Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2018

Pelangio Exploration Inc.

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the three-month period ended March 31, 2018 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Balance Sheet

Expressed in Canadian Dollars

	March 31 2018 $	December 31 2017 $
Assets		
Current:		
Cash	773,954	578,815
Prepaid expenses	4,265	8,529
Total current assets	778,219	587,344
Non-current assets:		
Equipment, *note 7*	29,205	31,279
Total Assets	**807,424**	**618,623**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 10*	559,988	597,677
Share subscriptions	-	13,800
Total current liabilities	559,988	611,477
Total Liabilities	559,988	611,477
Shareholders' Equity		
Issued capital, *note 8*	53,610,649	53,215,915
Equity reserves, *note 9*	1,050,153	712,719
Deficit	(54,413,366)	(53,921,488)
Total Equity	247,436	7,146
	807,424	**618,623**

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

"Ian Shaw" Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Share Capital $	Equity reserves $	Retained earnings (deficit) $	Total equity $
December 31, 2016	235,538,329	52,738,870	927,628	(54,001,142)	(334,644)
Expiry of warrants	-	-	(54,255)	54,255	-
Expiry of options	-	-	(512,148)	512,148	-
Share based payments	-	-	2,652	-	2,652
Loss for the three months	-	-	-	(70,093)	(70,093)
March 31, 2017	235,538,329	52,738,870	363,877	(53,504,832)	(402,085)
Expiry of options	-	-	(212,350)	212,350	-
Non-brokered private placement, net of issuance costs	22,080,000	992,535	-	-	992,535
Valuation of warrants issued in private placement	-	(515,490)	515,490	-	-
Share based payments	-	-	45,702	-	45,702
Loss for nine months	-	-	-	(629,006)	(629,006)
December 31, 2017	**257,618,329**	**53,215,915**	**712,719**	**(53,921,488)**	**7,146**
Non-brokered private placement, net of issuance costs	13,500,000	613,031	-	-	613,031
Valuation of warrant issued in private placement	-	(328,297)	328,297	-	-
Consideration for consulting and advisory services	2,000,000	110,000	-	-	110,000
Share based payments	-	-	9,137	-	9,137
Income for three months	-	-	-	(491,878)	(491,878)
Balance at March 31, 2018	**273,118,329**	**53,610,649**	**1,050,153**	**(54,413,366)**	**247,436**

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the three months ended March 31	**2018** $	**2017** $
Revenue:		
Option income	**-**	**90,000**
Expenses:		
Salaries and employee benefits	15,225	27,659
Consulting services, *note 10*	128,567	7,582
Exploration and evaluation expenses, *note 6*	205,796	55,972
Foreign exchange loss (recovery)	15,854	3,111
General exploration	122	-
Insurance	4,265	4,265
Investor relations	32,241	5,000
Office and general	14,193	20,206
Professional fees, *note 10*	41,073	11,186
Share-based payments, *note 9*	9,137	2,652
Transfer agent and filing fees	23,331	11,243
Amortization	2,074	2,217
Unrealized loss on marketable securities	-	9,000
	491,878	**160,093**
Net income (loss) and comprehensive income (loss) for the period	**(491,878)**	**(70,093)**
Net income (loss) per common share:		
- basic	0.00	0.00
- diluted	0.00	0.00
Weighted average number of common shares outstanding:		
- basic	**268,657,218**	**235,538,329**
- diluted	**268,657,218**	**235,538,329**

