
Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

Pelangio Exploration Inc.

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March 31, 2021

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the three-month period ended March 31, 2021 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Balance Sheet

Expressed in Canadian Dollars

| | March 31 2021 | December 31 2020 |
|--|------------------|---------------------|
| | \$ | \$ |
| Assets | | |
| Current: | | |
| Cash | 1,357,025 | 2,097,410 |
| Amounts receivable | 46,887 | 16,284 |
| Prepaid expenses | 55,679 | 66,388 |
| Marketable securities, <i>note 5</i> | 389,226 | 376,726 |
| Total current assets | 1,848,817 | 2,556,808 |
| Non-current assets: | | |
| Equipment, <i>note 7</i> | 12,224 | 12,994 |
| Total Assets | 1,861,041 | 2,569,802 |
| Liabilities | | |
| Current: | | |
| Accounts payable and accrued liabilities, <i>note 10</i> | 660,161 | 619,965 |
| Flow-through share liability, <i>note 8</i> | 13,600 | 156,442 |
| Total current liabilities | 673,761 | 776,407 |
| Loan repayable, <i>note 12</i> | 40,000 | 40,000 |
| Total Liabilities | 713,761 | 816,407 |
| Shareholders' Equity | | |
| Issued capital, <i>note 8</i> | 57,605,961 | 57,585,961 |
| Equity reserves, <i>note 9</i> | 2,194,912 | 2,135,865 |
| Deficit | (58,653,593) | (57,968,431) |
| Total Equity | 1,147,280 | 1,753,395 |
| | 1,861,041 | 2,569,802 |

Commitments and contingencies, notes 1, 6 and 11
See accompanying notes to the unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"JC St-Amour" Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

| | Shares # | Share Capital \$ | Equity reserves \$ | Retained earnings (deficit) \$ | Total equity \$ |
|---|-------------------|------------------------|--------------------------|---|-----------------------|
| December 31, 2019 | 41,634,965 | 55,271,909 | 1,413,093 | (56,610,770) | 74,232 |
| Expiry of options | - | - | (23,609) | 23,609 | - |
| Shares issued for property | 150,000 | 21,000 | - | - | 21,000 |
| Share based payments | - | - | 11,864 | - | 11,864 |
| Loss for the three months | - | - | - | (453,195) | (453,195) |
| March 31, 2020 | 41,784,965 | 55,292,909 | 1,401,348 | (57,040,356) | (346,099) |
| Exercise of options | 12,500 | 3,375 | (1,625) | - | 1,750 |
| Exercise of warrants | 88,142 | 25,488 | (7,859) | - | 17,629 |
| Expiry of options | - | - | (21,481) | 21,481 | - |
| Expiry of warrants | - | - | (403,757) | 403,757 | - |
| Non-brokered private placement, net of issuance costs | 24,020,000 | 2,852,358 | - | - | 2,852,358 |
| Valuation of warrants issued in private placement | - | (920,202) | 920,202 | - | - |
| Flow-through shares issued, net of issuance costs | 4,127,436 | 612,961 | - | - | 612,961 |
| Flow-through share liability | - | (280,928) | - | - | (280,928) |
| Share based payments | - | - | 249,037 | - | 249,037 |
| Loss for nine months | - | - | - | (1,353,313) | (1,353,313) |
| December 31, 2020 | 70,033,043 | 57,585,961 | 2,135,865 | (57,968,431) | 1,753,395 |
| Expiry of options | - | - | (49,000) | 49,000 | - |
| Shares issued for property | 100,000 | 20,000 | - | - | 20,000 |
| Share based payments | - | - | 108,047 | - | 108,047 |
| Loss for three months | - | - | - | (734,162) | (734,162) |
| Balance at March 31, 2021 | 70,133,043 | 57,605,961 | 2,194,912 | (58,653,593) | 1,147,280 |

