This Management's discussion and analysis ("MD&A") of the consolidated operating results and financial condition of Pelangio Exploration Inc. (the "Company", "Pelangio", "us", "we", "our" or similar terms) for the year ended December 31, 2015 has been prepared based on information available to Pelangio as of April 12, 2016, and should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended December 31, 2014 and December 31, 2015.

The consolidated financial statements, including comparatives, and the related notes 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"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless noted otherwise.

FORWARD LOOKING INFORMATION

Certain statements herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to:

- The mineral resource estimate;
- the timing of exploration programs and the filing of technical reports;
- exploration plans and results with respect to our Manfo, Obuasi and Akroma properties in Ghana (the "Ghana Properties") and our properties in Canada (the "Canadian Properties");
- our future business and strategies;
- requirements for additional capital and future financing;
- future price of gold; and
- estimated future working capital, funds available and uses of funds, and future capital expenditures, exploration expenditures and other expenses for specific operations.

Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, the price of gold, and the state of the economy and equity markets. Although our management believes that the assumptions made and the expectations represented by such statement or information are reasonable, there can be no assurance that a forward-looking statement or information referenced herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Such risks, uncertainties and other factors include, among other things, the following:

- our ability to advance the Ghana Properties and the Canadian Properties;
- gold price volatility;
- speculative and uncertain nature of gold exploration;
- inherent uncertainties in estimating mineral resources;
- discrepancies between actual and estimated mineral resources;
- subjectivity of estimating mineral resources and the reliance on available data and assumptions and judgments used in the interpretation of such data;
- volatility of global and local economic climate;
- changes in equity markets;
- exploration costs, capital requirements and the ability to obtain funding;
- regulatory restrictions;
- defective title to mineral claims or property;

- risks associated with outstanding litigation;
- political developments in Ghana;
- uncertainties and risks related to carrying on business in foreign countries, including illegal mining, possible adverse changes in laws and taxation, foreign currency exchange fluctuations and inflation;
- risks associated with environmental liability claims and insurance;
- risks associated with the volatility of the Company's common share price and volume; and
- risks associated with dilution.

as well as those factors discussed under "Risk Factors" below.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. Also, many of the factors are beyond the control of Pelangio. Forward-looking statements and forward-looking information are based upon management's beliefs, estimates and opinions at the time they are made. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update any forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

TECHNICAL DISCLOSURE

Disclosure of a scientific or technical nature regarding the Ghana Properties and the Canadian Properties was prepared by or under the supervision of or approved by Warren Bates, P. Geo., (APGO #0211), (the "Qualified Person") a qualified person within the meaning of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects ("NI 43-101")* and our Vice President, Exploration. The Qualified Person has verified the data disclosed. Data verification involved checking of information for past drill holes, trench surveying, logging, sampling and assaying as well as a review of information in the exploration computer database.

The mineral resource estimation work was completed by Dorota El-Rassi, P. Eng. (APEO #100012348) and Blair Hrabi, P. Geo., (APGO #1723) under the supervision of Glen Cole, P.Geo. (APGO #1416) of SRK Consulting (Canada) Inc. ("SRK"). Ms. El-Rassi, Mr. Hrabi and Mr. Cole, are independent qualified persons as this is defined in National Instrument 43-101. Mr. Hrabi inspected the Manfo gold project from May 15 to 22, 2012.

CORPORATE OVERVIEW

Pelangio is a Canadian junior gold exploration company with properties in two of the top-ranked mining jurisdictions in the world, Ghana and Canada. Pelangio focuses on the acquisition and exploration of early stage or undervalued exploration prospects located in world-class gold belts, and aims to make discoveries that will significantly increase shareholder value. Pelangio is a reporting issuer in Ontario, Alberta, British Columbia, Saskatchewan and Nova Scotia, and our common shares commenced trading on the TSX Venture Exchange ("TSX-V") on September 10, 2008 under the symbol PX.

OPERATING AND FINANCIAL STRATEGIES

Our strategy is to acquire large, camp-sized properties with potential for world-class gold deposits, and to advance exploration on these properties to the development stage before seeking to joint venture or sell interests in them while maintaining upside exposure to resource expansion and potential new discoveries. We model this strategy on the January 2007 transaction in which the Company's predecessor, Pelangio Mines Inc. ("Mines"), sold the Detour Lake property for an equity interest in Detour Gold Corporation, thus providing shareholders with an opportunity to retain upside exposure to the Detour Lake project through the late stage exploration and development phase.

PROPERTY DESCRIPTION AND PLANS

Ghana Properties

Manfo

During the third quarter of 2010, we entered into a letter of intent with a private Ghanaian company (the "Optionor") to acquire a 100% interest (subject to a 10% free carried interest held by the Government of Ghana, the Government's right to acquire a further 20% interest on mutually agreed terms, and a 5% royalty interest (the "Government Interest"), as stipulated in Clause 43, *The Minerals and Mining Act 703 of 2006* (the "Mining Act") in each of the contiguous Subriso, Sempekrom and Twabidi concessions (collectively, the "Manfo Property"). We subsequently entered into three definitive option agreements (the "Manfo Agreements") in respect of the Manfo Property, which were submitted to the Minerals Commission of Ghana and subsequently approved by the Minister of Lands and Natural Resources of the Republic of Ghana in 2011. The Manfo Property totals approximately 100 square kilometres and is located in the Ahafo Ano North district of the Ashanti region of Ghana, approximately 36 kilometres southwest of Tepa, 14 kilometres south of Newmont Mining Corporation's Ahafo mine and 50 kilometres north of Kinross Gold Corporation's Chirano mine.

We completed the expenditure requirements of $2,000,000 and the required payments of US $435,000 under the Manfo Agreements, and granted the Optionor a 2.5% net smelter return ("NSR") royalty, subject to Pelangio's right to buy back 1% of such NSR for an aggregate total payment of US$4,000,000. Additionally, Pelangio (or its successor or permitted assign) will pay the Optionor a discovery bonus equal to the sum of (i) US$1,000,000 plus (ii) US$1.00 per ounce of proven and probable gold reserve set out in the first positive feasibility study published or released in respect of the Manfo Property. Pelangio now holds a 100% interest in the Manfo Property (subject to the Government Interest) and subject to the 2.5% NSR to the Optionor. The transfer of title to the Manfo Property was approved by the Minister of the Ministry of Lands and Natural Resources of Ghana in 2012. The Subriso concession is in good standing and the Sempekrom concession renewal is pending. A renewal or extension for the Twabidi concession is pending, which renewal or extension is not assured.

