Pelangio Exploration Inc.

Consolidated Financial Statements

December 31, 2023 and 2022

Pelangio Exploration Inc.

Consolidated Financial Statements

December 31, 2023 and 2022 **Page**

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Pelangio Exploration Inc.

Opinion

We have audited the consolidated financial statements of Pelangio Exploration Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern, we have determined the matter described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of the private investment	
The Company has an investment in a private investment entity, which was acquired in prior years that is measured at fair value through profit and loss under IFRS 9. This is presented in note 6 of the consolidated financial statements. The fair value hierarchy level is considered level 2, for which quoted prices or observable inputs were not available. Management uses valuation techniques that require significant non-observable inputs, requiring management's estimation and judgement. The fair value measurement of the private investment was a key audit matter as the valuation required the application of significant judgement in assessing the non-observable inputs used, including significant valuation adjustments.	In this regard, our audit procedures included: - Evaluating the methodologies and significant inputs used by the Company; - Performing a valuation approach to assess the modelling assumptions and significant inputs used to estimate the fair value, which involved corroboration of certain inputs and assumptions as applied by management; - Confirming the existence of private investments; - Assessing for potential control over private investments to determine whether any additional disclosures are required pursuant to IFRS 10; and - Gaining an understanding of the investment that may have unique clauses to determine if additional work is required to support valuation.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 28, 2024

Pelangio Exploration Inc.

Consolidated Balance Sheets

Expressed in Canadian Dollars

	December 31, 2023	December 31, 2022
	$	$
Assets		
Current:		
Cash	234,350	603,638
Amounts receivable, *note 5*	7,994	80,995
Prepaid expenses	15,550	9,218
Investments, *note 6*	239,543	326,311
Total current assets	497,437	1,020,162
Non-current assets:		
Equipment	-	7,617
Total Assets	**497,437**	**1,027,779**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 10 & 11*	970,338	607,123
Legal settlement payable, *note 11*	119,509	-
Loan repayable, *note 12*	40,000	-
Total current liabilities	1,129,847	607,123
Non-current liabilities:		
Loan repayable, *note 12*	-	40,000
Total Liabilities	1,129,847	647,123
Shareholders' Equity (Deficiency)		
Issued capital, *note 8*	59,595,030	59,403,667
Equity reserves, *note 9*	1,987,784	2,365,846
Deficit	(62,215,224)	(61,388,857)
Total (Deficiency) Equity	(632,410)	380,656
Total Liabilities and Shareholders' (Deficiency) Equity	**497,437**	**1,027,779**

Nature of operations and going concern, note 1

Commitments and contingencies, note 11

Subsequent events, note 16

See accompanying notes to the consolidated financial statements

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"JC St-Amour" Director

Pelangio Exploration Inc.

Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

	For the years ended	
	December 31, 2023	**December 31, 2022**
	$	**$**
Expenses:		
Salaries and employee benefits, *note 10*	90,331	153,425
Consulting services, *note 10*	167,579	174,973
Exploration and evaluation expenses, *note 7*	758,368	789,605
Obuasi legal settlement expense, *note 11*	182,068	-
Foreign taxes, penalties and mediation, *note 11*	68,804	-
Foreign exchange (gain) loss	(17,222)	41,213
Insurance	30,759	32,292
Investor relations	23,703	149,613
Office and general	65,627	64,538
Professional fees, *note 10*	186,100	236,932
Share-based payments, *note 9*	24,547	150,436
Transfer agent and filing fees	31,543	32,298
Amortization	3,560	2,298
Total Expenses	**1,615,767**	**1,827,623**
Loss before other items	**(1,615,767)**	**(1,827,623)**
Other gains and losses		
Interest and dividend income	2,856	1,398
Option income, *note 7*	40,000	500,000
Impairment of equipment	(4,580)	-
Expense recovery, *note 5 & 10*	306,465	-
Realized loss on disposal of investments, note 6	-	(24,385)
Unrealized loss on investments, *note 6*	(116,767)	(11,237)
	227,974	**465,776**
Net loss and comprehensive loss for the year	**(1,387,793)**	**(1,361,847)**
Net income loss per common share:		
- basic	(0.01)	(0.02)
- diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding:		
- basic	**118,589,615**	**85,177,472**
- diluted	**118,589,615**	**85,177,472**

See accompanying notes to the consolidated financial statements

Pelangio Exploration Inc.

Consolidated Statements of Changes in Equity (Deficiency)

Expressed in Canadian Dollars

	Shares #	Share Capital $	Equity reserves $	Shares to be issued $	Deficit $	Total equity (deficiency)
December 31, 2021	78,700,243	58,507,212	2,573,340	31,500	(60,626,504)	485,548
Non-brokered private placement, net of issuance costs, note 8	28,170,930	1,030,019	-	-	-	1,030,019
Non-brokered private placement shares to be issued	-	-	-	(31,500)	-	(31,500)
Valuation of warrants issued in private placement	-	(241,564)	241,564	-	-	-
Expiry of warrants	-	-	(542,494)	-	542,494	-
Expiry of options	-	-	(57,000)	-	57,000	-
Shares issued for property, *note 8*	2,450,000	108,000	-	-	-	108,000
Share based payments, *note 9*	-	-	150,436	-	-	150,436
Loss for the year	-	-	-	-	(1,361,847)	(1,361,847)
December 31, 2022	**109,321,173**	**59,403,667**	**2,365,846**	**-**	**(61,388,857)**	**380,656**
Share based payments, *note 9*	-	-	24,547	-	-	24,547
Non-brokered private placement, net of issuance costs, *note 8*	11,719,999	340,180	-	-	-	340,180
Valuation of warrants issued in private placement	-	(158,817)	158,817	-	-	-
Shares issued for legal settlement, *note 8*	285,715	10,000	-	-	-	10,000
Expiry of options	-	-	(259,551)	-	259,551	-
Expiry of warrants	-	-	(301,875)	-	301,875	-
Loss for year	-	-	-	-	(1,387,793)	(1,387,793)
December 31, 2023	**121,326,887**	**59,595,030**	**1,987,784**	**-**	**(62,215,224)**	**(632,410)**

See accompanying notes to the consolidated financial statements.

