Pelangio Exploration Inc.

Consolidated Financial Statements

December 31, 2016 and 2015

Pelangio Exploration Inc.

Index to Consolidated Financial Statements

December 31, 2016 and 2015 **Page**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pelangio Exploration Inc.

We have audited the accompanying consolidated financial statements of Pelangio Exploration Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2016 and 2015, and the consolidated statements of changes in equity, consolidated statements of operations and comprehensive loss, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pelangio Exploration Inc. and its subsidiaries as at December 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Pelangio Exploration Inc. had continuing losses during the year ended December 31, 2016 and a cumulative deficit as at December 31, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainties which cast significant doubt about the ability of Pelangio Exploration Inc. to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 25, 2017

Pelangio Exploration Inc.

Consolidated Balance Sheets

Expressed in Canadian Dollars

As at,	**December 31, 2016** $	**December 31, 2015** $
Assets		
Current:		
Cash	81,071	261,259
Prepaid expenses	24,936	49,768
	106,007	311,027
Non-current assets:		
Equipment, *note 7*	36,495	48,570
Total Assets	**142,502**	**359,597**
Liabilities		
Current:		
Accounts payable and accrued liabilities, *note 10*	477,146	238,984
Total Liabilities	477,146	238,984
Shareholders' (Deficiency) Equity		
Issued capital, *note 8*	52,738,870	52,360,056
Equity reserves, *note 9*	927,628	1,160,179
Deficit	(54,001,142)	(53,399,622)
Total Shareholder's (Deficiency) Equity	(334,644)	120,613
Total Liabilities and Shareholder's (Deficiency) Equity	**142,502**	**359,597**

Commitments and contingencies, *notes 1, 6 and 11*

Subsequent events, *note 14*

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

"Ingrid Hibbard" Director

"Carl Nurmi" Director

Pelangio Exploration Inc.

Consolidated Statements of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Issued Capital $	Equity reserves $	Deficit $	Total equity $
December 31, 2014	207,875,763	51,858,707	2,651,854	(54,563,840)	(53,279)
Exercise of options	-	-	(1,653,168)	1,653,168	-
Non-brokered private placement, net of issuance costs	21,600,233	602,349	-	-	602,349
Valuation of warrants issued in private placement	-	(101,000)	101,000	-	-
Share-based payments	-	-	60,493	-	60,493
Loss for the year	-	-	-	(488,950)	(488,950)
December 31, 2015	229,475,996	52,360,056	1,160,179	(53,399,622)	120,613
Exercise of warrants	5,062,333	299,861	(46,745)	-	253,116
Expiry of warrants	-	-	(73,000)	73,000	-
Exercise of options	1,000,000	78,953	(28,953)	-	50,000
Expiry of options	-	-	(133,179)	133,179	-
Share-based payments	-	-	49,326	-	49,326
Loss for the year	-	-	-	(807,699)	(807,699)
Balance at December 31, 2016	**235,538,329**	**52,738,870**	**927,628**	**(54,001,142)**	**(334,644)**

See accompanying notes to the consolidated financial statements.

Pelangio Exploration Inc.

Consolidated Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the years ended December 31,	2016 $	2015 $
Revenue:		
Interest revenue	**24**	**170**
Expenses:		
Salaries and employee benefits	100,007	(141,945)
Consulting services, *note 10*	18,600	28,255
Exploration and evaluation expenses, *note 6*	332,252	263,273
Foreign exchange (recovery) loss	(764)	14,338
General exploration	9,310	1,779
Insurance	17,058	22,505
Investor relations	48,446	8,614
Office and general	63,672	48,382
Professional fees, *note 10*	122,612	111,807
Share-based payments, *note 9*	49,326	60,493
Transfer agent and filing fees	34,376	30,416
Travel	753	-
Amortization, *note 7*	12,075	16,427
	807,723	**464,344**
Loss from operations for the year	**(807,699)**	**(464,174)**
Other loss		
Loss on disposal of equipment	**-**	**(24,776)**
Net loss and comprehensive loss for the year	**(807,699)**	**(488,950)**
Net loss per common share:		
- basic	0.00	0.00
- diluted	0.00	0.00
Weighted average number of common shares outstanding:		
- basic	**231,630,804**	**217,873,146**
- diluted	**231,630,804**	**217,873,146**

See accompanying notes to the consolidated financial statements.

