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**Pelangio Exploration Inc.**

**Unaudited Condensed Interim Consolidated Financial Statements**

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**September 30, 2020**

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# **Pelangio Exploration Inc.**

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**September 30, 2020**

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### **Notice of Non-Review of Consolidated Interim Financial Statements**

**The attached condensed interim consolidated financial statements for the nine-month period ended September 30, 2020 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.**

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## Pelangio Exploration Inc.

### Unaudited Condensed Interim Consolidated Balance Sheet

Expressed in Canadian Dollars

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	September 30 2020	December 31 2019
	\$	\$
<b>Assets</b>		
<b>Current:</b>		
Cash	595,893	392,267
Amounts receivable	37,141	37,252
Marketable securities, <i>note 5</i>	167,000	153,919
Prepaid expenses	55,524	46,701
<b>Total current assets</b>	<b>855,558</b>	<b>630,139</b>
<b>Non-current assets:</b>		
<b>Equipment, <i>note 7</i></b>	<b>14,040</b>	<b>17,178</b>
<b>Total Assets</b>	<b>869,598</b>	<b>647,317</b>
<b>Liabilities</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities, <i>note 10</i>	562,109	573,085
<b>Total current liabilities</b>	<b>562,109</b>	<b>573,085</b>
<b>Non-current liabilities:</b>		
Loan repayable, <i>note 12</i>	40,000	-
<b>Total Liabilities</b>	<b>602,109</b>	<b>573,085</b>
<b>Shareholders' Equity</b>		
Issued capital, <i>note 8</i>	56,150,996	55,271,909
Equity reserves, <i>note 9</i>	2,013,354	1,413,093
Deficit	(57,896,861)	(56,610,770)
<b>Total Shareholder's Equity</b>	<b>267,489</b>	<b>74,232</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>869,598</b>	<b>647,317</b>

Commitments and contingencies, *notes 1, 6 and 11*

Subsequent events, *note 13*

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

Approved on behalf of the Board:

"Ingrid Hibbard" \_\_\_\_\_ Director

"J. C. St-Amour" \_\_\_\_\_ Director

## Pelangio Exploration Inc.

### Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Share Capital \$	Equity reserves \$	Deficit \$	Total equity \$
<b>December 31, 2018</b>	35,478,927	54,497,296	1,292,694	(55,284,040)	505,950
Expiry of options	-	-	(66,000)	66,000	-
Non-brokered private placement, net of issuance costs	2,800,000	346,134	-	-	346,134
Valuation of warrants issued in public placement	-	(128,469)	128,469	-	-
Flow-through shares issued, net of issuance costs	1,566,038	283,930	-	-	283,930
Flow-through share liability	-	(2,830)	-	-	(2,830)
Shares issued for property	290,000	65,500	-	-	65,500
Share based payments	-	-	43,583	-	43,583
Loss for the nine months	-	-	-	(991,868)	(991,868)
<b>September 30, 2019</b>	40,134,965	55,061,561	1,398,746	(56,209,908)	250,399
Valuation of warrants issued in private placement	-	(2,401)	2,401	-	-
Flow-through shares issued, net of issuance costs	1,500,000	212,749	-	-	212,749
Share based payments	-	-	11,946	-	11,946
Loss for the three months	-	-	-	(400,862)	(400,862)
<b>December 31, 2019</b>	41,634,965	55,271,909	1,413,093	(56,610,770)	74,232
Exercise of warrants	88,142	25,487	(7,859)	-	17,628
Expiry of options	-	-	(23,609)	23,609	-
Non-brokered private placement, net of issuance costs	9,420,000	1,083,575	-	-	1,083,575
Valuation of warrants issued in private placement	-	(560,794)	560,794	-	-
Flow-through shares issued, net of issuance costs	2,282,142	309,819	-	-	309,819
Shares issued for property	150,000	21,000	-	-	21,000
Share based payments	-	-	70,935	-	70,935
Loss for the nine months	-	-	-	(1,309,700)	(1,309,700)
<b>Balance at September 30, 2020</b>	<b>53,575,249</b>	<b>56,150,996</b>	<b>2,013,354</b>	<b>(57,896,861)</b>	<b>267,489</b>