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

| For the three months ended March 31 | 2021 | 2020 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Revenue: | | |
| Expenses: | | |
| Salaries and employee benefits | 21,326 | 20,085 |
| Consulting services, <i>note 10</i> | 130,286 | 96,304 |
| Exploration and evaluation expenses, <i>note 6</i> | 567,625 | 258,189 |
| Foreign exchange loss (recovery) | 7,927 | (13) |
| Insurance | 6,364 | 5,631 |
| Investor relations | 29,068 | 22,575 |
| Office and general | 34,665 | 9,684 |
| Professional fees, <i>note 10</i> | 35,625 | 31,026 |
| Share-based payments, <i>note 9</i> | 108,047 | 11,864 |
| Transfer agent and filing fees | 10,576 | 12,705 |
| Amortization, <i>note 7</i> | 770 | 1,046 |
| | 952,279 | 469,096 |
| Loss from operations | (952,279) | (469,096) |
| Other gains and losses | | |
| Gain on disposal of marketable securities, <i>note 5</i> | 10,275 | 2,151 |
| Unrealized gain on marketable securities, <i>note 5</i> | 65,000 | 13,750 |
| Flow-through share premium income, <i>note 9</i> | 142,842 | - |
| | 218,117 | 15,901 |
| Net income (loss) and comprehensive income (loss) for the period | (734,162) | (453,195) |
| Net income (loss) per common share: | | |
| - basic | (0.01) | (0.01) |
| - diluted | (0.01) | (0.01) |
| Weighted average number of common shares outstanding: | | |
| - basic | 70,110,821 | 41,756,943 |
| - diluted | 70,110,821 | 41,756,943 |

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

| For the three months ended March 31 | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash was provided by (used in): | | |
| Operating activities: | | |
| Net income (loss) for the period | (734,162) | (453,195) |
| Items not affecting cash: | | |
| Realized gain on disposal of marketable securities, <i>note 5</i> | (10,275) | (2,151) |
| Unrealized gain on marketable securities, <i>note 5</i> | (65,000) | (13,750) |
| Flow-through share premium income, <i>note 8</i> | (142,842) | - |
| Shares issued for exploration and evaluation expenses | 20,000 | 21,000 |
| Amortization, <i>note 7</i> | 770 | 1,046 |
| Share-based payments, <i>note 9</i> | 108,047 | 11,864 |
| | (823,462) | (435,186) |
| Cash was provided by (used to finance) changes in the following working capital items: | | |
| Amounts receivable | (30,603) | 13,288 |
| Prepaid expenses | 10,709 | 4,834 |
| Accounts payable and accrued liabilities | 40,196 | 67,074 |
| Net change in non-cash working capital | 20,302 | 85,196 |
| Net cash used in operating activities | (803,160) | (349,990) |
| Investing activities: | | |
| Proceeds from disposal of marketable securities | 62,775 | 45,070 |
| Net cash provided by investing activities | 62,775 | 45,070 |
| Change in cash | (740,385) | (304,920) |
| Cash, beginning of period | 2,097,410 | 392,267 |
| Cash, end of period | 1,357,025 | 87,347 |

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern

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

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

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

The Company had a net loss of \$734,162 (March 31, 2020 - \$453,195) for the three months ended March 31, 2021 and had an accumulated deficit of \$58,653,593 (December 31, 2020 - \$54,413,366). The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern (continued)

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

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

(b) Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2021 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, 2020.

Current accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and 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, 2020.

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, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

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, 2020.

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.

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, 2020.

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 | \$11,448 | (December 31, 2020 - \$12,176) |
| Canada | \$776 | (December 31, 2020 - \$818) |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

5. Marketable securities

The Company holds shares in certain public and private companies in the mining industry. During the period ended March 31, 2021, these shares were fair valued and this resulted in an unrealized gain of \$65,000 (2020 - \$13,750).