Pelangio Exploration Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31,	2016 $	2015 $
Cash was provided by (used in):		
Operating activities:		
Net loss for the year	(807,699)	(488,950)
Items not affecting cash:		
Loss on disposal of equipment	-	24,776
Amortization	12,075	16,427
Share-based payments	49,326	60,493
	(746,298)	**(387,254)**
Cash was provided by (used to finance) changes in the following working capital items:		
Amounts receivable	-	13,314
Prepaid expenses	24,832	38,508
Accounts payable and accrued liabilities	238,162	(236,943)
Net change in non-cash working capital	**262,994**	**(185,121)**
Net cash used in operating activities	**(483,304)**	**(572,375)**
Investing activities:		
Proceeds on disposal of equipment	-	**40,331**
Net cash provided by investing activities	**-**	**40,331**
Financing activities:		
Non-brokered private placement	-	648,007
Issue costs	-	(45,658)
Options exercised	50,000	-
Warrants exercised	253,116	-
Net cash provided by financing activities	**303,116**	**602,349**
Change in cash	**(180,188)**	**70,305**
Cash, beginning of year	261,259	190,954
Cash, end of year	**81,071**	**261,259**

See accompanying notes to the 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, social license requirements and non-compliance with regulatory requirements.

The Company had a net loss of $807,699 (2015 - $488,950) for the year ended December 31, 2016 and had an accumulated deficit of $54,001,142 (2015 - $53,399,622) and working capital deficiency of $371,139 (2015 - $72,043) as at December 31, 2016. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. Material uncertainties as mentioned above cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

2. Basis of presentation

(a) Statement of Compliance with International Financial Reporting Standards

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

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 25, 2017.

3. Significant accounting policies

(a) Currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances are eliminated on consolidation. For partly owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Subsidiaries consist of entities over which the company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

3. Significant accounting policies (continued)

(c) Critical judgements and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

ii) Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

iii) Estimation of closure and reclamation costs and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Closure, reclamation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of closure, reclamation or similar liabilities that may occur upon closure of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

3. Significant accounting policies (continued)

(c) Critical judgements and estimation uncertainties (continued)

iv) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

v) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi) Contingencies

Refer to Note 11.

3. Significant accounting policies (continued)

(d) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred and included in the statement of operations and comprehensive loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development division has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs as determined by management.

Farm-outs in the exploration and evaluation phase

The Company does not record any expenditures made by the farmee on its account. Any cash consideration received directly from the farmee is credited against costs expensed in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(e) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Equipment is depreciated over the estimated useful lives of the assets on the declining balance basis using the following annual rates:

Computer hardware	55%
Furniture and equipment	20%
Vehicles	30%

(f) Provision for closure and reclamation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs.

The Company does not currently have any significant legal or constructive obligations relating to reclamation or closure of its exploration and evaluation assets and therefore no closure and reclamation liabilities have been recorded as at December 31, 2016 and 2015.

3. Significant accounting policies (continued)

(g) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects.

(i) Financial instruments

(i) Financial assets

The Company has classified cash as loans and receivables. Management determines the classification of financial assets at recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of cash.

(ii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

3. Significant accounting policies (continued)

(j) Share-based payments

The Company has a share option plan that is described in note 9. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserves. Consideration received on the exercise of stock options is recorded as issued capital and the related equity reserve is transferred to issued capital. Charges for options that are forfeited before vesting are reversed from equity reserves. Upon expiry, the recorded value is transferred to deficit.

(k) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

(l) Impairment of non-current assets

The carrying value of equipment is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3. Significant accounting policies (continued)

(m) Accounting changes

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.