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

## Pelangio Exploration Inc.

### Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the three months ended September 30...	2020	2019		
For the nine months ended September 30...			2020	2019
	\$	\$	\$	\$
<b>Expenses:</b>				
Salaries and employee benefits	28,486	21,701	68,656	63,491
Consulting services, <i>note 10</i>	119,444	76,764	313,041	241,474
Exploration and evaluation expenses, <i>note 6</i>	357,887	143,352	703,820	465,590
Foreign exchange loss (gain)	4,248	8,910	2,658	9,932
Insurance	6,090	5,690	17,384	16,227
Investor relations	33,183	22,352	65,277	109,448
Office and general	9,553	5,142	34,468	38,859
Professional fees, <i>note 10</i>	37,809	32,597	91,982	102,757
Share-based payments, <i>note 9</i>	22,743	12,681	70,935	43,583
Transfer agent and filing fees	10,191	9,297	37,050	21,811
Travel	-	-	-	754
Amortization	1,046	1,452	3,138	4,355
<b>Total expenses</b>	<b>630,680</b>	<b>339,938</b>	<b>1,408,409</b>	<b>1,118,281</b>
<b>Other items:</b>				
Property option, <i>note 6</i>	5,000	16,000	44,000	43,500
Realized gain (loss) on disposal of marketable securities, <i>note 5</i>	-	5,830	2,188	63,791
Interest revenue	410	1,073	521	5,994
Unrealized gain (loss) on marketable securities, <i>note 5</i>	18,000	(13,766)	52,000	3,639
Flow-through share premium income, <i>note 9</i>	-	799	-	9,489
<b>Total other items</b>	<b>23,410</b>	<b>9,936</b>	<b>98,709</b>	<b>126,413</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(607,270)</b>	<b>(330,002)</b>	<b>(1,309,700)</b>	<b>(991,868)</b>
<b>Net loss per common share:</b>				
- basic	(0.01)	(0.01)	(0.03)	(0.03)
- diluted	(0.01)	(0.01)	(0.03)	(0.03)
<b>Weighted average number of common shares outstanding:</b>				
- basic	53,533,094	39,060,182	47,514,045	37,738,340
- diluted	53,533,094	39,060,182	47,514,045	37,738,340

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

## Pelangio Exploration Inc.

### Unaudited Condensed Interim Consolidated Statements of Cash Flows Expressed in Canadian Dollars

For the three months ended September 30...	2020	2019		
For the nine months ended September 30...			2020	2019
	\$	\$	\$	\$
<b>Cash was provided by (used in</b>				
<b>Operating activities:</b>				
Net loss for the period	(607,270)	(330,002)	(1,309,700)	(991,868)
Items not affecting cash:				
Realized gain on disposal of marketable securities	-	(5,830)	(2,188)	(63,791)
Unrealized loss (gain) on marketable securities	(18,000)	13,766	(52,000)	(3,639)
Flow through share premium income	-	(799)	-	(9,489)
Shares issued for exploration and evaluation expenses	-	20,500	21,000	65,500
Shares received for option income	-	-	(39,000)	-
Amortization	1,046	1,452	3,138	4,355
Share-based payments	22,743	12,681	70,935	43,583
	<b>(601,481)</b>	<b>(288,232)</b>	<b>(1,307,815)</b>	<b>(955,349)</b>
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	(22,623)	(6,477)	111	(11,983)
Prepaid expenses	(25,715)	(4,310)	(8,823)	(30,575)
Accounts payable and accrued liabilities	15,794	(9,237)	24,063	(79,057)
Share subscriptions	-	-	-	(16,755)
Net change in non-cash working capital	<b>(32,544)</b>	<b>(20,024)</b>	<b>15,351</b>	<b>(138,370)</b>
Net cash used in operating activities	<b>(634,025)</b>	<b>(308,256)</b>	<b>(1,292,464)</b>	<b>(1,093,719)</b>
<b>Investing activities:</b>				
Purchase of marketable securities	-	(16,000)	-	(268,700)
Proceeds from disposal of marketable securities	-	55,834	45,069	301,651
Net cash provided by investing activities	-	<b>39,834</b>	<b>45,069</b>	<b>32,951</b>
<b>Financing activities:</b>				
Increase in long-term debt	-	-	40,000	-
Non-brokered private placement	-	290,000	1,449,900	710,000
Issue costs	-	(31,013)	(56,507)	(79,935)
Warrants exercised	17,628	-	17,628	-
Net cash provided by financing activities	<b>17,628</b>	<b>258,987</b>	<b>1,451,021</b>	<b>630,065</b>
<b>Change in cash</b>	<b>(616,397)</b>	<b>(9,435)</b>	<b>203,626</b>	<b>(430,703)</b>
Cash, beginning of period	1,212,290	593,700	392,267	1,014,968
<b>Cash, end of period</b>	<b>595,893</b>	<b>584,265</b>	<b>595,893</b>	<b>584,265</b>

