agreements (the "Manfo Agreements") in respect of the Manfo Property, which were submitted to the Minerals Commission of Ghana and subsequently approved by the Minister of Lands and Natural Resources of the Republic of Ghana in 2011. The Manfo Property totals approximately 100 square kilometres ("km^2") and is located in the Ahafo Ano North district of the Ashanti region of Ghana, approximately 36 kilometres ("km") southwest of Tepa, 14 km south of Newmont Mining Corporation's Ahafo mine and 50 km north of Kinross Gold Corporation's Chirano mine.

Pelangio completed the expenditure requirements of US $2,000,000 and the required payments of US $435,000 under the Manfo Agreements and granted the Optionor a 2.5% net smelter return ("NSR") royalty, subject to Pelangio's right to buy back 1% of such NSR for an aggregate total payment of US $4,000,000. Additionally, Pelangio (or its successor or permitted assign) will pay the Optionor a discovery bonus equal to the sum of (i) US $1,000,000 plus (ii) US $1.00 per ounce of proven and probable gold reserve set out in the first positive feasibility study published or released in respect of the Manfo Property. Pelangio now holds a 100% interest in the Manfo Property (subject to the Government Interest) and subject to the 2.5% NSR to the Optionor. The Minister of the Ministry of Lands and Natural Resources of Ghana approved the transfer of title to the Manfo Property in 2012. All three concession renewal applications are pending, and such renewals or extensions are not assured.
The Company is in ongoing negotiations with the Optionor regarding the buy-back of the NSR and has paid $55,303 to the Optionor. This payment is expected to be applied towards the purchase price of the buy-back of the royalty.

The Manfo Agreements are available under Pelangio's profile on www.sedar.com.

Obuasi
The Obuasi property consists of the Kyereboso 2, Kyereboso 3, Meduma and Adokwae concessions totaling 284 km^2. All four concession renewal applications are pending, and such renewals or extensions are not assured. The Obuasi property was acquired pursuant to option agreements (the "Obuasi Agreements"), with two private Ghanaian corporations and is located contiguous with AngloGold Ashanti's giant Obuasi gold mine within the prolific 300 km long Ashanti Gold Belt in southwest Ghana, West Africa.

Pelangio now holds a 100% interest in the Obuasi Property (subject to the Government Interest as defined above, and subject to a 2% NSR to the Optionors).

The Obuasi Agreements are available under Pelangio's profile on www.sedar.com.

Akroma (Dormaa and Wamfie)
During the second quarter of 2011, Pelangio entered an option agreement to acquire a 100% interest in the Akroma concession (subject to the Government Interest, as defined above), a 159 km^2 concession governed by a Reconnaissance License in the Brong-Ahafo Region of Ghana consisting of two separate land packages (Dormaa 86km^2 and Wamfie 73km^2). Akroma is an early stage exploration property with initial prospecting, geochemical and geophysical surveys indicating significant exploration promise.

Pursuant to the option agreement on the Akroma Property, as amended, Pelangio acquired a 100% interest in the property. Pelangio paid US$50,000 and issued 200,000 common shares to the Optionor over a three-year period, pursuant to the following schedule:

a) US $50,000 and issue 35,000 common shares (completed on June 15, 2011);
b) on or before June 15, 2012, issue 40,000 common shares (completed on June 13, 2012);
c) on or before October 15, 2013, issue 55,000 common shares (completed August 26, 2013); and
d) on or before June 15, 2015, issue 70,000 common shares (completed June 12, 2015).

Pelangio also granted the Optionor a 2% NSR upon making the payment and share issuances described above, of which a 1% NSR may be repurchased at any time for a cash payment of US$2 million.

In June 2012, applications were filed with the Minerals Commission for the conversion of the Reconnaissance License to two Prospecting Licenses covering each of the Dormaa and Wamfie properties. The Prospecting License has been issued for the Dormaa property, which is an 86.44 km^2 concession in the Brong-Ahafo Region of Ghana, West Africa. The Minister of the Ministry of Lands and Natural Resources of Ghana approved the transfer of title to the Dormaa Property in October 2016. Pelangio, through its indirectly held, wholly-owned subsidiary Pelangio Ahafo (G) Limited ("Pelangio Ghana"), owns a 100% interest in the Dormaa property. The renewal for the Prospecting License for Dormaa is pending and such renewal or extension is not assured. The conversion of the Wamfie concession to a Prospecting License is still pending and the Company is not pursuing it at this time.

During the last quarter of 2016, Pelangio entered into an option and joint venture agreement ("Option Agreement") with RosCan Minerals Corporation ("RosCan"), to jointly advance the 86 km^2 Dormaa property. Pursuant to the terms of the Option Agreement as amended and restated, RosCan has the option to earn a 50% interest in the property within a three-year period (the "Option Period") by making total cash payments of $260,000 and funding $2,000,000 in exploration expenditures to be completed by Pelangio. The agreement was amended February 14, 2017.

