
Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2021

Pelangio Exploration Inc.

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June 30, 2021

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the six-month period ended June 30, 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 Statements of Financial Position

Expressed in Canadian Dollars

	June 30 2021	December 31 2020
	\$	\$
Assets		
Current:		
Cash	1,273,645	2,097,410
Amounts receivable	42,467	16,284
Prepaid expenses	62,846	66,388
Marketable securities, <i>note 5</i>	352,321	376,726
Total current assets	1,731,279	2,556,808
Non-current assets:		
Equipment, <i>note 7</i>	11,454	12,994
Total Assets	1,742,733	2,569,802
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 10</i>	611,631	619,965
Flow-through share liability, <i>note 8</i>	25,439	156,442
Total current liabilities	637,070	776,407
Non-current liabilities:		
Loan repayable, <i>note 12</i>	40,000	40,000
Total Liabilities	677,070	816,407
Shareholders' Equity		
Issued capital, <i>note 8</i>	58,207,646	57,585,961
Equity reserves, <i>note 9</i>	2,413,164	2,135,865
Deficit	(59,555,147)	(57,968,431)
Total Shareholder's Equity	1,065,663	1,753,395
Total Liabilities and Shareholder's Equity	1,742,733	2,569,802

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

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Share Capital \$	Equity reserves \$	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	-
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	309,818	-	-	309,818
Shares issued for property	150,000	21,000	-	-	21,000
Share based payments	-	-	48,192	-	48,192
Loss for the six months	-	-	-	(702,430)	(702,430)
June 30, 2020	53,487,107	56,125,508	1,998,470	(57,289,591)	834,387
Exercise of options	12,500	3,375	(1,625)	-	1,750
Exercise of warrants	88,142	25,488	(7,859)	-	17,629
Expiry of warrants	-	-	(403,757)	403,757	-
Expiry of options	-	-	(21,481)	21,481	-
Non-brokered private placement, net of issuance costs	14,600,000	1,768,783	-	-	1,768,783
Valuation of warrants issued in private placement	-	(359,408)	359,408	-	-
Flow-through shares issued, net of issuance costs	1,845,294	303,143	-	-	303,143
Valuation of warrants issued in flow-through shares	-	(280,928)	-	-	(280,928)
Share based payments	-	-	212,709	-	212,709
Loss for the six months	-	-	-	(1,104,078)	(1,104,078)
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	-
Valuation of warrant issued in private placement	-	(146,600)	146,600	-	-
Flow-through shares issued, net of issuance costs	4,687,500	710,785	-	-	710,785
Shares issued for property	350,000	57,500	-	-	57,500
Share based payments	-	-	179,699	-	179,699
Loss for the six months	-	-	-	(1,635,716)	(1,635,716)
Balance at June 30, 2021	75,070,543	58,207,646	2,413,164	(59,555,147)	1,065,663

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

	2021		2020	
For the three months ended June 30...				
For the six months ended June 30...				
	\$	\$	\$	\$
Expenses:				
Salaries and employee benefits	52,577	20,085	73,903	40,170
Consulting services, <i>note 10</i>	116,783	97,293	247,069	193,597
Exploration and evaluation expenses, <i>note 6</i>	605,344	87,744	1,172,969	345,933
Foreign exchange loss (gain)	(56,315)	(1,577)	(48,388)	(1,590)
Insurance	6,839	5,663	13,203	11,294
Investor relations	11,724	9,519	40,792	32,094
Office and general	5,739	15,231	40,406	24,915
Professional fees, <i>note 10</i>	45,715	23,147	81,340	54,173
Share based payments, <i>note 9</i>	71,652	36,328	179,699	48,192
Transfer agent and filing fees	15,286	14,154	25,862	26,859
Amortization	769	1,046	1,539	2,092
Total expenses	876,113	308,633	1,828,394	777,729
Loss from operations	(876,113)	(308,633)	(1,828,394)	(777,729)
Other gains and losses:				
Property option, <i>note 6</i>	-	39,000	-	39,000
Realized gain on disposal of marketable securities, <i>note 5</i>	4,819	37	15,094	2,188
Interest revenue	1,442	111	1,442	111
Dividend income	1,259	-	1,259	-
Unrealized gain (loss) on marketable securities, <i>note 5</i>	(21,120)	20,250	43,880	34,000
Flow-through share premium income, <i>note 9</i>	(11,839)	-	131,003	-
Total other items	(25,439)	59,398	192,678	75,299
Net and comprehensive loss for the period	(901,552)	(249,235)	(1,635,716)	(702,430)
Net income (loss) per common share:				
- basic	(0.01)	(0.01)	(0.02)	(0.02)
- diluted	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares outstanding				
- basic	61,989,557	47,185,954	70,590,053	44,471,448
- diluted	61,989,557	47,185,954	70,590,053	44,471,448