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

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 1. Nature of operations and going concern

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

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation assets is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material writedowns of the carrying value of exploration and evaluation assets. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

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

The Company had a net loss of \$1,309,700 for the nine months ended September 30, 2020 (September 30, 2019 - \$991,868) and had an accumulated deficit of \$57,896,861 (December 31, 2019 - \$56,209,908) and working capital of \$293,449 (December 31, 2019 - \$57,054). 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.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of preparation

The interim condensed consolidated financial statements for the nine months ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2019

#### 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, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

### 3. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statement for the year ended December 31, 2019.

These unaudited condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2019. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended September 30, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.

#### Use of critical estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 3. Significant accounting policies (continued)

#### Use of critical estimates and judgments (continued)

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these condensed interim consolidated financial statements, the significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019 other than as noted below.

The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company was unable to carry out diamond drilling exploration due to access restrictions put in place by landowners. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern.

The Federal and Provincial Governments have provided an extension of the time period for the flow-through spending during this crisis.

### 4. Operating segments

#### *Geographical information*

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

Ghana	\$13,171	(September 30, 2019 - \$18,382)
Canada	\$869	(September 30, 2019 - \$1,086)

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 5. Marketable securities

The Company holds shares in certain public and private companies in the mining industry. During the nine month period ended September 30, 2020, these shares were fair valued and this resulted in an unrealized gain of \$52,000 (September 30, 2019 - \$3,639).

The following table summarizes information regarding the Corporation's marketable securities for the nine months ended September 30, 2020 and the year ended December 31, 2019.

	<b>September 30,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
	\$	\$
Balance, beginning of period	153,919	123,672
Acquisitions	39,000	276,200
Disposals	(80,107)	(314,414)
Realized gain	2,188	94,349
Unrealized gain (loss) on mark-to-market	52,000	(25,888)
<b>Balance, end of period</b>	<b>167,000</b>	<b>153,919</b>

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## Pelangio Exploration Inc.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020  
(expressed in Canadian dollars unless otherwise noted)

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#### 6. Exploration and evaluation expenses

Transactions related to Canadian exploration for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, December 31,	
	2020	2019
<b>Dalton</b>		
Drilling and assaying	125,786	128,807
Field supplies	7,180	7,629
Geologists	10,600	18,204
Option payments	-	40,500
	<b>143,566</b>	<b>195,140</b>
<b>Dome West</b>		
Drilling and assaying	-	94,369
Field supplies	75	10,175
Geologists	-	23,799
Option payments	51,000	60,000
	<b>51,075</b>	<b>188,343</b>
<b>Grenfell</b>		
Drilling and assaying	224,435	-
Field supplies	16,513	5,788
Geologists	26,118	3,600
Other	-	2,885
	<b>267,066</b>	<b>12,273</b>
<b>Hailstone</b>		
Drilling and assaying	-	4,417
Field supplies	-	7,894
Geologists	4,800	20,800
Option payments	15,000	17,000
Magnetic survey	22,674	-
Till sampling	20,818	-
	<b>63,292</b>	<b>50,111</b>
<b>Other</b>		
Geologists	6,278	-
Other	1,378	2,636
	<b>7,656</b>	<b>2,636</b>
<b>Total Canadian Exploration</b>	<b>532,655</b>	<b>448,503</b>