The Amended and Restated Option Agreement Highlights
Some of the key terms of the Option Agreement which was amended and restated are summarized below:

- To exercise the option and earn a 50% interest in the Dormaa property, RosCan would:

  1. fund a total of $2,000,000 in exploration expenditures to be incurred by Pelangio on the Dormaa property, within three years of the date of the Option Agreement as follows:
     a. $150,000 due March 5, 2017 (received),
     b. $150,000 due May 4, 2017 (received),
     c. $700,000 due on December 5, 2018,
     d. $1,000,000 due on December 5, 2019;

  2. pay to Pelangio $260,000, as follows:
     a. $10,000 due November 7, 2016 (received)
     b. $50,000 due December 5, 2018 and
     c. $200,000 due December 5, 2019; and

3. pay the applicable ground rent and mineral right fees, which are payable to the Government of Ghana pursuant to the Prospecting License and becoming due during the three-year option period.

- Pelangio has no requirement to fund the Dormaa Project during the option period;
- Upon the exercise of the option, a joint venture between RosCan and Pelangio would be formed, whereby each party would have an initial 50% participating interest, and thereafter contribute funding on a pro rata basis (initially, 50% RosCan, 50% Pelangio) or have its participating interest diluted in accordance with a standard dilution formula;
- Once formed, the joint venture would hold 100% of the mineral rights to the Dormaa property granted pursuant to the Prospecting License, subject only to a 2% net smelter return royalty on all ounces of gold recovered from the Dormaa Project to be retained by the original property vendor (but, subject to the royalty payor's right to buy-back 1% of the royalty at any time for US $2,000,000), and a 10% free carried interest in the rights and obligations of the mineral operations of the Dormaa property reserved to the Government of Ghana;
- The Option Agreement sets out a detailed process for the further exploration and operation of the Dormaa property, which will be overseen by a management committee consisting of representatives of both parties;
- During the option period and the joint venture, Pelangio Ghana will be the operator of the Dormaa Project

EXPLORATION ACTIVITIES

Manfo Property - Initial 43-101 Mineral Resource Evaluation Technical Report

On June 21, 2013, the Company filed on SEDAR the report entitled *Mineral Resource Evaluation Technical Report, Manfo Gold Project, Ghana. (the "Manfo Initial Resource Evaluation").* Mineral resources were estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") *Estimation of Mineral Resource and Reserves Best Practices Guidelines* and are reported in accordance with Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") by SRK. The mineral resource estimation work was completed by Dorota El-Rassi, P. Eng. (APEO #100012348) and Blair Hrabi, P. Geo. (APGO #1723) under the supervision of Glen Cole, P.Geo. (APGO #1416) of SRK. Ms. El-Rassi, Mr. Hrabi and Mr. Cole, are independent qualified persons as this is defined in National Instrument 43-101. Mr. Hrabi inspected the Manfo gold project from May 15 to 22, 2012. Part of the following disclosure relating to the Manfo Property has been derived from the Manfo Initial Resource Evaluation, which is available at www.sedar.com under the profile for Pelangio Exploration Inc. Readers are urged to review the Manfo Initial Resource Evaluation in its entirety for a complete description of SRK's review and conclusions.

The highlighted results of the initial gold resource indicate:

- 40% of the estimated mineral resource is in the indicated mineral resource category;
- pitable mineral resource reported at cut-off grades of 0.40 grams of gold per tonne ("g/t") for oxide material and of 0.50 grams of gold per tonne for transitional / fresh material in relation to a conceptual pit shell:
    - o indicated mineral resource of 3.973 million tonnes at 1.52 g/t gold, and
    - o inferred mineral resource of 9.666 million tonnes at 0.96 g/t gold; and
- gold mineralization remains open along strike and at depth, as suggested by the out-of-pit resources.

The study focused on only three areas of mineralization, Pokukrom East, Pokukrom West, and Nfante West. Resources were calculated for oxide, transition and fresh mineralization using data from 135 diamond drill holes totaling 27,899 metres ("m"). The total drilling completed on the Manfo property as at the date of the report is 41,168m. The data used represents 68% of drilling completed on the Manfo Project as at the date of the report.

Gold mineralization at Manfo is hosted in sericite and hematite altered granitoid rocks adjacent to a set of brittle-ductile faults. Within geologically modelled alteration envelopes, gold mineralization occurs in strongly altered zones adjacent to the brittle-ductile faults, and in fracture-controlled zones preferentially developed in certain horizons within the granitoid rocks in the hanging wall of the faults. Based on current exploration drilling density, three zones were selected for resource modeling. The bulk of the gold mineralization occurs in the Pokukrom East Zone that was sampled by drilling on sections spaced at 50 m. Two smaller, less well-defined zones exist to the south (Nfante West Zone) and west (Pokukrom West Zone) of the main zone.

The mineral resources reported herein have been estimated using a geostatistical block modelling approach derived from borehole data. All zones were estimated using a traditional wireframe interpretation constructed from a sectional interpretation of the drilling data. The block model was set on a grid of 5m by 5m by 5m, rotated by 30 degrees clockwise such that the block model is oriented subparallel to the general strike of the mineralization. Gold grades were estimated by ordinary kriging and compared with an inverse distance algorithm (power of two) as a secondary estimator using the same estimation parameters.

SRK considers that portions of the Manfo gold mineralization are amenable for open pit extraction, with "reasonable prospects" for economic extraction by an open pit assessed using a pit optimizer. SRK considers that modelled gold mineralization exhibiting good reporting grade continuity informed by adequately spaced, reliable sampling data and estimated during the first estimation pass within a conceptual pit shell can be classified in the Indicated category within the meaning of the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2011).