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

	2021	2020	2021	2020
	For the three months ended June 30...	For the three months ended June 30...	For the six months ended June 30...	For the six months ended June 30...
	\$	\$	\$	\$
Cash was provided by (used in):				
Operating activities:				
Net loss for the period	(901,552)	(249,235)	(1,635,716)	(702,430)
Items not affecting cash:				
Gain on disposal of marketable securities, <i>note 5</i>	(4,819)	(37)	(15,094)	(2,188)
Unrealized gain on marketable securities, <i>note 5</i>	21,120	(20,250)	(43,880)	(34,000)
Flow through share premium income	11,839	-	(131,003)	-
Shares issued for exploration and evaluation expenses	37,500	-	57,500	21,000
Shares received for option income	-	(39,000)	-	(39,000)
Amortization	769	1,046	1,539	2,092
Share-based payments	71,652	36,328	179,699	48,192
	(763,491)	(271,148)	(1,586,955)	(706,334)
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	4,420	9,446	(26,181)	22,734
Prepaid expenses	(7,167)	12,057	3,542	16,892
Accounts payable and accrued liabilities	(48,530)	(58,805)	(8,334)	8,269
Net change in non-cash working capital	(51,277)	(37,302)	(30,973)	47,895
Net cash used in operating activities	(814,768)	(308,450)	(1,617,928)	(658,439)
Investing activities:				
Purchase of marketable securities	(33,216)	-	(33,216)	-
Proceeds from disposal of marketable securities	53,819	-	116,594	45,069
Net cash provided by investing activities	20,603	-	83,378	45,069
Financing activities:				
Increase in long-term debt	-	40,000	-	40,000
Non-brokered private placement	750,000	1,449,900	750,000	1,449,900
Issue costs	(39,215)	(56,507)	(39,215)	(56,507)
Net cash provided by financing activities	710,785	1,433,393	710,785	1,433,393
Change in cash	(83,380)	1,124,943	(823,765)	820,023
Cash, beginning of period	1,357,025	87,347	2,097,410	392,267
Cash, end of period	1,273,645	1,212,290	1,273,645	1,212,290

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 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 \$1,635,716 for the six months ended June 30, 2021 (June 30, 2020 - \$702,430) and had an accumulated deficit of \$59,555,147 (June 30, 2020 - \$57,968,431) and working capital of \$1,094,209 (June 30, 2020 - \$1,780,401). 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.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 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 six months ended June 30, 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 six month period ended June 30, 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

June 30, 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.

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	\$10,718	(June 30, 2020 - \$14,166)
Canada	\$736	(June 30, 2020 - \$920)

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 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 six month period ended June 30, 2021, these shares were fair valued and this resulted in an unrealized gain of \$43,880 (June 30, 2020 - \$34,000).

The following table summarizes information regarding the Corporation's marketable securities for the six months ended June 30, 2021 and the year ended December 31, 2020.

