
Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

Pelangio Exploration Inc.

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March 31, 2019

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the three-month period ended March 31, 2019 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Balance Sheet

Expressed in Canadian Dollars

| | March 31 2019 | December 31 2018 |
|--|------------------|---------------------|
| | \$ | \$ |
| Assets | | |
| Current: | | |
| Cash | 1,047,262 | 1,014,968 |
| Amounts receivable | 14,223 | 12,641 |
| Prepaid expenses | 9,231 | 8,529 |
| Marketable securities, <i>note 7</i> | 237,826 | 123,672 |
| Total current assets | 1,308,542 | 1,159,810 |
| Non-current assets: | | |
| Equipment, <i>note 9</i> | 22,371 | 23,822 |
| Total Assets | 1,330,913 | 1,183,632 |
| Liabilities | | |
| Current: | | |
| Accounts payable and accrued liabilities, <i>note 12</i> | 678,415 | 652,923 |
| Share subscriptions | - | 16,755 |
| Income tax payable | - | 1,346 |
| Flow-through share liability, <i>note 10</i> | 4,644 | 6,658 |
| Total current liabilities | 683,059 | 677,682 |
| Total Liabilities | 683,059 | 677,682 |
| Shareholders' Equity | | |
| Issued capital, <i>note 10</i> | 54,789,932 | 54,497,296 |
| Equity reserves, <i>note 11</i> | 1,321,348 | 1,292,694 |
| Deficit | (55,463,426) | (55,284,040) |
| Total Equity | 647,854 | 505,950 |
| | 1,330,913 | 1,183,632 |

Commitments and contingencies, notes 1, 8 and 13

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" _____ Director

"Carl Nurmi" _____ Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

| | Shares # | Share Capital \$ | Equity reserves \$ | Retained earnings (deficit) \$ | Total equity \$ |
|--|-------------------|------------------------|--------------------------|---|-----------------------|
| December 31, 2017 | 25,761,833 | 53,215,915 | 712,719 | (53,921,488) | 7,146 |
| Non-brokered private placement, net of issuance costs | 1,350,000 | 613,031 | - | - | 613,031 |
| Valuation of warrants issued in private placement | - | (328,297) | 328,297 | - | - |
| Consideration for consulting and advisory services | 200,000 | 100,000 | - | - | 100,000 |
| Share based payments | - | - | 9,137 | - | 9,137 |
| Loss for the three months | - | - | - | (491,878) | (491,878) |
| March 31, 2018 | 27,311,833 | 53,600,649 | 1,050,153 | (54,413,366) | 237,436 |
| Expiry of options | - | - | (20,441) | 20,441 | - |
| Shares issued for acquisition of 2522962 Ontario Inc., <i>note 4</i> | 4,597,094 | 643,593 | - | - | 643,593 |
| Shares owned by 2522962 Ontario Inc. cancelled on purchase | (110,000) | (14,000) | - | - | (14,000) |
| Non-brokered private placement, net of issuance costs | 3,200,000 | 420,466 | - | - | 420,466 |
| Valuation of warrants issued in private placement | - | (226,026) | 226,026 | - | - |
| Flow-through shares issued, net of issuance costs | 280,000 | 46,368 | - | - | 46,368 |
| Value of warrants issued in flow-through shares | - | (2,854) | 2,854 | - | - |
| Flow-through share liability | - | (8,400) | - | - | (8,400) |
| Shares issued for property | 200,000 | 37,500 | - | - | 37,500 |
| Share based payments | - | - | 34,102 | - | 34,102 |
| Loss for nine months | - | - | - | (891,115) | (891,115) |
| December 31, 2018 | 35,478,927 | 54,497,296 | 1,292,694 | (55,284,040) | 505,950 |
| Expiry of options | - | - | (117,861) | 117,861 | - |
| Non-brokered private placement, net of issuance costs | 1,800,000 | 228,047 | - | - | 228,047 |
| Valuation of warrants issued in private placement | - | (120,611) | 120,611 | - | - |
| Flow-through shares issued, net of issuance costs | 566,038 | 143,030 | - | - | 143,030 |
| Flow-through share liability | - | (2,830) | - | - | (2,830) |
| Shares issued for property | 150,000 | 45,000 | - | - | 45,000 |
| Share based payments | - | - | 25,904 | - | 25,904 |
| Income for three months | - | - | - | (297,247) | (297,247) |
| Balance at March 31, 2019 | 37,994,965 | 54,789,932 | 1,321,348 | (55,463,426) | 647,854 |