The Manfo project is at a relatively early stage of exploration. The gold mineralization delineated by drilling is not completely closed off by drilling. For this reason, SRK considers that the gold mineralization located outside a conceptual pit shell but above the bottom of the pit shell may eventually be shown to be amenable for open pit extraction. Accordingly, all blocks located outside the conceptual pit shell were reclassified as Inferred. Open Pit Mineral Resources are reported at cut-offs of 0.40 g/t for oxide material and at 0.50 g/t for transitional and fresh material.

Mineral Resource Statement* Manfo Gold Project, Ghana – SRK Consulting (Canada) Inc., May 7, 2013

Category	Cut-off (Au g/t)	Indicated Quantity (000' tonnes)	Indicated Grade Au (g/t)	Indicated Contained Au (000'oz)	Inferred Quantity (000' tonnes)	Inferred Grade Au (g/t)	Inferred Contained Au (000'oz)
Inside Pit							
Oxide	0.40	49	0.96	2	458	1.07	16
Transitional	0.50	382	1.96	24	876	1.13	32
Fresh	0.50	3,543	1.49	169	918	1.09	32
Total		**3,973**	**1.52**	**195**	**2,253**	**1.10**	**80**
Outside Pit							
Oxide	0.40				50	0.68	1
Transitional	0.50				217	0.72	5
Fresh	0.50				7,146	0.93	213
Total					**7,413**	**0.92**	**218**
Combined Inside and Outside Pit							
Oxide	0.40	49	0.96	2	508	1.05	17
Transitional	0.50	382	1.96	24	1,093	1.05	37
Fresh	0.50	3,543	1.49	169	8,064	0.94	245
Total		**3,973**	**1.52**	**195**	**9,666**	**0.96**	**298**

**Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on a gold price of US$1,450 per ounce and metallurgical recovery of 94 percent for oxide, and 86 percent for fresh and transitional material. Mineral resources are reported in relation to an elevation determined from optimized pit shells. All composites have been capped where appropriate.*

Cautionary Note Regarding Mineral Resource Estimates

Investors should not assume that any of the indicated or inferred mineral resource disclosed herein will ever be upgraded to a higher category of mineral resource or to mineral reserves, and that any or all of the indicated or inferred mineral resource exist or is or will be economically or legally feasible to mine. In addition, investors should not assume that any of the references herein to adjacent properties (based on public information) is necessarily indicative of the mineralization on the Manfo property or that further exploration on the Manfo property will prove to be successful.

The disclosure herein uses mineral resource classification terms that comply with reporting standards in Canada, and the disclosure of mineral resource estimates are made in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects that are considered material to the issuer.

All resource estimates contained herein are based on the definitions adopted by CIM and recognized under NI 43-101. These standards differ significantly from the mineral reserve disclosure requirements of the U.S. Securities and Exchange Commission set out in Industry Guide 7. Consequently, resource information contained in this MD&A is not comparable to similar information that would generally be disclosed by U.S. companies in accordance with the rules of the SEC. The SEC's Industry Guide 7 does not recognize mineral resources, and US companies are generally not permitted to disclose mineral resources in documents they file with the SEC. Investors are specifically cautioned not to assume that any part or all of the mineral resources disclosed above will ever be converted into SEC defined mineral reserves. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. In accordance with Canadian rules, estimates of inferred mineral resources generally cannot form the basis of an economic analysis.

Reverse Circulation (RC) and Air Core (AC) Drilling

The exploration drilling program, that began in October 2017, targeting the existing mineralized structures and the newly identified belt bounding structures on the Manfo Project was completed. The program consisted of 62 Air Core (AC) holes totaling 2442m, and one Reverse Circulation (RC) drill hole for an additional 77.5m.

In the air core program, a total of nine target areas were drilled heel-to-toe at -45 degrees, totaling 2446m. All holes were shallow reconnaissance holes, with a maximum hole depth of 40m.

Five reconnaissance AC targets (36 holes), tested along a 3 km portion of the belt-bounding structure, and were not successful in encountering new mineralization.

Four other reconnaissance target areas, comprising 26 AC holes, tested four target areas without success. The four areas were 500m south of Pokukrom West, 500m North of Nkansu, 500m northwest of Nfante West, and a final target 500m south of Nfante Central on the property boundary. These holes tested reconnaissance geophysical and geochemical targets off the known structure, along some 4 km of the south half of the property.

The broad spacing of reconnaissance target AC holes, 500-800 m, and the incomplete coverage of the known mineralized structure and the belt bounding structure still leaves some 10 km of the two structures not accessed by drilling. In addition, given the very shallow nature of the reconnaissance drilling completed to date, deeper drilling is planned to intersect six to eight IP targets.

On the north end of Nkansu, a significant result was recorded in SURC17-50 drilled on section 46650mN, which intersected a broad low-grade gold mineralization of 67.5m @ 0.48g/t Au (from 2.5m to 70m). The RC drill hole was a total of 77.5m.

Diamond Drilling

The work program was adjusted to focus on both diamond drilling utilizing a man-portable diamond drill rig and RC/RAB drilling with a track mounted rig. During the three months ended June 30, 2018, the final two diamond drill holes were completed at the Pokukrom East and Nkansu North prospects regions of the Manfo Property.