	June 30, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	376,726	153,919
Acquisitions	33,215	230,726
Disposals	(116,594)	(80,107)
Realized gain	15,094	2,188
Unrealized gain (loss) on mark-to-market	43,880	70,000
Balance, end of period	<u>352,321</u>	<u>376,726</u>

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses

Transactions related to Canadian exploration for the six months ended June 30, 2021 and for the year ended December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
	\$	\$
Grenfell		
Drilling and assaying	5,800	238,650
Field supplies	1,589	23,976
Geologists	400	32,718
Other	-	574
Wages	-	3,075
	7,789	298,993

Hailstone

Drilling and assaying	196,054	-
Field supplies	427	41,665
Geologists	13,200	14,200
IP Survey	43,060	14,289
Option payments	50,000	15,000
Staking	600	-
Till sampling	-	20,819
Government rebate	(37,565)	-
	265,776	105,973

Dome West

Field supplies	3,702	75
Geologists	4,700	-
Option payments	95,000	51,000
Other	1,000	-
	104,402	51,075

Gowan

Drilling and assaying	13,569	-
Field supplies	2,949	-
Geologists	6,300	-
VTEM Survey	26,387	-
	49,205	-

Other

	325	12,416
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Dalton

Drilling and assaying	-	125,786
Field supplies	296	7,180
Geologists	4,000	10,600
	4,296	143,566
Total Canadian Exploration	431,793	612,023

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Transactions related to Ghanaian exploration for the six months ended June 30, 2021 and for the year ended December 31, 2020 are as follows:

	June 20, 2021	December 31, 2020
Manfo		
Accounting services	-	3,041
Contract workers	15,419	27,336
Consultancy	9,590	-
Corporate social responsibility	537	2,526
Crop compensation	-	207
Drilling and assaying	326	796
Field supplies	1,965	3,162
Geologists	-	36,497
In-country logistics	3,778	16,802
Other	3,143	-
Security	-	1,257
Site meal services	140	925
Soil sampling	-	50,785
Travel and vehicle	3,151	10,478
	38,049	153,812
Dankran		
Accommodations	1,402	-
Contract workers	12,838	504
Consultancy	45,898	-
Corporate social responsibility	148	1,921
Drilling and assaying	289,361	-
Field supplies	6,112	-
Geologists	23,917	18,668
In-country logistics	21,012	73
Option payments	196,530	114,218
Other	1,330	-
Permits and licenses	10	587
Site meal services	6,795	130
Soil sampling	50,972	26,959
Travel and vehicle	13,064	4,227
	669,389	167,287

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Obuasi

Accounting services	-	4,725
Contract workers	527	1,739
Consultancy	718	-
Corporate social responsibility	-	242
Drilling and assaying	3,767	-
Field supplies	363	-
Geologists	1,354	16,864
In-country logistics	682	8,193
Other	2,284	-
Site meal services	-	278
Soil sampling	23,623	1,296
Travel and vehicle	420	2,593
	33,738	35,930
Total Ghanaian Exploration	741,176	357,029
Total Exploration	1,172,969	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, the Kyereboso #2 and Kyereboso #3 concession 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

June 30, 2021

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

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 June 30, 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 (paid);
- (d) pay to BNT \$100,000 USD on or before two years from the execution date;
- (e) issue to BNT 250,000 common shares on or before six months from the effective date (issued);
- (f) issue to BNT 750,000 common shares on or before two years from the execution 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

June 30, 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 (incurred) 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 (paid); 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.

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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);
- (b) issue to Pelangio 15% of the value of the issued and outstanding shares of Jubilee or the company which holds the option (received); 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.

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7. Equipment

	Computer hardware \$	Furniture and equipment \$	Vehicles \$	Total \$
Cost at June 30, 2020	13,849	79,108	146,500	239,457
Additions	-	-	-	-
June 30, 2021	13,849	79,108	146,500	239,457
Accumulated depreciation				
June 30, 2020	13,621	70,341	142,501	226,463
Charges for the period	63	877	600	1,540
June 30, 2021	13,684	71,218	143,101	228,003
Net book value				
June 30, 2021	165	7,890	3,399	11,454
Net book value				
June 30, 2020	228	8,767	3,999	12,994

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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 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.

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.

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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 \$131,003 was recognized for the period ended June 30, 2021 relating to this transaction.

In June 2021, the Company completed a non-brokered private placement financing in two tranches. The first tranche of 2,968,750 flow-through shares at a price of \$0.16 per share, for gross proceeds of \$475,000 closed June 10, 2021. Each unit is comprised of one common share and one half of common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until December 10, 2022.

The Company paid finder's fees of \$26,250 in cash and 164,062 non-transferrable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.16 per share until December 10, 2022.

