Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements
Amended and Restated

March 31, 2017

Pelangio Exploration Inc.

August 29, 2017

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Nova Scotia Securities Commission

To whom it may concern:

PELANGIO EXPLORATION ("Pelangio" or the "Company")

We are filing amended and restated unaudited interim financial statements and related Management's Discussion and Analysis ("MDA") of Pelangio for the three months ended March 31, 2017. Such financial statements have been revised to amend certain non-material disclosure relating to the receipt of funds from RosCan Mineral Corporation ("Roscan") pursuant to an option and joint venture agreement dated November 7, 2016 whereby Roscan has the option to earn a 50% interest in the Company's Dormaa property (the "Option Agreement"). These funds were incorrectly reported as option revenue and as cash of the Company.

As a result, the Financial Statements and MDA for the period ending March 31, 2017 have been amended and restated to also disclose the funds received from Roscan as a liability owed to Roscan to undertake exploration and evaluation expenses on behalf of Roscan on the Company's Dormaa property in Ghana. The financial asset of cash of $150,000 and the financial liability of $150,000 meet the criteria for offset under IAS32 issued by the International Accounting Standards Board.

The impact of these changes is detailed in the table below:

	March 31, 2017 As restated $	**March 31, 2017 As Previously Reported $**
Cash	22,652	172,652
Deficit	(53,504,832)	(53,354,832)
Option Revenue	90,000	240,000
Net Comprehensive Income (Loss)	(70,093)	79,907

The amended Financial Statements and MDA for the period ending March 31, 2017 are available under the Company's profile on SEDAR at www.sedar.com. These amended financial reports replace and supersede the previously filed financial reports for the quarter ended March 31, 2017.

Yours truly,

"Ingrid Hibbard"

Ingrid Hibbard
Chief Executive Officer

Pelangio Exploration Inc.

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Notice of Non-Review of Consolidated Interim Financial Statements

The attached condensed interim consolidated financial statements for the three-month period ended March 31, 2017 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
Amended and Restated

Expressed in Canadian Dollars

	March 31 2017 $	December 31 2016 $
Assets		
Current:		
Cash	22,652	81,071
Prepaid expenses	15,202	24,936
Marketable securities, *note 6*	81,000	-
	118,854	106,007
Non-current assets:		
Equipment, *note 8*	34,277	36,495
	153,131	**142,502**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 11*	555,216	477,146
Total Liabilities	555,216	477,146
Shareholders' Equity		
Issued capital, *note 9*	52,738,870	52,738,870
Equity reserves, *note 10*	363,877	927,628
Deficit	(53,504,832)	(54,001,142)
Total Equity	(402,085)	(334,644)
	153,131	**142,502**

Commitments and contingencies, notes *1, 7* and *12*
Subsequent events, note *14*
See accompanying notes to the unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"Ian Shaw" Director

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity
Amended and Restated

Expressed in Canadian Dollars

	Shares \#	Share Capital $	Equity reserves $	Retained earnings (deficit) $	Total equity $
December 31, 2015	229,475,996	52,360,056	1,160,179	(53,399,622)	120,613
Expiry of options	-	-	(73,000)	73,000	-
Share based payments	-	-	21,518	-	21,518
Loss for the three months	-	-	-	(232,960)	(232,960)
March 31, 2016	229,475,996	52,360,056	1,108,697	(53,559,582)	(90,829)
Exercise of warrants	5,062,333	299,861	(46,745)	-	253,116
Exercise of options	1,000,000	78,953	(28,953)	-	50,000
Expiry of options	-	-	(133,179)	133,179	-
Share based payments	-	-	27,808	-	27,808
Loss for nine months	-	-	-	(574,739)	(574,739)
December 31, 2016	**235,538,329**	**52,738,870**	**927,628**	**(54,001,142)**	**(334,644)**
Expiry of warrants	-	-	(54,255)	54,255	-
Expiry of options	-	-	(512,148)	512,148	-
Share based payments	-	-	2,652	-	2,652
Loss for three months	-	-	-	(70,093)	(70,093)
Balance at March 31, 2017	**235,538,329**	**52,738,870**	**363,877**	**(53,504,832)**	**(402,085)**