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## Pelangio Exploration Inc.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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#### 6. Exploration and evaluation expenses (continued)

Transactions related to Ghanaian exploration for the six months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, December 31,	
	2020	2019
<b>Manfo</b>		
Accounting services	3,041	6,826
Contract workers	20,552	5,375
Corporate social responsibility	1,411	8,654
Crop compensation	207	-
Drilling and assaying	699	-
Field supplies	3,162	-
Geologists	31,472	68,144
In-country logistics	14,925	8,418
Other	-	1,739
Permits and licenses	-	3,579
Security	1,257	-
Site meal services	795	1,046
Soil sampling	50,785	1,220
Travel and vehicle	9,041	17,694
	<b>137,347</b>	<b>122,695</b>
<b>Obuasi</b>		
Accounting services	4,725	-
Contract workers	1,332	2,332
Consultancy	-	17,100
Corporate social responsibility	242	91
Field supplies	-	624
Geologists	15,158	30,125
In-country logistics	8,193	2,620
Permits and licenses	-	765
Site meal services	278	156
Soil sampling	1,296	-
Travel and vehicle	2,593	5,409
	<b>33,817</b>	<b>59,222</b>
<b>Total Ghanaian Exploration</b>	<b>171,164</b>	<b>181,917</b>
<b>Total Exploration</b>	<b>703,819</b>	<b>630,420</b>

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 6. Exploration and evaluation expenses (continued)

#### Obuasi, Ghana

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

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

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

#### Manfo, Ghana

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

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

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

During 2013, the Company paid \$55,303 to enter into a review period with the optionor of the Manfo property regarding the NSR repurchase terms. The review period ends when the market conditions improve such that the Company is able to complete a single financing amount of greater than \$2,000,000. As at September 30, 2020, the Company remains in the review period.

#### Akroma, Ghana

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

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 6. Exploration and evaluation expenses (continued)

#### Akroma, Ghana (continued)

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

The Akroma Property consists of two separate land packages, Dormaa and Wamfie. The Prospecting License for Dormaa is pending and such renewal or extension is not assured. The conversion of the Wamfie concession to a Prospecting Licence is still pending and there is no assurance that such conversion will be completed.

#### Birch Lake, Canada

Birch Lake consists of the following:

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

#### Option Agreement Birch Lake

The Company entered into an option agreement dated August 31, 2020, with Jubilee Minerals Inc., ("Jubilee") on the Birch Lake Project.

To exercise the option and earn a 70% interest in the Birch Lake Project, Jubilee must:

- (a) pay to Pelangio \$5,000 on the date the agreement is accepted by the TSXV (received); and
- (b) undertake a total of \$2,000,000 in exploration expenditures on the Birch Lake Project, within four years of the date of the Option Agreement (the "Effective Date") as follows:
  - (i) \$500,000 on or before the first anniversary of the Effective Date;
  - (ii) \$500,000 on or before the second anniversary of the Effective Date;
  - (iii) \$500,000 on or before the third anniversary of the Effective Date; and
  - (iv) \$500,000 on or before the fourth anniversary of the Effective Date.

#### 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.

#### Poirier Gold

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%.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 6. Exploration and evaluation expenses (continued)

#### Dalton Property

The Dalton Property consists of certain patented claims located in Ogden Township. The Company has a 10% interest and an option to earn a further 90% interest in the property by issuing an aggregate of 370,000 shares, make cash payments of \$199,500 and complete \$750,000 of exploration expenses as follows:

- (a) issue 100,000 shares and cash payment of \$15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$17,500 based on the quoted market price on the date of issuance;
- (b) issue 90,000 shares (issued) and cash payment of \$27,000 (paid) and incur \$75,000 of exploration expenses on or before the first anniversary of the acceptance date (incurred). The shares issued were valued at \$13,500 based on the quoted market price on the date of issuance;
- (c) issue 90,000 shares and cash payment of \$67,500 and incur \$150,000 of exploration expenses on or before the second anniversary of the acceptance date;
- (d) issue 90,000 shares and cash payment of \$90,000 and incur \$225,000 of exploration expenses on or before the third anniversary of the acceptance date; and
- (e) incur \$300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

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

On August 26, 2020, the Company relinquished its option to earn a 90% interest in the Dalton Property.