Drill hole SPDD18-04 was drilled at 45 degrees inclination and 117 degrees azimuth, to fill in a 100m gap in drilling on the southern end of Pokukrom East, and SGDD18-05, at the same orientation as SPDD18-04 was completed on a soil anomaly in the North east corner of the Nkansu area.

The results of these two holes are laid out in the following table:

BHID	From (m)	To (m)	Core Length (m)	Au Grade (g/t)	Hole Depth (m)
SPDD18-04	74	96	22	0.71	128.6
SGDD18-05	30	60	30	0.16	166.5

All mineralized intercepts are core lengths with length weighted average gold grades, true widths are expected to be 75-85% of core lengths.

Outlook for the Manfo Property

The proposed future work programs are expected to use both the man-portable diamond drill rig and RC/RAB drilling with a track mounted rig. The diamond drill program will focus on identifying new mineralized shoots at the Pokukrom East and West areas, and the RC/RAB program will follow up on soil anomalous areas in the northern part of the property, as well as IP anomalous areas. Other targets will be assessed based on results received to date, and include Nfante East, North Nkansu, and Odumasi.

OTHER GHANAIAN PROPERTIES

Obuasi Property

A technical review of prior exploration activity along a gold and arsenic in soil anomaly (the "NGA trend") has been completed, using all geologic data available from trenches and drill holes, coupled with EM geophysical data. This technical review improved our understanding in the area in preparation for further drilling.

Also completed, was a paper study, including inspection of satellite imagery and ground follow-up, which showed recent illegal *"galamsey"* and unregulated alluvial mining on six areas of the Obuasi property. Follow-up included notification of the appropriate authorities. These *galamsey* and unregulated mining areas are prospective for future exploration testing.

During the three months ended June 30, 2018, no field-work was carried out on the Obuasi property.

Outlook for the Obuasi Property

A 5,000m AC and a 2,000m RC drill program is planned, as funding permits.

Dormaa Property

Pelangio completed stream sediment surveys into the secondary and tertiary drainages followed by soils samplig on an 800m (800m X 100m) grid and assayed using the Bulk Leach Extractable Gold (BLEG) method. On the Dormaa Property follow up closer-spaced soil surveys of 400m x 50m spacing were completed on the northern portion of the property, covering some 33% and 7% respectively (by area), of the property area. These soil surveys identified 13 significant gold-in-soil anomalies (95th percentile gold contours, 70 parts per billion ("ppb") threshold), which range in size from 300m x 50m to 1200m x 100m.

In the southern 60% of the Dormaa Project, 800m x 100m soil sampling revealed eight significant anomalies (95th percentile gold contours, greater than 70 ppb gold), which range in size from 800m x 100m up to 4000m x 500m. Three of these anomalies, including the largest, are contourable at the 98th percentile, at approximately 175 ppb. A 20 km^2 follow-up geochemical program of 200m x 50m soil sampling is recommended for this area.

Assaying was carried out by Chemex Labs Inc. at their Kumasi, and SGS-Tarkwa laboratories, all in Ghana. All certificates and results are available. 1 to 2 kilogram ("kg") samples were supplied, and in all cases the entire sample was subjected to the leaching process. Internal blanks and sample duplicates were included in the sample stream. Standards were not included in the sample stream because of the difficulty of obtaining such a large (1 to 2 kg) reliable standard at the time.

Following the Option Agreement with RosCan, a gold-in-soil geochemical survey program began as of April 1, 2017. As of the end of September 30, 2017, the Company had completed geochemical sampling on two areas of the property, with a total of 1,652 BLEG soil samples (including 113 QA/QC samples), 312 termite mound samples (including 20 QA/QC samples) and 5 rock samples. All samples were analyzed at SGS Laboratory in Tarkwa-Ghana for gold only using 2kg BLEG analysis.

The combined assay results from 2012 and 2017 for gold-in soil geochemical programs returned gold-in soil values ranging from < 2 ppb to 2710 ppb. The gold responses from the 2017 geochemical program continued to show high coherence with initial anomalies established in the 2012 geochemical program. The soil program covering the entire property identified about 20 anomalies from 200m to one (1) km in length. A significant number of these anomalies are located in the western portion of the property. A detailed interpretation of the soil data, defined two significant gold geochemical anomalies with lengths of 4.8 km and 7.2 km.

These results clearly show gold in soil anomalies trending in a north-east, south-west direction, with a fault off-set of the trend in the mid permit.

During the period under review, the impasse with the Dormaa Traditional Council was resolved and forty-nine (49) Air Core holes were drilled on the Dormaa Property to a cumulative depth of 2013.5 meters. The holes were drilled at 25-meter spacing in a head-to-heel arrangement at 45 degrees to an average depth of 41 meters on six fences on various targets.

A total of 1,489 samples (including 130 QA/QC Samples), taken at 1.5 meter intervals were analyzed at Intertek Laboratory in Tarkwa for gold. The assay results received recorded weak indications of mineralization across all the six fences. The results revealed a total of 31 intercepts of gold mineralization greater than 0.1g/t within five of the six target areas. Of these results, Hole DOAC18-10 recorded 1.2g/t as the highest grade of the entire drilling programme within the interval 20-21.5m. Hole DOAC18-07 recorded 0.69g/t from 17-18.5m.