The following table summarizes information regarding the Corporation's marketable securities as at March 31, 2021 and December 31, 2020.

| As at | March 31, 2021 | December 31, 2020 |
|-------------------------------------|-------------------|----------------------|
| | \$ | \$ |
| Balance, beginning of period | 376,726 | 153,919 |
| Acquisitions | - | 230,726 |
| Disposals | (62,775) | (80,107) |
| Realized gain | 10,275 | 2,188 |
| Unrealized gain on market-to-market | 65,000 | 70,000 |
| Balance, end of period | 389,226 | 376,726 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses

Transactions for the three months ended March 31, 2021 and the year ended December 31, 2020 are as follows:

| | March 31, 2021 | December 31, 2020 |
|-----------------------|-------------------|----------------------|
| | \$ | \$ |
| Grenfell | | |
| Drilling and assaying | 5,800 | 238,650 |
| Field supplies | 1,496 | 23,976 |
| Geologists | - | 32,718 |
| Other | - | 574 |
| Wages | - | 3,075 |
| | 7,296 | 298,993 |

| | | |
|-----------------------|----------------|----------------|
| Hailstone | | |
| Drilling and assaying | 195,774 | - |
| Field supplies | 427 | 41,665 |
| Geologists | 12,200 | 14,200 |
| IP Survey | 43,060 | 14,289 |
| Option payments | - | 15,000 |
| Staking | 600 | - |
| Till sampling | - | 20,819 |
| | 252,061 | 105,973 |

| | | |
|------------------|---------------|---------------|
| Dome West | | |
| Field supplies | 1,865 | 75 |
| Geologists | 2,600 | - |
| Option payments | 95,000 | 51,000 |
| | 99,465 | 51,075 |

| | | |
|-----------------------|---------------|---|
| Gowan | | |
| Drilling and assaying | 13,570 | - |
| Field supplies | 888 | - |
| Geologists | 2,600 | - |
| VTEM Survey | 25,412 | - |
| | 42,470 | - |

| | | |
|--------------|--------------|---------------|
| Other | 1,324 | 12,416 |
|--------------|--------------|---------------|

| | | |
|-----------------------------------|----------------|----------------|
| Dalton | | |
| Drilling and assaying | - | 125,786 |
| Field supplies | 296 | 7,180 |
| Geologists | 4,000 | 10,600 |
| | 4,296 | 143,566 |
| Total Canadian Exploration | 406,912 | 612,023 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Transactions related to Ghanaian exploration for the year ended March 31, 2021 and for the year ended December 31, 2020 are as follows:

| | March, 2021 | December 31, 2020 |
|---------------------------------|----------------|----------------------|
| | \$ | \$ |
| Manfo | | |
| Accounting services | - | 3,041 |
| Contract workers | 6,649 | 27,336 |
| Consultancy | 3,666 | - |
| Corporate social responsibility | 261 | 2,526 |
| Crop compensation | - | 207 |
| Drilling and assaying | 211 | 796 |
| Field supplies | - | 3,162 |
| Geologists | - | 36,497 |
| In-country logistics | 1,543 | 16,802 |
| Security | - | 1,257 |
| Site meal services | 140 | 925 |
| Soil sampling | - | 50,785 |
| Travel and vehicle | 1,894 | 10,478 |
| | 14,364 | 153,812 |
| Dankran | | |
| Accommodations | 887 | 504 |
| Contract workers | 1,954 | - |
| Corporate social responsibility | - | 1,921 |
| Field supplies | 1,629 | - |
| Geologists | 23,917 | 18,668 |
| In-country logistics | 17,128 | 73 |
| Option payments | 31,839 | 114,218 |
| Other | 35 | - |
| Permits and licenses | - | 587 |
| Site meal services | 1,293 | 130 |
| Soil sampling | 34,617 | 26,959 |
| Travel and vehicle | 3,321 | 4,227 |
| | 116,620 | 167,287 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Obuasi

| | | |
|-----------------------------------|----------------|----------------|
| Accounting services | - | 4,725 |
| Contract workers | 408 | 1,739 |
| Consultancy | 718 | - |
| Corporate social responsibility | - | 242 |
| Drilling and assaying | 3,767 | - |
| Geologists | 1,077 | 16,864 |
| In-country logistics | 137 | 8,193 |
| Site meal services | - | 278 |
| Soil sampling | 23,622 | 1,296 |
| Travel and vehicle | - | 2,593 |
| | 29,729 | 35,930 |
| Total Ghanaian Exploration | 160,713 | 357,029 |
| Total Exploration | 567,625 | 969,052 |

