
Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2023

Pelangio Exploration Inc.

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September 30, 2023

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the three and nine-month period ended September 30, 2023, 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.

Condensed Interim Consolidated Balance Sheet

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	September 30, 2023	December 31, 2022
	\$	\$
Assets		
Current:		
Cash	248,540	603,638
Amounts receivable, <i>note 5</i>	12,455	80,995
Prepaid expenses	26,698	9,218
Marketable securities, <i>note 6</i>	298,538	326,311
Total current assets	586,231	1,020,162
Non-current assets:		
Equipment	1,232	7,617
Total Assets	587,463	1,027,779
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 10 & 11</i>	732,621	607,123
Legal settlement payable, <i>note 11</i>	148,160	-
Loan repayable, <i>note 12</i>	40,000	-
Total current liabilities	920,781	607,123
Non-current liabilities:		
Loan repayable, <i>note 12</i>	-	40,000
Total Liabilities	920,781	647,123
Shareholders' Equity		
Issued capital, <i>note 8</i>	59,519,862	59,403,667
Equity reserves, <i>note 9</i>	2,214,634	2,365,846
Deficit	(62,067,814)	(61,388,857)
Total Equity	(333,318)	380,656
Total Liabilities and Shareholders' Equity	587,463	1,027,779

Nature of operations and going concern, note 1

Commitments and contingencies, note 11

Subsequent events, note 15

See accompanying notes to the unaudited condensed interim consolidated financial statements

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"JC St-Amour" Director

Pelangio Exploration Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	Three-months ended		Nine-months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Revenue:				
Option income	-	-	-	400,000
Expenses:				
Salaries and employee benefits, <i>note 10</i>	20,291	42,495	69,989	116,808
Consulting services, <i>note 10</i>	52,878	44,996	135,487	187,056
Exploration and evaluation expenses, <i>note 7</i>	(21,025)	64,981	473,716	510,412
Obuasi legal settlement expense, <i>note 11</i>	182,068	-	182,068	-
Foreign taxes and penalties, <i>note 11</i>	67,898	-	67,898	-
Foreign exchange (gain) loss	(36,438)	25,991	(12,126)	44,478
Insurance	6,612	8,987	24,147	23,305
Investor relations	3,773	16,043	18,417	99,308
Office and general	17,340	15,050	55,568	64,566
Professional fees, <i>note 10</i>	25,932	22,925	154,287	151,960
Share-based payments, <i>note 9</i>	12,856	47,725	63,411	141,314
Transfer agent and filing fees	17,699	2,914	30,697	29,841
Amortization	428	(845)	1,805	1,100
Total Expenses	350,312	291,262	1,265,364	1,370,148
Loss from operations	(350,312)	(291,262)	(1,265,364)	(970,148)
Other gains and losses				
Interest and dividend income	83	145	2,713	465
Impairment of equipment	(4,580)	-	(4,580)	-
Expense recovery, <i>note 5 & 10</i>	47,131	-	306,465	-
Unrealized loss on marketable securities, <i>note 6</i>	(58,227)	(15,904)	(27,773)	(73,966)
	(15,593)	(15,759)	276,825	(73,501)
Net loss and comprehensive loss for the period	(365,906)	(307,021)	(988,540)	(1,043,649)
Net income loss per common share:				
- basic	(0.00)	(0.00)	(0.01)	(0.01)
- diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding:				
- basic	109,768,953	83,821,174	109,472,073	82,796,582
- diluted	109,768,953	83,821,174	109,472,073	82,796,582

See accompanying notes to the unaudited condensed interim consolidated financial statements

