
Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

Pelangio Exploration Inc.

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September 30, 2022

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the nine-month period ended September 30, 2022 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 Sheets

Expressed in Canadian Dollars

	September 30 2022	December 31 2021
	\$	\$
Assets		
Current:		
Cash	149,666	714,644
Amounts receivable	25,030	49,197
Marketable securities, <i>note 5</i>	288,582	362,548
Prepaid expenses	20,323	90,127
Total current assets	483,601	1,216,516
Non-current assets:		
Equipment, <i>note 7</i>	8,816	9,915
Total Assets	492,417	1,226,431
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 10</i>	464,234	700,883
Total current liabilities	464,234	700,883
Non-current liabilities:		
Loan repayable, <i>note 12</i>	40,000	40,000
Total Liabilities	504,234	740,883
Shareholders' Equity		
Issued capital, <i>note 8</i>	58,888,296	58,507,212
Equity reserves, <i>note 9</i>	2,703,053	2,573,340
Shares to be issued	-	31,500
Deficit	(61,603,166)	(60,626,504)
Total Shareholder's Equity	(11,817)	485,548
Total Liabilities and Shareholder's Equity	492,417	1,226,431

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

Subsequent events, *note 13*

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

Approved on behalf of the Board:

"Ingrid Hibbard" _____ Director

"J. C. St-Amour" _____ Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Share Capital \$	Equity reserves \$	Deficit \$	Total equity \$
December 31, 2020	70,033,034	57,585,961	2,135,865	(57,968,431)	1,753,395
Expiry of options	-	-	(49,000)	49,000	-
Valuation of warrants issued in public placement	-	(146,600)	146,600	-	-
Flow-through shares issued, net of issuance costs	4,687,500	701,034	-	-	701,034
Shares issued for property	350,000	57,500	-	-	57,500
Share based payments	-	-	301,157	-	301,157
Loss for the nine months	-	-	-	(2,077,040)	(2,077,040)
September 30, 2021	75,070,534	58,197,895	2,534,622	(59,996,471)	736,046
Exercise of options	-	-	(18,872)	18,872	-
Non-brokered private placement, net of issuance costs	3,629,700	333,992	-	-	333,992
Valuation of warrants issued in private placement	-	(24,675)	24,675	-	-
Share based payments	-	-	32,915	-	32,915
Loss for the three months	-	-	-	(648,905)	(648,905)
December 31, 2021	78,700,234	58,507,212	2,573,340	(60,626,504)	454,048
Expiry of warrants	-	-	(9,987)	9,987	-
Expiry of options	-	-	(57,000)	57,000	-
Non-brokered private placement, net of issuance costs	4,170,930	388,470	-	-	388,470
Valuation of warrants issued in private placement	-	(55,386)	55,386	-	-
Shares issued for property	450,000	48,000	-	-	48,000
Share based payments	-	-	141,314	-	141,314
Loss for the nine months	-	-	-	(1,043,649)	(1,043,649)
Balance at September 30, 2022	83,321,164	58,888,296	2,703,053	(61,603,166)	(11,817)

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the three months ended September 30...	2022	2021		
For the nine months ended September 30...			2022	2021
	\$	\$	\$	\$
Expenses:				
Salaries and employee benefits	42,495	36,951	116,808	110,854
Consulting services, <i>note 10</i>	34,996	78,416	187,056	325,485
Exploration and evaluation expenses, <i>note 6</i>	64,981	111,156	510,412	1,284,125
Foreign exchange loss (gain)	25,991	(5,290)	44,478	(53,678)
Insurance	8,987	7,750	23,305	20,953
Investor relations	16,043	17,821	99,308	58,613
Office and general	15,050	14,987	64,566	53,950
Professional fees, <i>note 10</i>	32,925	25,940	151,960	107,280
Share-based payments, <i>note 9</i>	47,725	121,458	141,314	301,157
Transfer agent and filing fees	2,914	13,569	29,841	39,431
Amortization	(845)	770	1,100	2,309
Total expenses	291,262	423,528	1,370,148	2,250,479
Other items:				
Property option, <i>note 6</i>	-	-	400,000	-
Realized gain (loss) on disposal of marketable securities, <i>note 5</i>	-	2,008	-	17,102
Dividend income	145	155	465	1,413
Unrealized gain (loss) on marketable securities, <i>note 5</i>	(15,904)	(25,095)	(73,966)	18,785
Flow-through share premium income, <i>note 9</i>	-	5,136	-	136,139
Total other items	(15,759)	(17,796)	326,499	173,439
Net loss and comprehensive loss for the period	(307,021)	(441,324)	(1,043,649)	(2,077,040)
Net loss per common share:				
- basic	(0.00)	(0.01)	(0.01)	(0.02)
- diluted	(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares outstanding:				
- basic	83,821,174	75,070,543	82,796,582	72,099,961
- diluted	83,821,174	75,070,543	82,796,582	72,099,961