#### Montcalm and Nova Properties

The Montcalm and Nova Properties consists of a 1.25% NSR held on certain unpatented mining claims located in Montcalm and Nova Townships.

#### Strachan Property

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

On January 18, 2019, the Company entered into a binding letter of intent with Pancontinental Resources Corporation ("Pancon"), whereby Pancon can earn up to a 75% interest in the Strachan Property by the issuance of 400,000 common shares over three years, making payments in aggregate of \$40,000 over three years and completing \$750,000 of exploration expenditures over six years.

Pursuant to this agreement, Pancon issued 100,000 common shares and made a cash payment of \$10,000 to 5007223 Ontario Inc.

On August 13, 2020, the Company's interest in the Strachan property claims was extinguished.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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(expressed in Canadian dollars unless otherwise noted)

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### 6. Exploration and evaluation expenses (continued)

#### Gowan Property

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

#### 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 follows:

- (a) issue 150,000 shares and cash payment of \$15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$45,000 based on the quoted market price on the date of issuance;
- (b) issue 150,000 shares and cash payment of \$30,000 and incur \$110,000 of exploration expenses on or before the first anniversary of the acceptance date (issued, paid and incurred). The shares issued were valued at \$21,000 based on the quoted market price on the date of issuance;
- (c) issue 100,000 shares and cash payment of \$75,000 and incur \$115,000 of exploration expenses on or before the second anniversary of the acceptance date;
- (d) issue 100,000 shares and cash payment of \$100,000 and incur \$225,000 of exploration expenses on or before the third anniversary of the acceptance date; and
- (e) incur \$300,000 of exploration expenses on or before the fourth anniversary of the acceptance date.

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.



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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 6. Exploration and evaluation expenses (continued)

#### Hailstone property

On July 15, 2019, the Company entered into an option agreement, amended October 1, 2019, to acquire 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. Pursuant to the agreement the company agreed to issue 50,000 shares, make cash payment of \$75,000 and complete \$285,000 of exploration expenditures over a three year period from the acceptance date of the agreement.

The Company has a right to earn a 51% interest in the property by issuing an aggregate of 50,000 shares, make cash payments of \$25,000 and complete \$135,000 of exploration expenses as follows:

- (a) issue 50,000 shares and cash payment of \$10,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$7,000 based on the quoted market price on the date of issuance;
- (b) incur \$29,000 of exploration on or before October 1, 2019 (incurred);
- (c) make a cash payment of \$15,000 on or before the first anniversary of the acceptance date;
- (d) incur \$106,000 of exploration expenses on or before the second anniversary of the acceptance date and grant 1.5% Net Smelter Royalty ("NSR") on or before the second anniversary of the acceptance date.

In the event that the Company wishes to acquire an additional 39% interest in the Hailstone Property it shall make a cash payment of \$50,000 and complete \$150,000 of exploration expenses as follows:

- (a) make a cash payment of \$50,000 on or before the second anniversary of the acceptance date;
- (b) incur \$150,000 of exploration expenses on or before the third anniversary of the acceptance date.