Pelangio Exploration Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	Shares #	Share Capital \$	Equity reserves \$	Shares to be issued \$	Deficit \$	Total equity
December 31, 2021	78,700,243	58,507,212	2,573,340	31,500	(60,626,504)	485,548
Non-brokered private placement, net of issuance costs, note 8	4,170,930	388,470	-	(31,500)	-	356,970
Valuation of warrants issued in private placement	-	(55,386)	55,386	-	-	-
Expiry of warrants	-	-	(9,987)	-	9,987	-
Expiry of options	-	-	(57,000)	-	57,000	-
Shares issued for property, note 8	450,000	48,000	-	-	-	48,000
Share based payments, note 9	-	-	141,314	-	-	141,314
Loss for nine months	-	-	-	-	(1,043,649)	(1,043,649)
September 30, 2022	83,321,173	58,888,296	2,703,053	-	(61,603,166)	(11,817)
Non-brokered private placement, net of issuance costs	24,000,000	641,549	-	-	-	641,549
Valuation of warrants issued in private placement	-	(186,178)	186,178	-	-	-
Expiry of warrants	-	-	(532,507)	-	532,507	-
Shares issued for property, note 8	2,000,000	60,000	-	-	-	60,000
Share based payments, note 9	-	-	9,122	-	-	9,122
Loss for three months	-	-	-	-	(318,198)	(318,198)
December 31, 2022	109,321,173	59,403,667	2,365,846	-	(61,388,857)	380,656
Share based payments, note 9	-	-	63,411	-	-	63,411
Non-brokered private placement, net of issuance costs, note 8	6,970,000	201,155	-	-	-	201,155
Valuation of warrants issued in private placement	-	(94,960)	94,960	-	-	-
Shares issued for legal settlement, note 8	285,715	10,000	-	-	-	10,000
Expiry of options	-	-	(132,261)	-	132,261	-
Expiry of warrants	-	-	(177,322)	-	177,322	-
Loss for nine months	-	-	-	-	(988,540)	(988,540)
Balance at September 30, 2023	116,576,888	59,519,862	2,214,634	-	(62,067,814)	(333,318)

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

Pelangio Exploration Inc.**Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited – Prepared by Management)

Expressed in Canadian dollars

	Three-months ended		Six-months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Cash was provided by (used in):				
Operating activities:				
Net loss for the period	(365,906)	(307,021)	(988,540)	(1,043,649)
Items not affecting cash:				
Shares issued for legal settlement, <i>note 11</i>	10,000	-	10,000	-
Unrealized loss on marketable securities, <i>note 6</i>	58,227	15,904	27,773	73,966
Shares issued for exploration and evaluation expenses	-	-	-	48,000
Impairment of equipment	4,580	-	4,580	-
Amortization	428	(845)	1,805	1,100
Share-based payments, <i>note 9</i>	12,856	47,725	63,411	141,314
	(279,815)	(244,237)	(880,971)	(779,269)
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	162,628	5,915	68,540	24,167
Prepaid expenses	11,148	(14,825)	(17,480)	69,804
Accounts payable and accrued liabilities	(95,513)	(30,188)	125,498	(236,650)
Legal settlement payable	148,160	-	148,160	-
Net change in non-cash working capital	226,423	(39,098)	324,718	(142,679)
Net cash used in operating activities	(53,392)	(283,335)	(556,253)	(921,948)
Financing activities:				
Share subscriptions	-	-	-	(31,500)
Non-brokered private placement	209,100	-	209,100	417,093
Cash - share issue costs	(7,945)	-	(7,945)	(28,623)
Net cash provided by financing activities	201,155	-	201,155	356,970
Change in cash	147,763	(283,335)	(355,098)	(564,978)
Cash, beginning of period	100,777	433,001	603,638	714,644
Cash, end of period	248,540	149,666	248,540	149,666

See accompanying notes to the unaudited condensed interim consolidated financial statements

Pelangio Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023

(Unaudited – Prepared by Management)

(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 expended on exploration and evaluation activities is dependant upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

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

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

The Company had a net loss of \$365,906 (September 30, 2022 - \$307,021) and \$988,540 (September 30, 2022 - \$1,043,649) for the three and nine months ended September 30, 2023, respectively, and had an accumulated deficit of \$62,067,814 (December 31, 2022 - \$61,388,857) and working capital deficit of \$334,550 (December 31, 2022 – surplus of \$413,039) as at September 30, 2023. These conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, has been omitted or condensed.