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 (continued)

(n) Accounting changes (continued)

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

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

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	$34,528	(December 31, 2015 - $46,111)
Canada	$1,967	(December 31, 2015 - $2,459)

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 significant changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

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

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had a cash balance of $81,071 (December 31, 2015 - $261,259) to settle current liabilities of $477,146 (December 31, 2015 - $238,984). 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 as at December 31, 2016, $170,000 is an amount of accrued wages to the Company president. This amount is unsecured, has no fixed terms of repayment and is due on demand.

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.

5. Financial risk factors (continued)

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

As at December 31, 2016 and 2015, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At December 31, 2016 and 2015, the Company had no financial instruments to classify in the fair value hierarchy.

Market risk

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the US dollar and the Ghanaian cedi. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

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 one year period:

As at December 31, 2016, the Company held approximately $19,000 (December 31, 2015 - $20,500) of cash balances denominated in US dollars. As at December 31, 2016, the Company had accounts payable and accrued liabilities denominated in US dollars of $108,510 (December 31, 2015 - $28,891). 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 $3,000 based on the balance of monetary assets and liabilities at December 31, 2016.

6. Exploration and evaluation expenditures

Transactions for the year ended December 31, 2016 and 2015 are as follows:

2016	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	29,047	-	-	-	29,047
Permits and licenses	15,543	45,810	-	-	61,353
Geologists	79,363	58,471	10,102	-	147,936
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
Geophysics	5,757	-	-	1,933	7,690
Security	3,581	-	-	-	3,581
In-country logistics	46,096	5,260	-	-	51,356
Option income	-	-	(10,000)	-	(10,000)
Other	-	-	-	1,000	1,000
	199,468	**129,749**	**102**	**2,933**	**332,252**

(expressed in Canadian dollars unless otherwise noted)

6. Exploration and evaluation expenditures (continued)

2015	Manfo $	Obuasi $	Akroma $	Canada $	Total $
Drilling	21,891	-	-	-	21,891
Permits and licenses	36,420	9,863	-	-	46,283
Support services	23,389	-	-	-	23,389
Geologists	42,146	40,077	2,226	-	84,449
Accounting services	11,646	-	-	-	11,646
Site meal services	1,391	98	-	-	1,489
Travel and vehicle	16,907	3,634	-	-	20,541
Geophysics	-	-	-	9,927	9,927
Security	5,661	-	-	-	5,661
In-country logistics	26,256	10,741	-	-	36,997
Other	-	-	-	1,000	1,000
	185,707	**64,413**	**2,226**	**10,927**	**263,273**

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%.

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**”).

6. Exploration and evaluation expenses (continued)

Alluvial Option Agreement Obuasi (continued)

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 Company'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 has 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 and the Sempekrom concession renewals are 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.

6. Exploration and evaluation expenses (continued)

Akroma, Ghana

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

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

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

The Company's wholly-owned subsidiaries 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 (incurred),
- (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)

6. Exploration and evaluation expenses (continued)

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

Birch Lake, Canada

Birch Lake consists of a 100% interest in 28 unpatented mining claims in Keigat Lake and Casummit Lake Townships, Ontario. The property is subject to net smelter return royalties of 2%. See also note 14.

Poirier Gold, Canada

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

7. Equipment

	Computer hardware $	Computer software $	Furniture and equipment $	Vehicles $	Total $
Cost December 31, 2014	63,734	59,597	223,589	199,266	546,186
Disposals	(52,511)	(59,597)	(144,481)	(52,766)	(309,355)
Cost December 31, 2015	11,223	-	79,108	146,500	236,831
Additions	-	-	-	-	-
December 31, 2016	11,223	-	79,108	146,500	236,831
Accumulated depreciation					
December 31, 2014	54,977	59,597	151,190	150,318	416,082
Charges for the period	245	-	6,366	9,816	16,427
Disposals	(55,022)	(59,597)	(93,090)	(36,539)	(244,248)
December 31, 2015	200	-	64,466	123,595	188,261
Charges for the period	83	-	6,838	5,154	12,075
Adjustment	10,823	-	(10,823)	-	-
December 31, 2016	11,106	-	60,481	128,749	200,336
Net book value					
December 31, 2016	117	-	18,627	17,751	36,495
Net book value					
December 31, 2015	11,023	-	14,642	22,905	48,570

8. Issued Capital

(i) Authorized

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

(ii) Non-brokered private placements

In July of 2015 the Company completed private placement financing 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 is comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.05 per common share 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. In the event that the common shares trade on the TSX Venture Exchange at a volume weighted-average price of $0.075 or more for a period of at least 10 consecutive trading days subsequent to November 13, 2015, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of the warrants.