The second tranche of 1,718,750 flow-through shares at a price of \$0.16 per share, for gross proceeds of \$275,000 closed on June 17, 2021. Each unit is comprised of one common share and one half of common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share until December 10, 2022.

The Company paid finder's fees of \$5,250 in cash and 32,812 non-transferrable finder's warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of \$0.16 per share until December 10, 2022.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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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, 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	179,699	2,540,624	0.18	146,600	326,299
Expired	(310,000)	0.50	(49,000)	-	-	-	(49,000)
June 30, 2021	4,611,500	0.18	554,441	34,964,774	0.21	1,858,723	2,413,164

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The maximum number of shares reserved for issuance under the share option plan is limited to 10% of the issued and outstanding common shares of the Company. 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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9. Equity reserves (continued)

The following share option arrangements were in existence as at June 30, 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	362,500	0.14	May 4, 2022
June 2, 2020	160,000	120,000	0.19	June 2, 2025
August 20, 2020	130,000	65,000	0.23	August 20, 2025
November 5, 2020	2,997,500	1,498,750	0.17	November 5, 2025
March 17, 2021	150,000	37,500	0.13	March 17, 2026
	4,611,500	2,770,250	0.18	

The weighted average exercise price of options exercisable at June 30, 2021 was \$0.19 (June 30, 2020 - \$0.21).

The weighted average remaining contractual life of options outstanding at June 30, 2021 is 4.19 years (June 30, 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 six months ended June 30, 2021 was \$0.14 (December 31, 2020 - \$0.13).

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

Pelangio Exploration Inc.

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9. Equity reserves (continued)

The following warrant arrangements were in existence as at June 30, 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
1,484,375	0.20	84,968	December 10, 2022
164,062	0.16	10,530	December 10, 2022
859,375	0.20	49,002	December 10, 2022
32,812	0.16	2,100	December 10, 2022
34,964,774	0.21	1,858,723	

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 %
December 10, 2020	0	1.55	149
December 10, 2020	0	1.90	173
December 10, 2020	0	1.83	171
May 19, 2020	0	0.42	150
December 3, 2020	0	0.46	137
December 10, 2020	0	0.46	136
June 10, 2021	0	0.82	119
June 17, 2021	0	0.94	119

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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 six months ended June 30	2021	2020
	\$	\$
With a Ghanaian corporation controlled by an officer of the Company:		
Exploration and evaluation expenses	40,129	12,913
With Canadian corporations controlled by an officer of the Company:		
Exploration and evaluation (V.P. Corporate Development)	30,312	27,263
Exploration and evaluation (Senior VP Exploration)	68,869	30,440
With a partnership in which an officer of the Company is a partner:		
Accounting services	80,705	59,985

Of the accounting service fees, \$23,142 (six months ended June 30, 2020 - \$14,815) is included in professional fees and \$57,562 (six months ended June 30, 2020 - \$45,170) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at June 30, 2021 include amounts owing to directors and officers in the amount of \$340,080 (June 30, 2020 - \$336,353). 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 (continued)

In the May 2020 and June 2021 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
June 2021 - Flow through	625,000	100,000
	<u>1,768,000</u>	<u>240,020</u>

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2021 and 2020 were as follows:

For the six months ended June 30	2021	2020
	\$	\$
Short-term benefits	24,129	24,087
Share-based payments	107,841	31,039

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 June 30, 2021 and 2020, no amounts have been accrued related to such matters.

As at June 30, 2021, the Company has the following flow-through funds to be expended as disclosed below.

Closing date of financing	Remaining funds (\$)	To Expend by
December 2020	53,973	December 31, 2021
June 2021	750,000	December 31, 2022
Total	803,973	

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.

13. Subsequent events

(a) Grant of stock options

On August 24, 2021, the Company granted 2,050,000 stock options to certain directors, officers, employees and consultants of the Company, which are exercisable into common shares of the Company at a price of \$0.115 per share. Subject to the Company's stock option plan the options vest in four equal instalments, being at the date of grant and the end of each six-month period ended thereafter, have a term of five years and will expire on August 24, 2026.