Pelangio Exploration Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

	For the year ended	
	December 31, 2023	**December 31, 2022**
	$	**$**
Cash was provided by (used in):		
Operating activities:		
Net loss for the year	(1,387,793)	(1,361,847)
Items not affecting cash:		
Shares issued for legal settlement, *note 8*	10,000	-
Realized loss on disposal of investments, note 6	-	24,385
Unrealized loss on marketable securities, *note 6*	116,767	11,237
Shares issued for exploration and evaluation expenses, *note 8*	-	108,000
Shares received for option income, *notes 7*	(30,000)	(50,000)
Impairment of equipment	4,580	-
Amortization	3,560	2,298
Share-based payments, *note 9*	24,547	150,436
	(1,258,339)	**(1,115,491)**
Cash was provided by (used to finance) changes in the following working capital items:		
Amounts receivable	73,001	(31,798)
Prepaid expenses	(6,332)	80,909
Accounts payable and accrued liabilities	363,215	(18,760)
Subscription payable	-	(25,000)
Legal settlement payable	119,509	-
Net change in non-cash working capital	**549,393**	**5,351**
Net cash used in operating activities	**(708,946)**	**(1,110,140)**
Investing activities:		
Proceeds from disposal of marketable securities	-	50,615
Net cash provided by investing activities	**-**	**50,615**
Financing activities:		
Loan from related party, *note 12*	-	(50,000)
Shares to be issued, *note 8*	-	(31,500)
Non-brokered private placement, *note 8*	351,600	1,137,093
Cash - share issue costs	(11,942)	(107,074)
Net cash provided by financing activities	339,658	**948,519**
Change in cash	**(369,288)**	**(111,006)**
Cash, beginning of year	603,638	714,644
Cash, end of year	**234,350**	**603,638**
Supplemental information:		
Finders' warrants issued, *note 9*	3,293	10,317

See accompanying notes to the consolidated financial statements

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 expended on exploration and evaluation activities 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. The Company 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, social license requirements and non-compliance with regulatory requirements

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

The Company had a net loss of $1,387,793 (December 31, 2022 - $1,361,847) and had an accumulated deficit of $62,215,224 (December 31, 2022 - $61,388,857) and working capital deficit of $632,410 (December 31, 2022 – surplus of $413,039) as at December 31, 2023. These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. 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. 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.

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

These consolidated financial statements have been prepared on a historical cost basis.

These consolidated financial statements were authorized for issuance by the Board of Directors on March 28, 2024.

Current 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, 2024 or later. This includes IAS1 and IAS8. These new standards and changes did not have any material impact on the Company's financial statements. Updates that are not applicable or are not consequential to the Company have been excluded.

Future accounting changes

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

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.

3. Significant accounting policies

Currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances are eliminated on consolidation. For partly owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The subsidiaries of the Company are as follows:

Company	Registered	Ownership	Principal activity
Pelangio Mines (B) Inc.	Barbados	100%	Holdco
Pelangio Adansi Asaasi (G) Limited	Ghana	100%	Exploration
Pelangio Kyereboso Mining (G) Limited	Ghana	100%	Exploration
Pelangio Adansi Gold (G) Limited	Ghana	100%	Exploration
Pelangio Ahafo (B) Inc.	Barbados	100%	Holdco
Pelangio Ahafo (G) Limited	Ghana	100%	Exploration
5007223 Ontario Inc.	Canada	100%	Inactive

On March 17, 2022, the Company dissolved its wholly owned subsidiary 2229667 Ontario Inc. The subsidiary was dissolved in order to condense and more efficiently manage Pelangio's holdings. During the fiscal year 2022, the Company dissolved its wholly owned subsidiary Pelangio Edubiase (G) Limited, in Ghana. The subsidiary was inactive and had insignificant assets and liabilities.

Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

3. Significant accounting policies (continued)

Provision for closure and reclamation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation property interests; and therefore, no closure and reclamation liabilities have been recorded as at December 31, 2023 and 2022.

Income tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the residual method.

Common shares issued for consideration other than cash, are valued based on their market value at the date they were issued.

Warrants includes charges related to the issuance of warrants until such equity instruments are exercised or expire.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into (i) a flow-through share premium for which a liability is recognized, equal to the difference between the current market price of the Company's common shares and the issue price of the flow-through share and (ii) share capital. Upon expenses being incurred, the premium is recognized as premium income.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years.

3. Significant accounting policies (continued)

Share-based payments

The Company has a share option plan that is described in note 9. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

Impairment of non-financial assets

The carrying value of equipment is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss wa recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3. Significant accounting policies (continued)

Critical judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

1) Assets' carrying values and impairment charges. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

2) Mineral reserve estimates. The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

3) Estimation of closure and reclamation costs and the timing of expenditure. The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

4) Income, value added, withholding and other taxes. The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and

3. Significant accounting policies (continued)

deferred income tax provisions in the period in which such determination is made.

5) Share-based payments. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

6) Fair value of investment in securities not quoted in an active market. Where the fair value of financial assets and liabilities recorded on the consolidated balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. Refer to note 15 for further details.

7) Contingencies. Refer to note 11 for details on all contingencies.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash, amounts receivable, public investments, private investments, accounts payable and accrued liabilities, legal settlement payable, and the loan repayable.

1) Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in the statements of operations. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of operations. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 15, "Fair value of financial instruments"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

3. Significant accounting policies (continued)

Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 as disclosed in Note 15.

2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. There are no level 2 publicly traded investments.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available.