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

| For the three months ended March 31 | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue: | | |
| Option income | 27,500 | - |
| Expenses: | | |
| Salaries and employee benefits | 21,284 | 15,224 |
| Consulting services, <i>note 12</i> | 88,255 | 128,567 |
| Exploration and evaluation expenses, <i>note 8</i> | 158,210 | 205,919 |
| Foreign exchange loss (recovery) | (9,646) | 15,854 |
| Insurance | 4,893 | 4,265 |
| Investor relations | 58,609 | 32,241 |
| Office and general | 6,747 | 14,193 |
| Professional fees, <i>note 12</i> | 41,379 | 41,073 |
| Share-based payments, <i>note 11</i> | 25,904 | 9,137 |
| Transfer agent and filing fees | 11,780 | 23,331 |
| Travel | 754 | - |
| Amortization | 1,451 | 2,074 |
| | 409,620 | 491,878 |
| Loss from operations | (382,120) | (491,878) |
| Other gains and losses | | |
| Gain on disposal of marketable securities, <i>note 7</i> | 60,734 | - |
| Unrealized gain on marketable securities | 19,294 | - |
| Flow-through share premium income, <i>note 11</i> | 4,845 | - |
| | 84,873 | - |
| Net income (loss) and comprehensive income (loss) for the period | (297,247) | (491,878) |
| Net income (loss) per common share: | | |
| - basic | (0.01) | (0.02) |
| - diluted | (0.01) | (0.02) |
| Weighted average number of common shares outstanding: | | |
| - basic | 37,438,864 | 26,865,722 |
| - diluted | 37,438,864 | 26,865,722 |

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

| For the three months ended March 31 | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash was provided by (used for): | | |
| Operating activities: | | |
| Net income (loss) for the period | (297,247) | (491,878) |
| Items not affecting cash: | | |
| Gain on disposal of marketable securities | (60,734) | - |
| Unrealized gain on marketable securities | (19,294) | - |
| Flow-through share premium income | (4,845) | - |
| Shares issued for property acquisition | 45,000 | - |
| Shares issued for consulting and advisory services | - | 110,000 |
| Amortization | 1,451 | 2,074 |
| Stock-based payments | 25,904 | 9,137 |
| | (309,765) | (370,667) |
| Cash was provided by (used to finance) changes in the following working capital items: | | |
| Amounts receivable | (1,582) | - |
| Prepaid expenses | (702) | 4,264 |
| Accounts payable and accrued liabilities | 25,492 | (37,689) |
| Income tax payable | (1,345) | - |
| | 21,863 | (33,425) |
| Net cash used in operating activities | (287,902) | (404,092) |
| Investing activities: | | |
| Purchase of marketable securities | (212,500) | - |
| Proceeds from disposal of marketable securities | 178,374 | - |
| Net cash used in investing activities | (34,126) | - |
| Financing activities: | | |
| Share subscriptions | (16,755) | (13,800) |
| Non-brokered private placement | 420,000 | 675,000 |
| Issue costs | (48,923) | (61,969) |
| Net cash provided by financing activities | 354,322 | 599,231 |
| Change in cash | 32,294 | 195,139 |
| Cash, beginning of period | 1,014,968 | 578,815 |
| Cash, end of period | 1,047,262 | 773,954 |
| Supplemental information | | |
| Finders warrants issued | 13,174 | - |

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern

Pelangio Exploration Inc. (the "Company" or "Pelangio") was incorporated on February 27, 2008 under the Alberta Business Corporations Act and continued under the Canada Business Corporations Act (the "Act") on June 25, 2009. The principal business of the Company is the acquisition, exploration and development of mineral property interests in Canada and Ghana, Africa. The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

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 recoverability of amounts shown for exploration and evaluation assets is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material writedowns of the carrying value of exploration and evaluation assets. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements unregistered prior claims and agreements, aboriginal claims and non-compliance with regulatory requirements.

The Company had a net income (loss) of \$(297,247) (March 31, 2018 - \$(491,878)) for the three months ended March 31, 2019 and had an accumulated deficit of \$55,463,426 (March 31, 2018 - \$54,413,366). The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements, including comparatives, 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").

(b) Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2018.

Current accounting changes

During 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 2, share-based payments, IFRS 9, financial instruments, IFRIC 22, Foreign Currency Transactions and Advance Consideration. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

2. Basis of presentation (continued)

Future accounting changes (continued)

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.

3. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statement for the year ended December 31, 2018.

These unaudited condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

4. Acquisition of 5SD Capital

On December 7, 2018, the Company completed the acquisition of 2522962 Ontario Inc., (5SD Capital) by way of the issuance of 4,597,094 common shares of the Company. Each former shareholder of 5SD received 0.20 common shares of the Company for each common share of 5SD held immediately prior to the effective time of the transaction.

The acquisition of 5SD Capital has been accounted for as an acquisition of assets and liabilities as 5SD Capital does not meet the definition of a business under IFRS 3. The acquisition of the net assets of 5SD Capital were recorded at the estimated fair market value of consideration transferred of \$643,593 as detailed below:

| | |
|---|----------|
| Consideration paid | |
| Share consideration | 643,593 |
| <hr/> | |
| Net assets acquired | |
| Cash | 525,906 |
| Current assets | 4,593 |
| Marketable securities | 131,330 |
| Shares of the Company returned to treasury for cancellation, <i>note 10(i)</i> | 14,000 |
| Equipment | 838 |
| Exploration and evaluation expenses | 58,074 |
| Current liabilities | (91,148) |
| <hr/> | |
| Total net assets acquired | 643,593 |

The fair value of shares issued by the Company was estimated based on the quoted market price of the Company's shares on the date of issuance.

5. Operating segments

Geographical information

The Company operates in two principal geographical areas – Ghana and Canada. Information about the Company's equipment by geographical location is detailed below:

| | | |
|--------|----------|-----------------------------|
| Ghana | \$21,157 | (March 31, 2018 - \$27,688) |
| Canada | \$1,214 | (March 31, 2018 - \$1,517) |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

6. Financial 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 and amounts receivable. 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 March 31, 2019, the Company had a cash balance of \$1,047,262 (March 31, 2018 - \$773,954) to settle current liabilities of \$678,415 (March 31, 2018 - \$559,988). 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 (March 31, 2018 - \$212,500) is an amount of accrued wages to the Company president. This amount will be paid as cash flow of the Company allows.

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 balance.

Price risk

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

6. Financial risk factors (continued)

Fair value of financial instruments

IFRS require 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 judgement 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 March 31, 2019 and December 31, 2018, the carrying and fair value amounts of the Company's financial instruments, other than marketable securities, 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 March 31, 2019 and December 31, 2018, the Company's marketable securities are classified as Level 1 in the fair value hierarchy.

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.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

6. Financial risk factors (continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a three month period:

As at March 31, 2019 the Company held \$39,246 (December 31, 2018 - \$29,000) of cash balances denominated in US dollars. As at March 31, 2019, the company had accounts payable and accrued liabilities denominated in US dollars of \$49,422 (December 31, 2018 - \$19,979). 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 \$1,000 based on the balance of monetary assets and liabilities at March 31, 2019.

7. Marketable securities

The corporation holds shares in a public company in the mining industry. During the period ended March 31, 2019, these shares were fair valued and this resulted in an unrealized gain of \$19,294 (2018 - \$nil).

The shares in this company are classified as Fair Value through Profit & Loss ("FVTPL") and are recorded at fair value using the quoted market price as at March 31, 2019 and are therefore classified as level 1 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities as at March 31, 2019 and December 31, 2018.

| As at | March 31, 2019 | December 31, 2018 |
|-------------------------------------|-------------------|----------------------|
| | \$ | \$ |
| Balance, beginning of period | 123,672 | - |
| Acquisitions | 212,500 | 131,330 |
| Disposals | (182,099) | - |
| Realized gain | 60,734 | - |
| Unrealized loss on market-to-market | 23,019 | (7,658) |
| Balance, end of period | 237,826 | 123,672 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