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the three months ended March 31	**2018** $	**2017** $
Cash was provided by (used for):		
Operating activities:		
Net income (loss) for the period	(491,878)	(70,093)
Items not affecting cash:		
Unrealized loss on marketable securities	-	9,000
Shares issued for consulting and advisory services	110,000	-
Amortization	2,074	2,217
Stock-based payments	9,137	2,652
	(370,667)	**(56,224)**
Cash was provided by (used to finance) changes in the following working capital items:		
Prepaid expenses	4,264	9,734
Accounts payable and accrued liabilities	(37,689)	78,071
	(33,425)	**87,805**
Net cash used in operating activities	**(404,092)**	**31,581**
Investing activities:		
Purchase of marketable securities	-	(90,000)
Net cash used in investing activities	**-**	**(90,000)**
Financing activities:		
Share subscriptions	(13,800)	-
Non-brokered private placement	675,000	**-**
Issue costs	(61,969)	-
Net cash provided by financing activities	**599,231**	**-**
Change in cash	**195,139**	**(58,419)**
Cash, beginning of period	578,815	81,071
Cash, end of period	**773,954**	**22,652**
Supplemental information		
Finders warrants issued	43,562	-

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

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 income (loss) of $(491,878) (March 31, 2017 - $(70,093)) for the three months ended March 31, 2018 and had an accumulated deficit of $54,413,366 (March 31, 2017 - $(53,559,582)). The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

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

(b) Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2018 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, 2017.

Current accounting changes

During 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 12, disclosure of interests in other entities, IAS 7, statement of cash flows and IAS 12, income taxes. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2018 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

(b) Basis of preparation (continued)

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRIC 23 – Interpretation of Uncertainty over Income Tax Treatments ("IFRIC 23") was published on June 17, 2017. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC Interpretations (Interpretations) form part of the authoritative IFRS requirements. They are developed by the IFRS Interpretations Committee to provide requirements on specific application issues and are ratified by the IASB. IFRIC 23 is effective for annual accounting periods beginning on or after 1 January 2019. Earlier application is permitted. IFRIC 23 has not yet been endorsed by the EU.

(expressed in Canadian dollars unless otherwise noted)

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, 2017.

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, 2017. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

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, 2017.

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	$27,688	(March 31, 2017 - $32,409)
Canada	$1,517	(March 31, 2017 - $1,868)

5. Financial risk factors

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

Credit risk

The Company's credit risk is primarily attributable to cash and amounts receivable. 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

As at March 31, 2018, the Company had a cash balance of $773,954 (March 31, 2017 - $22,652) to settle current liabilities of $559,988 (March 31, 2017 - $555,216). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Of the accounts payable and accrued liabilities $212,500 (March 31, 2017 - $191,250) is an amount of accrued wages to the Company president. This amount will be paid as cash flow of the Company allows.

5. Financial risk factors (continued)

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 is remote since the Company is not a producing entity.

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.

Cash is classified as loans and receivables and is measured at amortized cost. Accounts payable and accrued liabilities and share subscriptions are classified as other financial liabilities, which are measured at amortized cost.

As at March 31, 2018 and December 31, 2017, the carrying and fair value amounts of the Company's financial instruments 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).

At March 31, 2018 and December 31, 2017, the Company had no financial instruments to classify in the fair value hierarchy.

5. Financial risk factors (continued)

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.

Sensitivity analysis

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

As at March 31, 2018 the Company held $455,310 (December 31, 2017 - $261,000) of cash balances denominated in US dollars. As at March 31, 2018, the company had accounts payable and accrued liabilities denominated in US dollars of $66,533 (December 31, 2017 - $46,633). 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 $39,000 based on the balance of monetary assets and liabilities at March 31, 2018.

6. Exploration and evaluation expenses

Transactions for the three months ended March 31, 2018 and the year ended December 31, 2017 are as follows:

2018	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	59,658	-	-	-	59,658
Field supplies	8,828	-	-	-	8,828
Geologists	42,674	527	-	-	43,201
Crop compensation	834	-	-	-	834
Site meal services	5,282	-	-	-	5,282
Travel and vehicle	26,301	-	-	-	26,301
Soil sampling	9,354	-	-	-	9,354
In-country logistics	51,016	-	322	-	51,338
Other	-	-	-	1,000	1,000
	203,947	**527**	**322**	**1,000**	**205,796**