(b) Basis of preparation

These unaudited condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation and described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2022. Accordingly, these condensed interim consolidated financial statements for the three and nine-month period ended September 30, 2023 and 2022 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2022.

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 and nine-month period ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

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, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

(c) Approval of the condensed interim consolidated financial statement

These consolidated financial statements were authorized for issuance by the Board of Directors on November 20, 2023.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

Subsidiaries

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

The subsidiaries of the Company are as follows:

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

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

During the three and nine-months ended September 30, 2023, the Company did not have any changes to its subsidiaries.

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.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

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, 2022.

4. Operating segments

Geographical information

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

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

In order to determine reportable operating segments, management reviews various factors, including geographical location and managerial structure. It was determined by management that a reportable operating segment generally consists of an individual exploration property managed by a single general manager and management team.

The Company maintains equipment in both geographical locations. The total value of the equipment in both operating segments as at September 30, 2023 and December 31, 2022 was immaterial.

5. Amounts receivable

As at September 30, 2023, the Company had sales taxes receivable of \$12,455 (December 31, 2022 - \$80,995).

During the three months ended June 30, 2023, management conducted a review of the accounting estimates used in claiming HST. The review covered all prior periods based on the allowable recovery period for claiming any unclaimed input tax credits by Canada Revenue Agency ("CRA"). As a result of the internal review management along with external tax consultants concluded that initially unclaimed input tax credits which were assessed by management at the time as having been incurred to support the Company's ability to conduct its foreign operations were unlikely to be collectable and therefore were not included in the estimated input tax credit receivable. As a result of the review management concluded that the HST receivable was now likely to be collected. The Company has changed its estimate on eligible input tax credits and believed that it was entitled to receive an additional \$159,334 HST as a result of the review. The HST recovery was recorded as an expense recovery of on the Condensed Interim Consolidated Statements of Operations and Comprehensive Loss.

On July 19, 2023, the Company received the \$159,334 in HST from CRA.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

6. Marketable securities

The Company holds shares in certain public and private companies in the mining industry. During the three and nine-month period ended September 30, 2023, these shares were fair valued and this resulted in an unrealized loss of \$58,227 (September 30, 2022 – loss of \$15,904) and an unrealized loss of \$27,773 (September 30, 2022 – loss of \$73,966) respectively.

The following table summarizes information regarding the Corporation's public investments for the nine-months ended September 30, 2023 and the year ended December 31, 2022.

As at	September 30, 2023 \$	December 31, 2022 \$
Balance, beginning of period	132,816	170,822
Acquisitions	-	50,000
Disposals	-	(17,837)
Realized gain	-	(24,385)
Change in fair value	(27,773)	(45,784)
Balance, end of period	105,043	132,816

The following table summarizes information regarding the Corporation's private investments for the nine-months ended September 30, 2023 and the year ended December 31, 2022.

As at	September 30, 2023 \$	December 31, 2022 \$
Balance, beginning of period	193,495	191,726
Disposals	-	(32,778)
Change in fair value	-	34,547
Balance, end of period	193,495	193,495

Total marketable securities for the nine-months ended September 30, 2023 and the year ended December 31, 2022 were:

As at	September 30, 2023 \$	December 31, 2022 \$
Public investments	105,043	132,816
Private investments	193,495	193,495
Marketable securities	298,538	326,311

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses

Total exploration and evaluation expenditures in both Ghana and Canada for the three and nine-months ended September 30, 2023 were a recovery of \$21,025 (September 30, 2022 - \$64,981) and \$473,716 (September 30, 2022 - \$510,412) respectively.