   The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 2 (December 31, 2022 - Level 3) as disclosed in Note 15. Options and warrants of private companies are carried at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

3. Significant accounting policies (continued)

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore, its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

Such events include, without limitation:

- political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

3. Significant accounting policies (continued)

2) Financial assets other than investments at fair value and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and amounts receivable were held at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company’s marketable securities are classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

3. Significant accounting policies (continued)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, legal settlement payable and loan repayable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

4. Operating segments

Geographical information

The Company operates primarily in the gold exploration industry with its activities focus on exploration and development of gold properties. The Company's primary exploration operations are in Canada and Ghana.

The reportable segments are those operations whose operating results are reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance provided those operations pass certain quantitative thresholds. Operations whose exploration expenditures or assets exceed 10% of the total exploration activity or assets are reportable segments.

In order to determine reportable operating segments, management reviews various factors. The Company operates in a single segment, that being the exploration and evaluation of mineral properties.

The Company maintains equipment in both geographical locations. The total value of the equipment in both operating segments as at December 31, 2023 and 2022 was immaterial.

5. Amounts receivable

As at December 31, 2023, the Company had sales taxes receivable ("HST") of $7,994 (December 31, 2022 - $80,995).

During the year ended December 31, 2023, management conducted a review of the accounting estimates used in claiming HST. The review covered all prior periods based on the allowable recovery period for claiming any unclaimed input tax credits by Canada Revenue Agency ("CRA"). As a result of the internal review management concluded that initially unclaimed input tax credits which were assessed by management at the time as having been incurred to support the Company's ability to conduct its foreign operations were unlikely to be collectable and therefore were not included in the estimated input tax credit receivable. As a result of the review management concluded that the HST receivable was now likely to be collected. The Company has changed its estimate on eligible input tax credits and believed that it was entitled to receive an additional $159,334 HST as a result of the review. The HST recovery was recorded as an expense recovery of on the consolidated statements of operations and comprehensive loss.

The Company received the $159,334 HST amount during the year ended December 31, 2023.

(Expressed in Canadian dollars unless otherwise noted)

6. Investments

The Company holds shares in certain public and private companies in the mining industry. At December 31, 2023, these shares were fair valued and this resulted in an unrealized loss of $116,767 (December 31, 2022 – $11,237).

The following table summarizes information regarding the Company's public investments for the year ended December 31, 2023 and 2022.

As at	December 31, 2023 $	December 31, 2022 $
Balance, beginning of the year	132,816	170,822
Acquisitions	30,000	50,000
Disposals	-	(17,837)
Realized gain	-	(24,385)
Change in fair value	(39,369)	(45,784)
Balance, end of the year	**123,447**	**132,816**

The following table summarizes information regarding the Company's private investments for the year ended December 31, 2023 and 2022.

As at	December 31, 2023 $	December 31, 2022 $
Balance, beginning of the year	193,495	191,726
Disposals	-	(32,778)
Change in fair value	(77,399)	34,547
Balance, end of the year	**116,096**	**193,495**

Total marketable securities for the year ended December 31, 2023 and 2022 were:

As at	December 31, 2023 $	December 31, 2022 $
Public investments (Note 15)	123,447	132,816
Private investments (Note 15)	116,096	193,495
Investments	**239,543**	**326,311**

(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses

Total exploration and evaluation expenditures in both Ghana and Canada for the year ended December 31, 2023 were $758,368 (December 31, 2022 - $789,605).

Ghana properties

As at December 31, 2023, the Company held three exploration and evaluation properties in Ghana. Exploration and evaluation expenditures for the Ghana properties for the year ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	**2024**
	$	$
Manfo		
Geologists	84,719	50,608
Logistics	18,905	30,718
Drilling and assaying	283,162	-
Land holding expense	71,468	61,906
Other	1,045	-
Total Manfo expenses	**459,299**	**143,232**
Dankran		
Geologists	2,010	4,362
Logistics	-	1,905
Land holding expense	9,202	-
Option payment	66,246	130,758
Total Dankran expenses	**77,458**	**137,025**
Obuasi		
Geologists	30,920	29,549
Logistics	3,548	982
Land holding expense	190,934	203,414
Total Obuasi expenses	**225,402**	**233,945**
Total Ghana exploration expenses	**762,159**	**514,202**

Obuasi, Ghana

Pursuant to an option agreement dated May 3, 2006, and satisfied by the Company in 2011, certain of the Company's subsidiaries acquired 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 consisted of the Kyereboso #2, Kyereboso #3, Meduma and Adokwae concessions. The Meduma concession, Adokwae concession, the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

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

7. Exploration and evaluation expenses (continued)

Manfo, Ghana

During 2011, the Company satisfied the terms of the three 2010 definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company had 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 Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property. The Subriso concession is in good standing until January 27, 2024, the Sempekrom concession is in good standing until February 4, 2024 and Twabidi concession renewal is pending and such renewal is not assured.

Subsequent to the end of the year, the Company has submitted a renewal application for the Subriso and Sempekrom concessions. As at December 31, 2023, the renewals are pending and such renewals are not assured.

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 assignee) 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.

The Company entered a review period, subject to certain financial conditions, with the optionor of the Manfo property regarding the NSR repurchase terms. As at December 31, 2023, the Company remains in the review period.

Dankran Property

On November 12, 2020, the Company entered into an Option Agreement with BNT Resources Ghana Ltd., ("BNT") to acquire 100% interest in the Subriso-Kokotro concession, located adjacent to the Company's Obuasi project. In order to acquire a 100% interest in the Dankran property, the Company must make aggregate cash payments of $300,000 USD (paid) to BNT; issue 2,250,000 common shares (issued) to BNT and grant to BNT a 2% NSR within 10 days of fulling all of the cash payments and share issuances. The shares issued were valued at $97,500 based on the quoted market price on the date of issuance. On April 1, 2023, the Company granted BNT the 2% NSR.

On November 11, 2023, the Subriso-Kokotro concession had expired. The Company had requested that BNT apply for the renewal of this concession prior to the expire date. As at December 31, 2023, the renewal is pending and such renewal is not assured.