8. Exploration and evaluation expenses

Transactions for the three months ended March 31, 2019 and the year ended December 31, 2018 are as follows:

| 2019 | Manfo | Obuasi | Akroma | Canada | Total |
|----------------------|---------------|--------------|----------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Drilling and assays | - | - | - | 25,841 | 25,841 |
| Permits and licenses | 3,579 | 765 | - | - | 4,344 |
| Field supplies | - | 35 | - | 1,012 | 1,047 |
| Geologists | 24,090 | - | - | 13,071 | 37,161 |
| Site meal services | 397 | 156 | - | - | 553 |
| Travel and vehicle | 9,356 | 3,533 | - | - | 12,889 |
| In-country logistics | 12,420 | 2,955 | - | - | 15,375 |
| Acquisitions | - | - | - | 60,000 | 60,000 |
| Other | - | - | - | 1,000 | 1,000 |
| | 49,842 | 7,444 | - | 100,924 | 158,210 |

| 2018 | Manfo | Obuasi | Akroma | Canada | Total |
|----------------------|----------------|--------------|--------------|---------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Drilling and assays | 102,978 | - | - | 12,449 | 115,427 |
| Permits and licenses | 6,730 | - | - | - | 6,730 |
| Crop compensation | 3,992 | - | - | - | 3,992 |
| Geologists | 109,364 | 840 | 7,756 | - | 117,960 |
| Field supplies | 9,701 | - | - | - | 9,701 |
| Accounting services | 8,176 | - | - | - | 8,176 |
| Site meal services | 10,644 | 36 | - | - | 10,680 |
| Travel and vehicle | 44,542 | 246 | - | - | 44,788 |
| Soil sampling | 20,664 | - | - | - | 20,664 |
| In-country logistics | 77,159 | 280 | - | - | 77,439 |
| Options payment | - | - | - | 52,500 | 52,500 |
| Other | - | - | - | 1,000 | 1,000 |
| | 393,950 | 1,402 | 7,756 | 65,949 | 469,057 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

8. Exploration and evaluation expenses (continued)

Obuasi, Ghana

Pursuant to a letter agreement dated September 23, 2005, as amended by an amending letter agreement dated November 18, 2005, and replaced by option agreements dated May 3, 2006, certain of the Company's subsidiaries acquired options to acquire 100% (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) of a property in southwest Ghana, West Africa. The optioned property consists of the Kyereboso #2, Kyereboso #3, Meduma and Adokwae concessions, which were acquired from two private Ghanaian corporations. The Adokwae concession is in good standing until June 21, 2018. The Meduma concession and the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

During 2011, the Company made the final payment and acquired a 100% interest in the Obuasi Property.

The property is subject to net smelter return royalties of 2%.

Manfo, Ghana

During 2010, the Company entered into three definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company has an option to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in each of the concessions. The optioned property consists of the Subriso, Twabidi and Sempekrom concessions, which were acquired from one private Ghanaian corporation. The Subriso concession is in good standing and the Sempekrom concession renewal is pending. A renewal or extension for Twabidi is pending and such renewal or extension is not assured. The Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property.

During 2011, the Company completed the option terms and had earned a 100% interest in the Manfo Property. The property is subject to a 2% net smelter royalty ("NSR") subject to the Company's right to repurchase 1% of the NSR for a payment of US \$4,000,000.

The Company (or its successor or permitted assign) will pay the optionor a discovery bonus totaling the sum of (i) US\$1,000,000 plus (ii) US\$1.00 per ounce of proven and probable gold reserves set out in the first positive feasibility study published or released in respect of the Manfo Property.

During 2013, the Company paid \$55,303 to enter into a review period with the optionor of the Manfo property regarding the NSR repurchase terms. The review period ends when the market conditions improve such that the Company is able to complete a single financing amount of greater than \$2,000,000. As at March 31, 2019, the Company remains in the review period.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2019

(expressed in Canadian dollars unless otherwise noted)

8. Exploration and evaluation expenses (continued)

Akroma, Ghana

During 2011, the Company entered into an option agreement to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in the Akroma Property. Pursuant to the option agreement on the Akroma Property, in order to acquire a 100% interest in the property, the Company paid US\$50,000 and issued 200,000 common shares to the optionor over a three-year period. During 2014, the Company completed the option terms by the issuance of the final 70,000 common shares and earned a 100% interest in the Akroma Property.

The Company must also grant the optionor a 2% NSR upon making the payment and share issuances described above, of which 1% may be repurchased at any time for a cash payment of US\$2 million.

During the second quarter of 2014, the Company completed the option terms and had earned a 100% interest in the Akroma Property. The Akroma Property consists of two separate land packages, Dormaa and Wamfie. The Dormaa concession renewal is pending and such renewal is not assured. The conversion of the Wamfie concession to a Prospecting Licence is still pending and there is no assurance that such conversion will be completed.