The Company is in ongoing negotiations with the Optionor regarding the buy-back of the NSR and has paid $55,303 to the Optionor. This payment is expected to be applied towards the purchase price of the buy-back of the royalty.

The Manfo Agreements are available under Pelangio's profile on www.sedar.com.

Obuasi

The Obuasi property consists of the Kyereboso 2, Kyereboso 3 and Meduma concessions totalling 264 square kilometres with an application pending for a Prospecting License covering the remaining 26 square kilometres (Adokwae). In accordance with the Mining Law of 2006, Pelangio elected to shed off a 26 square kilometre portion of the property and has re-applied for a Prospecting License on such shed off portion of the property. Pelangio has been advised by the Minerals Commission that such re-application would be approved in the ordinary course, but the application is still pending as the Adokwae Prospecting License is awaiting signature of the Sector Minister. The Kyereboso 2 and Kyereboso 3 concessions have extensions pending and the Meduma concession is in good standing. The Obuasi property was acquired pursuant to option agreements (the "Obuasi Agreements"), with two private Ghanaian corporations and is located contiguous with AngloGold Ashanti's giant Obuasi gold mine within the prolific 300 kilometre long Ashanti Gold Belt in southwest Ghana, West Africa.

Pelangio now holds a 100% interest in the Obuasi Property (subject to the Government Interest as defined above, and subject to a 2% NSR to the Optionors).

The Obuasi Agreements are available under Pelangio's profile on www.sedar.com.

Alluvial Option Agreements

The Minerals Commission of Ghana completed their initial review of the option agreements between Minatura Alluvials Co. LLC ("Minatura") and Pelangio under which it is proposed that Minatura may mine alluvial gold at Pelangio's Obuasi Property with Pelangio retaining all mining rights to any bedrock mineralization. As a result of that review, the Minerals Commission has requested additional information from the parties to the agreement.

The Corporation's wholly-owned subsidiaries Pelangio Adansi Asaasi (G) Limited, Pelangio Adansi Asaasi (B) Inc. and Pelangio Mines (B) Inc. (collectively, "Pelangio") have entered into an option agreement entitled Option Agreement Relating to Kyereboso No. 2 Prospecting License (the "Kyereboso No. 2 Option") and an option agreement entitled Option Agreement Relating to Kyereboso No. 3 Prospecting License (the "Kyereboso No. 3 Option" and, together with the Kyereboso No. 2 Option, the "Option Agreements"), both dated February 27, 2015 with Ghana Rae Gold Mines Ltd. ("Ghana Rae"), Minatura Alluvials Co. LLC ("Minatura") and Almamerica LLC ("ALMA").

The terms of the Option Agreements are substantially similar with the exception that each is only applicable to the license referenced in the name of the applicable Option Agreement. Under the Option Agreement, Pelangio is granting to Minatura an option (each, an "**Option**") to acquire an interest in the rights to mine Alluvial Gold only (as defined in the applicable License) on each of the Kyereboso No. 2 Prospecting License and the Kyereboso No. 3 Prospecting License (collectively, the "**Licenses**"), each of which forms a part of the Corporation's Obuasi Property in Ghana. Minatura controls Ghana Rae and ALMA.

During the Option period, Ghana Rae will act as operator of a bulk sampling program to be conducted on the geographic area relating to each License to assess whether Alluvial Gold can be mined at the applicable License economically. Expenditures during this period related to the Licenses and the bulk sample will be paid by Minatura. Minatura may exercise an Option by delivering an option exercise notice to Pelangio along with:

a) Feasibility Study with respect to the Alluvial Gold mineralization on the applicable License;
b) Minatura's positive recommendation for construction and development of a mine producing Alluvial Gold consistent with the Feasibility Study;
c) schedule for development and construction of the mine; and
d) comprehensive budget for development and construction of the Mine (collectively, the "Exercise Conditions").

The deadline for exercising an Option is sixty days from the later to occur of completion of the bulk sampling program and Ghanaian Ministerial approval of the applicable Option Agreement.
Once an Option is exercised, if Pelangio wishes to participate in such mining, then, at Pelangio's option, the parties will enter into a corporate joint venture in respect of the Alluvial Gold mining on the applicable License, and ALMA will indirectly acquire 50% of the rights to mine the Alluvial Gold on the applicable License, subject to the existing Government Interest and an existing Underlying Royalty (each as defined in the applicable License). A draft form of shareholders' agreement terms to govern the joint venture is attached to the applicable Option Agreement as Schedule F.

If Pelangio does not wish to participate in such mining on the applicable License, then ALMA can directly or indirectly acquire 100% of the rights to mine the Alluvial Gold on the applicable License, subject to the Government Interest, the Underlying Royalty and a royalty retained by Pelangio on a sliding scale rate, depending on the prevailing gold price, as set out in the royalty agreement attached as Schedule C to each Option Agreement.

If an Option is not exercised by the deadline noted above, the applicable Option Agreement will be terminated and vacant possession of any portion of the License area that was occupied will be surrendered to Pelangio.

After exercise of an Option, whether or not Pelangio opts to participate in Alluvial Gold mining, Pelangio can give notice to the owner of the Alluvial Gold mining that it intends to conduct mining of Bedrock Minerals (as defined in the applicable License) on a designated portion of a License. The notice period shall be three years and, after such notice period has elapsed, any mining of Alluvial Gold on such portion must have been completed and Pelangio shall have exclusive rights to conduct mining thereon provided that it initiates development of such mining within two years of the expiry of the three-year notice period.

Pelangio retains the right to conduct exploration activities, including drilling and bulk sampling, on the License areas, so long as it consults with the owner of the Alluvial Gold mining rights, if applicable.

Each Option Agreement is subject to approval by the Minister of Lands and Natural Resources of the Republic of Ghana Exchange as well as to the receipt of any required approvals of the TSX Venture Exchange. The TSX Venture Exchange approval has been received.