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

2017	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	109,740	-	-	-	109,740
Permits and licenses	10,544	8,240	-	-	18,784
Crop compensation	15,009	-	-	-	15,009
Geologists	47,259	28,298	-	-	75,557
Field supplies	9,112	-	-	-	9,112
Accounting services	2,623	-	-	-	2,623
Site meal services	9,240	31	-	-	9,271
Travel and vehicle	41,710	1,086	-	-	42,796
Interpretations and maps	-	-	1,089	-	1,089
Security	3,609	-	-	-	3,609
Soil sampling	16,348	-	-	-	16,348
In-country logistics	54,494	23,001	-	-	77,495
Options income	-	-	-	(165,000)	(165,000)
Other	-	-	-	1,000	1,000
	319,688	**60,656**	**1,089**	**(164,000)**	**217,433**

Obuasi, Ghana

Pursuant to a letter agreement dated September 23, 2005, as amended by an amending letter agreement dated November 18, 2005, and replaced by option agreements dated May 3, 2006, certain of the Company's subsidiaries acquired options to acquire 100% (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) of a property in southwest Ghana, West Africa. The optioned property consists of the Kyereboso #2, Kyereboso #3, Meduma and Adokwae concessions, which were acquired from two private Ghanaian corporations. The Adokwae concession is in good standing until June 21, 2018. The Meduma concession and the Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals are not assured.

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

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

6. Exploration and evaluation expenses (continued)

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 and the Sempekrom concession renewal is pending. A renewal or extension for Twabidi 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.

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 March 31, 2018, the Company remains in the review period.

6. Exploration and evaluation expenses (continued)

Akroma, Ghana

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

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

During the second quarter of 2014, the Company completed the option terms and had earned a 100% interest in the Akroma Property. The Akroma Property consists of two separate land packages, Dormaa and Wamfie. The Prospecting License for Dormaa is in good standing until May 10, 2018.

Option Agreement Dormaa

The Company's wholly-owned subsidiary Pelangio Ahafo (G) Limited entered into an option and joint venture agreement dated November 7, 2016 and amended on February 14, 2017 with RosCan Minerals Corporation ("RosCan") on the Dormaa Project. The Dormaa project forms a part of the Company's Akroma Property in Ghana.

To exercise the option and earn a 50% interest in the Dormaa Project, RosCan would:

(a) fund a total of $2,000,000 in exploration expenditures on the Dormaa Project, within three years of the date of the Option Agreement (the "Effective Date") as follows

- (i) $150,000 due 90 days following the Effective Date (funded),
- (ii) $150,000 due 150 days following the Effective Date (funded),
- (iii) $700,000 due by June 5, 2018, and
- (iv) $1,000,000 due by June 5, 2019;

(b) pay to Pelangio $160,000, as follows:

- (i) $10,000 (paid),
- (ii) $50,000 on June 5, 2018, and
- (iii) $100,000 on June 5, 2019

(c) pay the applicable ground rent and mineral right fees, which are payable to the Government of Ghana pursuant to the Prospecting License, and becoming due during the three-year option period.

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenses (continued)

Upon the exercise of the option, a joint venture between RosCan and the Company will be formed, whereby each party will have an initial 50% participating interest, and thereafter contribute funding on a pro rata basis or have its participating interest diluted in accordance with a dilution formula.

Birch Lake, Canada

Birch Lake consists of 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%.

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%.

7. Equipment

	Computer hardware $	Furniture and equipment $	Vehicles $	Total $
Cost at December 31, 2017	13,849	79,108	146,500	239,457
Additions	-	-	-	-
March 31, 2018	13,849	79,108	146,500	239,457
Accumulated depreciation				
December 31, 2017	11,354	61,984	134,840	208,178
Charges for the period	343	857	874	2,074
March 31, 2018	11,697	62,841	135,714	210,252
Net book value				
March 31, 2018	2,152	16,267	10,786	29,205
Net book value				
December 31, 2017	2,495	17,124	11,660	31,279

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 August of 2017, the Company completed a private placement financing in three tranches. The first tranche of 8,920,000 units at a price of $0.05 per unit for gross proceeds of $446,000 closed August 1, 2017. 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 $0.07 per common share until July 31, 2020. In the event that the common shares trade on the TSX Venture Exchange at a volume weighted average price of $0.14 or more per Common Share for any period of at least ten consecutive trading days after July 31, 2017, the Company shall be entitled to accelerate the expiry time of the warrants to a date that is at least thirty days from the date that written notice of such acceleration is provided to the holders of the warrants by way of news release, with the new expiry time specified in such notice. The Company paid a finder's fee of $7,680 in cash and 58,400 non-transferable finder’s warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until July 31, 2020, subject to acceleration as described above to certain introducing parties in respect of the private placement.

