
Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Financial Statements

March 31, 2010

Pelangio Exploration Inc.
(A Development Stage Company)

Index to Unaudited Consolidated Interim Financial Statements

March 31, 2010

Page

Unaudited Consolidated Interim Balance Sheet	1
Unaudited Consolidated Interim Statements of Operations	2
Unaudited Consolidated Interim Statements of Comprehensive Income (Loss)	3
Unaudited Consolidated Interim Statements of Accumulated Other Comprehensive Income	4
Unaudited Consolidated Interim Statements of Retained Earnings	5
Unaudited Consolidated Interim Statements of Cash Flows	6
Notes to Unaudited Consolidated Interim Financial Statements	7 - 21

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Balance Sheet

March 31 ...	2010	
December 31 ...		2009
	\$	\$
Assets		
Current:		
Cash and cash equivalents	5,846,339	7,178,564
Amounts receivable	16,864	38,424
Prepaid expenses	144,612	135,640
Marketable securities, <i>note 6</i>	1,897,000	1,788,000
	<u>7,904,815</u>	<u>9,140,628</u>
Equipment, <i>note 7</i>	222,614	215,340
Mineral properties and deferred exploration costs, <i>note 8</i>	28,790,379	27,871,067
	<u>36,917,808</u>	<u>37,227,035</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 10</i>	585,474	278,961
Future income taxes, <i>note 13</i>	1,548,000	1,536,000
	<u>2,133,474</u>	<u>1,814,961</u>
Shareholders' Equity		
Share capital, <i>note 9 (a)</i>	30,283,689	30,283,689
Contributed surplus, <i>note 9 (c)</i>	876,035	646,641
Warrants, <i>note 9 (d)</i>	947,000	947,000
	<u>32,106,724</u>	<u>31,877,330</u>
Retained earnings	1,156,284	2,109,418
Accumulated other comprehensive income, <i>note 6</i>	1,521,326	1,425,326
	<u>2,677,610</u>	<u>3,534,744</u>
	<u>34,784,334</u>	<u>35,412,074</u>
	<u>36,917,808</u>	<u>37,227,035</u>

Commitments and contingencies, notes 1, 8 and 11
Subsequent events, note 15

See accompanying notes to the unaudited consolidated interim financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"Carl Nurmi" Director

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Statements of Operations

For the three months ended March 31	2010	2009
	\$	\$
Revenue:		
Interest revenue	4,806	473
Expenses:		
Salaries and employee benefits	187,814	10,857
Consulting services, <i>note 10</i>	20,845	6,950
Foreign exchange loss	62,062	10,890
General exploration	6,369	1,554
Insurance	11,892	9,954
Interest on advance from PDX Resources Inc.	-	5,250
Investor relations	91,111	21,658
Office and general	43,414	33,010
Professional fees, <i>note 10</i>	49,685	35,493
Rent, <i>note 10</i>	19,634	2,011
Stock-based compensation cost, <i>note 9(c)</i>	229,394	18,027
Transfer agent and filing fees	13,278	13,679
Travel	21,313	2,235
Amortization	15,410	6,019
	772,221	177,587
Loss from operations	(767,415)	(177,114)
Other income:		
Gain on disposal of marketable securities available for sale	-	191,096
Write down of mineral property, <i>note 8</i>	(198,719)	-
	(198,719)	191,096
(Loss) income before income taxes	(966,134)	13,982
Future income taxes, <i>note 13</i>	13,000	19,000
Net (loss) income for the period	(953,134)	32,982
Net (loss) income per common share:		
- basic	(0.01)	0.00
- diluted	(0.01)	0.00
Weighted average common shares outstanding		
- basic	121,831,340	78,136,261
- diluted	121,831,340	78,136,261

See accompanying notes to the unaudited consolidated interim financial statements.