Akroma

During the second quarter of 2011, we entered into an option agreement to acquire a 100% interest in the Akroma Property (subject to the Government Interest, as defined above), a 159 square kilometre concession governed by a Reconnaissance License in the Brong-Ahafo Region of Ghana. An application has been filed with the Minerals Commission for the conversion of the Reconnaissance License to a Prospecting License. The Akroma Property is an early stage exploration property with initial prospecting, geochemical and geophysical surveys indicating significant exploration promise.

Pursuant to the option agreement on the Akroma Property, as amended, Pelangio acquired a 100% interest in the property. Pelangio paid US$50,000 and issued 200,000 common shares to the Optionor over a three-year period, pursuant to the following schedule:

(a) US$50,000 and issue 35,000 common shares (completed on June 15, 2011);
(b) on or before June 15, 2012, issue 40,000 common shares (completed on June 13, 2012);
(c) on or before October 15, 2013, issue 55,000 common shares (completed August 26, 2013); and
(d) on or before June 15, 2015, issue 70,000 common shares (completed June 12, 2015).

Pelangio also granted the Optionor a 2% NSR upon making the payment and share issuances described above, of which a 1% NSR may be repurchased at any time for a cash payment of US$2 million.

Exploration Activities

Manfo Property

Initial 43-101 Mineral Resource Evaluation Technical Report

On June 21, 2013, the Company filed on SEDAR the report entitled *Mineral Resource Evaluation Technical Report, Manfo Gold Project, Ghana. (the "Manfo Initial Resource Evaluation").* Mineral resources were estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") *Estimation of Mineral Resource and Reserves Best Practices Guidelines* and are reported in accordance with Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") by SRK. The mineral resource estimation work was completed by Dorota El-Rassi, P. Eng. (APEO #100012348) and Blair Hrabi, P. Geo., (APGO #1723) under the supervision of Glen Cole, P.Geo. (APGO #1416) of SRK. Ms. El-Rassi, Mr. Hrabi and Mr. Cole, are independent qualified persons as this is defined in National Instrument 43-101. Mr. Hrabi inspected the Manfo gold project from May 15 to 22, 2012. Part of the following disclosure relating to the Manfo Property has been derived from the Manfo Initial Resource Evaluation, which is available at www.sedar.com under the profile for Pelangio Exploration Inc. Readers are urged to review the Manfo Initial Resource Evaluation in its entirety for a complete description of SRK's review and conclusions.

The highlighted results of the initial gold resource indicate:

- 40% of the estimated mineral resource is in the indicated mineral resource category;
- pitable mineral resource reported at cut-off grades of 0.40 grams of gold per tonne ("g/t") for oxide material and of 0.50 grams of gold per tonne for transitional / fresh material in relation to a conceptual pit shell:
  - indicated mineral resource of 3.973 million tonnes at 1.52 g/t gold, and
  - inferred mineral resource of 9.666 million tonnes at 0.96 g/t gold; and
- gold mineralization remains open along strike and at depth, as suggested by the out-of-pit resources.

The study focused on only three areas of mineralization, Pokukrom East, Pokukrom West, and Nfante West. Resources were calculated for oxide, transition and fresh mineralization using data from 135 diamond drill holes totaling 27,899 metres. The total drilling completed on the Manfo property as at the date of the report is 41,168 metres. The data used represents 68% of drilling completed on the Manfo Project as at the date of the report.

Gold mineralization at Manfo is hosted in sericite and hematite altered granitoid rocks adjacent to a set of brittle-ductile faults. Within geologically modelled alteration envelopes, gold mineralization occurs in strongly altered zones adjacent to the brittle-ductile faults, and in fracture-controlled zones preferentially developed in certain horizons within the granitoid rocks in the hanging wall of the faults. Based on current exploration drilling density, three zones were selected for resource modeling. The bulk of the gold mineralization occurs in the Pokukrom East Zone that was sampled by drilling on sections spaced at fifty metres. Two smaller, less well-defined zones exist to the south (Nfante West Zone) and west (Pokukrom West Zone) of the main zone.

The mineral resources reported herein have been estimated using a geostatistical block modelling approach derived from borehole data. All zones were estimated using a traditional wireframe interpretation constructed from a sectional interpretation of the drilling data. The block model was set on a grid of 5 by 5 by 5 metres, rotated by 30 degrees clockwise such that the block model is oriented subparallel to the general strike of the mineralization. Gold grades were estimated by ordinary kriging and compared with an inverse distance algorithm (power of two) as a secondary estimator using the same estimation parameters.

SRK considers that portions of the Manfo gold mineralization are amenable for open pit extraction, with "reasonable prospects" for economic extraction by an open pit assessed using a pit optimizer. SRK considers that modelled gold mineralization exhibiting good reporting grade continuity informed by adequately spaced, reliable sampling data and estimated during the first estimation pass within a conceptual pit shell can be classified in the Indicated category within the meaning of the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2011).

The Manfo project is at a relatively early stage of exploration. The gold mineralization delineated by drilling is not completely closed off by drilling. For this reason, SRK considers that the gold mineralization located outside a conceptual pit shell but above the bottom of the pit shell may eventually be shown to be amenable for open pit extraction. Accordingly all blocks located outside the conceptual pit shell were reclassified as Inferred. Open Pit Mineral Resources are reported at cut-offs of 0.40 g/t for oxide material and at 0.50 g/t for transitional and fresh material.

Mineral Resource Statement* Manfo Gold Project, Ghana – SRK Consulting (Canada) Inc., May 7, 2013

		Indicated			Inferred		
Category	**Cut-off (Au g/t)**	**Quantity (000' tonnes)**	**Grade Au (g/t)**	**Contained Au (000'oz)**	**Quantity (000' tonnes)**	**Grade Au (g/t)**	**Contained Au (000'oz)**
Inside Pit							
Oxide	0.40	49	0.96	2	458	1.07	16
Transitional	0.50	382	1.96	24	876	1.13	32
Fresh	0.50	3,543	1.49	169	918	1.09	32
Total		**3,973**	**1.52**	**195**	**2,253**	**1.10**	**80**
Outside Pit							
Oxide	0.40				50	0.68	1
Transitional	0.50				217	0.72	5
Fresh	0.50				7,146	0.93	213
Total					**7,413**	**0.92**	**218**
Combined Inside and Outside Pit							
Oxide	0.40	49	0.96	2	508	1.05	17
Transitional	0.50	382	1.96	24	1,093	1.05	37
Fresh	0.50	3,543	1.49	169	8,064	0.94	245
Total		**3,973**	**1.52**	**195**	**9,666**	**0.96**	**298**

*Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on a gold price of US$1,450 per ounce and metallurgical recovery of 94 percent for oxide, and 86 percent for fresh and transitional material. Mineral resources are reported in relation to an elevation determined from optimized pit shells. All composites have been capped where appropriate.