Obuasi, Ghana

Pursuant to a letter agreement dated September 23, 2005, as amended 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 Meduma concession is in good standing until January 26, 2023 and the Adokwae concession, the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

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

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

Manfo, Ghana

During 2010, the Company entered into three definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company has an option to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in each of the concessions. The optioned property consists of the Subriso, Twabidi and Sempekrom concessions, which were acquired from one private Ghanaian corporation. The Subriso concession is in good standing 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. 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.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

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.

During 2013, the Company paid \$55,303 to enter into a review period with the optionor of the Manfo property regarding the NSR repurchase terms. The review period ends when the market conditions improve such that the Company is able to complete a single financing amount of greater than \$2,000,000. As at March 31, 2021, 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:

- (a) pay to BNT \$50,000 USD upon receipt of offer letter from the Minerals Commission confirming the Commission's recommendation to the Minister to grant the prospecting license to BNT (paid);
- (b) pay to BNT \$50,000 USD upon the effective date of the agreement (paid);
- (c) pay to BNT \$100,000 USD upon or before six months from the effective date;
- (d) pay to BNT \$100,000 USD on or before two years from the effective date;
- (e) issue to BNT 250,000 common shares on or before six months from the effective date;
- (f) issue to BNT 750,000 common shares on or before two years from the effective date; and
- (g) grant to BNT at 2% NSR within ten days of fulfilling (a) to (f) above.

Grenfell Property

The Grenfell Property consists of certain leases and claims located in Grenfell 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;

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

- (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 (issued, paid, see note below);
- (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.

Due to unforeseen delay in work progress, as a result of COVID-19 access restrictions by surface rights holders, the Company exercised the "force majeure" clause in the option agreement in order to extend the time required for the work commitments to be made on the property, as per the terms of the option agreement. This clause was lifted on February 19, 2021 and plans are underway to finalize drill hole locations and access permits from surface rights holders.

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, making cash payments of \$25,000 and completing \$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 (paid); and
- (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; and
- (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%.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Gowan Property

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

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.

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) issue to Pelangio 15% of the value of the issued and outstanding shares of Jubilee or the company which hold the option; and
- (c) 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, 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%.

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.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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(expressed in Canadian dollars unless otherwise noted)

7. Equipment

| | Computer hardware | Furniture and equipment | Vehicles | Total |
|---------------------------|------------------------------|------------------------------------|-----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Cost at December 31, 2020 | 13,849 | 79,108 | 146,500 | 239,457 |
| Additions | - | - | - | - |
| March 31, 2021 | 13,849 | 79,108 | 146,500 | 239,457 |
| Accumulated depreciation | | | | |
| December 31, 2020 | 13,621 | 70,341 | 142,501 | 226,463 |
| Charges for the period | 31 | 439 | 300 | 770 |
| March 31, 2021 | 13,652 | 70,780 | 142,801 | 227,233 |
| Net book value | | | | |
| March 31, 2021 | 197 | 8,328 | 3,699 | 12,224 |
| Net book value | | | | |
| December 31, 2020 | 228 | 8,767 | 3,999 | 12,994 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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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 May of 2020, the Company completed a non-brokered private placement financing in two tranches. The first tranche of 5,000,000 units at a price of \$0.12 per unit and 957,142 flow-through shares at a price of \$0.14 per flow-through share, for gross proceeds of \$734,000, closed on May 19, 2020. 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 \$0.18 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 units at a price of \$0.12 per unit and 1,325,000 flow-through shares at a price of \$0.14 per flow-through share 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.

The flow-through shares were issued at a premium to the current market price of the Company's shares at the day of issue. Flow-through share premium income of \$8,583 was recognized for the period ended March 31, 2021 relating to this transaction.