The soil sampling and drilling programs were carried out under the supervision of Warren Bates, P.Geo.

Outlook for the Dormaa Property

No further work is planned by Pelangio at this time. However, a proposed future work program would be expected to include the use of an RC/RAB drilling track mounted rig to follow up on soil anomalous areas in the northern part of the property.

CANADIAN PROPERTIES

The Canadian Properties include the Birch Lake Property, the Poirier Gold Property, and the Lorna Lake Property, all located in Ontario, Canada.

Birch Lake Property, Red Lake District

Pelangio owns 100% of the Birch Lake Property, which comprises 28 contiguous unpatented mining claims (1,120 acres) located in the Keigat Lake area, approximately 120 km northeast of Red Lake, Ontario. The property is subject to an underlying agreement whereby Goldcorp retains a 2% NSR on 28 of the claims; the remaining 9 claims are not subject to any royalty. There are currently no obligations to Goldcorp other than payment of the royalty on production.

Trade Winds Ventures Inc. (“Trade Winds”) explored the Birch Lake Property during 2004 and 2005 under the terms of the Trade Winds and Mines option agreement, which terminated in September 2008. The Trade Winds drilling programs returned a number of high grade intercepts, including 115.89 g/t Au over 2.75m (estimated true width of 1.86 m) from 239.35m to 242.10m (TWBL-096); and 21.22 g/t Au over 2.35m (estimated true width of 1.51m) and 229.96 g/t Au over 2.45m (estimated true width 1.58m) between 300m and 360m (TWBL-097). Refer to the third quarter 2008 Trade Winds Management’s Discussion and Analysis dated October 29, 2008.

In March 2017, the Company entered into an option agreement with Pacton Gold Inc. ("Pacton") whereby Pacton may acquire a 100% interest in Pelangio's Birch Lake Property, located in Ontario's Red Lake Mining District. Pacton had the right to earn a 100% interest in the Birch Lake Project by paying a total of $375,000, issuing an aggregate of 4,500,000 common shares to Pelangio and incurring exploration expenditures of $1,300,000 over a four-year period.

On April 12, 2018, the option agreement with Pacton terminated on Birch Lake Property without earning any interest in the property. Pacton made the first-year option payment of $75,000 and issued 900,000 common shares to Pelangio and without completing any exploration expenditures. Pelangio retains its 100% interest in this property.

Pelangio has acquired a 1.5% net smelter royalty ("NSR Royalty") in 10 claims (1856 hectares) adjoining its 100% owned Birch Lake property pursuant to an agreement between 2522962 Ontario Inc. ("5SD") and Pelangio dated April 10, 2018, whereby Pelangio agreed to transfer $564,000 of assessment work credits to 5SD to enable the adjoining claims to be held for an additional 10 years. Pelangio will retain sufficient assessment work credits to maintain the Birch Lake Property for over 10 years. 5SD has the right to purchase 1/3 of this royalty (0.5%) at any time for $1,000,000.

Pelangio has also entered into an option agreement with 5SD to acquire a 100% interest in the Keigat Lake Area Claims (the same group of claims subject to the NSR discussed above) located in the Red Lake Mining Division, Ontario. This block of claims surrounds Pelangio's Birch Lake Property.

Terms of the Option Agreement

- In order to acquire a 100% interest in the Keigat Lake Area Claims, Pelangio must issue a total of 400,000 common shares to 5SD in four tranches as follows:

No. of Shares	Date of Issue
Issued 100,000 shares	On June 14, 2018
Issue 100,000 shares	On or before June 14, 2019
Issue 100,000 shares	On or before June 14, 2020
Issue 100,000 shares	On or before June 14, 2021

- Pelangio will be the operator on the project
- If Pelangio acquires the 100% interest in the Keigat Lake Area Claims, the Distribution and Royalty Agreement with 5SD will be terminated

Poirier Gold Property, Timmins Gold Camp

Pelangio owns 100% of the Poirier Gold Property Lease (117 acres) located in Bristol Township, 22 km west of Timmins, contiguous with Tahoe Resources Inc.'s Timmins and Thunder Creek deposits (collectively, the Timmins West Mine). The property is subject to a 1% NSR (which may be purchased for $1 million) payable to the vendors and a further 1% NSR payable to a third party.

The Poirier Gold Property is underlain near-surface by a mafic volcanic unit approximately one kilometre to the west of the mafic, ultramafic and sedimentary contact, which dips steeply westwards towards our lease and which is associated with the Thunder Creek Project. A 100 meter-spaced geophysical program of ground magnetics and GPS was completed in 2015. In 2016, a three-dimensional geologic model was prepared for project area using all available public data and combined with results of a three-dimensional magnetic inversion received in the third quarter 2015. Combining three-dimensional geology with the magnetic data indicates good agreement between magnetic data and a magnetic ultramafic rock overlying the deposit. This data indicates that the favourable structure hosting the Rusk and Gap zones dips into the Poirier ground. The interpretation of the ground magnetic survey has improved the understanding of the geological setting of the Poirier Gold Property. A review and evaluation of the potential of this property is underway.