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

Pelangio Exploration Inc.

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

For the three months ended September 30...	2022	2021		
For the nine months ended September 30...			2022	2021
	\$	\$	\$	\$
Cash was provided by (used in				
Operating activities:				
Net loss for the period	(307,021)	(441,324)	(1,043,649)	(2,077,040)
Items not affecting cash:				
Gain on disposal of marketable securities, <i>note 5</i>	-	(2,008)	-	(17,102)
Unrealized loss (gain) on marketable securities, <i>note 5</i>	15,904	25,095	73,966	(18,785)
Flow through share premium income	-	(5,136)	-	(136,139)
Shares issued for exploration and evaluation expenses	-	-	48,000	57,500
Amortization	(845)	770	1,100	2,309
Share-based payments	47,725	121,458	141,314	301,157
	(244,237)	(301,145)	(779,269)	(1,888,100)
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	5,915	25,506	24,167	(675)
Prepaid expenses	(14,825)	(29,347)	69,804	(25,805)
Accounts payable and accrued liabilities	(30,188)	(78,947)	(236,650)	(87,281)
Net change in non-cash working capital	(39,098)	(82,788)	(142,679)	(113,761)
Net cash used in operating activities	(283,335)	(383,933)	(921,948)	(2,001,861)
Investing activities:				
Purchase of marketable securities	-	-	-	(33,216)
Proceeds from disposal of marketable securities	-	41,810	-	158,404
Net cash provided by investing activities	-	41,810	-	125,188
Financing activities:				
Share subscriptions	-	-	(31,500)	-
Non-brokered private placement	-	-	417,093	750,000
Issue costs	-	-	(28,623)	(48,966)
Warrants exercised	-	(9,751)	-	-
Net cash provided (used) by financing activities	-	(9,751)	356,970	701,034
Change in cash	(283,335)	(351,874)	(564,978)	(1,175,639)
Cash, beginning of period	433,001	1,273,645	714,644	2,097,410
Cash, end of period	149,666	921,771	149,666	921,771

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(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 \$1,043,649 for the nine months ended September 30, 2022 (September 30, 2021 - \$2,077,040) and had an accumulated deficit of \$61,603,166 (December 31, 2021 - \$60,626,504) and working capital of \$19,367 (December 31, 2021 - \$57,054). These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

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

(b) Basis of preparation

The interim condensed consolidated financial statements for the nine months ended September 30, 2022 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, 2021.

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, 2021.

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, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(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, 2021.

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, 2021.

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	\$8,225	(September 30, 2021 - \$9,990)
Canada	\$591	(September 30, 2021 - \$695)

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(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 nine month period ended September 30, 2022, these shares were fair valued and this resulted in an unrealized gain (loss) of \$(73,966) (September 30, 2021 - \$18,785).

The following table summarizes information regarding the Corporation's marketable securities for the nine months ended September 30, 2022 and the year ended December 31, 2021.