(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

Canadian properties

As at December 31, 2023, the Company held three main exploration and evaluation properties and several minor exploration and evaluation properties in Canada. Exploration and evaluation expenditures for the Canada properties for the year ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	**2022**
	$	$
Dome West		
Drilling and assaying	-	44,051
Geologists	294	2,519
Logistics (recovery)	(10,000)	3,756
Option payment	-	113,000
OJEP Grant	-	(150,000)
Total Dome West expenses	**(9,706)**	**13,326**
Gowan		
Geologists	524	18,334
Geophysics	-	26,493
Drilling and assaying	-	271,802
Logistics	-	30,848
OJEP Grant	-	(150,000)
Total Gowan expenses	**524**	**197,477**
Kenogaming		
Geologists	2,898	25,005
Option payments	-	35,000
Logistics	-	2,769
Total Kenogaming expenses	**2,898**	**62,774**
Other Canadian properties	2,493	1,826
Total Canada exploration expense (recovery)	**(3,791)**	**275,403**

Dome West Property

The Dome West Property consists of certain mining cells in Tisdale Township. Pursuant to an agreement dated January 29, 2019, 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 at December 31, 2023, the Company made the cash payments of $220,000, issued the 500,000 shares and incurred $450,000 of exploration expenditures. The shares issued were valued at $99,000 based on the quoted market price on the date of issuance.

7. Exploration and evaluation expenses (continued)

As of December 31, 2023, the only remaining obligation under the Dome West Property agreement was to incur $300,000 of exploration expenses on or before January 31, 2023. The Company invoked the force majeure provision of the agreement at the onset of the COVID-19 pandemic thereby extending the above deadline to November 19, 2023. As at November 19, 2023, the Company did not incur the required $300,000 of exploration work and are in default of the option agreement.

Upon exercise of the option the Dome West Property will be subject to net smelter return of 3%. The Company has the right to purchase a 1.0% royalty for $1,000,000.

In March 2024, 6398651 Canada Inc. and François C. Desrosiers provided notice of default to Pelangio. It was unanimously agreed between all the parties that the option agreement would be terminated effective December 31, 2023.

Gowan Property

The Gowan Property consists of certain claims located in Gowan Township.

On January 20, 2022, the Company entered into a earn-in letter agreement with 11530313 Canada Inc. ("Privco"), whereby Privco can earn up to a 50% interest in the Gowan Property by making payments in aggregate of $500,000 over 18 months and completing $1,500,000 of exploration expenditures over 30 months. An option payment in the amount of $400,000 was received in the year ended December 31, 2022. During the year ended December 31, 2023, the Company did not receive an option payment. The Company and Privco are in currently in discussions in regards to the completion of the required exploration expenditures and timing of the next option payment.

Grenfell Property

The Grenfell Property consists of certain leases and claims located in Grenfell Township.

On August 19, 2022, the Company entered into an earn-in agreement with Record Gold Corp. ("Record Gold"), on the Company's Grenfell property. Record Gold may earn an 80% interest in the Grenfell property by incurring $2,000,000 of exploration expenditures and making $60,000 of option payments to the Company. The agreement term is five years.

Kenogaming Property

On April 28, 2022, the Company agreed to acquire a 100% interest in the Kenogaming Property for 350,000 common shares of the Company. The shares issued were valued at $35,000 based on the quoted market price on the date of issuance. The property consists of certain claims located in Kenogaming Township and is subject to a 3% NSR, of which 70% is held by a wholly-owned subsidiary of the Company. One-third of the 3% NSR can be purchased at any time for $1,000,000.

Hailstone property

On July 15, 2019, the Company entered into an option agreement, amended October 1, 2019, and satisfied in 2021, in which it acquired a 90% interest in the Hailstone property, comprised of certain mineral claims located in La Ronge, Northern Mining District, Saskatchewan pursuant to an agreement between First Geolas Consulting and the Company.

The property is subject to a 1.5% net smelter royalty ("NSR").

7. Exploration and evaluation expenses (continued)

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.

Birch Lake West

The Birch Lake West property consists of certain unpatented claims in the Casummit Lake Township, Ontario, west of and adjacent to the Company's Birch Lake property.

Earn-in Agreement Birch Lake and Birch Lake West
On October 4, 2021, the Company entered into an earn-in agreement with First Mining Gold Corp. ("First Mining") and Gold Canyon Resources Inc. ("Gold Canyon"), a wholly owned subsidiary of First Mining, on Pelangio's Birch Lake and Birch Lake West properties. Gold Canyon may earn up to an 51% interest in the Birch Lake properties by incurring $1,750,000 ($250,000 in 2022 and $1,500,000 in 2025) of exploration expenditures, making $350,000 and issuing 1,300,000 First Mining shares as option payments to the Company.

Upon completion of the 51% earn-in, Gold Canyon has the right to earn a further 29% interest for a period of 2 years form the date of exercise of the 51% earn in right. Gold Canyon may earn the additional 29% earn-in by making an option payment $400,000 in cash or shares of First Mining (at First Mining's option) and incurring an additional $1,750,000 of exploration expenditures.

On October 10, 2023, the Company amended the terms of the option agreement to extend the 51% earn-in by Gold Canyon from October 2025 to October 2028. The total shares to be issued by First mining as part of the 51% earn-in has been increased to 2,100,000 while the total cash payments have decreased to $220,000. On October 10, 2023, the Company received the third cash option payment of $10,000.

On October 19, 2023, the Company received 250,000 shares of First Mining. The Company recognized $30,000 option income based on the market value of the shares on the date received.

As at December 31, 2023, the Company received the first three option payments totaling $110,000 and 750,000 shares of First Mining.

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%.

8. Issued capital

(i) Authorized

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

(ii) Non-brokered private placements

Year ended December 31, 2023

On September 27, 2023, the Company completed the first tranche of its non-brokered private placement financing. This tranche of 6,970,000 units at a price of $0.03 per unit for gross proceeds of $209,100 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 $0.05 per common share until September 27, 2028. The Company paid a finder's fee of $7,200 in cash and issued 240,000 finders’ warrants. The finders’ warrants have the same terms as the unit warrants.