Cautionary Note Regarding Mineral Resource Estimates

Investors should not assume that any of the indicated or inferred mineral resource disclosed herein will ever be upgraded to a higher category of mineral resource or to mineral reserves, and that any or all of the indicated or inferred mineral resource exist or is or will be economically or legally feasible to mine. In addition, investors should not assume that any of the references herein to adjacent properties (based on public information) is necessarily indicative of the mineralization on the Manfo property or that further exploration on the Manfo property will prove to be successful.

The disclosure herein uses mineral resource classification terms that comply with reporting standards in Canada, and the disclosure of mineral resource estimates are made in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects that are considered material to the issuer.

All resource estimates contained herein are based on the definitions adopted by CIM and recognized under NI 43-101. These standards differ significantly from the mineral reserve disclosure requirements of the U.S. Securities and Exchange Commission set out in Industry Guide 7. Consequently, resource information contained in this MD&A is not comparable to similar information that would generally be disclosed by U.S. companies in accordance with the rules of the SEC. The SEC's Industry Guide 7 does not recognize mineral resources, and US companies are generally not permitted to disclose mineral resources in documents they file with the SEC. Investors are specifically cautioned not to assume that any part or all of the mineral resources disclosed above will ever be converted into SEC defined mineral reserves. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. In accordance with Canadian rules, estimates of inferred mineral resources generally cannot form the basis of an economic analysis.

Surface Work and Auger Drilling

During the 12 months ended December 31, 2015, no surface work, trenching, soil sampling or auger drilling was performed.

Reverse Circulation (RC) and Air Core (AC) Drilling

No drilling was completed but a comprehensive review of work was continued during the period under review.

Detailed interpretation using lithogeochemical and surface geochemical results, lidar data, photometry and airborne radiometrics was carried out to investigate the distribution of a flat lying laterite layer 2-8 metres thick, masking the geochemical response. Coupled with magnetic and IP data, a major structure to the east of the currently explored structure was found to be relatively unexplored and is mostly covered by laterite. In addition four structures were found to intersect the major structure. Where these subsidiary structures emerge from laterite cover, three of four were found to have gold occurrences. Known mineralization on the project was found to occur at the intersection of sericite-altered fault zones and a particular highly magnetic precursor rock. The work promises to improve drill targeting in future programs.

Outlook for the Manfo Property

A 5,000 to 10,000 metre RC and a 5,000 to 10,000 metre AC drill program is planned as funds become available.

Other Ghanaian Properties

Obuasi Property

Alluvial Prospect Pitting Evaluation

During the 12 months ended December 31, 2015, an alluvial pitting program continued on the Obuasi property. A total of 36 pits were completed on Kyereboso 2 ("K2") and Kyereboso 3 ("K3") concessions, as part of the in-fill for bulk sample control. By December 31, 2015, a total of 350 pits had been completed.

During the 12 months ended December 31, 2015, the plant installation was completed and commissioned. Material run through the plant was only sourced from settling pond areas needed to run the plant properly. Bulk sampling blocks were demarcated in the field and crop compensation was paid to farmers in anticipation of the bulk sampling program to commence. The bulk sample permit expired before the plant could run to test the material required to establish all the mining parameters to complete the feasibility studies. An extension application will be presented upon receipt of the recommendation of the Minerals Commission for the approval of the Option Agreements by the Minister of Lands and Natural Resources of the Republic of Ghana to enable the bulk sampling exercise to be completed.

During the period, the concession boundaries for K2 and K3 were changed to conform to the new cadastral system which saw a reduction in the concession sizes from 145.61sq. km to 144.80 sq. km and from 79.82 sq. km to 72.75 sq. km for K2 and K3 respectively.

Outlook for the Obuasi Property

The alluvial gold evaluation at Obuasi will continue, including a bulk sampling program, which will also provide additional information for target generation in the underlying bedrock.

An in-house alluvial resource is planned for completion by Minatura and more infill pitting will be done in areas where distinct continuity of mineralization is lacking. Bulk sampling will be done once the extension permit is granted and feasibility studies will then be completed.

In addition, a 5,000 metre AC and a 2,000 metre RC drill program on bedrock is planned as funding permits.

Akroma Property

During the 12 months ended December 31, 2015, no field work was carried out on the Akroma property. During this period, maps under the new cadastral system were submitted to the Minerals Commission to facilitate the conversion to Prospecting Licenses. Under this system there will be two Prospecting Licenses, Dormaa, representing 86.44 square kilometres and Wamfie, representing 72.39 square kilometres. The license fee for the Dormaa Prospecting License was paid.

Outlook for the Akroma Property

Pelangio elected to focus its exploration efforts on the Manfo and Obuasi project during 2015. Going forward, a program of infill surface geochemistry and a 5,000 metre RC/RAB drilling program is planned to commence as funding permits.

Canadian Properties

The Canadian Properties include the Birch Lake Property and the Poirier Gold Property, both of which are located in Ontario, Canada.

Birch Lake Property

We own 100% of the Birch Lake Property, which comprises 37 contiguous unpatented mining claims (4,440 acres) located in the Keigat Lake area, approximately 120 kilometres northeast of Red Lake, Ontario. The property is subject to an underlying agreement whereby Goldcorp retains a 2% NSR on 28 of the claims; the remaining 9 claims are not subject to any royalty. There are currently no obligations to Goldcorp other than payment of the royalty on production.