The Hailstone property is subject to an NSR of 1.5%.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020  
(expressed in Canadian dollars unless otherwise noted)

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### 7. Equipment

	Computer hardware \$	Furniture and equipment \$	Vehicles \$	Total \$
Cost at December 31, 2019	13,849	79,108	146,500	239,457
Additions	-	-	-	-
September 30, 2020	13,849	79,108	146,500	239,457
Accumulated depreciation				
December 31, 2019	13,343	68,149	140,787	222,279
Charges for the period	208	1,644	1,286	3,138
September 30, 2020	13,551	69,793	142,073	225,417
Net book value				
September 30, 2020	298	9,315	4,427	14,040
Net book value				
December 31, 2019	506	10,959	5,713	17,178

### 8. Issued capital

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

(i) Authorized

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

(ii) Non-brokered private placements

In January of 2019, the Company completed a non-brokered private placement financing of 1,800,000 units at a price of \$0.15 per unit for gross proceeds of \$270,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until January 18, 2021.

The Company paid a finder's fee of \$15,600 in cash and 104,000 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.20 per share until January 18, 2021.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 8. Issued capital (continued)

#### (ii) Non-brokered private placements (continued)

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

In August of 2019, the Company completed a non-brokered private placement financing of 1,000,000 common shares at a price of \$0.14 per share and 1,000,000 flow-through shares at a price of \$0.15 per flow-through share for total gross proceeds of \$290,000. The Company paid finder's fees totaling \$12,947 and 88,142 compensation warrants to certain introducing parties in respect of the private placement. Each compensation warrant entitles the holder thereof to acquire one common share at a price of \$0.20 per share until August 13, 2020.

In December of 2019, the Company completed a non-brokered flow-through financing of 1,500,000 flow-through common shares at a price of \$0.15 per share for gross proceeds of \$225,000. The Company paid a finder's fee of \$4,221 and 28,140 compensation warrants to certain introducing parties in respect of the private placement. Each compensation warrant entitles the holder thereof to acquire one common share at a price of \$0.20 per share until December 20, 2020. The common shares issued pursuant to the private placement are subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities laws.

In May of 2020, the Company completed a non-brokered private placement financing in two tranches. The first tranche of 5,000,000 hard dollar units at a price of \$0.12 per unit and 957,142 flow-through shares at a price of \$0.14 per unit, for gross proceeds of \$734,000, closed on May 19, 2020. Each hard dollar 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 \$0.18 per common share until May 19, 2022.

The Company paid finder's fees of \$26,460 in cash and 220,500 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.18 per share until May 19, 2022.

The second tranche of 4,420,000 common shares at a price of \$0.12 per unit and 1,325,000 flow-through shares at a price of \$0.14 per unit for gross proceeds of 715,900 closed on May 27, 2020. Each hard dollar 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 \$0.18 per common share until May 19, 2022.

The Company paid finder's fees of \$5,530 in cash and 40,250 non-transferable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.18 per share until May 19, 2022.

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## Pelangio Exploration Inc.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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#### 9. Equity reserves

	No. of options #	Weighted Average Exercise Price \$	Grant Date Fair Value of options \$	No. of warrants #	Weighted Average Exercise Price \$	Grant Date Fair Value of warrants \$	Total Value \$
December 31, 2018	1,126,000	0.350	220,027	7,232,640	0.68	1,072,667	1,292,694
Granted/ Expensed	140,000	0.16	55,529	2,020,282	0.40	130,870	186,399
Expired	(119,500)	(0.50)	(66,000)	-	-	-	(66,000)
December 31, 2019	<b>1,146,500</b>	<b>0.38</b>	<b>209,556</b>	<b>9,252,922</b>	<b>0.40</b>	<b>1,203,537</b>	<b>1,413,093</b>
Granted/Expensed	790,000	0.19	70,935	9,680,750	0.18	560,794	631,729
Exercised	-	-	-	(88,142)	(0.20)	(7,859)	(7,859)
Expired	(152,500)	(0.50)	(23,609)	-	-	-	(23,609)
September 30, 2020	<b>1,784,000</b>	<b>0.27</b>	<b>256,882</b>	<b>18,845,530</b>	<b>0.29</b>	<b>1,756,472</b>	<b>2,013,354</b>

#### *Employee share option plan*

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

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## Pelangio Exploration Inc.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020  
(expressed in Canadian dollars unless otherwise noted)

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#### 9. Equity reserves (continued)