On October 27, 2023, the Company completed the second and final tranche of its non-brokered private placement financing. This tranche of 4,749,999 units at a price of $0.03 per unit for gross proceeds of $143,000 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 $0.05 per common share until October 27, 2028. There were no finders’ fees associated with this tranche of the private placement.

Year ended December 31, 2022

On January 12, 2022, the Company completed the second tranche of its non-brokered private placement financing. This tranche of 3,170,930 units at a price of $0.10 per unit for gross proceeds of $317,093 is comprised of one common share and one quarter of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.15 per common share until January 12, 2023. The Company paid a finder's fee of $1,600 in cash. As at December 31, 2021, the Company had received $31,500 relating to this financing, which was presented as shares to be issued on the consolidated balance sheets.

On January 13, 2022, the Company completed the third and final tranche of its non-brokered private placement financing. This tranche of 1,000,000 units at a price of $0.10 per unit for gross proceeds of $100,000 is comprised of one common share and one quarter of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.15 per common share until January 13, 2023.

On November 1, 2022, the Company completed the first tranche of a non-brokered private placement. The first tranche of 7,833,333 units at a price of $0.03 per unit, for gross proceeds of $235,000 closed on November 1, 2022. 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 $0.05 per common share until November 1, 2025. The Company paid a finder's fee of $9,450 in cash and 315,000 finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until November 1, 2025.

8. Issued capital (continued)

On December 16, 2022, the Company completed the second and final tranche of its non-brokered private placement financing. This tranche of 16,166,667 units at a price of $0.03 per unit for gross proceeds of $485,000 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 $0.05 per common share until December 16, 2025. The Company paid a finder's fee of $21,180 in cash and 706,000 finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until December 16, 2025.

(iii) Shares issued for properties

Year ended December 31, 2023

There were no shares issued for properties during the year ended December 31, 2023.

Year ended December 31, 2022

In January 2022, the Company issued 100,000 shares pursuant to the Dome West option. The shares issued were valued at $13,000 based on the quoted market price on the date of issuance.

In April 2022, the Company issued 350,000 shares pursuant to the Kenogaming option. The shares issued were valued at $35,000 based on the quoted market price on the date of issuance.

In December 2022, the Company issued 2,000,000 shares pursuant to the Dankran option. The shares issued were valued at $60,000 based on the quoted market price on the date of issuance.

(iv) Shares issued for Obuasi Settlement (Note 11)

Year ended December 31, 2023

On August 17, 2023, the Company issued 285,715 common shares to settle the first instalment of $10,000 to be paid in shares under the terms of the settlement agreement.

Subsequent to the end of the year the Company issued 500,000 common shares to settle the second instalment of $10,000 under the terms of the settlement agreement.

Year ended December 31, 2022

There were no settlement shares issued during the year ended December 31, 2022.

(Expressed in Canadian dollars unless otherwise noted)

9. Equity reserves

The following is a continuity schedule for outstanding options and warrants as at December 31, 2023 and 2022:

	Number of Options	Weighted average Exercise Price ($)	Number of Warrants	Weighted average Exercise Price ($)
December 31, 2021	**6,154,000**	**0.17**	**35,872,200**	**0.26**
Granted/expensed	1,705,000	0.06	26,063,732	0.05
Expired	(176,500)	0.50	(3,601,025)	0.39
December 31, 2022	**7,682,500**	**0.13**	**58,334,907**	**0.15**
Granted	-	-	11,959,999	0.05
Forfeited/cancelled	(970,000)	0.14	-	-
Expired	(355,000)	0.20	(5,000,000)	(0.20)
December 31, 2023	**6,357,500**	**0.13**	**65,294,906**	**0.13**

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 10% of the issued and outstanding common shares of the Company. Each stock option converts into one common share of the Company upon exercise. 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 Company recorded share-based compensation expense related to stock options of $24,547 (December 31, 2022 - $150,436) for the year ended December 31, 2023. The remaining unvested options are set to vest during the year ended December 31, 2024.

The following table reflects the share option arrangements outstanding as at December 31, 2023:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
February 27, 2019	85,000	85,000	0.32	February 27, 2024
July 11, 2019	15,000	15,000	0.16	July 11, 2024
May 4, 2020	417,500	417,500	0.14	May 4, 2025
June 2, 2020	160,000	160,000	0.19	June 2, 2025
August 20, 2020	65,000	65,000	0.23	August 20, 2025
November 5, 2020	2,345,000	2,345,000	0.17	November 5, 2025
August 24, 2021	1,650,000	1,650,000	0.115	August 24, 2026
April 28, 2022	250,000	250,000	0.095	April 28, 2027
August 31, 2022	1,370,000	1,027,500	0.05	August 31, 2027
	6,357,500	**6,015,000**		

The weighted average exercise price and weighted average remaining contractual life of options exercisable at December 31, 2023 was $0.13 and 2.44 years (December 31, 2022 - $0.15 and 3.28 years).

(Expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

During the year ended December 31, 2023, 355,000 stock options expired unexercised. The options had a weighted average exercise price of $0.20 and an estimated grant date fair value $137,300. During the year ended December 31, 2023, 970,000 options with a weighted average exercise price of $0.14 were forfeited/cancelled. The forfeited/cancelled options had initial expiry dates ranging from November 1, 2023 to August 27, 2027, with estimated grant date fair value $116,560.

The fair value of share options outstanding as at December 31, 2023, 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 27, 2019	0	1.91	174	5 years	25,840
July 11, 2019	0	1.62	164	5 years	2,000
May 4, 2020	0	0.40	151	5 years	55,667
June 2, 2020	0	0.38	151	5 years	27,000
August 20, 2020	0	0.41	141	5 years	26,000
November 5, 2020	0	0.45	137	5 years	338,096
August 24, 2021	0	0.87	116	5 years	161,100
April 24, 2022	0	0.99	126	5 years	26,466
August 31, 2022	0	3.34	140	5 years	49,668

There were no options granted during the year ended December 31, 2023.