Option Agreement Dormaa

The Company's wholly-owned subsidiary Pelangio Ahafo (G) Limited entered into an option and joint venture agreement dated November 7, 2016 and amended on February 14, 2017 and June 7, 2018 with RosCan Minerals Corporation ("RosCan") on the Dormaa Project. The Dormaa project forms a part of the Company's Akroma Property in Ghana.

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

- (a) fund a total of \$2,000,000 in exploration expenditures on the Dormaa Project, within three years of the date of the Option Agreement (the "Effective Date") as follows
 - (i) \$150,000 due 90 days following the Effective Date (funded),
 - (ii) \$150,000 due 150 days following the Effective Date (funded),
 - (iii) \$700,000 due by June 5, 2018, and
 - (iv) \$1,000,000 due by June 5, 2019;
- (b) pay to Pelangio \$160,000, as follows:
 - (i) \$10,000 (paid),
 - (ii) \$50,000 on June 5, 2018, and
 - (iii) \$100,000 on June 5, 2019
- (c) 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 Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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8. Exploration and evaluation expenses (continued)

Upon the exercise of the option, a joint venture between RosCan and the Company will be formed, whereby each party will have an initial 50% participating interest, and thereafter contribute funding on a pro rata basis or have its participating interest diluted in accordance with a dilution formula.

RosCan elected to discontinue the option on the Dormaa property effective August 15, 2018.

Birch Lake, Canada

Birch Lake consists of the following:

- (i) a 100% interest in 28 unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario. The property is subject to net smelter return royalties of 2%.
- (ii) 100% interest in 10 unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario, acquired as part of acquisition of 5SD Capital (see note 4).

Poirier Gold, Canada

Poirier Gold consists of one mining lease made up of two mining claims in Bristol Township, Ontario. The property is subject to net smelter return royalties of 2%.

Dalton Property

The Dalton Property consists of 24 patented claims located in Ogden Township. The Company has a right to earn a 100% interest in the property by issuing an aggregate of 370,000 shares, make cash payments of \$199,500 and complete \$750,000 of exploration expenses as follows:

- (a) issue 100,000 shares and cash payment of \$15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$17,500 based on the quoted market price on the date of issuance;
- (b) issue 90,000 shares and cash payment of \$27,000 and incur \$75,000 of exploration expenses on or before the first anniversary of the acceptance date;
- (c) issue 90,000 shares and cash payment of \$67,500 and incur \$150,000 of exploration expenses on or before the second anniversary of the acceptance date;
- (d) issue 90,000 shares and cash payment of \$90,000 and incur \$225,000 of exploration expenses on or before the third anniversary of the acceptance date; and
- (e) incur \$300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

The Dalton Property is subject to net smelter return of 2.7%. The Company has the right to purchase 0.9% of the royalty for \$900,000.

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8. Exploration and evaluation expenses (continued)

Montcalm and Nova Properties

The Montcalm and Nova Properties consists of a 50% interest in 20 unpatented mining claims located in Montcalm and Nova Townships. Pancontinental Resources Corporation has a right to earn a 100% interest in the Company's 50% interest in the properties by issuing an aggregate of 450,000 common shares and make cash payments of \$52,500 over the next two years.

Strachan Property

The Strachan Property consists of 114 claim units located in Melrose Township.

Gowan Property

The Gowan Property consists of 2 block claims located in Gowan Township. Amex Exploration Limited has a right to earn a 100% interest in the property by issuing an aggregate of 400,000 common shares and make cash payments of \$20,000. Pursuant to this agreement, Amex Exploration Limited previously issued 100,000 common shares and made a cash payment of \$5,000 to 5SD Capital.

Dome West Property

The Dome West Property consists of 10 mining cells in Tisdale Township. The Company has a right to earn a 100% interest in the property by issuing an aggregate of 500,000 shares, make cash payments of \$220,000 and complete \$750,000 of exploration expenses as follows:

- (a) issue 150,000 shares and cash payment of \$15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$45,000 based on the quoted market price on the date of issuance;
- (b) issue 150,000 shares and cash payment of \$30,000 and incur \$110,000 of exploration expenses on or before the first anniversary of the acceptance date;
- (c) issue 100,000 shares and cash payment of \$75,000 and incur \$115,000 of exploration expenses on or before the second anniversary of the acceptance date;
- (d) issue 100,000 shares and cash payment of \$100,000 and incur \$225,000 of exploration expenses on or before the third anniversary of the acceptance date; and
- (e) incur \$300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

The Dome West Property is subject to net smelter return of 3%. The Company has the right to purchase a 1.0% royalty for \$1,000,000.