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Statements of Comprehensive Income (Loss)

For the three months ended March 31	2010	2009
	\$	\$
Net (loss) income for the period	(953,134)	32,982
Other comprehensive income (loss) for the period:		
Change in unrealized gains on available-for-sale securities	109,000	391,892
Tax effect of unrealized gains	(13,000)	-
Reclassification to net income of gain realized from sale of available-for-sale marketable securities	-	195,554
Total other comprehensive income for the period	96,000	587,446
Comprehensive (loss) income for the period	(857,134)	620,428

See accompanying notes to the unaudited consolidated interim financial statements.

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Statements of Accumulated Other Comprehensive Income

For the three months ended March 31	2010	2009
	\$	\$
Balance, beginning of period	1,425,326	1,876,530
Other comprehensive income	96,000	587,446
Balance, end of period	1,521,326	2,463,976

See accompanying notes to the unaudited consolidated interim financial statements.

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Statements of Retained Earnings

For the three months ended March 31	2010	2009
	\$	\$
Retained earnings, beginning of period	2,109,418	2,434,931
Net (loss) income for the period	(953,134)	32,982
Retained earnings, end of period	1,156,284	2,467,913

See accompanying notes to the unaudited consolidated interim financial statements.

Pelangio Exploration Inc.
(A Development Stage Company)

Unaudited Consolidated Interim Statements of Cash Flows

For the three months ended March 31	2010	2009
	\$	\$
Cash was provided by (used for):		
Operating activities:		
Net (loss) income for the period	(953,134)	32,982
Items not affecting cash:		
Future income taxes	(13,000)	(19,000)
Gain on disposal of marketable securities	-	(191,096)
Write down of mineral property	198,719	-
Amortization	15,410	6,019
Stock-based compensation cost	229,394	18,027
	(522,611)	(153,068)
Cash was provided by (used to finance) changes in the following working capital items:		
Amounts receivable	21,560	5,063
Prepaid expenses	(8,972)	(111)
Accounts payable and accrued liabilities	(30,345)	(207,710)
	(17,757)	(202,758)
	(540,368)	(355,826)
Financing activities:		
Advance from PDX Resources Inc.	-	(177,803)
Private placement	-	1,195,000
Issue costs	-	(40,410)
	-	976,787
Investing activities:		
Proceeds of sale of marketable securities	-	291,494
Equipment additions	(22,684)	(1,103)
Additions to mineral properties and deferred exploration costs	(769,173)	(317,877)
	(791,857)	(27,486)
Change in cash and cash equivalents	(1,332,225)	593,475
Cash and cash equivalents, beginning of period	7,178,564	379,937
Cash and cash equivalents, end of period	5,846,339	973,412
Cash and cash equivalents are composed of the following:		
Cash	1,738,708	973,412
Cash equivalents	4,107,631	-
	5,846,339	973,412

Supplemental information, note 12

See accompanying notes to the unaudited consolidated interim financial statements.

Pelangio Exploration Inc.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

1. Nature of operations and going concern

Pelangio Exploration Inc. (the "Company" or "Pelangio") (A Development Stage Company) was incorporated on February 27, 2008 under the Alberta Business Corporations Act. The principal business of the Company is the acquisition, exploration and development of mineral property interests. Pelangio is a development stage company, as defined by Accounting Guideline 11 of the Canadian Institute of Chartered Accountants' ("CICA") Handbook.

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 mineral properties and related deferred exploration costs 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 mineral properties and deferred exploration costs. Most of the Company's mining assets are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, expropriation and currency exchange fluctuations and restrictions.

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 unregistered prior claims and agreements, aboriginal claims and non-compliance with regulatory requirements.

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. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Basis of presentation

The unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes included in the Company's annual report to shareholders for the year ended December 31, 2009. These unaudited consolidated interim financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statement, but have been prepared by using the same accounting policies as included in note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2009, except as described in note 3 below.