The Birch Lake Property was explored by Trade Winds Ventures Inc. ("Trade Winds") during 2004 and 2005 under the terms of the Trade Winds and Mines option agreement, which terminated in September 2008. The Trade Winds drilling programs returned a number of high grade intercepts, including 115.89 g/t Au over 2.75 metres (estimated true width of 1.86 metres) from 239.35 to 242.10 metres (TWBL-096); and 21.22 g/t Au over 2.35 metres (estimated true width of 1.51 metres) and 229.96 g/t Au over 2.45 metres (estimated true width 1.58 metres) between 300 and 360 metres (TWBL-097). Refer to the third quarter 2008 Trade Winds Management's Discussion and Analysis dated October 29, 2008.

The Company did not conduct any exploration on the Birch Lake Property during the 12 months ended December 31, 2015 and does not expect to conduct any work in 2016.

Poirier Gold Property

We own 100% of the Poirier Gold Property Lease (117 acres) located in Bristol Township, 22 kilometres west of Timmins, contiguous with Tahoe Resources Inc.'s Timmins and Thunder Creek deposits (collectively, the Timmins West Mine). The property is subject to a 1% NSR (which may be purchased for $1 million) payable to the vendors and a further 1% NSR payable to a third party.

The Poirier Gold Property is underlain near-surface by a mafic volcanic unit approximately one kilometre to the west of the mafic, ultramafic and sedimentary contact, which dips steeply westwards towards our lease and which is associated with the Thunder Creek Project. A 100 meter-spaced geophysical program of ground magnetics and GPS was completed in 2015. The interpretation of the ground magnetic survey has improved the understanding of the geological setting of the Poirier Gold Property.

Depending on Tahoe's continued results from the Thunder Creek Project, we may conduct further exploration and drill on the property.

Other Canadian Properties and Royalties

We currently own a number of other Canadian properties, as shown in the following chart:

	Seeley Lake	Thunder Gold	Black Township
Location	14 kilometres northeast of Marathon, Ontario	20 Kilometres west of Timmins, Ontario	100 Kilometres east of Timmins, Ontario
Size	19 claims (760 acres)	1 lease (88 acres)	2 claims (480 acres)
Interest	100%	100%	100%
Underlying Royalty	None	2% and $1,000 per year advance royalty	None

We also own the following royalties and carried interest in other Canadian properties, as shown in the table below:

Matheson West and East	1% NSR can be purchased by Matamec Explorations Inc. for $1,000,000 and 100,000 common shares of Matamec
Simon Copper Project	1% NSR on future production
Stoughton Staz	10% carried interest until bankable feasibility; 10% participating interest thereafter
Mord	0.5% NSR (with the provision that Pelangio can increase such NSR to 1.5% by issuing 100,000 shares)
Ross/Guibord	1% NSR

LIQUIDITY AND CAPITAL RESOURCES

Our activities consist of the exploration and evaluation of our various properties, a process that is ongoing, and is dependent on many factors, some of which are beyond our control. We do not generate any cash flows from operations and do not currently have any income other than interest income. We rely on equity financings to fund our working capital requirements and planned exploration, development and permitting activities. We maintain a policy of reviewing our working capital requirements on a monthly basis and are mindful of our property and administrative commitments.

Sources

During the year ended December 31, 2015, we completed private placement financings in two tranches. The first tranche of 18,627,233 Units at a price of $0.03 per Unit for gross proceeds of $558,817 closed July 13, 2015. Each Unit consists of one common share (a "Common Share") and one-half of one common share purchase warrant (each whole purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a price of $0.05 prior to January 13, 2017. The Company paid a finder's fee of $17,969 to certain introducing parties in respect of the private placement. The common shares issued pursuant to the private placement are subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities laws. Directors and officers of the Company purchased a total of 7,166,667 Units for gross proceeds of $215,000 pursuant to the private placement.

The second tranche of the private placement financing was completed July 28, 2016 and consisted of 2,973,000 Units at a price of $0.03 per Unit for gross proceeds of $85,228. Each Unit consists of one common share (a "Common Share") and one-half of one common share purchase warrant (each whole purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common

Share at a price of $0.05 prior to January 28, 2017. The Company paid a finder's fee of $263 to certain introducing parties in respect of the private placement. The common shares issued pursuant to the private placement are subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities laws. Directors and officers of the Company purchased a total of 510,000 Units for gross proceeds of $15,300 pursuant to the private placement.

Uses

Our expenditures on exploration activities during the year ended December 31, 2015 totaled $263,273, of which $185,707 was incurred on the Manfo Property, $64,413 was incurred on the Obuasi Property, $2,226 was incurred on Akroma and $10,927 was incurred on Canadian properties.

In Ghana, the significant components of costs were as follows:

	Manfo ($)	**Obuasi ($)**
Drilling	21,891	
Permits and licenses	36,420	9,863
Support services	23,389	
Geologists	42,146	40,077
Accounting services	11,646	
Site meal services	1,391	98
Travel and vehicle	16,907	3,634
Security	5,661	
In-country logistics	26,256	10,741
Total:	**185,707**	**64,413**

Exclusive of exploration and evaluation expenses, general and administrative cash costs for the year ended December 31, 2015 totaled $114,448.

Working Capital

As at December 31, 2015, we had working capital of $72,043 compared to a working capital deficiency of $183,383 at December 31, 2014. Working capital increased due to the debt cancellation of $239,788 related to accrued wages for the president for the period prior to January 1, 2015. In addition, funds raised during the year financed the exploration costs and operating costs incurred during the year.

Management continues to closely monitor the Company's working capital position and 12-month budget outlook considering current market conditions and the financing environment. As currently budgeted, we are likely to have a working capital deficit during the next twelve months unless further capital is raised during that period. The current budget does, however, offer significant further flexibility to adjust exploration and general expenditures. Management is confident that, based on the Company's history and previous success in raising capital, as well as the quality of the Company's assets, such further financing will be available as required.

We expect to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing or optioning out the Company's properties. There can be no assurance that we will succeed in obtaining additional financing in the future. Failure to raise additional capital on a timely basis could cause us to suspend exploration and eventually to forfeit or sell interests in our mineral properties.

Cost Control Measures

Management has undertaken a number of significant cost control measures as the difficult environment continues for junior resource companies, making the raising of capital extremely challenging. As a result of the debt cancellation, salaries and employee benefits have decreased by $297,149 for the year ended December 31, 2015 compared to the year ended December 31, 2014 (from $155,204 to a recovery of $141,945).