In December of 2020, the Company completed a non-brokered private placement financing in two tranches. The first tranche of 7,950,000 units at a price of \$0.13 per unit and 1,220,000 flow-through shares at a price of \$0.17 per flow-through share, for gross proceeds of \$1,240,900, closed December 3, 2020. 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 \$0.18 per common share until December 3, 2022.

The Company paid finder's fees of \$50,778 in cash and 379,400 non-transferrable 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 December 3, 2022.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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8. Issued capital (continued)

The second tranche of 6,650,000 units at a price of \$0.13 per unit and 625,294 flow-through shares at a price of \$0.17 per flow-through share, for gross proceeds of \$970,800, closed December 10, 2020. 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 \$0.18 per common share until December 3, 2022.

The Company paid finder's fees of \$48,230 in cash and 364,000 non-transferrable 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 December 3, 2022.

The flow-through shares were issued at a premium to the current market price of the Company's shares at the day of issue. The premium was recognized as a current liability for \$147,859 with a subsequent pro-rata reduction of the liability recognized as flow-through share premium income as the required expenditures are incurred. Flow-through share premium income of \$134,259 was recognized for the period ended March 31, 2021 relating to this transaction.

Pelangio Exploration Inc.

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(expressed in Canadian dollars unless otherwise noted)

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, 2019 | 1,146,500 | 0.38 | 209,556 | 9,252,922 | 0.40 | 1,203,537 | 1,413,093 |
| Granted/Expensed | 3,787,500 | 0.18 | 260,901 | 32,424,150 | 0.18 | 1,712,122 | 1,973,023 |
| Exercised | (12,500) | 0.13 | (1,625) | (88,142) | (0.20) | (7,859) | (9,484) |
| Expired | (150,000) | 0.50 | (45,090) | (9,164,780) | (0.46) | (1,195,677) | (1,240,767) |
| December 31, 2020 | 4,771,500 | 0.38 | 423,742 | 32,424,150 | 0.21 | 1,712,123 | 2,135,865 |
| Granted/Expensed | 150,000 | 0.17 | 108,047 | - | - | - | 108,047 |
| Expired | (310,000) | 0.50 | (49,000) | - | - | - | (49,000) |
| March 31, 2021 | 4,611,500 | 0.18 | 482,789 | 32,424,150 | 0.21 | 1,712,123 | 2,194,912 |

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.

Pelangio Exploration Inc.

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(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

The following share option arrangements were in existence as at March 31, 2021:

| Date Granted | Options Granted | Options Exercisable | Exercise Price \$ | Expiry Date |
|-------------------|--------------------|------------------------|----------------------|-------------------|
| 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 | 15,000 | 0.16 | July 11, 2024 |
| May 4, 2020 | 487,500 | 237,500 | 0.14 | May 4, 2025 |
| June 2, 2020 | 160,000 | 80,000 | 0.19 | June 2, 2025 |
| August 20, 2020 | 130,000 | 65,000 | 0.23 | August 20, 2025 |
| November 5, 2020 | 2,997,500 | 749,375 | 0.17 | November 5, 2025 |
| March 17, 2021 | 150,000 | 37,500 | 0.13 | March 17, 2026 |
| | 4,611,500 | 1,855,875 | 0.18 | |

The weighted average exercise price of options exercisable at March 31, 2021 was \$0.22 (December 31, 2020 - \$0.21).

The weighted average remaining contractual life of options outstanding at March 31, 2021 is 4.19 years (December 31, 2020 - 4.13 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 \$ |
|-------------------|---------------------------------|---------------------------------|-----------------------------|------------------|---|
| 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 |
| November 5, 2020 | 0 | 0.45 | 137 | 5 years | 390,000 |
| March 17, 2021 | 0 | 0.99 | 126 | 5 years | 20,168 |

The weighted average grant date fair value of options granted during the three months ended March 31, 2021 was \$0.13 (December 31, 2020 - \$0.13).