Pelangio Exploration Inc.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

3. Accounting policies

These unaudited consolidated interim financial statements have been prepared in accordance with Canadian GAAP for interim financial information. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The consolidated balance sheet at December 31, 2009 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual financial statements. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

Future accounting pronouncements

In January 2009, the CICA issued Handbook Sections 1582 - Business Combinations ("Section 1582"), 1601- Consolidated Financial Statements ("Section 1601") and 1602 - Non-controlling Interests ("Section 1602") which replace CICA Handbook Section 1581 - Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that are equivalent to the business combination accounting standards under International Financial Reporting Standards ("IFRS"). Sections 1601 and 1602 establish standards for preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Sections 1601 and 1602 are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Earlier adoption of these sections is permitted. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards "IFRS"

In January 2006, the CICA's Accounting Standards Board "AcSB" formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. A calendar year end public company will be required to have prepared, in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Pelangio Exploration Inc.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

4. Capital management

The capital structure of the Company as at March 31, 2010 consists of equity attributable to common shareholders comprised of capital stock, warrants and contributed surplus.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three month period ended March 31, 2010. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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 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. Financial instruments included in receivables consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash and cash equivalents balance of \$5,846,339 (December 31, 2009 - \$7,178,564) to settle current liabilities of \$585,474 (December 31, 2009 - \$278,961). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

5. Financial risk factors (continued)

Interest rate risk

The Company has cash and cash equivalents 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.

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.

Market risk

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Company is exposed to market risk as a result of its large holdings in marketable securities (notes 6). Securities classified as available for sale are valued at market and as such, changes in market value affect comprehensive income as they occur.

Pelangio Exploration Inc.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

5. Financial risk factors (continued)

Sensitivity analysis

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

Cash equivalents include deposits at call which are at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by plus or minus \$10,000 based on the cash equivalents balance at March 31, 2010.

Sensitivity to a plus or minus 10% change in the quoted market value of marketable securities would affect comprehensive income (loss) by plus or minus \$47,425 based on the marketable securities held at March 31, 2010.

The Company holds \$1,510,445 of balances denominated in US dollars. As disclosed in note 8, the Company is obligated to make payments of \$750,000 US in 2010 towards the acquisition of the remaining 49% of the Obuasi property in Ghana. A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$39,000 based on the balance of monetary assets and liabilities at March 31, 2010.

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

Fair value of financial instruments

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

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Financial instruments included in amounts receivable, which are classified as loans and receivables, 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 other than impairments assessed as other than temporary. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at March 31, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately the same.

At March 31, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents and marketable securities, have been classified as Level 1 within the fair value hierarchy.

At March 31, 2010, the Company also had a foreign currency contract carried at fair value. It has been classified as Level 2 within the fair value hierarchy. The contract is carried at \$15,450 and included in prepaid expenses on the balance sheet. The fair value has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate at 0.481, expected volatility at 10% and an expected life of 5.5 months.

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

6. Marketable securities

As at March 31... As at December 31...	2010		Shares	2009	
	Carrying Value	Market Value		Carrying Value	Market Value
Shares	\$	\$	Shares	\$	\$
Detour Gold Corporation					
	100,000	1,897,000	1,897,000	100,000	1,788,000

The balances of accumulated other comprehensive income at March 31, 2010 and December 31, 2009 consist of the unrealized gains on the Company's interest in Detour Gold Corporation.

7. Equipment

As at March 31... As at December 31...	2010		Cost	2009	
	Cost	Accumulated Amortization		Cost	Accumulated Amortization
	\$	\$	\$	\$	
Computer hardware	29,747	22,027	29,747	20,924	
Computer software	2,956	2,210	2,956	1,961	
Furniture and equipment	134,607	45,684	124,445	41,273	
Vehicles	184,056	58,831	171,534	49,184	
	351,366	128,752	328,682	113,342	
Net book value		222,614		215,340	

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

8. Mineral properties and deferred exploration costs

Transactions for the three months ended March 31, 2010 and the year ended December 31, 2009 are as follows:

2010	Opening \$	Acquisitions \$	Exploration \$	Write down \$	Closing \$
Canada					
Birch Lake	79,356	-	235	-	79,591
Black Township	264,835	-	-	-	264,835
Seeley Lake	378,986	-	-	-	378,986
Page Lake	198,719	-	-	(198,719)	-
Other	228,851	1,000	200	-	230,051
	1,150,747	1,000	435	(198,719)	953,463
Ghana, Africa					
Obuasi	26,720,320	2,152	1,063,654	-	27,786,126
Other	-	50,790	-	-	50,790
	26,720,320	52,942	1,063,654	-	27,836,916
	27,871,067	53,942	1,064,089	(198,719)	28,790,379
2009					
	Opening \$	Acquisitions \$	Exploration \$	Write down \$	Closing \$
Canada					
Birch Lake	42,133	-	37,223	-	79,356
Black Township	257,312	-	7,523	-	264,835
Seeley Lake	361,284	-	17,702	-	378,986
STAZ	258,416	-	-	(258,416)	-
Page Lake	112,520	30,191	56,008	-	198,719
Other	163,461	51,000	26,390	(12,000)	228,851
	1,195,126	81,191	144,846	(270,416)	1,150,747
Ghana, Africa					
Obuasi	19,440,684	5,142,581	2,137,055	-	26,720,320
	20,635,810	5,223,772	2,281,901	(270,416)	27,871,067

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

8. Mineral properties and deferred exploration costs (continued)

Birch Lake, Ontario, 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%.

Black Township

Black Township consists of a 100% interest in 2 patented and 2 unpatented mining claims in Black Township, Ontario. There are no underlying royalties pertaining to this property.

Seeley Lake

Seeley Lake consists of a 100% interest in 19 unpatented mining claims in the Thunder Bay Mining Division, Ontario. There are no underlying royalties pertaining to this property.

STAZ

STAZ consists of a 10% interest in 6 unpatented mining claims in Marriott and Stoughton Townships, Ontario. There are no underlying royalties pertaining to this property.

Page Lake

Page Lake consists of an option to acquire a 100% interest in 18 unpatented claims in the Page Lake Area in the Thunder Bay Mining Division, Ontario. The option agreement was amended during the year ended December 31, 2009. Pursuant to the amended agreement, the Company is required to spend \$450,000 (\$56,008 spent by March 31, 2010) on the property, pay the optionors a total of \$120,000 (\$12,000 paid during the year ended December 31, 2009) and issue 464,976 common shares (64,968 shares issued with an estimated value of \$18,191 based on the quoted market value of the Company's shares on the date of issuance) by May 2012 in order to obtain a 100% interest in the property. There are no underlying royalties pertaining to this property.

This property was abandoned during the period and returned to the optionors.

Other

The Company is committed to cash payments of \$175,000 due by September 15, 2012 in order to maintain its interest in other properties.

Pelangio Exploration Inc.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

8. Mineral properties and deferred exploration costs (continued)

Obuasi, Ghana, Africa

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 subsidiaries of PDX Resources Inc., ("PDX") acquired options to acquire 100% (subject to a 2% royalty interest and a 10% interest held by the Ghanaian government) of a major land position adjacent to AngloGold Ashanti's Obuasi gold mine in southwest Ghana, West Africa. The optioned property consisted of the Kyereboso #2, Kyereboso #3, Meduma and New Edubiase concessions, which were acquired from three private Ghanaian corporations. The Kyereboso #2, Kyereboso #3 and Meduma concessions are referred to as the Obuasi Property. PDX paid \$25,000 to enter into the initial letter agreement and made an additional payment of US\$300,000 (\$347,796) as an advance payment on future option payments. In order to obtain a 100% interest in the concessions, PDX was required pursuant to the option agreements to pay a total of US\$3,800,000 and issue a total of 16,000,000 common shares at specified dates ending five years after the effective date of the option agreements.

The cash payment and share issuance required to maintain the option on the New Edubiase concession were not made, following a decision not to continue exploration efforts on this ground. The carrying value of this concession (\$1,126,959) was written off by PDX in 2007.