	September 30, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	362,548	376,726
Acquisitions	-	109,466
Disposals	-	(158,404)
Realized gain	-	35,954
Unrealized gain (loss) on mark-to-market	(73,966)	(1,194)
Balance, end of period	288,582	362,548

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses

Transactions related to Canadian exploration for the nine months ended September 30, 2022 and for the year ended December 31, 2021 are as follows:

	September 30, December 31,	
	2022	2021
	\$	\$
Grenfell		
Drilling and assaying	-	5,800
Field supplies	169	3,167
Geologists	-	400
	169	9,367
Hailstone		
Drilling and assaying	-	196,055
Field supplies	-	1,027
Geologists	-	13,200
IP Survey	-	43,060
Option payments	-	50,000
Staking	-	600
Government rebate	-	(37,565)
	-	266,377
Dome West		
Drilling and assaying	44,051	270,710
Field supplies	3,030	18,005
Geologists	2,000	33,301
Option payments	113,000	96,000
Other	-	11,394
OJEP grant	(150,000)	-
	12,081	429,410
Gowan		
Drilling and assaying	264,563	33,876
Field supplies	37,609	6,912
Geologists	15,346	7,600
Geophysics	20,151	2,250
OJEP grant	(150,000)	-
IP Survey	1,021	51,687
VTEM Survey	3,150	26,387
	191,840	-
Kenogaming		
Field supplies	4,266	-
Geologists	14,339	-
Option payments	35,000	-
	53,605	-
Other	1,110	9,082
Total Canadian Exploration	258,805	714,236

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Transactions related to Ghanaian exploration for the nine months ended September 30, 2022 and for the year ended December 31, 2021 are as follows:

	September 30, December 31,	
	2022	2021
Manfo		
Accounting services	8,442	3,665
Consultancy	3,705	39,142
Contract workers	3,008	54,870
Corporate social responsibility	348	704
Crop compensation	-	926
Drilling and assaying	15,881	90,481
Field supplies	619	3,462
Geologists	10,744	31,504
In-country logistics	2,728	7,343
Land holding expense	40,428	-
Other	2,606	3,143
Site meal services	972	5,030
Support services	2,156	-
Travel and vehicle	16,125	14,305
	107,762	254,575
Dankran		
Accommodations	-	1,402
Accounting services	-	916
Consultancy	-	79,354
Contract workers	-	14,528
Corporate social responsibility	-	148
Drilling and assaying	-	293,679
Field supplies	-	6,199
Geologists	-	75,308
In-country logistics	-	21,322
Land holding expense	6,688	-
Option payments	-	196,530
Other	-	1,345
Permits and licenses	-	10
Site meal services	-	7,673
Soil sampling	-	62,653
Travel and vehicle	-	15,443
	6,688	776,510

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Obuasi

Accounting services	1,465	2,749
Consultancy	3,054	32,397
Contract workers	481	1,727
Drilling and assaying	-	3,768
Field supplies	-	363
Geologists	11,726	3,992
In-country logistics	3,160	1,209
Land holding expense	116,990	-
Other	-	2,284
Security	173	-
Soil sampling	-	23,622
Travel and vehicle	108	1,061
	137,157	73,172
Total Ghanaian Exploration	251,607	1,104,257
Total Exploration	510,412	1,818,493

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, 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. Twabidi concession renewal application is pending and such renewal or extension is not assured. The Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property.

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Manfo, Ghana (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 September 30, 2022, the Company remains in ongoing negotiations with the optioner.

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 a 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.

On September 7, 2022, the Company entered into an earn-in agreement with Record Gold Corp. ("Record Gold"), on the Company's Grenfell property. Record Gold may earn an 80% interest in the Grenfell property by incurring \$2,000,000 of exploration expenditures and making \$60,000 of option payments to the Company. The agreement covers five years.

Kenogaming Property

The Kenogaming Property consists of certain claims located in Kenogaming Township and is subject to a 3% NSR, of which 70% is held by a wholly-owned subsidiary of the Company.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Dome West Property

The Dome West Property consists of certain mining cells in Tisdale Township. Pursuant to an agreement dated January 29, 2019, the Company has a right to earn a 100% interest in the property by issuing an aggregate of 500,000 shares, make cash payments of \$220,000 and complete \$750,000 of exploration expenses as follows:

- (a) issue 150,000 shares and cash payment of \$15,000 upon acceptance of the agreement by the TSXV (issued and paid). The shares issued were valued at \$45,000 based on the quoted market price on the date of issuance;
- (b) issue 150,000 shares and cash payment of \$30,000 and incur \$110,000 of exploration expenses on or before the first anniversary of the acceptance date (issued, paid and incurred). The shares issued were valued at \$21,000 based on the quoted market price on the date of issuance;
- (c) issue 100,000 shares and cash payment of \$75,000 and incur \$115,000 of exploration expenses on or before the second anniversary of the acceptance date (issued, paid and incurred);
- (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 (issued, paid and incurred); and
- (e) incur \$300,000 of exploration expenses on or before November 19, 2023.