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. The Company has assumed that any granted stock options will not be exercised until the expiry date. Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company. Expected forfeiture rates have been assumed to be nil to date.

Warrants

The following warrant arrangements were in existence as at December 31, 2023:

Warrants #	Exercise Price $	Grant Date	Expiry Date
9,420,000	0.18	May 19, 2020	December 3, 2024
7,950,000	0.18	December 3, 2020	December 3, 2024
6,650,000	0.18	December 3, 2020	December 3, 2024
1,484,375	0.20	June 10, 2021	December 10, 2024
859,375	0.20	June 10, 2021	December 10, 2024
1,042,732	0.15	December 30, 2021	December 30, 2024
907,425	0.15	January 12, 2022	December 30, 2024
7,833,333	0.05	November 1, 2022	November 1, 2025
315,000	0.05	November 1, 2022	November 1, 2025
16,166,667	0.05	December 16, 2022	December 16, 2025
706,000	0.05	December 16, 2022	December 16, 2025
6,970,000	0.05	September 27, 2023	September 27, 2028
240,000	0.05	September 27, 2023	September 27, 2028
4,749,999	0.05	October 27, 2023	October 27, 2028
65,294,906	**0.11**		

(Expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

The weighted average life of the outstanding warrants at December 31, 2023 is 1.94 years (December 31, 2022 – 1.99 years).

The fair value of warrants 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 (Years)	Estimated grant date fair value $
May 19, 2020	0	0.42	150	2	343,164
December 3, 2020	0	0.46	137	2	292,527
December 10, 2020	0	0.46	136	2	244,693
June 10, 2021	0	0.82	119	1.5	84,968
June 17, 2020	0	0.94	119	1.5	49,002
December 30, 2021	0	1.28	111	1	24,675
January 12, 2022	0	1.52	111	1	11,844
January 13, 2022	0	1.50	111	1	6,811
November 1, 2022	0	3.43	140	3	69,825
December 25, 2022	0	2.91	140	3	153,028
September 27, 2023	0	4.33	146	5	94,960
October 27, 2023	0	4.62	149	5	63,868

Warrant extensions

On April 14, 2022, the Company announced the extension and amendment of the terms of certain investor warrants. The warrants were initially issued pursuant to non-brokered private placements closed on May 19, 2020 and May 27, 2020. 9,420,000 warrants which were set to expire on May 19, 2022 were extended to May 19, 2023. On May 5, 2023, the Company extended the expiry of these investor warrants again to December 3, 2024. There were no other amendments to the other warrant terms in the April 14, 2022 extension, or the May 5, 2023 extension.

On November 29, 2022, the Company announced the extension and amendment of the terms of certain investor warrants. The warrants were initially issued pursuant to non-brokered private placements closed on December 3, 2020, December 10, 2020, June 10, 2021, June 18, 2021, December 30, 2021, January 12, 2022 and January 13, 2022. 4,600,000 warrants had an original expiry date of December 3, 2022 were extended until December 3, 2024. 2,343,750 warrants had an original expiry date of December 10, 2022 were extended to December 10, 2023. 1,950,157 warrants had original expiry dates between December 30, 2022 and January 13, 2023 were all extended to December 30, 2024.

(Expressed in Canadian dollars unless otherwise noted)

10. Related party information

The following transactions were entered into with related parties that are not subsidiaries of the Company during the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	**2022**
	$	$
Corporations controlled by an officer of the Company:		
Consulting, exploration and evaluation (Senior VP Exploration)	57,879	85,994
Exploration and evaluation (V.P. Corporate Development)	-	13,375
Partnership in which an officer of the Company is a partner:		
Accounting services	16,847	65,658
Chief Financial Officer services	39,402	92,214
Corporation providing services to the Company:		
Corporate Secretary	13,221	15,880
Total	**127,349**	**273,121**

Accounts payable and accrued liabilities as at December 31, 2023 include amounts owing to directors and officers in the amount of $218,669 (December 31, 2022 - $336,496). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Of the related party accounts payable and accrued liabilities as at December 31, 2023, $112,500 (December 31, 2022 - $212,500) is accrued wages to the Company's president. This amount is unsecured, non-interest bearing and is due on demand. On June 30, 2023, the Company's president informed the Company that they were voluntarily forgiving $100,000 of the accrued wages. The Company recorded a recovery of expenses on the consolidated statement of operations for the debt recovery. In 2022, the Company also repaid $50,000 of a related party loan received by the Company in 2021. As at December 31, 2023 and 2022, there was a $nil balance on that loan.

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, not including key management paid through a corporation listed in the table above, during the year ended December 31, 2023 and 2022 were as follows:

	Year ended December 31,	
	2023	**2022**
	$	$
Consulting fees	53,000	-
Salary and benefits	45,000	48,353
Share-based payments	20,750	107,955
Total	**118,750**	**156,308**

During the year ended December 31, 2023, there were no stock options issued to related parties (December 31, 2022 – 1,020,000 stock options. Refer to note 9 on the details of the stock option grants). As at December 31, 2023, there are 4,205,000 (December 31, 2022 – 4,447,500) options owned by related parties.

10. Related party information (continued)

During the year ended December 31, 2023 and 2022 non-brokered private placements officers of the Company subscribed for a total of 3,770,000 units (December 31, 2022 – 3,250,000) for gross proceeds of $113,100 (December 31, 2022 - $155,000). Refer to note 8 for details of the private placement.

11. Commitments and contingencies

Employment agreements

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 $153,000. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

Litigation claims

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.

Obuasi Litigation

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.

On July 11, 2023, the Company entered into a settlement agreement to resolve all outstanding litigation in the Ghana High Court involving the vendor of two of the four prospecting licenses comprising Pelangio's Obuasi property.

On July 21, 2023, the Ghana High Court issued a court judgement accepting of the settlement agreement. The judgement now formally resolves the long outstanding legal claim against Pelangio.