The employment contracts of all employees of the company in Ghana were terminated during 2013 and severance was paid in accordance with the legal requirements. All services in Ghana are now being rendered by short-term contracts providing the company with maximum flexibility and cost savings. The employment contract for the Vice-President Exploration was terminated in the fourth quarter of 2013. The company now contracts for his services as required. For 2015, the CEO's salary was reduced to $85,000 per year, all of which has been accrued.

Management has focused on identifying cost effective exploration techniques to continue to advance its projects during this difficult environment, including the mechanized auger drill and the track-mounted Grasshopper rig.

FINANCIAL RESULTS OF OPERATIONS

Selected Annual and Year to Date Information

Year Ended	**2015** **$**	**2014** **$**	**2013*** **$**	**2012** **$**
Total revenues	170	2,902	6,903	30,176
Net loss	(488,950)	(1,578,483)	(2,819,045)	(3,709,147)
Net (loss) per share				
– Basic	(0.00)	(0.01)	(0.02)	(0.03)
– Diluted	(0.00)	(0.01)	(0.02)	(0.03)
Total assets	359,597	422,648	1,263,365	47,835,846
Long term liabilities	Nil	Nil	Nil	Nil

**as restated*

Summary of Quarterly Results

	2015			
	4th Q	**3rd Q**	**2nd Q**	**1st Q**
	$	**$**	**$**	**$**
Total revenues	39	48	-	83
Net income (loss)	144,218	(217,058)	(156,719)	(259,391)
Net (loss) per share				
– Basic	(0.00)	(0.00)	(0.00)	(0.00)
– Diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	359,597	432,822	212,323	240,775
Long term liabilities	Nil	Nil	Nil	Nil

	2014			
	4th Q	**3rd Q**	**2nd Q**	**1st Q**
	$	**$**	**$**	**$**
Total revenue	299	93	555	1,955
Net loss	(551,282)	(241,664)	(500,762)	(361,282)
Net income (loss) per share				
– Basic	(0.00)	(0.00)	(0.01)	(0.01)
– Diluted	(0.00)	(0.00)	(0.01)	(0.01)
Total assets	422,648	849,879	487,306	871,672

We do not own any interests in producing mineral properties or have any other revenue generating activities. Our only source of revenue is from interest earned on cash. We spend money on evaluating, acquiring and exploring mineral properties and on general and administrative costs associated with maintaining a public company.

Results of Operations

2015 Compared to 2014

The following table outlines the significant increases (decreases) experienced by the Company in the year ended December 31, 2015 compared with the year ended December 31, 2014.

	Year ended December 31		
	2015 **$**	**2014** **$**	**Increase (Decrease)** **$**
Salaries and employee benefits	(141,945)	155,204	(297,149)
Consulting services	28,255	55,244	(26,989)
Exploration and evaluation expenses	263,273	768,901	(505,628)
Investor relations	8,614	63,101	(54,487)
Professional fees	111,807	237,500	(125,693)

The reduction in salaries and employee benefits was a result of the debt settlement agreement with the president of the company resulting in the reversal of $239,788 of wages previously accrued. The decrease in professional fees relates to the cost of preparing the agreement covering the alluvial option agreement as disclosed above in 2014. All other cost reductions were a direct result of the company's limited ability to raise funds during the year, which necessitated cost control measures.

CRITICAL ACCOUNTING ESTIMATES

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, decisions as to when exploration costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting the valuations of share-based payments, warrants and the valuation of tax accounts. Pelangio regularly reviews its estimates and assumptions. Actual results could differ from these estimates and these differences could be material.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Current Accounting changes

During 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS13 and IAS24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Future Accounting changes

The following pronouncements issued by the IASB or the IFRIC have not yet been adopted and are being evaluated to determine their impact on the Company.

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.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2015 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

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 the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company's mining and exploration activities are subject to various federal, provincial and international 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.

OFF BALANCE SHEET ARRANGEMENTS

Pelangio has not entered into any off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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 (B) Inc. (Barbados)	100%
Pelangio Adansi Asaasi (G) Limited (Ghana)	100%
Pelangio Kyereboso Mining (B) Inc. (Barbados)	100%
Pelangio Kyereboso Mining (G) Limited (Ghana)	100%
Pelangio Adansi Gold (B) Inc. (Barbados)	100%
Pelangio Adansi Gold (G) Limited (Ghana)	100%
Pelangio Edubiase (B) Inc. (Barbados)	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:

	Year ended December 31	
	2015	**2014**
	$	**$**
With a partnership in which an officer of the Company is a partner		
Accounting services	43,708	48,172
With the vice-president, exploration		
Consulting services	31,016	32,281
Exploration activities and evaluation expenses	3,632	63,659

Of the accounting service fees, $18,085 (2014 - $11,838) is included in professional fees and $25,623 (2014 - $36,334) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities include amounts owing to related parties in the amount of $98,769 (December 31, 2014 - $262,992). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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 cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Liquidity risk

As at December 31, 2015, the Company had a cash balance of $261,259 (December 31, 2014 - $190,954) to settle current liabilities of $238,984 (December 31, 2014 - $475,927). 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, $85,000 (December 31, 2014 - $239,788) is on account of accrued wages to the company president. This amount will be paid as cash flow of the company permits.

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 and cash equivalents balance.

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 one year period:

> As at December 31, 2015 the Company held approximately $20,500 (December 31, 2014 – $12,000) of cash balances denominated in US dollars. As at December 31, 2015, the Company had accounts payable and accrued liabilities denominated in US dollars of $61,823 (December 31, 2014 – $135,852). 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 $6,000 based on the balance of monetary assets and liabilities at December 31, 2015.

Price Risk

Price risk is remote since the Company is not a producing entity.

Risks Related to the Corporation's Business

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 following risks and uncertainties may have a material adverse effect on the Corporation's operations.