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
Amended and Restated

Expressed in Canadian Dollars

For the three months ended March 31	**2017** $	**2016** $
Revenue:		
Interest	**-**	**22**
Option	**90,000**	**-**
Expenses:		
Salaries and employee benefits	27,659	24,809
Consulting services, *note 11*	7,582	11,754
Exploration and evaluation expenses, *note 7*	55,972	99,506
Foreign exchange loss (recovery)	3,111	(10)
General exploration	-	6,280
Insurance	4,265	4,265
Investor relations	5,000	16,553
Office and general	20,206	8,104
Professional fees, *note 11*	11,186	26,066
Share-based payments, *note 10*	2,652	21,518
Transfer agent and filing fees	11,243	11,118
Amortization	2,217	3,019
Unrealized loss on marketable securities	9,000	-
	160,093	**232,982**
Net loss and comprehensive income (loss) for the period	**(70,093)**	**(232,960)**
Net loss per common share:		
- basic	0.00	0.00
- diluted	0.00	0.00
Weighted average number of common shares outstanding:		
- basic	**235,538,329**	**229,475,996**
- diluted	**235,538,329**	**229,475,996**

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

Pelangio Exploration Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
Amended and Restated

Expressed in Canadian dollars

For the three months ended March 31	**2017** $	**2016** $
Cash was provided by (used for):		
Operating activities:		
Net loss for the period	(70,093)	(232,960)
Items not affecting cash:		
Unrealized loss on marketable securities	9,000	-
Amortization	2,217	3,019
Stock-based payments	2,652	21,518
	(56,224)	**(208,423)**
Cash was provided by (used to finance) changes in the following working capital items:		
Prepaid expenses	9,734	11,799
Accounts payable and accrued liabilities	78,071	60,288
	87,805	**72,087**
Net cash used in operating activities	**31,581**	**(136,336)**
Investing activities:		
Purchase of marketable securities	(90,000)	-
Net cash used in investing activities	**(90,000)**	**-**
Change in cash	**(58,419)**	**(136,336)**
Cash, beginning of period	81,071	261,259
Cash, end of period	**22,652**	**124,923**

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 $70,093 (March 31, 2016 - $232,960) for the three months ended March 31, 2017 and had an accumulated deficit of $53,504,832 (March 31, 2016 - $(53,559,582)) and working capital (deficiency) of $(436,362) (March 31, 2016 - $72,087) as at March 31, 2017. 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.

(expressed in Canadian dollars unless otherwise noted)

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

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

(b) Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2017 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, 2016.

Restatement

The interim consolidate financial statements have been amended to correct for errors in the original interim consolidated financial statements. The amendments relate to the reporting of funds received from Roscan pursuant to the agreement disclosed in note 7. The funds received from Roscan were originally recorded as option revenue and cash of the Company. The amendment records the funds received as a liability of $150,000 to Roscan, which was originally not recorded, and eliminates the option revenue. The financial asset of cash of $150,000 and the financial liability of the $150,000 owed to Roscan meet the criteria for offset under IAS32 issued by the IASB. The impact of these changes is highlighted in the table below.

	March 31, 2017 As Restated $	March 31, 2017 As Previously Reported $
Cash	22,652	172,652
Deficit	(53,504,832)	(53,354,832)
Option revenue	90,000	240,000
Net Comprehensive Income (Loss)	(70,093)	79,907

Current accounting changes

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IAS 1, presentation of financial statements. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

(b) Basis of preparation (continued)

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, 2017 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.

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 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

(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, 2016.