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.

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 payments of \$75,000 and complete \$285,000 of exploration expenditures over a three year period from the acceptance date of the agreement.

During 2021, the Company completed the option terms and had earned a 90% interest in the Hailstone property. The property is subject to an NSR of 1.5%.

Gowan Property

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

On January 20, 2022, the Company entered into a earn-in letter agreement with 11530313 Canada Inc. ("Privco"), whereby Privco can earn up to a 50% interest in the Gowan Property by making payments in aggregate of \$500,000 over 18 months and completing \$1,500,000 of exploration expenditures over 30 months. An option payment in the amount of \$400,000 was received in the nine months ended September 30, 2022.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Birch Lake, Canada

Birch Lake consists of the following:

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

Birch Lake West

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

Earn-in Agreement Birch Lake and Birch Lake West

On October 4, 2021, the Company entered into an earn-in agreement with First Mining Gold Corp. ("First Mining") and Gold Canyon Resources Inc. ("Gold Canyon"), a wholly owned subsidiary of First Mining, on Pelangio's Birch Lake and Birch Lake West properties. Gold Canyon may earn up to an 80% interest in the Birch Lake properties by incurring \$3,500,000 of exploration expenditures, making \$750,000 of option payments to the Company, of which \$400,000 may be made in shares of First Mining at First Mining's option and issuing 1,300,000 shares of First Mining to the Company. The agreement covers six years and has a 51% earn-in point, as an intermediary step. The Company has received the initial option payment of \$50,000 and 250,000 shares of First Mining.

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(expressed in Canadian dollars unless otherwise noted)

7. Equipment

	Computer hardware	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$
Cost at December 31, 2021	13,849	79,108	146,500	239,457
Additions	-	-	-	-
September 30, 2022	13,849	79,108	146,500	239,457
Accumulated depreciation				
December 31, 2021	13,621	70,341	142,501	226,463
Charges for the period	94	1,315	900	2,309
September 30, 2022	13,715	71,656	143,401	228,772
Net book value				
September 30, 2022	134	7,452	3,099	10,685
Net book value				
December 31, 2021	228	8,767	3,999	12,994

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8. Issued capital

(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.

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.

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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 \$136,139 was recognized for the period ended September 30, 2022 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.

In December 2021, the Company completed the first tranche of a non-brokered private placement. The first tranche of 3,629,700 units at a price of \$0.10 per unit, for gross proceeds of \$362,970 closed on December 30, 2021. Each unit is comprised of one common share and one quarter of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.15 per common share until December 30, 2022.

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8. Issued Capital (continued)

On January 12, 2022, the Company completed the second tranche of its non-brokered private placement financing. This tranche of 3,170,930 units at a price of \$0.10 per unit for gross proceeds of \$317,093 is comprised of one common share and one quarter of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.15 per common share until January 12, 2023. The Company paid a finder's fee of \$1,600 in cash.

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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, 2020	4,771,500	0.380	423,742	32,424,150	0.21	1,712,123	2,135,865
Granted/ Expensed	2,200,000	0.17	378,237	3,448,050	0.26	171,274	549,511
Expired	(817,500)	0.50	(112,036)	-	-	-	(112,036)
December 31, 2021	6,154,000	0.27	689,943	35,872,200	0.21	1,883,397	2,573,340
Granted/Expensed	1,705,000	0.05	141,314	1,042,723	0.15	55,386	196,700
Expired	(176,500)	0.32	(57,000)	(260,750)	0.18	(9,987)	(66,987)
September 30, 2022	7,682,500	0.12	774,257	36,654,173	0.21	1,928,796	2,703,053

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.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2022
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9. Equity reserves (continued)

The following share option arrangements were in existence as at September 30, 2022:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
June 16, 2017	1,455,000	363,750	0.05	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	487,500	0.14	May 4, 2022
June 2, 2020	160,000	160,000	0.19	June 2, 2025
August 20, 2020	65,000	65,000	0.23	August 20, 2025
November 5, 2020	2,705,000	2,705,000	0.17	November 5, 2025
August 24, 2021	2,050,000	1,537,500	0.17	August 24, 2026
April 28, 2022	250,000	62,500	0.095	April 28, 2027
August 31, 2022	1,455,000	363,750	0.05	August 31, 2027
	7,682,500	5,891,250	0.12	

The weighted average exercise price of options exercisable at September 30, 2022 was \$0.12 (September 30, 2021 - \$0.17).

