Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements

June 30, 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 six-month period ended June 30, 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

	June 30 2018 $	December 31 2017 $
Assets		
Current:		
Cash	462,229	578,815
Prepaid expenses	17,060	8,529
	479,289	587,344
Non-current assets:		
Equipment, *note 7*	27,132	31,279
Total Assets	**506,421**	**618,623**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 10*	541,434	597,677
Share subscriptions	-	13,800
Total Liabilities	541,434	611,477
Shareholders' Equity		
Issued capital, *note 8*	53,640,649	53,215,915
Equity reserves, *note 9*	1,036,266	712,719
Deficit	(54,711,928)	(53,921,488)
Total Equity	(35,013)	7,146
Total Liabilities and Equity	**506,421**	**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

"Carl Nurmi" Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity
Expressed in Canadian Dollars

	Shares #	Share Capital $	Equity reserves $	Deficit $	Total equity $
December 31, 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	-	-	25,029	-	25,029
Loss for the six months	-	-	-	(138,160)	(138,160)
June 30, 2017	235,538,329	52,738,870	386,254	(53,572,899)	(447,775)
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	-	-	23,325	-	23,325
Loss for the six months	-	-	-	(560,939)	(560,939)
December 31, 2017	257,618,329	53,215,915	712,719	(53,921,488)	7,146
Expiry of options	-	-	(20,441)	20,441	-
Share based payments	-	-	15,691	-	15,691
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
Shares issued for property	1,000,000	30,000	-	-	30,000
Loss for the six months	-	-	-	(810,881)	(810,881)
Balance at June 30, 2018	**274,118,329**	**53,640,649**	**1,036,266**	**(54,711,928)**	**(35,013)**

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations
Expressed in Canadian Dollars

For the three months ended June 30...	**2018**	**2017**		
For the six months ended June 30...			**2018**	**2017**
	$	$	$	$
Revenue:				
Interest	726	63	726	63
Management fee	14,260	9,936	14,260	9,936
Property option	-	75,000	-	165,000
Unrealized gain on marketable securities	-	36,000	-	27,000
	14,986	**120,999**	**14,986**	**201,999**
Expenses:				
Salaries and employee benefits	15,407	21,316	30,632	48,975
Consulting services, *note 10*	52,033	6,609	180,600	14,191
Exploration and evaluation expenses, *note 6*	143,819	23,222	349,615	79,194
Foreign exchange loss (gain)	433	5,569	16,287	8,680
General exploration	1,369	-	1,491	-
Insurance	4,264	7,015	8,529	11,280
Investor relations	23,698	17,073	55,939	22,073
Office and general	18,024	20,957	32,217	41,163
Professional fees, *note 10*	37,579	36,491	78,652	47,677
Share based payments, *note 9*	6,554	22,377	15,691	25,029
Transfer agent and filing fees	28,735	24,693	52,066	35,936
Travel	-	1,494	-	1,494
Amortization	2,074	2,250	4,148	4,467
	333,989	**189,066**	**825,867**	**340,159**
Net and comprehensive loss for the period	**(319,003)**	**(68,067)**	**(810,881)**	**(138,160)**
Net income (loss) per common share:				
- basic	0.00	0.00	0.00	0.00
- diluted	0.00	0.00	0.00	0.00
Weighted average common shares outstanding				
- basic	**273,524,922**	**235,538,329**	**271,104,517**	**235,538,329**
- diluted	**273,524,922**	**235,538,329**	**271,104,517**	**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 June 30...	**2018**	**2017**		
For the six months ended June 30...			**2018**	**2017**
	$	$	$	$
Cash was provided by (used for):				
Operating activities:				
Net loss for the period	(319,003)	(68,067)	(810,881)	(138,160)
Items not affecting cash:				
Unrealized gain on marketable securities	-	(36,000)	-	(27,000)
Shares issued for consulting and advisory services	-	-	110,000	-
Shares issued for exploration and evaluation expenses	30,000	-	30,000	-
Amortization	2,074	2,250	4,148	4,467
Share-based payments	6,554	22,377	15,691	25,029
	(280,375)	**(79,440)**	**(651,042)**	**(135,664)**
Cash was provided by (used to finance) changes in the following working capital items:				
Amounts receivable	-	-	(1)	24,937
Prepaid expenses	(12,796)	(5,904)	(8,531)	(21,106)
Accounts payable and accrued liabilities	(18,554)	64,719	(56,243)	142,789
	(31,350)	**58,815**	**(64,775)**	**146,620**
Investing activities:				
Purchase of marketable securities	-	-	-	(90,000)
Financing activities:				
Share subscriptions	-	-	(13,800)	-
Non-brokered private placement	-	-	675,000	-
Issue costs	-	-	(61,969)	-
	-	**-**	**599,231**	**-**
Change in cash	**(311,725)**	**(20,625)**	**(116,586)**	**(79,044)**
Cash, beginning of period	773,954	22,652	578,815	81,071
Cash, end of period	**462,229**	**2,027**	**462,229**	**2,027**