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, 2016. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

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	$32,409	(March 31, 2016 - $43,215)
Canada	$1,868	(March 31, 2016 - $2,336)

5. Financial risk factors

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

Credit risk

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

Liquidity risk

As at March 31, 2017, the Company had a cash balance of $22,652 (March 31, 2016 - $124,923) to settle current liabilities of $555,216 (March 31, 2016 - $299,272). 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, $191,250 is an amount 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 risk

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

Fair value of financial instruments

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. The shares in public companies are classified as Fair Value through Profit and Loss ("FVTPL") and are recorded at fair value using the quoted market price as at March 31, 2017. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at March 31, 2017 and 2016, the carrying and fair value amounts of the Company's financial instruments, other than the shares of public companies, are approximately the same because of the limited term of these instruments.

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 March 31, 2017 the Company's shares in public companies are classified as level 1 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 March 31, 2017 the Company held $779 (December 31, 2016 - $63,928) of cash balances denominated in US dollars. As at March 31, 2017, the company had accounts payable and accrued liabilities denominated in US dollars of $95,952 (December 31, 2016 - $50,255). 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 $10,000 based on the balance of monetary assets and liabilities at March 31, 2017.

(expressed in Canadian dollars unless otherwise noted)

6. Marketable securities

The corporation holds shares in a public company in the mining industry. During the period ended March 31, 2017, these shares were fair valued and this resulted in an unrealized loss of $9,000 (2016 - $nil).

The shares in this company are classified as Fair Value through Profit & Loss ("FVTPL") and are recorded at fair value using the quoted market price as at March 31, 2017 and are therefore classified as level 1 within the fair value hierarchy.

The following table summarizes information regarding the Corporation's marketable securities for the three months ended March 31, 2017 and and the year ended December 31, 2016.

	March 31, 2017 $	**December 31, 2016** $
Balance, beginning of period	-	-
Additions	90,000	-
Unrealized loss on mark-to-market	(9,000)	-
Balance, end of period	81,000	-

7. Exploration and evaluation expenses

Transactions for the three months ended March 31, 2017 and the year ended December 31, 2016 are as follows:

<u>2017</u>	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	5,477	-	-	-	5,477
Geologists	14,296	15,050	-	-	29,346
Site meal services	71	18	-	-	89
Travel and vehicle	1,727	681	-	-	2,408
Interpretation and maps	-	-	1,089	-	1,089
Security	298	-	-	-	298
In-country logistics	9,043	8,222	-	-	17,265
	30,912	**23,971**	**1,089**	**-**	**55,972**

(expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

2016	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	29,047	-	-	-	29,047
Permits and licenses	15,543	45,810	-	-	61,353
Support services	-	-	10,102	-	10,102
Geologists	79,363	58,471	-	-	137,834
Accounting services	5,334	16,003	-	-	21,337
Site meal services	1,581	621	-	-	2,202
Travel and vehicle	13,166	3,584	-	-	16,750
Interpretations and maps	5,757	-	-	1,933	7,690
Security	3,581	-	-	-	3,581
In-country logistics	46,096	5,260	-	-	51,356
Options income	-	-	(10,000)	-	(10,000)
Other	-	-	-	1,000	1,000
	199,468	**129,749**	**102**	**2,933**	**332,252**

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 Kyereboso #3 concession is in good standing until December 12, 2017 and the Adokwae concession is in good standing until June 21, 2018. The Meduma concession and the Kyereboso #2 renewal applications are pending.

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%.

7. Exploration and evaluation expenses (continued)

Alluvial Option Agreement Obuasi

In 2015 the Corporation's wholly-owned subsidiaries Pelangio Adansi Asaasi (G) Limited, Pelangio Adansi Asaasi (B) Inc. and Pelangio Mines (B) Inc. (collectively, "**Pelangio**") 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 Agreements, Pelangio is granting to Minatura an option (each, an "**Option**") to acquire an interest in the rights to mine 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.

Each Option Agreement is subject to approval by the Minister of Lands and Natural Resources of the Republic of Ghana.

As at December 31, 2016, the Ghanaian Ministerial approval had not been obtained and the option agreements have been terminated.