On March 3, 2008, PDX made the third payment totaling US\$150,000 (\$150,371) and issued 1,500,000 common shares of PDX (estimated value of \$6,834,000) to the two remaining vendors of the Obuasi Property and pursuant to the terms of the option agreements acquired a 51% interest in the Obuasi Property. The third payment was made early pursuant to amendments to the option agreements (the "Option Amendments") in respect of the Obuasi Property which PDX negotiated with such vendors.

The common shares of Pelangio Mines (B) Inc., the former subsidiary of PDX that is the indirect holder of the interests in the Obuasi Property, were transferred to the Company on September 6, 2008 pursuant to the terms and conditions of the Plan of Arrangement and the Company assumed all of PDX's rights and obligations under the relevant option agreements at that time.

The Option Amendments provide that upon the completion of the Plan of Arrangement the common shares to be issued and cash to be paid to acquire the remaining 49% of the Obuasi Property would be common shares of the Company, rather than PDX. During 2009 the Company made the first payments totaling in the aggregate US\$750,000 (CAD\$792,000) and 6,000,000 shares issued with an estimated value of \$3,000,000 based on the quoted market value of the Company's shares on the date of issuance.

Should the Company choose to exercise its option to acquire the remaining 49% of the concessions, it will be required to:

- pay US\$750,000 by the fourth anniversary of the effective date (June 19, 2010); and
- pay US\$750,000 by the fifth anniversary of the effective date (June 19, 2011).

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

9. Capital stock

(a) Share capital

Authorized:

Unlimited common shares

Common shares issued:

	2010		2009	
	Shares	\$	Shares	\$
For the three months ended March 31...				
For the year ended December 31				
Beginning of period	121,831,340	30,283,689	73,887,372	18,511,438
Flow-through shares	-	-	1,100,000	110,000
Options exercised	-	-	160,000	30,175
Shares issued, net of issue costs	-	-	35,833,968	10,437,076
Warrants exercised	-	-	10,850,000	2,402,000
Warrant valuation	-	-	-	(1,179,000)
Income tax benefits renounced on flow-through shares issued	-	-	-	(28,000)
End of period	121,831,340	30,283,689	121,831,340	30,283,689

Shares were issued during the period for the following consideration:

	2010		2009	
	Shares	\$	Shares	\$
For the three months ended March 31...				
For the year ended December 31				
Cash	-	-	41,879,000	9,722,460
Properties, <i>note 8</i>	-	-	6,064,968	3,018,191
	-	-	47,943,968	12,740,651

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

9. Capital stock (continued)

(b) Stock options

The Company has a stock 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 stock option plan is 6,500,000. Stock options granted under the stock option plan vest in four equal installments, being at the date of grant, and at the end of each six-month period ended thereafter. As of March 31, 2010, the Company has 6,125,000 options outstanding as follows:

Date Granted	Options Granted	Options Exercisable	Weighted Average Exercise Price \$	Expiry Date
September 6, 2008	5,000	5,000	0.32	July 8, 2010
September 6, 2008	100,000	100,000	0.15	January 27, 2011
September 6, 2008	650,000	650,000	0.15	March 29, 2012
September 6, 2008	80,000	80,000	0.19	June 25, 2012
September 6, 2008	100,000	100,000	0.32	January 27, 2011
September 6, 2008	990,000	990,000	0.32	December 21, 2012
September 6, 2008	75,000	75,000	0.39	January 14, 2013
September 6, 2008	25,000	25,000	0.54	February 1, 2013
January 21, 2009	125,000	125,000	0.10	January 27, 2011
January 21, 2009	1,925,000	1,425,000	0.10	January 21, 2014
November 11, 2009	125,000	125,000	0.58	January 27, 2011
November 11, 2009	1,925,000	481,250	0.58	November 11, 2014
	6,125,000	4,181,250	0.313	

The weighted average exercise price of options exercisable at March 31, 2010 was \$0.246.