Under the terms of the settlement agreement Pelangio will make five payments totaling US$100,000 and issue common shares having an aggregate value of $50,000. The share issuances are subject to approval by the TSXV for every individual tranche.

(Expressed in Canadian dollars unless otherwise noted)

11. Commitments and contingencies (continued)

Cash Payments (USD)	Share Issuances	Date
$20,000	$10,000	On July 21, 2023 (paid and issued 285,715 shares)
$20,000	-	On or before October 21, 2023 (paid)
$20,000	$10,000	On or before January 21, 2024 (paid and issued in 2024)
$20,000	-	On or before April 21, 2024
$20,000	$30,000	On or before July 21, 2024
$100,000	**$50,000**	

On August 17, 2023, the Company issued 285,715 common shares to settle the first instalment of $10,000 to be paid in shares under the terms of the settlement agreement and paid the first USD$20,000 instalment.

On October 18, 2023, the Company made the second settlement payment of USD$20,000.

As at December 31, 2023, the Company recognized legal settlement expense of $182,068 (December 31, 2022 - $nil) and had a legal settlement payable of $119,509 (December 31, 2022 - $nil).

Subsequent to the end of the year, the Company made the third USD$20,000 payment and issued 500,000 common shares to satisfy the second share issuance of $10,000.

<u>Ghana Revenue Agency ("GRA") audit</u>

In August 2023, the Company's Ghana subsidiaries underwent a compliance audited by the GRA. As a result of the audit, a total of GHS$584,571 (CAD$68,804) including penalties and interest was assessed as owing to the Ghana government (GHS$415,959) and Ghana accounting firm (GHS$168,612) for mediation costs.

As at December 31, 2023, the Company has a payable to the GRA in the amount of $45,976 (GHS$415,959). This amount is included in the accounts payable and accrued liabilities.

Subsequent to the end of the year, the Company paid the full GHS415,959 owing to the GRA.

<u>New Edubiase claims</u>

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 a reasoned assessment by management of all available information including legal advice received regarding the basis in law for the counterparty's claim. The Plaintiff has since died and the Company is in the process of making an application to have the litigation dismissed.

<u>Flow through share issuance</u>

The Company indemnifies subscribers to flow-through shares for tax-related amounts that may become due as a result of the Company not meeting its obligations under the flow through subscription agreements.

(Expressed in Canadian dollars unless otherwise noted)

12. Loan Payable

Canada Emergency Business Account Loan

On May 7, 2020, the Company was approved for a $40,000 non-interest bearing bank loan under the Canadian Emergency Business Assistance (“CEBA”) program funded by the Government of Canada. The CEBA loan may be repaid at any time without notice or penalty. Up to 25% of the loan may be forgiven if 75% of the CEBA loan is repaid by January 18, 2024. In addition, the loan is not subject to any interest charges if repaid prior to January 18, 2024. As at December 31, 2023, the Company has not made any repayments of the loan.

On January 11, 2024, the Company made the required $30,000 repayment of the CEBA loan in order to qualify for the $10,000 debt forgiveness by the Government of Canada.

Loan from related party

During the year ended December 31, 2022, the Company repaid the $50,000 outstanding balance on the non-interest bearing, unsecured loan from the Company’s president. There were no similar loans to the Company during the year ended December 31, 2023.

13. Income taxes

Provisions for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian Federal and Provincial statutory income tax rate of approximately 26.5% (2022 - 26.5%) approximate the following:

	2023	2022
	$	$
Loss before income taxes	(1,387,793)	(1,361,847)
Expected income tax benefit based on statutory rates	(368,000)	(369,000)
Adjustment to expected income tax benefit:		
Non deductible expenses	208,000	170,000
Change in benefit of tax assets not recognized	160,000	262,000
Change in valuation allowance	-	(63,000)
Income tax expense (recovery)	-	-

Deferred Income Tax

Deferred income tax assets (liabilities) recorded in Ghana are as follows:

	2023	2022
	$	$
Equipment	(1,000)	(63,000)
Non-capital losses	1,000	63,000
Net tax assets (liabilities)	-	-

(Expressed in Canadian dollars unless otherwise noted)

13. Income taxes (continued)

Deferred tax assets in Canada have not been recognized in respect of the following deductible temporary differences:

	December 31, 2023	December 31, 2022
	$	$
Non-capital losses carried forward	16,558,000	15,250,000
Non-capital losses carried forward (Ghana)	795,000	1,227,000
Capital losses carried forward	5,179,000	5,203,000
Exploration and evaluation expenditures	164,000	167,000
Share issue costs	127,000	229,400
Equipment	2,000	1,000
	22,825,000	22,077,400

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately $16,558,000 (December 31, 2022 - $15,250,000) of non-capital losses in Canada, which under certain circumstances can be used to reduce taxable income of future years. The amount and year of expiry of the losses are as follows:

Expiry year	$
2028	389,000
2029	1,693,000
2030	1,552,000
2031	2,860,000
2032	1,919,000
2033	1,354,000
2034	888,000
2035	411,000
2036	381,000
2037	283,000
2038	836,000
2039	808,000
2040	519,000
2041	540,000
2042	817,000
2043	927,000
	16,558,000

The Company has approximately $164,000 (December 31, 2022 - $167,000) of Canadian exploration and development expenditures as at December 31, 2023, which under certain circumstances may be utilized to reduce taxable income of future years.

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 2023 or 2022.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2023 and 2022. 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 at December 31, 2023, management of the Company assessed that it is not compliant with Policy 2.5 as its current liabilities exceed its current assets.

15. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant 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

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a cash balance of $234,350 (December 31, 2022 - $603,638) to settle current liabilities of $1,129,847 (December 31, 2022 - $607,123). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The company's loan repayable is described in note 12.

Of the accounts payable and accrued liabilities as at December 31, 2023, $112,500 (2022 - $212,500) is an amount of accrued wages to the Company president. This amount is unsecured, non-interest bearing and is due on demand.