Depending on Tahoe's continued results from the Thunder Creek Project, we may conduct further exploration and drill on the property.

Lorna Lake Property, Hemlo Area

Pelangio owns 100% of the 760 acres Lorna Lake (Seeley) property and there is no underlying royalty. The Lorna Lake property is located in the historic Hemlo area and is contiguous with the Wire Lake Property recently optioned by Canadian Orebodies Inc. During the Hemlo discovery era, Pelangio's initial diamond drilling returned an intercept of 4.7 g/t gold over 1 meter. The drill program was supervised by Kevin Filo, P. Geo., and assay certificates from Bondar Clegg were verified. The Hemlo area is again becoming one of the more active exploration regions in Ontario. Pelangio did not complete any exploration activity in 2017 and no activity is currently planned.

OTHER CANADIAN PROPERTIES AND ROYALTIES

We currently own interests in a number of other Canadian properties, as shown in the following table:

	Thunder Gold	Black Township
Location	20 km west of Timmins, Ontario	100 km east of Timmins, Ontario
Size	1 lease (88 acres)	2 claims (480 acres)
Interest	100%	100%
Underlying Royalty	2% and $1,000 per year advance royalty	None

We also own the following royalties and carried interest in other Canadian properties, as shown in the table below:

Matheson West and East	1% NSR can be purchased by Matamec Explorations Inc. for $1,000,000 and 100,000 common shares of Matamec
Mord	0.5% NSR (with the provision that Pelangio can increase such NSR to 1.5% by issuing 100,000 shares)
Ross/Guibord	1% NSR

RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

As at June 30, 2018, the Company had a cash balance of $461,229 (2017 - $2,027) to settle current liabilities of $541,433 (2017 - $619,935). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. Of the accounts payable and accrued liabilities, $212,500 (2017 - $191,250) is on account of accrued wages to the company president. This amount is unsecured, has no fixed terms of repayment and is due on demand.

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment grade, short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash and cash equivalents balance.

Market Risk

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

Foreign Exchange Risk
The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the US dollar and the Ghanaian cedi. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one-year period.

As at June 30, 2018 the Company held approximately $245,877 (June 30, 2017 – $nil) of cash balances denominated in US dollars. As at June 30, 2018, the Company had accounts payable and accrued liabilities denominated in US dollars of $72,611 (June 30, 2017 – $28,891). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately $17,000 based on the balance of monetary assets and liabilities at June 30, 2018.

Price Risk
Price risk is remote since the Company is not a producing entity.

Risks Related to the Corporation's Business
The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The following risks and uncertainties may have a material adverse effect on the Corporation's operations.

Exploration for Minerals is Speculative in Nature
Exploration for minerals is speculative in nature, involves many risks and is frequently unsuccessful. All of the properties in which we have an interest or to which we have a right are in the exploration stage only and are without mineral reserves and mineral resources except the Manfo Property, which was the subject of the Manfo Initial Resource Evaluation filed on SEDAR June 21, 2013. There can be no assurance that our current, proposed or future exploration and development programs or properties in which we have an interest or may in future have an interest will result in the discovery of mineralization or a profitable commercial mining operation. Furthermore, once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. The commercial viability of a mineral resource is dependent on a number of factors including the price of minerals, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting minerals and environmental protection. As a result of these uncertainties, no assurance can be given that our exploration programs will result in the establishment of mineral resources or mineral reserves.

As part of our business strategy, we have sought and will continue to seek new opportunities in the mining industry. In pursuit of such opportunities, we may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired property into our operations. Acquisition transactions involve inherent risks, which risks could cause us not to realize the benefits anticipated to result from the acquisition of properties and could have a material adverse effect on our ability to grow and on our financial condition.

We cannot assure that we can complete any acquisition or business arrangement that we pursue, or are pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit our business.

Foreign Operations
Nearly all mining projects require government approval regardless of the country. There can be no certainty that these approvals will be granted to us in a timely manner, or at all.

The laws in foreign countries tend to differ significantly from North America and are subject to change. Mining operations, development and exploration activities are generally subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Mining is also subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing mines and other facilities in compliance with such laws and regulations are significant.

Acquisitions of properties in foreign countries are subject to the risks normally associated with conducting business in foreign countries. Some of these risks are more prevalent in countries which are less developed or have emerging economies, including uncertain political and economic environments, as well as risks of war and civil disturbances or other risks which may limit or disrupt a project, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or appropriation without fair compensation, risk of adverse changes in laws or policies of particular countries, increases in foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, limitations on ownership and repatriation of earnings and foreign exchange controls and currency devaluations. In addition, we may face import and export regulations, including restrictions on the export of minerals, disadvantages of competing against companies from countries that are not subject to Canadian and U.S. laws, including foreign corrupt practices legislation, restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. Although we are not currently experiencing any significant or extraordinary problems arising from such risks in the foreign country in which we have properties, there can be no assurance that such problems will not arise in the future.