The weighted average remaining contractual life of options outstanding at September 30, 2022 is 3.54 years (September 30, 2021 - 4.06 years).

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

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$
February 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
August 24, 2021	0	0.87	116	5 years	20,169
April 24, 2022	0	0.99	126	5 years	35,288
August 31, 2022	0	3.34	140	5 years	72,750

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

The weighted average grant date fair value of options granted during the nine months ended September 30, 2022 was \$0.06 (December 31, 2021 - \$0.12).

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9. Equity reserves (continued)

The following warrant arrangements were in existence as at September 30, 2022:

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, 2023
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
907,425	0.15	24,675	December 10, 2022
1,042,723	0.15	55,386	December 30, 2022
36,654,173	0.21	1,928,796	

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%

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

For the nine months ended September 30	2022	2021
	\$	\$
With a Ghanaian corporation controlled by an officer of the Company:		
Exploration and evaluation expenses	-	80,129
With Canadian corporations controlled by an officer of the Company:		
Exploration and evaluation (Senior VP Exploration)	38,677	-
Consulting services (Senior V.P. Exploration)	38,088	92,148
Exploration and evaluation (V.P. Corporate Development)	-	34,312
With a partnership in which an officer of the Company is a partner:		
Accounting services	128,395	104,257

Of the accounting service fees, \$58,669 (nine months ended September 30, 2021 - \$32,474) is included in professional fees and \$69,727 (nine months ended September 30, 2021 - \$71,783) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at September 30, 2022 include amounts owing to directors and officers in the amount of \$318,431 (September 30, 2021 - \$369,224). 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	425,000	51,000
May 2020 - Flow through	143,000	20,020
December 2020	250,000	32,500
December 2020 - Flow through	300,000	51,000
June 2021 - Flow through	1,250,000	200,000
January 2022	250,000	25,000
	<u>2,618,000</u>	<u>379,520</u>

The remunerations of directors and other members of key management personnel during the nine months ended September 30, 2022 and 2021 were as follows:

For the nine months ended September 30	2022	2021
	\$	\$
Short-term benefits	36,485	36,193
Share-based payments	25,725	202,486

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11. Commitments and contingencies

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

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

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

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

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

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at September 30, 2022 and 2021, no amounts have been accrued related to such matters.

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12. Loan Payable

On May 7, 2020, the Company was approved for a \$40,000 non-interest bearing bank loan under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan may be repaid at any time without notice or penalty. Up to 25% of the loan may be forgiven if 75% of the CEBA loan is repaid by December 31, 2023.

13. Subsequent events

(a) Private Placement

On October 21, 2022, the Company announced a non-brokered private placement of up to \$600,000, consisting of units ("Units") of the Company at a price of \$0.03, per Unit. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant ("Warrant"). Each warrant entitles the holder to purchase one Common Share at a price of \$0.05 for a period of three years from the initial closing date of the Private Placement.

On November 1, 2022, the Company closed the first tranche which raised gross proceeds of \$235,000 from the issuance of 7,833,333 Units at a price of \$0.03 per Unit.

On November 28, 2022, the Company increased the size of the private placement to up to \$720,000 and applied to the TSX Venture Exchange for a further 30 day price protection in order to complete further subscriptions.

(b) Dankran Property Agreement

On November 12, 2022, the Company and BNT agreed to amend the option agreement to provide that the final cash payment of \$100,000 USD be paid in two tranches: \$50,000 USD on or before December 15, 2022 and \$50,000 USD on or before April 1, 2023 and to provide that the final share issuance be increased to 2,000,000 common shares of the Company to be issued on or before December 1, 2022.