Ghana properties

As at September 30, 2023, the Company held three exploration and evaluation properties in Ghana. Exploration and evaluation expenditures for the Ghana properties for the three and nine-months ended September 30, 2023 and September 30, 2022 are as follows:

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Manfo				
Geologists	10,679	14,493	82,212	17,457
Logistics	11,801	(4,476)	18,213	31,042
Drilling and assaying	(47,978)	15,881	273,046	15,881
Land holding expense	-	(123,678)	2,792	40,428
Other	313	1,404	393	2,954
Total Manfo expenses	(25,185)	(96,376)	376,656	107,762
Dankran				
Geologists	2,010	-	2,010	-
Logistics	-	(9,044)	-	-
Land holding expense	-	6,688	-	6,688
Option payment	-	-	66,248	-
Total Dankran expenses	2,010	(2,356)	68,258	6,688
Obuasi				
Geologists	1,947	14,867	31,125	15,261
Logistics	203	4,798	1,352	4,906
Land holding expense	-	116,990	2,792	116,990
Total Obuasi expenses	2,150	136,655	35,269	137,157
Total Ghana exploration	(21,025)	37,923	480,183	251,607

Obuasi, Ghana

Pursuant to an option agreement dated May 3, 2006, and satisfied by the Company in 2011, certain of the Company's subsidiaries acquired 100% (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) of a property in southwest Ghana, West Africa. The optioned property consisted of the Kyereboso #2, Kyereboso #3, Meduma and Adokwae concessions. The Meduma concession expired on January 26, 2023. The Meduma concession, Adokwae concession, the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

Ghana properties (continued)

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

Manfo, Ghana

During 2011, the Company satisfied the terms of the three 2010 definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company had an option to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in each of the concessions. The Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property. The Subriso concession is in good standing until January 27, 2024, the Sempekrom concession is in good standing until February 4, 2024 and Twabidi concession renewal is pending and such renewal is not assured.

The property is subject to a 2% net smelter royalty ("NSR") subject to the Company's right to repurchase 1% of the NSR for a payment of US \$4,000,000. The Company (or its successor or permitted assignee) will pay the optionor a discovery bonus totaling the sum of (i) US\$1,000,000 plus (ii) US\$1.00 per ounce of proven and probable gold reserves set out in the first positive feasibility study published or released in respect of the Manfo Property.

The Company entered a review period, subject to certain financial conditions, with the optionor of the Manfo property regarding the NSR repurchase terms. As at September 30, 2023, the Company remains in the review period.

Dankran Property

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

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

Canadian properties

As at September 30, 2023, the Company held three main exploration and evaluation properties and several minor exploration and evaluation properties in Canada. Exploration and evaluation expenditures for the Canada properties for the three and nine-months ended September 30, 2023 and September 30, 2022 are as follows:

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Dome West				
Drilling and assaying	-	54	-	44,051
Geologists	-	-	294	2,000
Logistics	-	30	(10,000)	3,030
Option payment	-	-	-	113,000
OJEP Grant	-	-	-	(150,000)
Total Dome West expenses	-	84	(9,706)	12,081
Gowan				
Geologists	-	-	524	15,346
Geophysics	-	6,147	-	23,322
Drilling and assaying	-	(5,186)	-	264,563
Logistics	-	856	-	37,609
OJEP Grant	-	-	-	(150,000)
Total Gowan expenses	-	1,817	524	190,840
Kenogaming				
Geologists	-	12,589	294	14,339
Option payments	-	-	-	35,000
Logistics	-	2,245	-	4,266
Total Kenogaming expenses	-	14,834	294	53,605
Other Canadian properties	-	10	2,421	1,279
Total Canada exploration	-	16,745	(6,467)	257,805

Dome West Property

The Dome West Property consists of certain mining cells in Tisdale Township. Pursuant to an agreement dated January 29, 2019, the Company has a right to earn a 100% interest in the property by issuing an aggregate of 500,000 shares, make cash payments of \$220,000 and complete \$750,000 of exploration expenses. As at September 30, 2023, the Company made the cash payments of \$220,000, issued the 500,000 shares and incurred \$450,000 of exploration expenditures. The shares issued were valued at \$99,000 based on the quoted market price on the date of issuance.

Pelangio Exploration Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-months ended September 30, 2023

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(Expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

Canadian properties (continued)

As of September 30, 2023, the only remaining obligation under the Dome West Property agreement was to incur \$300,000 of exploration expenses on or before January 31, 2023. The Company invoked the force majeure provision of the agreement at the onset of the COVID-19 pandemic thereby extending the above deadline to November 19, 2023. 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.