Litigation

Several years ago, Pelangio was named as a co-defendant in two separate actions commenced in the Ghana High Court involving the vendor of two of the three concessions comprising the Obuasi Property and relating to such vendor's corporate history and founding shareholders. No monetary consideration was claimed from Pelangio in either action. One action is the subject of a pre-trial motion and has not yet proceeded to full trial. An interlocutory injunction has been granted preventing all parties from selling any interest in the property pending final determination of the matter. Pelangio has appealed against this ruling and such appeal is yet to be determined. The other action has proceeded to trial with judgment given for the plaintiff. The judgement of the trial Court was set aside by the Court of Appeal on February 26, 2018 in Pelangio's favour.

In addition, we are involved in litigation regarding the termination of an option agreement in respect of the New Edubiase concession, which we consider to be without merit, based on our reasoned assessment of all available information including legal advice received regarding the basis in law for the counterparty's claim.

Notwithstanding the foregoing, it can be time consuming and expensive to obtain a favourable resolution of such disputes in foreign jurisdictions and accordingly disputes can have a materially adverse effect on our ability to advance our projects. Notwithstanding our assessment of the likely outcome and potential effect of current disputes, the outcome is not certain. Some such disputes are governed by the laws of jurisdictions where substantive and procedural laws may differ materially from those of Canada, and which favor a claimant. These and other factors make the litigation and dispute resolution process inherently unpredictable. Furthermore, defense and settlement costs can be substantial, even with respect to claims that have no merit. The outcome or resolution of legal proceedings and disputes, individually or in the aggregate, could be other than as expected and could have a material adverse effect on our financial position and results of operations.

Possible Changes in Ghana Tax Laws

In November 2011 the government of Ghana announced a possible separate windfall tax on profits from mining.
If this proposal is enacted into law, it could adversely affect market sentiment towards investment in Ghana and our business and operations in Ghana.

Additional Capital
The exploration and development of our properties may require substantial additional financing. The source of future funds available to us is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to us. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to us or will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position. In addition, any future equity financings by us may result in substantial dilution for purchasers of our shares. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of our properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to us. Additional funds will be required for future exploration and development.

Shareholders' Interest in The Corporation May be Diluted in The Future
We may from time to time undertake offerings of Common Shares or of securities convertible into Common Shares including stock options and similar incentive plans in the future. The increase in the number of Common Shares issued and outstanding and the possibility of the issuance of Common Shares on conversion of convertible securities may have a depressive effect on the price of Common Shares. In addition, as a result of such additional Common Shares, the voting power of our existing shareholders will be diluted.

Limited Operating History
We have a limited operating history on which to base an evaluation of our business and prospects. Except for the Manfo Property, which was the subject of the Manfo Initial Resource Evaluation, our properties do not contain any mineral resources or mineral reserves and we have never had any revenues from our operations. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. We expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start-up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

Competition
We operate in a competitive industry and compete with other more well-established companies which have greater financial resources than we do. We face strong competition from other mining companies in connection with exploration and the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than us. As a result of this competition, we may be unable to maintain or acquire attractive mining properties on terms we consider acceptable or at all. Consequently, our revenues, operations and financial condition could be materially adversely affected.

Title to Mineral Properties
Title to our resource properties may be challenged by third parties, or the licences that permit us to explore our properties may expire if we fail to timely renew them and pay the required fees. We cannot guarantee that the rights to explore our properties will not be revoked or altered to its detriment. The ownership and validity of mining claims and concessions are often uncertain and may be contested.

Except as described herein, we are not aware of challenges to the location or area of any of the mining concessions and mining claims in any of the jurisdictions in which we operate. There is, however, no guarantee that title to the claims and concessions will not be challenged or impugned in the future. If we fail to pay the appropriate annual fees or fail to timely apply for renewal, then these licences may expire or be forfeit.

Key Employees and Consultants

Shareholders will be relying on the good faith, experience and judgment of our management and advisors in supervising and providing for the effective management of our business and the operations and in selecting and developing new investment and expansion opportunities. We may need to recruit additional qualified personnel to supplement existing management. We will be dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on us.

The development of our business is and will continue to be dependent on its ability to attract and retain highly qualified management and mineral exploration personnel. The Corporation will face competition for personnel from other employers. The Corporation does not maintain key management insurance on any of its management personnel.

Conflict of Interest

Certain directors of the Corporation also serve as directors of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving such other companies are required to be made in accordance with the duties and obligations to act honestly and in good faith with the Corporation and such other companies. In addition, such directors are required to declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

Permits

Other than as disclosed above, we currently have all required permits for operations as currently conducted, there is no assurance that delays will not occur in obtaining all necessary renewals of such permits for the existing operations or additional permits for our planned operations or any possible future changes to operations. Prior to any development on any of our properties, we must receive permits from appropriate governmental authorities. There can be no assurance that we will receive or continue to hold all permits necessary to develop or to commence or to continue operating at any particular property.

Currency Risk

By virtue of the location of our operations and exploration activities, we incur costs and expenses in a number of currencies other than the Canadian dollar. The exchange rates covering such currencies have varied substantially in the last three years. We raise capital through equity financings principally in Canadian dollars while much of our operating and capital costs are incurred in United States Dollars (USD) and Ghanaian Cedis (Gh₵), giving rise to potential significant foreign currency translation and transaction exposure, which could have a material and adverse effect on the Corporation's results of operations and financial condition.

Price and Volume Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of our securities.