The second tranche of 1,550,000 units at a price of $0.05 per unit for gross proceeds of $77,500 closed August 9, 2017. 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 $0.07 per common share until July 31, 2020. In the event that the common shares trade on the TSX Venture Exchange at a volume weighted average price of $0.14 or more per common share for any period of at least ten consecutive trading days after July 31, 2017, the Company shall be entitled to accelerate the expiry time of the warrants to a date that is at least thirty days from the date that written notice of such acceleration is provided to the holders of the warrants by way of news release, with the new expiry time specified in such notice. The Company paid a finder's fee of $1,200 in cash and 24,000 non-transferable finder’s warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until July 31, 2020, subject to acceleration as described above to certain introducing parties in respect of the private placement.

8. Issued Capital (continued)

(ii) Non-brokered private placements (continued)

The third tranche of 1,110,000 units at a price of $0.05 per unit for gross proceeds of $55,500 closed August 30, 2017. 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 $0.07 per common share until July 31, 2020. In the event that the common shares trade on the TSX Venture Exchange at a volume weighted average price of $0.14 or more per common share for any period of at least ten consecutive trading days after July 31, 2017, the Company shall be entitled to accelerate the expiry time of the warrants to a date that is at least thirty days from the date that written notice of such acceleration is provided to the holders of the warrants by way of news release, with the new expiry time specified in such notice. The Company paid a finder's fee of $2,040 in cash and 40,000 non-transferable finder’s warrants, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until July 31, 2020, subject to acceleration as described above to certain introducing parties in respect of the private placement.

In December of 2017, the Company completed a private placement financing in two tranches. The first tranche of 5,500,000 units at a price of $0.05 per unit for gross proceeds of $275,000 closed December 15, 2017. 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 $0.07 per common share until December 15, 2020.

The second tranche of 5,000,000 units at a price of $0.05 per unit for gross proceeds of $250,000 closed December 18, 2017. 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 $0.07 per common share until December 15, 2020.

The third tranche of 13,500,000 units at a price of $0.05 per unit for gross proceeds of $675,000 closed January 18, 2018. 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 $0.07 per common share until December 15, 2020.

The Company paid a finder's fee of $96,000 in cash and 1,920,000 non-transferable finder’s warrants for both tranches, with each such warrant entitling the holder thereof to acquire one common share at a price of $0.05 per share until December 15, 2020. All finders fees are subject to compliance with applicable securities legislation and TSX Venture Exchange policies. All securities issued in these two closings of the Private Placement are subject to statutory four month hold periods expiring April 16, 2018, April 19, 2018 and May 18, 2018 respectively.

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves

	No. of options #	Weighted Average Exercise Price $	Grant Date Fair Value of options $	No. of warrants #	Weighted Average Exercise Price $	Grant Date Fair Value of warrants $	Total Value $
December 31, 2016	9,030,000	0.124	873,373	5,737,784	0.05	54,255	927,628
Granted/Expensed	-	-	2,652	-	-	-	2,652
Expired	(1,365,000)	(0.29)	(512,148)	(5,737,784)	0.05	(54,255)	(566,403)
March 31, 2017	**7,665,000**	**0.069**	**363,877**	**-**	**-**	**-**	**363,877**
Granted/Expensed	1,965,000	0.05	54,839	23,042,400	0.05	843,787	898,626
Expired	(1,370,000)	(0.29)	(212,350)	(5,737,784)	(0.05)	-	(212,350)
March 31, 2018	**8,260,000**	**0.051**	**206,366**	**17,304,616**	**0.05**	**843,787**	**1,050,153**

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

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 12,500,000 common shares of the Company. Share options granted under the share option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter.