Gowan Property

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

On January 20, 2022, the Company entered into a earn-in letter agreement with 11530313 Canada Inc. ("Privco"), whereby Privco can earn up to a 50% interest in the Gowan Property by making payments in aggregate of \$500,000 over 18 months and completing \$1,500,000 of exploration expenditures over 30 months. An option payment in the amount of \$400,000 was received in the year ended December 31, 2022.

Grenfell Property

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

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

Kenogaming Property

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

Hailstone property

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

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

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.

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7. Exploration and evaluation expenses (continued)

Canadian properties (continued)

Birch Lake West

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

Earn-in Agreement Birch Lake and Birch Lake West

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

Upon completion of the 51% earn-in, Gold Canyon has the right to earn a further 29% interest for a period of 2 years from the date of exercise of the 51% earn in right. Gold Canyon may earn the additional 29% earn-in by making an option payment \$400,000 in cash or shares of First Mining (at First Mining's option) and incurring an additional \$1,750,000 of exploration expenditures. As at September 30, 2023, the Company received the first two option payments totaling \$100,000 and 500,000 shares of First Mining.

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

Poirier Gold, Canada

Poirier Gold consists of one mining lease made up of two mining claims in Bristol Township, Ontario. The property is subject to net smelter return royalties of 2%.

8. Issued capital

(i) Authorized

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

(ii) Non-brokered private placements

Nine months ended September 30, 2023

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

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8. Issued capital (continued)

Nine months ended September 30, 2022

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

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

(iii) Shares issued for properties

Nine-months ended September 30, 2023

There were no shares issued for properties during the nine-months ended September 30, 2023.

Nine-months ended September 30, 2022

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

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

(iv) Shares issued for Obuasi Settlement

Nine-months ended September 30, 2023

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

Nine-months ended September 30, 2022

There were no settlement shares issued during the nine months ended September 30, 2022.

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9. Equity reserves

The following is a continuity schedule for outstanding options and warrants as at September 30, 2023 and December 31, 2022:

	Number of Options	Weighted average Exercise Price (\$)	Number of Warrants	Weighted average Exercise Price (\$)
December 31, 2021	6,154,000	0.17	35,872,200	0.26
Granted/expensed	1,705,000	0.06	26,063,732	0.05
Expired	(176,500)	0.50	(3,601,025)	0.39
December 31, 2022	7,682,500	0.13	58,334,907	0.15
Granted	-	-	7,210,000	0.05
Forfeited	(970,000)	0.14	-	-
Expired	(20,000)	0.55	-	-
September 30, 2023	6,692,500	0.14	60,544,907	0.11

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining, and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The maximum number of shares reserved for issuance under the share option plan is limited to 10% of the issued and outstanding common shares of the Company. Each stock option converts into one common share of the Company upon exercise. Share options granted under the share option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter.

The Company recorded share-based compensation expense related to stock options of \$12,856 (September 30, 2022 - \$47,725) and \$63,411 (September 30, 2022 - \$141,314) for the three and nine-months ended September 30, 2023 respectively.

The unvested options at September 30, 2023 are scheduled to vest as follows:

During the year ended:	Number of options vesting	Stock-based compensation expense 2023 (\$)	Stock-based compensation expense 2024 (\$)
December 31, 2023	62,500	339	-
December 31, 2024	342,500	5,573	3,715
	405,000	5,912	3,715

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9. Equity reserves (continued)

The following table reflects the share option arrangements outstanding as at September 30, 2023:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
November 1, 2018	335,000	335,000	0.18	November 1, 2023
February 27, 2019	85,000	85,000	0.32	February 27, 2024
July 11, 2019	15,000	15,000	0.16	July 11, 2024
May 4, 2020	417,500	417,500	0.14	May 4, 2025
June 2, 2020	160,000	160,000	0.19	June 2, 2025
August 20, 2020	65,000	65,000	0.23	August 20, 2025
November 5, 2020	2,345,000	2,345,000	0.17	November 5, 2025
August 24, 2021	1,650,000	1,650,000	0.115	August 24, 2026
April 28, 2022	250,000	187,500	0.095	April 28, 2027
August 31, 2022	1,375,000	1,027,500	0.05	August 31, 2027
	6,692,500	6,287,500		

The table below provides the weighted average exercise price and weighted average remaining contractual life of options exercisable at September 30, 2023.