The following share option arrangements were in existence as at September 30, 2020:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
January 19, 2016	307,500	307,500	0.50	January 19, 2021
May 8, 2017	139,500	139,500	0.50	May 8, 2022
June 16, 2017	37,000	37,000	0.50	June 16, 2022
February 27, 2018	20,000	20,000	0.55	February 27, 2023
November 1, 2018	350,000	350,000	0.18	November 1, 2023
February 27, 2019	125,000	125,000	0.32	February 27, 2024
July 11, 2019	15,000	11,250	0.16	July 11, 2024
May 4, 2020	500,000	125,000	0.14	May 4, 2022
June 2, 2020	160,000	40,000	0.19	June 2, 2025
August 20, 2020	130,000	32,500	0.23	August 20, 2025
	<b>1,784,000</b>	<b>1,187,750</b>	<b>0.33</b>	

The weighted average exercise price of options exercisable at September 30, 2020 was \$0.27 (December 31, 2019 - \$0.40).

The weighted average remaining contractual life of options outstanding at September 30, 2020 is 3.18 years (December 31, 2019 - 2.42 years).

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

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$
January 19, 2016	0	0.68	115	5 years	49,000
May 8, 2017	0	0.50	136	5 years	42,000
June 16, 2017	0	0.50	137	5 years	15,000
February 27, 2018	0	1.75	148	5 years	10,000
November 1, 2018	0	2.27	173	5 years	133,000
February 27, 2019	0	1.91	174	5 years	38,000
July 11, 2019	0	1.62	164	5 years	2,000
May 4, 2020	0	0.40	151	5 years	65,000
June 2, 2020	0	0.38	151	5 years	27,000
August 20, 2020	0	0.41	141	5 years	26,000

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

The weighted average grant date fair value of options granted during the nine months ended September 30, 2020 was \$0.15 (December 31, 2019 - \$0.29).

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## Pelangio Exploration Inc.

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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#### 9. Equity reserves (continued)

The following warrant arrangements were in existence as at September 30, 2020:

Warrants #	Exercise Price \$	Estimated Grant Date Fair Value \$	Expiry Date
1,158,000	0.70	271,733	July 31, 2021
12,240	0.50	5,946	July 31, 2021
2,400,000	0.70	490,046	December 15, 2020
192,000	0.50	76,062	December 15, 2020
3,200,000	0.20	194,439	December 18, 2020
270,400	0.20	34,441	December 12, 2020
1,800,000	0.20	107,436	January 18, 2021
104,000	0.20	13,174	January 18, 2021
28,140	0.20	2,401	December 20, 2020
9,680,750	0.18	560,794	May 19, 2022
<b>18,845,530</b>		<b>1,756,472</b>	

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 \$
August 30, 2017	0	1.51	151	3	277,678
December 15, 2017	0	1.53	148	3	124,564
December 18, 2017	0	1.55	149	3	113,247
January 18, 2018	0	1.75	148	3	328,297
December 18, 2018	0	1.90	173	3	194,439
December 18, 2018	0	1.90	173	3	34,441
January 18, 2019	0	1.83	171	3	120,611
December 20, 2019	0	1.61	161	1	2,400
May 19, 2020	0	0.42	150	2	560,794

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 10. Related party information

These consolidated financial statements include the financial statements of the Company and its subsidiaries and their respective effective ownership listed in the following table:

Pelangio Mines (B) Inc. (Barbados)	100%
Pelangio Adansi Asaasi (G) Limited (Ghana)	100%
Pelangio Kyereboso Mining (G) Limited (Ghana)	100%
Pelangio Adansi Gold (G) Limited (Ghana)	100%
Pelangio Edubiase (G) Limited (Ghana)	100%
Pelangio Ahafo (B) Inc. (Barbados)	100%
Pelangio Ahafo (G) Limited (Ghana)	100%
5007223 Ontario Inc. (Canada)	100%
2090720 Ontario Inc. (Canada)	100%
2229667 Ontario Inc. (Canada)	100%