15. Financial risk factors (continued)

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 with respect to commodity prices is remote since the Company is not a producing entity. The Company is exposed to price risk with respect to its marketable securities. Unfavourable market conditions could result in disposition of the investments at less than favourable prices.

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.

As at December 31, 2023 and 2022, 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).

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, legal settlement payable and loan repayable approximate their fair values due to the short-term nature of these instruments.
ii. Public and private investments are carried at amounts in accordance with the Company’s accounting policies as set out in Note 3 of the annual consolidated financial statements.

The following tables illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2023.

(Expressed in Canadian dollars unless otherwise noted)

15. Financial risk factors (continued)

	Level 1	Level 2	Level 3	
Investments, fair value	(Quoted Market price)	(Valuation technique - observable market inputs)	(Valuation technique - non-observable market inputs)	Total
Publicly traded investments	123,447	-	-	123,447
Private investment	-	116,096	-	116,096
December 31, 2023	**123,447**	**116,096**	**-**	**239,543**

Fair value of financial instruments

Within Level 3, the Company included private company investments that are not quoted on an exchange. The key assumptions previously used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies. As at December 31, 2023, the Company no longer had any Level 3 financial instruments.

Transfer of Levels in the Fair Value Hierarchy

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. During the year ended December 31, 2023, private investments of $232,194 transferred from Level 3 to Level 2 driven by availability of observable external market data associated with these positions, consequently, no further extrapolation is required.

The table below provides a summary of changes in level 3 balance sheet items measured at fair value as at December 31, 2023.

Changes in financial instruments measured at fair value based on level 3		
	Number of shares	Private Investment ($) (Measured at fair value)
Balance December 31, 2022	**3,869,896**	**232,194**
Transfers to Level 2	(3,869,896)	(232,194)
Balance at December 31, 2023	**-**	**-**

Record Resources

On September 2, 2020, the Company entered into an option agreement with Jubilee Minerals Inc. on its Birch Lake property. Consideration received for this option was 4,667,940 common shares of Record Gold Corp. During the year 2022, 798,044 shares of Record Gold Corp. were exchanged for 798,044 shares of Record Resources (formerly "Silk Road Energy Inc.").

On June 19, 2023, at a special meeting of the shareholders of Record Gold Corporation, the shareholders voted in favor of a share exchange in which each shareholder of Record Gold will exchange the equivalent number of their shares held in Record Gold for common shares of Record Resources on a 1:1. As a result of the approved share exchange Pelangio would be exchanging its 3,869,896 common shares in Record Gold for the equivalent number of shares in Record Resources.

15. Financial risk factors (continued)

On September 6, 2023 Record Resources held a Special Meeting of Shareholders to approve the share exchange. The Grenfell transaction required the approval of the Record Resources disinterested shareholders and as a result this second meeting was required.

The valuation of the remaining 3,869,896 shares of Record Gold Corp. after the June 19, 2023 and September 6, 2023, shareholders meetings is no longer based on a non-observable input, having been the most recent financing of Record Gold. With the shareholder and management approved 1:1 transfer of shares to publicly traded Record Resources shares management has determined that the valuation of the Record Gold shares can now be linked directly to the observable market input of the daily trading price of the Record Resources shares until such time as the TSX Venture approves the share exchange.

On March 12, 2024, the TSX V provided Record Resources and Record Gold approval for the share exchange. The Company received 3,508,277 shares of Record Resources in exchange for the same number of shares the Company held in Record Gold.

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:

<u>US dollar</u>

As at December 31, 2023, the Company held approximately $34,000 (December 31, 2022 - $6,500) of cash balances denominated in US dollars. As at December 31, 2023, the Company had accounts payable and accrued liabilities denominated in US dollars of $506,600 (December 31, 2022 - $18,000). A 10% change in the value of the Canadian dollar compared to the US dollar would result in a corresponding foreign exchange gain/loss of approximately $47,200 based on the balance of monetary assets and liabilities at December 31, 2023 (December 31, 2022 - $1,150).

15. Financial risk factors (continued)

Ghanian Cedi

As at December 31, 2023, the Company held approximately GHS$17,500 (CAD$1,900) of cash balances denominated in Ghanian Cedi. As at December 31, 2023, the Company had accounts payable and accrued liabilities denominated in Ghanian Cedi of GHS$417,000 (CAD$46,100). A 10% change in the value of the Canadian dollar compared to the Ghanian Cedi would result in a corresponding foreign exchange gain/loss of approximately GHS$39,550 (CAD$4,420) based on the balance of monetary assets and liabilities at December 31, 2023. Cash and accounts payable and accrued liabilities in Ghanian Cedi as at December 31, 2022 were insignificant.

16. Subsequent events

A) Obuasi Settlement

Subsequent to the end of the year the Company issued 500,000 common shares to settle the second instalment of $10,000 under the terms of the settlement agreement. The Company also made the third USD$20,000 instalment payment.

B) Loan payable

On January 11, 2024, the Company made the required $30,000 repayment of the CEBA loan in order to qualify for the $10,000 debt forgiveness by the Government of Canada.

C) Stock option expiry

On February 27, 2024, 85,000 stock options, exercisable at $0.32 expired unexercised.

D) Director loans

On February 28, 2024, certain directors of the Company loaned an aggregate of $60,000 to Pelangio to cover short term cash needs. The loans mature on June 30, 2024, and carry a simple interest rate at 10.5%.

E) Option termination

In March 2024, 6398651 Canada Inc. and François C. Desrosiers provided notice of default to Pelangio. It was unanimously agreed between all the parties that the option agreement would be terminated effective December 31, 2023.

F) Ghana Revenue Agency (GRA)

In March 2024, the Company paid the full GHS415,959 owing to the GRA.

G) Record Gold share exchange

On March 12, 2024, the TSX V provided Record Resources and Record Gold approval for the share exchange. The Company received 3,508,277 shares of Record Resources in exchange for the same number of shares the Company held in Record Gold.