Exploration for Minerals is Speculative in Nature

Exploration for minerals is speculative in nature, involves many risks and is frequently unsuccessful. All of the properties in which we have an interest or to which we have a right are in the exploration stage only and are without mineral reserves and mineral resources except the Manfo Property, which was the subject of the Manfo Initial Resource Evaluation filed on SEDAR June 21, 2013. There can be no assurance that our current, proposed or future exploration and development programs or properties in which we have an interest or may in future have an interest will result in the discovery of mineralization or a profitable commercial mining operation. Furthermore, once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. The commercial viability of a mineral resource is dependent on a number of factors including the price of minerals, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting minerals and environmental protection. As a result of these uncertainties, no assurance can be given that our exploration programs will result in the establishment of mineral resources or mineral reserves.

As part of our business strategy, we have sought and will continue to seek new opportunities in the mining industry. In pursuit of such opportunities, we may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired property into our operations. Acquisition transactions involve inherent risks, which risks could cause us not to realize the benefits anticipated to result from the acquisition of properties, and could have a material adverse effect on our ability to grow and on our financial condition.

We cannot assure that we can complete any acquisition or business arrangement that we pursue, or are pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit our business.

Foreign Operations

Nearly all mining projects require government approval regardless of the country. There can be no certainty that these approvals will be granted to us in a timely manner, or at all.

The laws in foreign countries tend to differ significantly from North America and are subject to change. Mining operations, development and exploration activities are generally subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Mining is also subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing mines and other facilities in compliance with such laws and regulations are significant.

Acquisitions of properties in foreign countries are subject to the risks normally associated with conducting business in foreign countries. Some of these risks are more prevalent in countries which are less developed or have emerging economies, including uncertain political and economical environments, as well as risks of war and civil disturbances or other risks which may limit or disrupt a project, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or appropriation without fair compensation, risk of adverse changes in laws or policies of particular countries, increases in foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, limitations on ownership and repatriation of earnings and foreign exchange controls and currency devaluations. In addition, we may face import and export regulations, including restrictions on the export of minerals, disadvantages of competing against companies from countries that are not subject to Canadian and U.S. laws, including foreign corrupt practices legislation, restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. Although we are not currently experiencing any significant or extraordinary problems arising from such risks in the foreign country in which we have properties, there can be no assurance that such problems will not arise in the future.

Possible Changes in Ghana Tax Laws

In November 2011 the government of Ghana announced a possible separate windfall tax on profits from mining. If this proposal is enacted into law, it could adversely affect market sentiment towards investment in Ghana and our business and operations in Ghana.

Additional Capital

The exploration and development of our properties may require substantial additional financing. The source of future funds available to us is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to us. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to us or will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position. In addition, any future equity financings by us may result in substantial dilution for purchasers of our shares. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of our properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to us. Additional funds will be required for future exploration and development.

Shareholders' Interest in the Corporation May be Diluted in the Future

We may from time to time undertake offerings of Common Shares or of securities convertible into Common Shares including stock options and similar incentive plans in the future. The increase in the number of Common Shares issued and outstanding and the possibility of the issuance of Common Shares on conversion of convertible securities may have a depressive effect on the price of Common Shares. In addition, as a result of such additional Common Shares, the voting power of our existing shareholders will be diluted.

Limited Operating History

We have a limited operating history on which to base an evaluation of our business and prospects. Except for the Manfo Property, which was the subject of the Manfo Initial Resource Evaluation, our properties do not contain any mineral resources or mineral reserves and we have never had any revenues from our operations. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. We expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start-up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

Competition

We operate in a competitive industry and compete with other more well-established companies which have greater financial resources than we do. We face strong competition from other mining companies in connection with exploration and the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than us. As a result of this competition, we may be unable to maintain or acquire attractive mining properties on terms we consider acceptable or at all. Consequently, our revenues, operations and financial condition could be materially adversely affected.

Title to Mineral Properties

Title to our resource properties may be challenged by third parties, or the licences that permit us to explore our properties may expire if we fail to timely renew them and pay the required fees. We cannot guarantee that the rights to explore our properties will not be revoked or altered to its detriment. The ownership and validity of mining claims and concessions are often uncertain and may be contested.

Except as described herein, we are not aware of challenges to the location or area of any of the mining concessions and mining claims in any of the jurisdictions in which we operate. There is, however, no guarantee that title to the claims and concessions will not be challenged or impugned in the future. If we fail to pay the appropriate annual fees or fail to timely apply for renewal, then these licences may expire or be forfeit.

Key Employees and Consultants

Shareholders will be relying on the good faith, experience and judgment of our management and advisors in supervising and providing for the effective management of our business and the operations and in selecting and developing new investment and expansion opportunities. We may need to recruit additional qualified personnel to supplement existing management. We will be dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on us.

The development of our business is and will continue to be dependent on its ability to attract and retain highly qualified management and mineral exploration personnel. The Corporation will face competition for personnel from other employers. The Corporation does not maintain key management insurance on any of its management personnel.

Conflict of Interest

Certain directors of the Corporation also serve as directors of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving such other companies are required to be made in accordance with the duties and obligations to act honestly and in good faith with the Corporation and such other companies. In addition, such directors are required to declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

Permits

Other than as disclosed above, we currently have all required permits for operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for our planned operations or any possible future changes to operations. Prior to any development on any of our properties, we must receive permits from appropriate governmental authorities. There can be no assurance that we will receive or continue to hold all permits necessary to develop or to commence or to continue operating at any particular property.

Currency Risk

By virtue of the location of our operations and exploration activities, we incur costs and expenses in a number of currencies other than the Canadian dollar. The exchange rates covering such currencies have varied substantially in the last three years. We raise capital through equity financings principally in Canadian dollars while the majority of our operating and capital costs are incurred in United States Dollars (USD) and Ghanaian Cedis (Gh₵), giving rise to potential significant foreign currency translation and transaction exposure, which could have a material and adverse effect on the Corporation's results of operations and financial condition.

Price and Volume Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of our securities.

Risks Related to the Mining Industry Generally

Mineral Prices

The ability to obtain equity financing, secure joint venture financing or debt financing for the further exploration or development of any of the mining projects, and the profitability of any mineral mining operations in which we may acquire an interest, will be significantly affected by changes in the market price of minerals. Mineral prices fluctuate on a daily basis and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, central bank sales, world supply and demand for minerals, stability of exchange rates, and global or regional political or economical events, among other factors, can cause significant fluctuations in mineral prices. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of minerals has historically fluctuated widely.