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 loss of $810,881 (2017 - $138,160) for the six months ended June 30, 2018 and had an accumulated deficit of $54,711,928 (2017 - $53,611,005) and working capital deficiency of $62,145 (2017 - $479,802) as at June 30, 2018. 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 six months ended June 30, 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.

2. Basis of presentation (continued)

(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 June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending 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	$25,694	(June 30, 2017 - $30,258)
Canada	$1,438	(June 30, 2017 - $1,769)

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 June 30, 2018, the Company had a cash balance of $462,229 (June 30, 2017 - $2,027) to settle accounts payable and current liabilities of $541,434 (June 30, 2017 - $619,935). 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 is on account of accrued wages to the company president. This amount will be paid as cash flow of the company allows.

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 rate 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 measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 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.

5. Financial risk factors (continued)

Fair value of financial instruments (continued)

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 June 30, 2018 and December 31, 2017, the Company had no financial instruments to classify in the fair value hierarchy.

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 June 30, 2018 the Company held $245,877 (December 31, 2017 - $Nil) of cash balances denominated in US dollars. As at June 30, 2018, the company had accounts payable and accrued liabilities denominated in US dollars of $72,611 (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 $17,000 based on the balance of monetary assets and liabilities at June 30, 2018.

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenditures

Transactions for the six months ended June 30, 2018 and the year ended December 31, 2017 are as follows:

2018	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling and assaying	102,978	-	-	-	102,978
Permits and licenses	5,796	-	-	-	5,796
Field supplies	9,701	-	-	-	9,701
Geologists	58,924	1,127	-	-	60,051
Crop compensation	3,429	-	-	-	3,429
Site meal services	9,188	-	-	-	9,188
Travel and vehicle	40,469	-	-	-	40,469
Other	-	-	-	2,400	2,400
Soil sampling	20,215	-	-	-	20,215
In-country logistics	65,388	-	-	-	65,388
Option payment	-	-	-	30,000	30,000
	316,088	**1,127**	**-**	**32,400**	**349,615**

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenditures (continued)

Transactions for the year ended December 31, 2017 are as follows:

2017	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling and assaying	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, Meduma, Kyereboso #2 and Kyereboso #3 renewal applications are pending and such renewals or extensions 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 expenditures (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, Twabidi and Sempekrom renewal applications are 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 June 30, 2018, the Company remains in the review period.

6. Exploration and evaluation expenditures (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 pending and such renewal or extension is not assured. The conversion of the Wamfie concession to a Prospecting Licence is still pending and there is no assurance that such conversion will be completed.

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 February 14, 2017 and June 1, 2018, 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 (received March 3, 2017),
- (ii) $150,000 due 150 days following the Effective Date (received May 5, 2017),
- (iii) $700,000 due by December 5, 2018, and
- (iv) $1,000,000 due by December 5, 2019;

(b) pay to Pelangio $260,000, as follows:

- (i) $10,000 (paid),
- (ii) $50,000 by December 5, 2018, and
- (iii) $200,000 by December 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.

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.

As disclosed in note 13, subsequent to June 30, 2018, RosCan advised the Company that they have elected to discontinue the option on the Dormaa property.

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) Option to acquire a 100% interest in 10 unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario. The Company has a right to earn a 100% interest in the property by issuing an aggregate of 4,000,000 common shares in four tranches as follows:

- (a) 1,000,000 upon acceptance of the agreement by the TSXV (issued)
- (b) 1,000,000 on or before the first anniversary of the acceptance date
- (c) 1,000,000 on or before the second anniversary of the acceptance date
- (d) 1,000,000 on or before the third anniversary of the acceptance date

Pursuant to the share consolidation as disclosed in note 13, the shares remaining to be issued pursuant to the option agreement will be reduced by a factor of ten.