The fair value of the warrants was estimated at $86,000 on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 133%; risk free interest rate of 0.46% and an expected life of 1.5 years.

The second tranche of the private placement financing consisting of 2,973,000 units at a price of $0.03 per unit for aggregate gross proceeds of $85,228 closed July 28, 2015. Each unit is comprised of one common share and one half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of $0.05 per common share prior to January 28, 2017. The Company paid a finder's fee of $263 to certain introducing parties in respect of the private placement. In the event that the common shares trade on the TSX Venture Exchange at a volume weighted-average price of $0.075 or more for a period of at least 10 consecutive trading days subsequent to November 28, 2015, the Company shall be entitled to accelerate the exercise period to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of the warrants.

The fair value of the warrants was estimated at $15,000 on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 132%; risk free interest rate of 0.46% and an expected life of 1.5 years.

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves

	No. of options #	Weighted Average Exercise Price $	Grant Date Fair Value of options $	No. of warrants #	Weighted Average Exercise Price $	Grant Date Fair Value of warrants $	Total Value $
December 31, 2014	7,220,000	0.413	2,578,854	7,500,000	0.05	73,000	2,651,854
Granted/Expensed	2,050,000	0.050	60,493	10,800,117	0.05	101,000	161,493
Expired	(2,290,000)	(0.85)	(1,653,168)	-	-	-	(1,653,168)
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	49,326	-	-	-	49,326
Exercised	(1,000,000)	(0.05)	(28,953)	(5,062,333)	(0.05)	(46,745)	(75,698)
Expired	(450,000)	(0.17)	(133,179)	(7,500,000)	(0.05)	(73,000)	(206,179)
December 31, 2016	**9,030,000**	**0.124**	**873,373**	**5,737,784**	**0.05**	**54,255**	**927,628**

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

Employee share option plan

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

The following share option arrangements were in existence as at December 31, 2016:

Date Granted	Options Granted	Options Exercisable	Exercise Price $	Expiry Date
January 18, 2012	1,365,000	1,365,000	0.43	January 18, 2017
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	1,500,000	0.05	January 19, 2021
	9,030,000	**7,280,000**	**0.124**	

The weighted average exercise price of options exercisable at December 31, 2016 was $0.14 (December 31, 2015 - $0.18).

The weighted average remaining contractual life of options outstanding at December 31, 2016 is 2.52 years (December 31, 2015 - 2.71 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 $
January 18, 2012	0	1.18	134	5 years	550,000
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

The estimated weighted average grant date fair value of options granted during 2016 was $0.01 (2015- $0.03).

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

(expressed in Canadian dollars unless otherwise noted)

9. Equity reserves (continued)

The following warrant arrangements were in existence as at December 31, 2016:

Warrants	Exercise Price	Estimated Grant Date Fair Value	Expiry Date
#	$	$	
4,251,284	0.05	39,255	January 13, 2017
1,486,500	0.05	15,000	January 28, 2017
5,737,784	**0.05**	**54,255**	

10. Related party information

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

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

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

For the year ended December 31	**2016**	**2015**
	$	$
With an officer of the Company:		
Consulting services	42,037	31,016
Exploration and evaluation expenses	6,550	3,632
With a partnership in which an officer of the Company is a partner:		
Accounting services	44,777	43,708

Of the accounting service fees, $32,726 (2015 - $18,085) is included in professional fees and $12,051 (2015 - $25,623) is included in consulting services on the consolidated statement of operations.