Exercise Price	Total options outstanding			Total options exercisable		
	Number	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Number	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)
0.18	335,000	0.00	0.01	335,000	0.00	0.01
0.32	85,000	0.01	0.00	85,000	0.01	0.00
0.16	15,000	0.00	0.00	15,000	0.00	0.00
0.14	417,500	0.10	0.01	417,500	0.11	0.01
0.19	160,000	0.04	0.00	160,000	0.04	0.00
0.23	65,000	0.02	0.00	65,000	0.02	0.00
0.17	2,345,000	0.74	0.06	2,345,000	0.78	0.06
0.115	1,650,000	0.72	0.03	1,650,000	0.76	0.03
0.095	250,000	0.13	0.00	187,500	0.11	0.00
0.05	1,370,000	0.80	0.01	1,027,500	0.64	0.01
	6,692,500	2.56	0.14	6,287,500	2.47	0.14

During the nine months ended September 30, 2023, 20,000 stock options expired unexercised. The options had an exercise price of \$0.55 and an estimated grant date fair value \$10,000. During the nine-months ended September 30, 2023, 970,000 options with a weighted average exercise price of \$0.14 were forfeited. The forfeited options had initial expiry dates ranging from November 1, 2023 to August 27, 2027.

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9. Equity reserves (continued)

The fair value of share options outstanding as at September 30, 2023, has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield	Risk-free interest rate	Expected volatility	Expected Life	Estimated grant date fair value
	%	%	%		\$
November 1, 2018	0	2.27	173	5 years	127,300
February 27, 2019	0	1.91	174	5 years	25,840
July 11, 2019	0	1.62	164	5 years	2,000
May 4, 2020	0	0.40	151	5 years	55,667
June 2, 2020	0	0.38	151	5 years	27,000
August 20, 2020	0	0.41	141	5 years	26,000
November 5, 2020	0	0.45	137	5 years	338,096
August 24, 2021	0	0.87	116	5 years	161,100
April 24, 2022	0	0.99	126	5 years	26,466
August 31, 2022	0	3.34	140	5 years	49,668

There were no options granted during the nine-months ended September 30, 2023.

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

Warrants

The following warrant arrangements were in existence as at September 30, 2023:

Warrants #	Exercise Price \$	Grant Date	Expiry Date
9,420,000	0.18	May 19, 2020	December 3, 2024
7,950,000	0.18	December 3, 2020	December 3, 2024
6,650,000	0.18	December 3, 2020	December 3, 2024
1,484,375	0.20	June 10, 2021	December 10, 2024
859,375	0.20	June 10, 2021	December 10, 2024
1,042,732	0.15	December 30, 2021	December 30, 2024
907,425	0.15	January 12, 2022	December 30, 2024
7,833,333	0.05	November 1, 2022	November 1, 2025
315,000	0.05	November 1, 2022	November 1, 2025
16,166,667	0.05	December 16, 2022	December 16, 2025
706,000	0.05	December 16, 2022	December 16, 2025
6,970,000	0.05	September 27, 2023	September 27, 2028
240,000	0.05	September 27, 2023	September 27, 2028
60,544,907	0.11		

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9. Equity reserves (continued)

The weighted average life of the outstanding warrants at September 30, 2023 is 2.05 years (December 31, 2022 – 1.99 years).