The weighted average contractual life of options outstanding at March 31, 2010 was 3.4 years.

Transactions during the three months ended March 31, 2010 are as follows:

	2010	
	Options	Weighted Average Exercise Price \$
Beginning and end of period	6,125,000	0.313

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

9. Capital stock (continued)

(c) Contributed surplus

Transactions during the three months ended March 31, 2010 are as follows:

	2010
	\$
<hr/>	
Beginning of period	646,641
Value of options granted and/or vested to directors, officers and employees	229,394
<hr/>	
End of period	876,035

(d) Warrants

As at March 31, 2010, the Company had the following outstanding warrants to purchase shares of the Company:

Warrants #	Exercise Price \$	Estimated Grant Date Fair Value \$	Expiry Date
9,459,500	0.65	786,000	April 13, 2011
945,950 **	0.37	161,000	April 13, 2011
<hr/>			
10,405,450	0.62	947,000	

** These allow the holder to acquire one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.65 until April 13, 2011.

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

10. Related party information

The following transactions were entered into with related parties during the period:

For the three months ended March 31	2010	2009
	\$	\$
With a corporation controlled by the President of the Company:		
Rent	12,000	1,200
With a partnership in which an officer of the Company is a partner:		
Accounting services	41,860	20,685

Of the accounting service fees, \$21,015 (three months ended March 31, 2009 - \$13,735) is included in professional fees and \$20,845 (three months ended March 31, 2009 - \$6,950) is included in consulting services on the statement of operations.

Accounts payable and accrued liabilities as at March 31, 2010 include amounts owing to related parties in the amount of \$27,387 (December 31, 2009 - \$24,246). 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.

11. Commitments

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 \$1,500,000. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the 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 conducts its operations so as to protect public health and the environment and 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.

12. Supplemental information

	2010	2009
	\$	\$
Interest paid	-	5,250
Change in accounts payable attributable to additions to mineral properties and deferred exploration costs	336,858	-

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

13. Income taxes

Provisions for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian Federal and Provincial statutory income tax rate of approximately 31% (2009 - 33%) approximate the following:

For the three months ended March 31	2010	2009
	\$	\$
(Loss) income before income taxes	(966,134)	13,982
Expected income tax expense (benefit) based on statutory rates	(300,000)	5,000
Tax deferred portion of gain on disposal of mineral properties	-	(81,000)
Stock-based compensation	71,000	6,000
Rate change	48,000	2,000
Share issue costs	-	(13,000)
Unrealized gain on marketable securities	-	131,000
Other	5,000	44,000
Change in valuation allowance	163,000	(113,000)
Future income tax recovery	(13,000)	(19,000)

Future income tax balances

Future income tax assets in Canada:

March 31	2010	2009
December 31	\$	\$
Non-capital losses carried forward	753,000	623,000
Capital losses carried forward	647,000	651,000
Mineral properties	(193,000)	(243,000)
Marketable securities	(88,000)	(75,000)
Share issue costs	133,000	133,000
	1,252,000	1,089,000
Less: Valuation allowance	(1,252,000)	(1,089,000)
	-	-

Pelangio Exploration Inc.
(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

March 31, 2010

13. Income taxes (continued)

Future income tax balances (continued)

Future income tax assets and liabilities in Ghana:

March 31	2010	2009
December 31	\$	\$
Mineral properties and deferred exploration costs	(1,266,000)	(1,254,000)
Valuation allowance	(282,000)	(282,000)
	(1,548,000)	(1,536,000)

14. Segmented information

The Company operates in one industry, that being the exploration and development of mineral properties. Geographic breakdown of equipment is as follows:

Canada	\$51,973	(December 31, 2009 - \$56,180)
Ghana, Africa	\$170,641	(December 31, 2009 - \$159,160)

15. Subsequent events

Marketable Securities Disposal

Subsequent to March 31, 2010 the Company disposed of 55,000 shares of Detour Gold Corporation valued at an average price of \$22.81 for net proceeds of \$1,250,757.