Accounts payable and accrued liabilities as at December 31, 2016 include amounts owing to directors and officers in the amount of $249,789 (December 31, 2015 - $98,769). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(expressed in Canadian dollars unless otherwise noted)

10. Related party information (continued)

In the July 13, 2015 non-brokered private placement described in note 8(ii), directors and officers of the Company subscribed for 7,166,667 units for gross proceeds of $215,000.

In the July 28, 2015 non-brokered private placement described in note 8(ii), directors and officers of the Company subscribed for 510,000 units for gross proceeds of $15,300.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2016 and 2015 were as follows:

For the year ended December 31,	**2016** $	**2015** $
Short-term benefits	85,000	(141,945)
Share-based payments	42,300	44,085

During 2015, the president entered into a debt settlement agreement with the Company resulting in a reversal of wages of $238,788 previously accrued for the period prior to January 1, 2015.

11. Commitments and contingencies

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

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

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

The Company has been named in two separate actions involving one of the vendors of the Obuasi Property relating to such vendor's corporate history and founding shareholders and the ownership of the lands covered by the K2 and K3 prospecting licences. The court entered judgement in favour of the plaintiffs of one of the actions but the order has no impact on the Company. The other action is the subject of a pre-trial motion and has not yet proceeded to trial. The Company considers the other action to be without merit.

(expressed in Canadian dollars unless otherwise noted)

11. Commitments and contingencies (continued)

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 a reasoned assessment by management 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 December 31, 2016 and 2015, no amounts have been accrued related to such matters.

12. 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 26.5% (2015 - 26.5%) approximate the following:

	2016 $	2015 $
Loss before income taxes	**(807,699)**	**(488,950)**
Expected income tax benefit based on statutory rates	(214,000)	(129,000)
Adjustment to expected income tax benefit:		
Non deductible expenses	14,000	50,000
Difference in tax rates	42,000	-
Change in benefit of tax assets not recognized	158,000	79,000
Income tax expense (recovery)	**-**	**-**

Deferred Income Tax

Deferred income tax assets (liabilities) recorded in Ghana are as follows:

	2016 $	2015 $
Equipment	(23,000)	(16,000)
Total taxation	23,000	16,000
Net tax assets (liabilities)	**-**	**-**

(expressed in Canadian dollars unless otherwise noted)

12. Income taxes (continued)

Deferred Income Tax (continued)

Deferred tax assets in Canada have not been recognized in respect of the following deductible temporary differences:

	December 31, 2016 $	December 31, 2015 $
Non-capital losses carried forward	11,447,000	11,065,000
Non-capital losses carried forward (Ghana)	2,838,000	3,355,000
Capital losses carried forward	5,179,000	4,074,000
Exploration and evaluation assets	440,000	437,000
Share issue costs	49,000	78,000
Equipment	4,000	5,000
	19,957,000	19,014,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The Company has approximately $11,447,000 of non-capital losses in Canada which under certain circumstances can be used to reduce taxable income of future years. The amount and year of expiry of the losses are as follows:

	$
2028	389,000
2029	1,693,000
2030	1,552,000
2031	2,860,000
2032	1,919,000
2033	1,354,000
2034	888,000
2035	411,000
2036	381,000
	11,447,000

The Company has approximately $440,000 of Canadian exploration and development expenditures as at December 31, 2016 which under certain circumstances may be utilized to reduce taxable income of future years.

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 2015 or 2016.

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 December 31, 2016, 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) Expiry of options

On January 18, 2017, 1,365,000 options with an exercise price of $0.43, as disclosed in note 9, expired unexercised.

(b) Expiry of warrants

On January 13, 2017, 4,251,284 warrants with an exercise price of $0.05, as disclosed in note 9, expired unexercised.

On January 28, 2017, 1,486,500 warrants with an exercise price of $0.05, as disclosed in note 9, expired unexercised.

(c) Noka Agreement

Subsequent to December 31, 2016, 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. The first scheduled payment of $75,000 was received on April 19, 2017.