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

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected Life (Years)	Estimated grant date fair value \$
May 19, 2020	0	0.42	150	2	343,164
December 3, 2020	0	0.46	137	2	292,527
December 10, 2020	0	0.46	136	2	244,693
June 10, 2021	0	0.82	119	1.5	84,968
June 17, 2020	0	0.94	119	1.5	49,002
December 30, 2021	0	1.28	111	1	24,675
January 12, 2022	0	1.52	111	1	11,844
January 13, 2022	0	1.50	111	1	6,811
November 1, 2022	0	3.43	140	3	69,825
December 25, 2022	0	2.91	140	3	153,028
September 27, 2023	0	4.33	146	5	94,960

On May 5, 2023, the Company announced the extension of 9,420,000 warrants which were set to expire on May 19, 2023. The warrants were initially issued pursuant to non-brokered private placement that closed on May 19, 2020. The expiry date of the warrants was extended to December 3, 2024. There were no other amendments to the other warrant terms.

10. Related party information

The following transactions were entered into with related parties that are not subsidiaries of the Company during the three and nine-months ended September 30, 2023 and September 30, 2022:

	Three-months ended September 30,		Nine-months ended September 30,	
	2023 \$	2022 \$	2023 \$	2022 \$
Corporations controlled by an officer of the Company:				
Consulting, exploration and evaluation (Senior VP Exploration)	18,364	19,824	45,575	76,765
Exploration and evaluation (V.P. Corporate Development)	-	(13,846)	-	-
Ghanian corporation controlled by an officer of the Company	-	-	75,756	-
Partnership in which an officer of the Company is a partner:				
Accounting services	-	8,134	16,848	58,669
Chief Financial Officer services	-	18,373	39,402	69,727
Corporation providing services to the Company:				
Corporate Secretary	3,750	3,621	11,971	11,967
Total	22,114	36,106	189,552	217,128

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10. Related party information (continued)

Accounts payable and accrued liabilities as at September 30, 2023 include amounts owing to directors and officers in the amount of \$303,653 (December 31, 2022 - \$336,496). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Of the related party accounts payable and accrued liabilities as at September 30, 2023, \$112,500 (December 31, 2022 - \$212,500) is accrued wages to the Company's president. This amount is unsecured, non-interest bearing and is due on demand. On June 30, 2023, the Company's president informed the Company that they were voluntarily forgiving \$100,000 of the accrued wages. The Company recorded a recovery of expenses on the consolidated statement of operations for the debt recovery.

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

The remuneration of directors and other members of key management personnel, not including key management paid through a corporation listed in the table above, during the three and nine-months ended September 30, 2023 and 2022 were as follows:

	Three-months ended September 30,		Nine-months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	17,500	-	35,000	-
Salary and benefits	11,250	11,250	33,750	36,485
Share-based payments	5,905	(554)	38,380	25,725
Total	34,655	10,696	107,130	62,210

During the three and nine-months ended September 30, 2023, there were no stock options issued to related parties. As at September 30, 2023, there are 4,365,000 (December 31, 2022 – 1,020,000) options owned by related parties.

Related parties of the Company participated in the September 27, 2023, private placement for an aggregate total of 3,770,000 units for gross proceeds of \$113,100. Refer to Note 8 for details of the private placement.

11. Commitments and contingencies

Employment agreements

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

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11. Commitments and contingencies

Litigation claims

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

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

Obuasi Litigation

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

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

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

Under the terms of the settlement agreement Pelangio will make five payments totaling US\$100,000 and issue common shares having an aggregate value of CDN\$50,000. The share issuance is subject to approval by the TSXV.

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

As at September 30, 2023, the Company recorded legal settlement expense of \$182,068 (September 30, 2022 - \$ nil) and a legal settlement payable of \$148,160 (December 31, 2022 - \$ nil).

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

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11. Commitments and contingencies (continued)

Ghana Revenue Agency (“GRA”) audit

In August 2023, the Company’s Ghana subsidiaries underwent a compliance audit by the GRA. As a result of the audit, a total of GHS415,959 (CAD\$67,898) including penalties and interest was assessed as owing to the Ghana government.