Manfo, Ghana

During 2010, the Company entered into three definitive option agreements in respect of the concessions comprising the Manfo Property pursuant to which the Company has an option to acquire a 100% interest (subject to a 5% royalty interest and a 10% interest held by the Ghanaian government and the right of the Ghanaian government to acquire a further 20% interest on mutually agreed terms) in each of the concessions. The optioned property consists of the Subriso, Twabidi and Sempekrom concessions, which were acquired from one private Ghanaian corporation. The Subriso concession is in good standing and the Sempekrom concession renewal is pending. A renewal or extension for Twabidi is pending and such renewal or extension is not assured. The Subriso, Twabidi and Sempekrom concessions are referred to as the Manfo Property.

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

The Company (or its successor or permitted assign) will pay the optionor a discovery bonus totaling the sum of (i) US$1,000,000 plus (ii) US$1.00 per ounce of proven and probable gold reserves set out in the first positive feasibility study published or released in respect of the Manfo Property.

During 2013, the Company paid $55,303 to enter into a review period with the optionor of the Manfo property regarding the NSR repurchase terms. The review period ends when the market conditions improve such that the Company is able to complete a single financing amount of greater than $2,000,000.

7. Exploration and evaluation expenses (continued)

Akroma, Ghana

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

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

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

  (ii) $150,000 due 150 days following the Effective Date,

  (iii) $700,000 due on the first anniversary of the Effective Date, and

  (iv) $1,000,000 due on the second anniversary of the Effective Date;

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

  (i) $10,000 paid,

  (ii) $50,000 on the first anniversary of the Effective Date, and

  (iii) $100,000 on the second anniversary of the Effective Date

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

(expressed in Canadian dollars unless otherwise noted)

7. Exploration and evaluation expenses (continued)

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

Birch Lake, Canada

Birch Lake consists of a 100% interest in 28 unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario. The property is subject to net smelter return royalties of 2%.

On March 14, 2017, the Company entered into an option agreement with Noka Resources Inc. ("Noka") whereby Noka may acquire a 100% interest in Pelangio's Birch Lake Property, located in Ontario's Red Lake Mining District. Noka has a right to earn a 100% interest in the Birch Lake Project by paying a total of $375,000 and issuing an aggregate of 4,500,000 common shares over a four year period to Pelangio. Noka must also incur exploration expenditures of $1,300,000 over a four year period.

Subsequent to March 31, 2017, Noka changed its name to Pacton Gold Inc.

Poirier Gold, Canada

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

8. Equipment

	Computer hardware $	Furniture and equipment $	Vehicles $	Total $
Cost at December 31, 2016	11,222	79,108	146,500	236,830
Additions	-	-	-	-
March 31, 2017	11,222	79,108	146,500	236,830
Accumulated depreciation				
December 31, 2016	11,132	58,736	130,467	200,335
Charges for the period	12	1,003	1,203	2,218
March 31, 2017	11,144	59,739	131,670	202,553
Net book value				
March 31, 2017	78	19,369	14,830	34,277
Net book value				
December 31, 2016	90	20,372	16,033	36,495

(expressed in Canadian dollars unless otherwise noted)

9. Issued capital

(i) Authorized

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

10. 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, 2015	6,980,000	0.164	986,179	18,300,117	0.05	174,000	1,160,179
Granted/Expensed	3,500,000	0.050	21,518	-	-	-	21,518
Expired	-	-	-	(7,500,000)	-	(73,000)	(73,000)
March 31, 2016	**10,480,000**	**0.126**	**1,007,697**	**10,800,117**	**0.05**	**101,000**	**1,108,697**
Granted/Expensed	-	-	30,460	-	-	-	30,460
Exercised	(1,000,000)	(0.05)	(28,953)	(5,062,333)	(0.05)	(46,745)	(75,698)
Cancelled	-	-	-	-	-	(54,255)	(54,255)
Expired	(1,815,000)	0.43	(645,327)	(5,737,784)	(0.05)	-	(645,327)
March 31, 2017	**7,665,000**	**0.069**	**363,877**	**-**	**-**	**-**	**363,877**

(expressed in Canadian dollars unless otherwise noted)

10. Equity reserves (continued)

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company. The maximum number of shares reserved for issuance under the share option plan is limited to 12,500,000 common shares of the Company. Share options granted under the share option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter.