Poirier Gold

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%.

(expressed in Canadian dollars unless otherwise noted)

7. Equipment

	Computer hardware $	Furniture and equipment $	Vehicles $	Total $
Cost at December 31, 2017	13,849	79,108	146,500	239,457
Additions	-	-	-	-
June 30, 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	686	1,712	1,749	4,147
June 30, 2018	12,040	63,696	136,589	212,325
Net book value				
June 30, 2018	1,809	15,412	9,911	27,132
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.

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

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	1,765,000	0.050	48,354	23,042,400	0.05	515,490	563,844
Expired	(2,735,000)	0.29	(724,498)	(5,737,784)	0.05	(54,255)	(778,753)
December 31, 2017	**8,060,000**	**0.164**	**197,229**	**23,042,400**	**0.05**	**515,490**	**712,719**
Granted/Expensed	200,000	0.05	15,691	14,580,000	0.07	328,297	343,988
Expired	(500,000)	0.05	(20,441)	-	-	-	(20,441)
June 30, 2018	**7,760,000**	**0.050**	**192,479**	**37,622,400**	**-**	**843,787**	**1,036,266**

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.

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

The following share option arrangements were in existence as at June 30, 2018:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
February 4, 2014	1,195,000	1,195,000	0.05	February 4, 2019
March 27, 2015	1,500,000	1,500,000	0.05	March 27, 2020
January 19, 2016	3,100,000	3,100,000	0.05	January 19, 2021
May 8, 2017	1,395,000	1,046,250	0.05	May 8, 2022
June 16, 2017	370,000	277,500	0.05	June 16, 2022
February 27, 2018	200,000	50,000	0.055	February 27, 2023
	7,760,000	**7,168,750**	**0.050**	

The weighted average exercise price of options exercisable at June 30, 2018 was $0.05 (December 31, 2017 - $0.05).

The weighted average remaining contractual life of options outstanding at June 30, 2018 is 2.45 years (December 31, 2017 - 2.83 years).

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

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

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value $
February 4, 2014	0	1.63	100	5 years	67,000
March 27, 2015	0	0.75	108	5 years	62,000
January 19, 2016	0	0.68	115	5 years	49,000
May 8, 2017	0	0.50	136	5 years	42,000
June 16, 2017	0	0.50	137	5 years	15,000
February 27, 2018	0	1.75	148	5 years	10,000

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

The weighted average grant date fair value of options granted during the six months ended June 30, 2018 was $0.03 (December 31, 2017 - $0.015).

The following warrant arrangements were in existence as at June 30, 2018:

Warrants #	Exercise Price $	Estimated Grant Date Fair Value $	Expiry Date
11,580,000	0.07	510,097	July 31, 2020
122,400	0.05	5,391	July 31, 2020
24,000,000	0.07	303,979	December 15, 2020
1,920,000	0.05	24,318	December 15, 2020
37,622,400		**843,785**	

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%

(expressed in Canadian dollars unless otherwise noted)

10. Related party information (continued)

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

For the six months ended June 30	**2018** $	**2017** $
With the Senior Vice President Exploration		
Consulting services	6,006	-
With the Vice President, Africa:		
Exploration and evaluation expenses	14,429	20,333
With a partnership in which an officer of the Company is a partner:		
Accounting services	21,832	17,103

Of the accounting service fees, $13,538 (six months ended June 30, 2017 - $11,319) is included in professional fees and $33,614 (six months ended June 30, 2017 - $14,191) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at June 30, 2018 include amounts owing to directors and officers in the amount of $304,995 (December 31, 2017 - $249,789). 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.

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2018 and 2017 were as follows:

For the six months ended June 30	**2018** $	**2017** $
Short-term benefits	22,500	42,500
Share-based payments	13,333	17,905

11. Commitments and contingencies

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately $135,000. As a triggering event has not taken place, the contingent payments have not been reflected in 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 June 30, 2018 and 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 2017 or 2016.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2017 and 2016. 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 June 30, 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

Share Consolidation

Effective July 6, 2018 the Company's issued and outstanding common shares were consolidated on the basis of one post-consolidation common share for every ten pre-consolidation common shares. Additionally the number of options and warrants outstanding was consolidated on the same basis. The exercise price of the options and warrants outstanding has been increased by a factor of ten.

Dormaa Option Agreement

Subsequent to June 30, 2018, the Company was advised by RosCan that they have elected to discontinue the option on the Dormaa property.