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

For the nine months ended September 30	2020	2019
	\$	\$
With a Ghanaian corporation controlled by an officer of the Company:		
Exploration and evaluation expenses	27,874	25,889
With Canadian corporations controlled by an officer of the Company:		
Exploration and evaluation (Senior VP Exploration)	66,005	-
Exploration and evaluation (V.P. Corporate Development)	54,643	49,889
With a partnership in which an officer of the Company is a partner:		
Accounting services	85,346	104,691

Of the accounting service fees, \$21,098 (nine months ended September 30, 2019 - \$45,973) is included in professional fees and \$64,249 (nine months ended September 30, 2019 - \$58,898) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at September 30, 2020 include amounts owing to directors and officers in the amount of \$352,104 (December 31, 2019 - \$358,422). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

(expressed in Canadian dollars unless otherwise noted)

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### 10. Related party information (continued)

In the 2020 non-brokered private placements described in note 8(ii), directors and officers of the Company and members of their families subscribed for the following units and gross proceeds:

	<u>Units/Shares</u>	<u>Proceeds (\$)</u>
May 2020	1,000,000	120,000
May 2020 - Flow through	143,000	20,020
	<u>1,143,000</u>	<u>140,020</u>

The remunerations of directors and other members of key management personnel during the nine months ended September 30, 2020 and 2019 were as follows:

For the nine months ended September 30	<b>2020</b>	<b>2019</b>
	\$	\$
Short-term benefits	<u>36,131</u>	<u>36,103</u>
Share-based payments	<u>47,543</u>	<u>35,419</u>



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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

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### 11. Commitments and contingencies

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

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

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

The Company has been named in an action involving one of the vendors of the Obuasi Property relating to such vendor's corporate history and founding shareholders and the ownership of the lands covered by the Kyereboso #2 and Kyereboso #3 prospecting licences. The action is the subject of a pre-trial motion and has not yet proceeded to trial. An interlocutory injunction has been granted preventing all parties from selling any interest in the property pending final determination of the matter. Pelangio has appealed against this ruling and such appeal is yet to be determined.

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

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at September 30, 2020 and 2019, no amounts have been accrued related to such matters.

As at September 30, 2020, the Company has the following flow-through funds to be spent by December 31, 2021:

Closing date of financing	Remaining funds
	\$
May 2020	104,103

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.

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# Pelangio Exploration Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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September 30, 2020

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### 12. Loan Payable

On May 7, 2020, the Company was approved for a \$40,000 non-interest bearing bank loan under the Canada Emergency Business Account ("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 December 31, 2022.

### 13. Subsequent events

#### a. Grant of Stock Options

On November 5, 2020, the Company granted an aggregate of 2,987,500 stock options to officers, directors and consultants of the Company, which options are exercisable into common shares of the Company at a price of \$0.17 per share. Subject to the rules of the TSX Venture Exchange and the Company's Stock Option Plan the options have a term of five years and will expire on November 5, 2025.

#### b. 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 34.65 square kilometer Subriso-Kokotro concession, located adjacent to the Company's Obuasi project, on the prolific Ashanti Gold Belt in Ghana. In order to acquire a 100% interest in the Dankran property, the Company must pay to BNT an aggregate of \$300,000 and issue 1,000,000 shares on or before two years from the date the Agreement was executed.

#### c. Private Placement

On November 16, 2020, and updated on November 24, 2020, the Company announced a non-brokered private placement of up to \$2,221,000, consisting of hard dollar units ("HD Units") of the Company at a price of \$0.13, per HD Unit and flow-through units ("FT Shares") of the Company at a price of \$0.17 per FT Share. Each HD Unit consist of one common share of the Company (a "Common Share") and one Common Share purchase warrant ("Warrant"). Each warrant entitles the holder to purchase one Common Share at a price of \$0.18 for a period of two years from the initial closing date of the Private Placement. The FT Shares will qualify as "flow-through shares". The gross proceeds from the sale of the FT Shares will be used to incur qualifying Canadian Exploration Expenses, which are to be incurred by no later than December 31, 2021.