Pelangio Exploration Inc.

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9. Equipment

| | Computer hardware | Furniture and equipment | Vehicles | Total |
|---------------------------|------------------------------|------------------------------------|-----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Cost at December 31, 2018 | 14,687 | 79,108 | 146,500 | 240,295 |
| Additions | - | - | - | - |
| March 31, 2019 | 14,687 | 79,108 | 146,500 | 240,295 |
| Accumulated depreciation | | | | |
| December 31, 2018 | 12,726 | 65,409 | 138,338 | 216,473 |
| Charges for the period | 154 | 685 | 612 | 1,451 |
| March 31, 2019 | 12,880 | 66,094 | 138,950 | 217,924 |
| Net book value | | | | |
| March 31, 2019 | 1,807 | 13,014 | 7,550 | 22,371 |
| Net book value | | | | |
| December 31, 2018 | 1,961 | 13,699 | 8,162 | 23,822 |

Pelangio Exploration Inc.

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10. Issued capital

On July 5, 2018, the Company completed the consolidation of its issued and outstanding shares on the basis of one post-consolidation shares for every 10 pre-consolidation shares (the "Consolidation"). The Company's shares began trading on a post-consolidation basis on the Exchange on July 6, 2018. All share and per share information in these consolidated financial statements give effect to the Consolidation on a retroactive basis, unless otherwise indicated.

(i) Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

5SD Capital owned 110,000 common shares of the Company, which shares have been returned to treasury for cancellation.

(ii) Non-brokered private placements

In January of 2018, the Company completed the third tranche of a private placement financing consisting of 13,500,000 units at a price of \$0.50 per unit for gross proceeds of \$675,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.70 per common share until December 15, 2020. The Company paid a finder's fee of \$54,000 in cash and 108,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.50 per share until December 15, 2020.

In December of 2018, the Company completed a private placement financing of 3,200,000 units at a price of \$0.15 per unit for gross proceeds of \$480,000 closed December 18, 2018. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until December 18, 2020.

The Company paid a finder's fee of \$37,200 in cash and 256,000 non-transferable finder's warrants with 8,000 warrants issued subsequent to year end, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.20 per share until December 18, 2020.

In December of 2018, the Company completed a non-brokered flow-through financing of 280,000 flow-through common shares at a price of \$0.18 per unit for gross proceeds of \$50,400 closed December 18, 2018. The flow-through shares were issued at an average premium of \$0.03 to the current market price of the Company's shares at the day of issue. The premium was recognized as a current liability for \$8,400 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of \$4,845 was recognized for the period ended March 31, 2019 relating to this transaction.

The Company paid a finder's fee of \$4,032 in cash and 22,400 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.20 per share until December 18, 2020.

Pelangio Exploration Inc.

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10. Issued Capital (continued)

(ii) Non-brokered private placements (continued)

In January of 2019, the Company completed a non-brokered flow-through financing of 566,038 flow-through common shares at a price of \$0.265 per unit for gross proceeds of \$150,000. The Company paid a finder's fee of \$6,970 in cash. The flow-through shares were issued at an average premium of \$0.005 to the current market price of the Company's shares at the day of issue. The premium was recognized as a current liability for \$2,830 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. Flow-through premium income of \$- was recognized for the period ended March 31, 2019 relating to this transaction.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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11. Equity reserves

| | No. of options # | Weighted Average Exercise Price \$ | Grant Date Fair Value of options \$ | No. of warrants # | Weighted Average Exercise Price \$ | Grant Value of warrants \$ | Date Fair Total Value \$ |
|-------------------|------------------------|--|---|-------------------------|--|-------------------------------------|-----------------------------------|
| December 31, 2017 | 806,000 | 0.500 | 197,229 | 2,304,240 | 0.50 | 515,490 | 712,719 |
| Granted/Expensed | 20,000 | 0.200 | 9,137 | 1,350,000 | 0.50 | 328,297 | 337,434 |
| March 31, 2018 | 826,000 | 0.510 | 206,366 | 3,654,240 | 0.50 | 843,787 | 1,050,153 |
| Granted/Expensed | 475,000 | 0.20 | 60,006 | 3,578,400 | 0.70 | 349,491 | 409,497 |
| Expired | (169,500) | 0.80 | (138,302) | - | - | - | (138,302) |
| March 31, 2019 | 1,131,500 | 0.291 | 128,070 | 7,232,640 | 0.68 | 1,193,278 | 1,321,348 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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11. Equity reserves (continued)

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The maximum number of shares reserved for issuance under the share option plan is limited to 2,700,000 common shares of the Company. Share options granted under the share option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter.