Risks Related to the Mining Industry Generally

Mineral Prices

The ability to obtain equity financing, secure joint venture financing or debt financing for the further exploration or development of any of the mining projects, and the profitability of any mineral mining operations in which we may acquire an interest, will be significantly affected by changes in the market price of minerals. Mineral prices fluctuate on a daily basis and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, central bank sales, world supply and demand for minerals, stability of exchange rates, and global or regional political or economic events, among other factors, can cause significant fluctuations in mineral prices. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of minerals has historically fluctuated widely.

If mineral prices were to decline significantly or for an extended period, we may not be able to continue our operations, develop our properties or fulfill our obligations under our agreements with our partners or under our permits and licences.

Commodity Prices

Our operations are or will in future be dependent on various commodities (such as heavy fuel oil, diesel fuel, electricity, steel, concrete and cyanide) and equipment to conduct operations. The shortage of such commodities, equipment and parts or significant increase of their cost could have a material adverse effect on our ability to carry out our operations. Market prices of commodities can be subject to volatile price movements, which can be material, occur over short periods of time and are affected by factors that are beyond our control. An increase in the cost, or decrease in the availability, of input commodities equipment or parts may affect the timely conduct and cost of our operations. If the costs of certain commodities consumed or otherwise used in connection with our operations and development projects were to increase significantly, and remain at such levels for a substantial period, we may determine that it is not economically feasible to proceed with development of some or all of our current projects, which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Mining

As of the date hereof, our properties, other than the Manfo Property, do not have any estimates of mineral resources or mineral reserves and there are no assurances that they ever will.

The recoverability of amounts for mineral properties and related deferred exploration costs is dependent upon a discovery of economically recoverable reserves, confirmation of interest in the underlying claims, the ability to obtain necessary financing to complete development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material write-downs of the carrying values of mineral properties and deferred exploration costs.

There are numerous uncertainties inherent in estimating measured, indicated and inferred mineral resources. The estimation of mineral reserves and mineral resources is a subjective process, and the accuracy of any such estimates are a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. Mineral resources are estimates only and no assurance can be given that any particular level of recovery of minerals from a mineral resource estimate will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body, which can be economically exploited. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade or stripping ratio, or the mineral price may affect the economic viability of a mineral property. In addition, there can be no assurance that mineral recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Until mineral resources are actually mined and processed, the quantity of mineral and resource grades must be considered as estimates only. There can be no assurance that these estimates will be accurate, that mineral reserves and mineral resource figures will be accurate, or that mineral reserves or mineral resources can be mined or processed profitably.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations.

Government Regulation

Mineral exploration and development activities will be subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail exploration or development.

Government approvals and permits are required in connection with mining exploration and development and in operating a mine. To the extent such approvals are required and not obtained, mining operation or planned exploration or development of mineral properties may be curtailed or prohibited from continuing.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on a mining project and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Community Action

All industries, including the mining industry, are subject to community actions. In recent years, communities and non-governmental organizations have become more vocal and active with respect to mining activities at or near their communities. These parties may take actions such as road blockades, applications for injunctions seeking work stoppage and lawsuits for damages. These actions can relate not only to current activities, but also may be in respect of decades' old mining activities by prior owners of subject mining properties and could have a material adverse effect on our operations.

Environmental and Safety Risks

Environmental laws and regulations may affect the operations of a mining company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on a mining company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, mining companies must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

Insurance Risks

The Corporation maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. The Corporation may elect, however, not to insure against certain risks due to high premiums or for various other reasons. These risks include, in the course of exploration, development and production of mineral properties, unexpected or unusual geological operating conditions including, environmental damage, employee injuries and deaths, rock bursts, cave-ins, fire, flooding and earthquakes. Although the Corporation maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in all circumstances. No assurance can be given that such insurance will continue to be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated.

Corporate Structure

Our foreign operations are conducted through foreign subsidiaries and substantially all of our assets are held in such entities. To our knowledge, there are no limitations on the transfer of cash or other assets between the parent corporation and such entities or among such entities, however, if such limitations are put in place in the future, it could restrict our ability to fund our operations efficiently.

COMMITMENTS AND CONTINGENCIES

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately $135,000. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Cash is classified as loans and receivables and is measured at amortized cost. Accounts payable and accrued liabilities and share subscriptions are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2018 and 2017, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At June 30, 2018 the Company had no financial instruments to classify in the fair value hierarchy.

OUTSTANDING SHARE DATA

As of August 22, 2018, Pelangio had:

- authorized share capital of an unlimited number of common shares of which a total of 27,411,833 common shares are issued and outstanding; and
- stock options outstanding totaling 776,000 exercisable for common shares at prices ranging from $0.50 per share to $0.55 per share.

SUBSEQUENT EVENTS

Consolidation of Common Shares

Effective July 6, 2018 the Company's issued and outstanding common shares were consolidated on the basis of one post-consolidation common share for every ten pre-consolidation common shares. Additionally, the number of options and warrants outstanding was consolidated on the same basis. The exercise price of the options and warrants outstanding has been increased by a factor of ten.

Dormaa Option Agreement
Subsequent to June 30, 2018, the Company was advised by RosCan that they have elected to discontinue the option on the Dormaa property.

ADDITIONAL INFORMATION
Additional information about the Company and the technical report referred to herein, are available at www.sedar.com under the name Pelangio Exploration Inc.