The following share option arrangements were in existence as at March 31, 2017:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
December 18, 2012	1,370,000	1,370,000	0.155	December 18, 2017
October 28, 2013	150,000	150,000	0.075	October 28, 2018
February 4, 2014	1,295,000	1,295,000	0.05	February 4, 2019
March 27, 2015	1,600,000	1,600,000	0.05	March 27, 2020
January 19, 2016	3,250,000	2,375,000	0.05	January 19, 2021
	7,665,000	**6,790,000**	**0.069**	

The weighted average exercise price of options exercisable at March 31, 2017 was $0.07 (December 31, 2016 - $0.14).

The weighted average remaining contractual life of options outstanding at March 31, 2017 is 2.71 years (December 31, 2016 - 2.52 years).

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

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value $
December 18, 2012	0	1.53	124	5 years	217,300
October 28, 2013	0	1.72	122	5 years	11,600
February 4, 2014	0	1.63	100	5 years	66,000
March 27, 2015	0	0.75	108	5 years	61,623
January 19, 2016	0	0.68	115	5 years	49,000

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

The weighted average grant date fair value of options granted during the three months ended March 31, 2017 was $Nil (March 31, 2016 - $0.015).

(expressed in Canadian dollars unless otherwise noted)

11. Related party information

These consolidated financial statements include the financial statements of the Company and its subsidiaries and their respective effective ownership listed in the following table:

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

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

For the three months ended March 31	**2017** $	**2016** $
With an officer of the Company:		
General exploration	-	5,796
Exploration and evaluation expense	6,250	16,612
With a partnership in which an officer of the Company is a partner:		
Accounting services	8,407	15,191

Of the accounting service fees, $1,701 (three months ended March 31, 2016 - $3,437) is included in professional fees and $6,706 (three months ended March 31, 2016 - $11,754) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at March 31, 2017 include amounts owing to directors and officers in the amount of $288,109 (December 31, 2016 - $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 March 31, 2017 and March 31, 2016 were as follows:

For the three months ended March 31	**2017** $	**2016** $
Short-term benefits	21,250	21,250
Share-based payments	2,084	16,859

12. Commitments and contingencies

The Company is party to employment agreements with its employees. These contracts contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. The additional commitments total approximately $255,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

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

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

The Company has been named in two separate actions involving one of the vendors of two of the three concessions comprising the Obuasi Property 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 judgment given for the plaintiff. The only impact of such judgment 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, the Company is involved in litigation regarding the termination of an option agreement in respect of the New Edubiase concession, which the Company considers to be without merit, based on our reasoned assessment of all available information including legal advice received regarding the basis in law for the counterparty's claim.

The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2017 and March 31, 2016, no amounts have been accrued related to such matters.

13. Capital management

The capital of the Company consists of common shares, treasury shares, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2016 or 2015.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2016 and 2015. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2017, 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.

14. Subsequent events

(a) Grant of Stock Options

On May 8, 2017, the Company granted 1,395,000 stock options to officers, directors and consultants of the Company, which options are exercisable into common shares of the Company at a price of $0.05 per share. Subject to the rules of the TSX Venture Exchange and the Company's Stock Option Plan the options have a term of five years and will expire on May 8, 2022.

(b) Noka Agreement

Subsequent to March 31, 2017, the first scheduled payment of $75,000 relating to the Noka agreement as disclosed in note 7 was received.

(b) Roscan Agreement

Subsequent to March 31, 2017, the second scheduled payment of $150,000 relating to the Roscan agreement as disclosed in note 7 was received.