The following share option arrangements were in existence as at March 31, 2018:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
October 28, 2013	150,000	150,000	0.075	October 28, 2018
February 4, 2014	1,295,000	1,295,000	0.05	February 4, 2019
March 27, 2015	1,600,000	1,600,000	0.05	March 27, 2020
January 19, 2016	3,250,000	3,250,000	0.05	January 19, 2021
May 8, 2017	1,395,000	697,500	0.050	May 8, 2022
June 16, 2017	370,000	185,000	0.05	June 16, 2022
February 27, 2018	200,000	50,000	0.055	February 27, 2023
	8,260,000	**7,227,500**	**0.051**	

The weighted average exercise price of options exercisable at March 31, 2018 was $0.051 (December 31, 2017 - $0.05).

The weighted average remaining contractual life of options outstanding at March 31, 2018 is 2.64 years (December 31, 2017 - 2.83 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 $
October 28, 2013	0	1.72	122	5 years	11,600
February 4, 2014	0	1.63	100	5 years	66,000
March 27, 2015	0	0.75	108	5 years	61,623
January 19, 2016	0	0.68	115	5 years	49,000
May 8, 2017	0	0.50	137	5 years	15,000
February 27, 2018	0	1.75	148	5 years	10,000

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

The weighted average grant date fair value of options granted during the three months ended March 31, 2018 was $0.05 (March 31, 2017 - $Nil).

(expressed in Canadian dollars unless otherwise noted)

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%

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

For the three months ended March 31	**2018** $	**2017** $
With a corporation whose President is an officer of the Company:		
Deferred exploration expenditures	26,027	-
With an officer of the Company:		
Consulting services	6,006	-
With a partnership in which an officer of the Company is a partner:		
Accounting services	25,320	8,406

Of the accounting service fees, $8,347 (three months ended March 31, 2017 - $825) is included in professional fees and $16,973 (three months ended March 31, 2017 - $7,582) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at March 31, 2018 include amounts owing to directors and officers in the amount of $348,916 (December 31, 2017 - $398,846). 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.

In the August 2017 non-brokered private placement described in note 9(ii), directors and officers of the Company and members of their families subscribed for 5,100,000 units for gross proceeds of $255,000.

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2018 and March 31, 2017 were as follows:

For the three months ended March 31	**2018** $	**2017** $
Short-term benefits	11,250	21,250
Share-based payments	7,827	2,084

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 $255,000. As a triggering event has not taken place, the contingent payments have not been reflected in the 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 two separate actions 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. One 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. The other action has proceeded to trial with judgment given for the plaintiff. The judgement of the trial Court was set aside by the Court of Appeal on February 26, 2018. The Company considers the other action to be without merit.

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 our reasoned assessment 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 March 31, 2018 and March 31, 2017, no amounts have been accrued related to such matters.

12. 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 2016 or 2015.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2016 and 2015. 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 of March 31, 2018, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

13. Subsequent events

(a) Birch Lake

Effective April 10, 2018, the Company acquired a 1.5% net smelter royalty (“NSR Royalty”) in 10 claims (1,856 hectares) adjoining its 100% owned Birch Lake property pursuant to an agreement between 2522962 Ontario Inc. (5SD) and the Company. Pursuant to the agreement the Company agreed to transfer $564,000 of assessment work credits to 5SD to enable the adjoining claims to be held for an additional 10 years. The Company will retain sufficient assessment work credits to maintain the Birch Lake Property for over 10 years. 5SD has the right to purchase 1/3 of this royalty (0.5%) at any time for $1,000,000.

(b) Birch Lake

Effective May 24, 2018, the Company entered into an option agreement with 5SD to acquire the 10 claims referred to in (a) above. Consideration for this option agreement is the issuance of 4,000,000 shares of the Company, 1,000,000 shares upon TSXV acceptance and 1,000,000 shares on each of the next three anniversaries of the acceptance date.