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

The following warrant arrangements were in existence as at March 31, 2021:

| Warrants # | Exercise Price \$ | Estimated Grant Date Fair Value \$ | Expiry Date |
|-------------------|----------------------|--|-------------------|
| 3,200,000 | 0.20 | 194,439 | July 31, 2023 |
| 1,800,000 | 0.20 | 107,436 | July 31, 2023 |
| 9,420,000 | 0.18 | 343,164 | May 19, 2022 |
| 260,750 | 0.18 | 9,987 | May 19, 2022 |
| 7,950,000 | 0.18 | 292,527 | December 3, 2022 |
| 379,400 | 0.18 | 15,224 | December 3, 2022 |
| 6,650,000 | 0.18 | 244,693 | December 3, 2022 |
| 364,000 | 0.18 | 14,607 | December 3, 2022 |
| 2,400,000 | 0.50 | 490,046 | December 15, 2022 |
| 32,424,150 | 0.21 | 1,712,123 | |

On December 10, 2020, the Company announced the extension and amendment of the terms of certain warrants. The warrants were initially issued pursuant to non-brokered private placements closed on December 15, 2017, January 17, 2018, December 18, 2018 and January 18, 2019. The changes are as follows:

| Warrants Outstanding # | Original Exercise Price | Original Expiry Date | New Exercise Price | New Expiration Date |
|------------------------------|-------------------------------|----------------------------|--------------------------|---------------------------|
| 2,400,000 | 0.70 | December 15, 2020 | 0.50 | December 15, 2022 |
| 3,200,000 | 0.20 | December 18, 2020 | 0.20 | July 31, 2023 |
| 1,800,000 | 0.20 | January 18, 2021 | 0.20 | July 31, 2023 |

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 \$ |
|-------------------|---------------------------------|---------------------------------|-----------------------------|-----------------------------|--|
| December 15, 2017 | 0 | 1.55 | 149 | 3 | 490,046 |
| December 18, 2018 | 0 | 1.90 | 173 | 3 | 194,439 |
| January 18, 2019 | 0 | 1.83 | 171 | 3 | 107,436 |
| May 19, 2020 | 0 | 0.42 | 150 | 2 | 38,013 |
| December 3, 2020 | 0 | 0.46 | 137 | 2 | 47,013 |
| December 10, 2020 | 0 | 0.46 | 136 | 2 | 41,742 |

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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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 years ended March 31, 2021 and December 31, 2020:

| For the three months ended March 31 | 2021 | 2020 |
|--|--------|--------|
| | \$ | \$ |
| With a Ghanaian corporation controlled by an officer of the Company: | | |
| Exploration and evaluation expenses | 16,434 | 8,142 |
| With Canadian corporations controlled by an officer of the Company: | | |
| Exploration and evaluation (Senior VP Exploration) | 35,003 | 7,314 |
| Exploration and evaluation (V.P. Corporate Development) | 4,494 | 13,400 |
| With a partnership in which an officer of the Company is a partner: | | |
| Accounting services | 46,455 | 35,025 |

Of the accounting service fees, \$14,515 (three months ended March 31, 2020 - \$9,462) is included in professional fees and \$31,940 (three months ended March 31, 2020 - \$25,563) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at March 31, 2021 include amounts owing to directors and officers in the amount of \$366,619 (December 31, 2020 - \$337,187). 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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10. Related party information

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 | 425,000 | 51,000 |
| 2020 - Flow through | 143,000 | 20,020 |
| December 2020 | 250,000 | 32,500 |
| December 2020 - Flow through | 300,000 | 51,000 |
| | <hr/> 1,118,000 | <hr/> 154,520 |

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2021 and 2020 were as follows:

| For the three months ended March 31 | 2021 | 2020 |
|-------------------------------------|-------------|-------------|
| | \$ | \$ |
| Short-term benefits | 12,064 | 12,044 |
| Share-based payments | 65,041 | 9,482 |

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.

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11. Commitments and contingencies (continued)

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2021 and December 31, 2020, no amounts have been accrued related to such matters.

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

| <u>Closing date of financing</u> | <u>Remaining funds (\$)</u> |
|----------------------------------|-----------------------------|
| December 2020 | 28,854 |

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.

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. In addition, the loan is not subject to any interest charges if repaid prior to December 31, 2022.