As at September 30, 2023, the Company recorded an expense for foreign taxes and penalties of \$67,898 (September 30, 2022 -\$ nil). As at September 30, 2023, the Company has a payable to the GRA in the amount of \$48,750. To date the Company has not made any payments to the GRA as it continues to discuss the potential for payment plans with the GRA. The decrease in the payable is due to the change in the foreign exchange rate between the Canadian dollar and the Ghanaian Cedi.

New Edubiase claims

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

Flow through share issuance

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 Canadian Emergency Business Assistance (“CEBA”) program funded by the Government of Canada. The CEBA loan may be repaid at any time without notice or penalty. Up to 25% of the loan may be forgiven if 75% of the CEBA loan is repaid by December 31, 2023. In addition, the loan is not subject to any interest charges if repaid prior to December 31, 2023. As at September 30, 2023, the Company has not made any repayments of the loan.

13. Capital management

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2023 or 2022.

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13. Capital management (continued)

The Company's capital management objectives, policies and processes have remained unchanged during the nine-months ended September 30, 2023 as well as the year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at September 30, 2023, and December 31, 2022, the management of the Company assessed that it is compliant with Policy 2.5.

14. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies, and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had a cash balance of \$248,540 (December 31, 2022 - \$603,638) to settle current liabilities of \$920,781 (December 31, 2022 - \$607,123). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The company's loan repayable is described in note 12.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

Price risk

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

Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

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14. Financial risk factors (continued)

As at September 30, 2023 and December 31, 2022, the carrying and fair value amounts of the Company's financial instruments, other than marketable securities are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

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

The following tables illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at September 30, 2023.

	Level 1 (Quoted Market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Investments, fair value				
Publicly traded investments	105,043	-	-	105,043
Private investment	-	193,495	-	193,495
September 30, 2023	105,043	193,495	-	298,538

Fair value of financial instruments

Within Level 3, the Company included private company investments that are not quoted on an exchange. The key assumptions previously used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies. As at September 30, 2023, the Company no longer had any Level 3 financial instruments.

Transfer of Levels in the Fair Value Hierarchy

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. During the six-months ended June 30, 2023, private investments of \$232,194 transferred from Level 3 to Level 2 driven by availability of observable external market data associated with these positions, consequently, no further extrapolation is required. There were no transfers between other levels of the fair value hierarchy during the three months ended September 30, 2023.

Pelangio Exploration Inc.

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(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise noted)

14. Financial risk factors (continued)

The table below provides a summary of changes in level 3 balance sheet items measured at fair value as at September 30, 2023.

Changes in financial instruments measured at fair value based on level 3		
	Number of shares	Private Investment (\$) (Measured at fair value)
Balance December 31, 2022	3,869,896	232,194
Transfers to Level 2	(3,869,896)	(232,194)
Balance at September 30, 2023	-	-

Record Resources

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

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

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

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

Market Risk

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the US dollar and the Ghanaian Cedi. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

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14. Financial risk factors (continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one year period:

US dollar

As at September 30, 2023, the Company held approximately \$21,700 (December 31, 2022 - \$6,500) of cash balances denominated in US dollars. As at September 30, 2023, the Company had accounts payable and accrued liabilities denominated in US dollars of \$533,200 (December 31, 2022 - \$17,886). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$51,146 based on the balance of monetary assets and liabilities at September 30, 2023 (December 31, 2022 - \$1,000).

Ghanian Cedi

As at September 31, 2023, the Company held approximately \$251 of cash balances denominated in Ghanian Cedi. As at September 30, 2023, the Company had accounts payable and accrued liabilities denominated in Ghanian Cedi of \$53,200. A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$5,300 based on the balance of monetary assets and liabilities at September 30, 2023. Cash and accounts payable and accrued liabilities in Ghanian Cedi as at December 31, 2022 were insignificant.

15. Subsequent events

Amendment of Birch Lake option agreement

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

Private placement

On October 27, 2023, the Company completed the second and final tranche of its non-brokered private placement financing. This tranche of 4,749,999 units at a price of \$0.03 per unit for gross proceeds of \$143,000 is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.05 per common share until September 27, 2028. There were no finders fees associated with this tranche of the private placement.