If mineral prices were to decline significantly or for an extended period of time, we may not be able to continue our operations, develop our properties or fulfill our obligations under our agreements with our partners or under our permits and licences.

Commodity Prices

Our operations are or will in future be dependent on various commodities (such as heavy fuel oil, diesel fuel, electricity, steel, concrete and cyanide) and equipment to conduct operations. The shortage of such commodities, equipment and parts or significant increase of their cost could have a material adverse effect on our ability to carry out our operations. Market prices of commodities can be subject to volatile price movements, which can be material, occur over short periods of time and are affected by factors that are beyond our control. An increase in the cost, or decrease in the availability, of input commodities equipment or parts may affect the timely conduct and cost of our operations. If the costs of certain commodities consumed or otherwise used in connection with our operations and development projects were to increase significantly, and remain at such levels for a substantial period, we may determine that it is not economically feasible to proceed with development of some or all of our current projects, which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Mining

As of the date hereof, our properties, other than the Manfo Property, do not have any estimates of mineral resources or mineral reserves and there are no assurances that they ever will.

The recoverability of amounts for mineral properties and related deferred exploration costs is dependent upon a discovery of economically recoverable reserves, confirmation of interest in the underlying claims, the ability to obtain necessary financing to complete development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material write-downs of the carrying values of mineral properties and deferred exploration costs.

There are numerous uncertainties inherent in estimating measured, indicated and inferred mineral resources. The estimation of mineral reserves and mineral resources is a subjective process, and the accuracy of any such estimates are a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. Mineral resources are estimates only and no assurance can be given that any particular level of recovery of minerals from a mineral resource estimate will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body, which can be economically exploited. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade or stripping ratio, or the mineral price may affect the economic viability of a mineral property. In addition, there can be no assurance that mineral recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Until mineral resources are actually mined and processed, the quantity of mineral and resource grades must be considered as estimates only. There can be no assurance that these estimates will be accurate, that mineral reserves and mineral resource figures will be accurate, or that mineral reserves or mineral resources can be mined or processed profitably.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations.

Government Regulation

Mineral exploration and development activities will be subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail exploration or development.

Government approvals and permits are required in connection with mining exploration and development and in operating a mine. To the extent such approvals are required and not obtained, mining operation or planned exploration or development of mineral properties may be curtailed or prohibited from continuing.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on a mining project and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Litigation

Several years ago, Pelangio was named as a co-defendant in two separate actions commenced in the Ghana High Court involving the vendor of two of the three concessions comprising the Obuasi Property and relating to such vendor's corporate history and founding shareholders. No monetary consideration was claimed from Pelangio in either action. One action is the subject of a pre-trial motion and has not yet proceeded to full 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 judgement given for the plaintiff. The only impact of such judgement on Pelangio is that it is restrained from making any further payments to the vendor. Since Pelangio has fully exercised its option on both concessions, no payments are required to be made now or in the future, other than with respect to royalty payments, in the event that the property goes into commercial production.

In addition, we are involved in litigation regarding the termination of an option agreement in respect of the New Edubiase concession, which we consider 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.

Notwithstanding the foregoing, it can be time consuming and expensive to obtain a favourable resolution of such disputes in foreign jurisdictions and accordingly disputes can have a materially adverse effect on our ability to advance our projects. Notwithstanding our assessment of the likely outcome and potential effect of current disputes, the outcome is not certain. Some such disputes are governed by the laws of jurisdictions where substantive and procedural laws may differ materially from those of Canada, and which favor a claimant. These and other factors make the litigation and dispute resolution process inherently unpredictable. Furthermore, defense and settlement costs can be substantial, even with respect to claims that have no merit. The outcome or resolution of legal proceedings and disputes, individually or in the aggregate, could be other than as expected and could have a material adverse effect on our financial position and results of operations.

Community Action

All industries, including the mining industry, are subject to community actions. In recent years, communities and non-governmental organizations have become more vocal and active with respect to mining activities at or near their communities. These parties may take actions such as road blockades, applications for injunctions seeking work stoppage and lawsuits for damages. These actions can relate not only to current activities, but also may be in respect of decades' old mining activities by prior owners of subject mining properties and could have a material adverse effect on our operations.

Environmental and Safety Risks

Environmental laws and regulations may affect the operations of a mining company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on a mining company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, mining companies must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

Insurance Risks

The Corporation maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. The Corporation may elect, however, not to insure against certain risks due to high premiums or for various other reasons. These risks include, in the course of exploration, development and production of mineral properties, unexpected or unusual geological operating conditions including, environmental damage, employee injuries and deaths, rock bursts, cave-ins, fire, flooding and earthquakes. Although the Corporation maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in all circumstances. No assurance can be given that such insurance will continue to be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated.

Corporate Structure

Our foreign operations are conducted through foreign subsidiaries and substantially all of our assets are held in such entities. To our knowledge, there are no limitations on the transfer of cash or other assets between the parent corporation and such entities or among such entities, however, if such limitations are put in place in the future, it could restrict our ability to fund our operations efficiently.

FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS requires 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 judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Cash and financial instruments included in amounts receivable are classified as loans and receivables, and are measured at amortized cost. Marketable securities are classified as available for sale, measured at quoted market value with changes in market value being recorded to other comprehensive income. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the limited term of these instruments.

OUTSTANDING SHARE DATA

As of April 12, 2016, Pelangio had:

- authorized share capital of an unlimited number of common shares of which a total of 229,475,996 common shares are issued and outstanding;
- stock options outstanding totaling 10,480,000 exercisable for common shares at prices ranging from $0.05 per share to $0.61 per share; and
- warrants outstanding totaling 10,800,117 for the purchase price of $0.05.

SUBSEQUENT EVENTS

Grant of Stock Options

Subsequent to December 31, 2015, the Company issued 3,500,000 stock options at $0.05 to directors, officers, employees and consultants of the Company. The options have a term of five years and will expire January 19, 2021.

ADDITIONAL INFORMATION

Additional information about the Company and the technical report referred to herein, are available at www.sedar.com under the name Pelangio Exploration Inc.