The following share option arrangements were in existence as at March 31, 2019:

| Date Granted | Options Granted | Options Exercisable | Exercise Price \$ | Expiry Date |
|-------------------|--------------------|------------------------|----------------------|-------------------|
| March 27, 2015 | 150,000 | 150,000 | 0.50 | March 27, 2020 |
| January 19, 2016 | 310,000 | 310,000 | 0.50 | January 19, 2021 |
| May 8, 2017 | 139,500 | 139,500 | 0.500 | May 8, 2022 |
| June 16, 2017 | 37,000 | 37,000 | 0.50 | June 16, 2022 |
| February 27, 2018 | 20,000 | 15,000 | 0.550 | February 27, 2023 |
| November 1, 2018 | 350,000 | 87,500 | 0.180 | November 1, 2023 |
| February 27, 2019 | 125,000 | 31,250 | 0.32 | February 27, 2024 |
| | 1,131,500 | 770,250 | 0.382 | |

The weighted average exercise price of options exercisable at March 31, 2019 was \$0.457 (December 31, 2018 - \$0.47).

The weighted average remaining contractual life of options outstanding at March 31, 2019 is 2.82 years (December 31, 2018 - 2.85 years).

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

| Grant date | Expected dividend yield % | Risk-free interest rate % | Expected volatility % | Expected life | Estimated grant date fair value \$ |
|-------------------|---------------------------------|---------------------------------|-----------------------------|------------------|---|
| February 4, 2014 | 0 | 1.63 | 100 | 5 years | 66,000 |
| March 27, 2015 | 0 | 0.75 | 108 | 5 years | 61,623 |
| January 19, 2016 | 0 | 0.68 | 115 | 5 years | 49,000 |
| May 8, 2017 | 0 | 0.50 | 137 | 5 years | 15,000 |
| February 27, 2018 | 0 | 1.75 | 148 | 5 years | 10,000 |
| November 1, 2018 | 0 | 2.27 | 173 | 5 years | 133,000 |
| February 27, 2019 | 0 | 1.91 | 174 | 5 years | 38,000 |

Expected volatility is estimated by considering the historic average share price volatility.

The weighted average grant date fair value of options granted during the three months ended March 31, 2019 was \$0.05 (March 31, 2018 - \$Nil).

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12. Related party information

These 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% |
| 5007223 Ontario Inc. (Canada) | 100% |
| 2090720 Ontario Inc. (Canada) | 100% |
| 2229667 Ontario Inc. (Canada) | 100% |

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

| For the three months ended March 31 | 2019 | 2018 |
|---|--------|--------|
| | \$ | \$ |
| With a corporation whose President is an officer of the Company: | | |
| Deferred exploration expenditures | 16,811 | 26,027 |
| With an officer of the Company: | | |
| Consulting services | 16,205 | - |
| With a partnership in which an officer of the Company is a partner: | | |
| Accounting services | 36,781 | 25,320 |

Of the accounting service fees, \$9,729 (three months ended March 31, 2018 - \$8,347) is included in professional fees and \$27,052 (three months ended March 31, 2018 - \$16,973) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at March 31, 2019 include amounts owing to directors and officers in the amount of \$358,422 (December 31, 2018 - \$447,711). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2019 and March 31, 2018 were as follows:

| For the three months ended March 31 | 2019 | 2018 |
|-------------------------------------|--------|--------|
| | \$ | \$ |
| Short-term benefits | 11,250 | 11,250 |
| Share-based payments | 21,388 | 7,827 |

Pelangio Exploration Inc.

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13. 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 \$255,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

The Company's mining and exploration activities are subject to various 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.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business.

The Company has been named in an action involving one of the vendors of the Obuasi Property relating to such vendor's corporate history and founding shareholders and the ownership of the lands covered by the Kyereboso #2 and Kyereboso #3 prospecting licences. The action is the subject of a pre-trial motion and has not yet proceeded to 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.

In addition, the Company is involved in litigation regarding the termination of an option agreement in respect of the New Edubiase concession, which the Company considers 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.

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2019 and March 31, 2018, no amounts have been accrued related to such matters.

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14. Capital management

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2016 or 2015.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2017 and 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2019, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.