

PELANGIO EXPLORATION

PX-TSXV \$0.58

August 4, 2011

Rating: **STRONG BUY**

Target Price: **\$1.50**

Market Capitalization: **\$80.1 million**

METALS & MINING

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INITIATING COVERAGE



Pelangio Delivers from Ghanaian Greenstones

- A junior explorer with principal assets in the West African Republic of Ghana, Pelangio Exploration has completed over 9,000 metres of diamond drilling on its Manfo property to date. Pelangio plans an additional 60,000 metres over the course of the next 12 months.
- Recent results at Manfo were highly encouraging demonstrating the potential for high-grade mineralization at Pokukrom West in what has customarily been thought of as bulk mineable low-grade camp. This zone averaged 7.9 g/tonne gold with an average true width (FM est.) of six metres.
- The company has been evaluating the concessions for less than one year with very good success to date. We believe the currently drill-demonstrated potential of over 600,000 ounces gold at just the Pokukrom East/West targets can easily be replicated several times over in the 12 months to follow.
- We estimate that the company can show the potential for two million ounces of gold inventory in the short-term just at the Manfo project. With only nominal upside ascribed for its other properties at Obuasi and Akroma, we generate a valuation of \$1.50 per fully diluted share.
- Given the attractive valuation, the good mining jurisdiction, and strong potential upside to add significant resource ounces we are initiating coverage as a **STRONG BUY** and twelve month target of \$1.50 per share.
- Our view is that at current prices, investors are buying into the Manfo project at a steep discount and are acquiring a free call option in the highly speculative (but potentially high reward) Obuasi project. We assess the risk profile at the current stage of the company's evolution as speculative.

SHARE INFORMATION SUMMARY

Recent Price	\$0.58
12 mo. Price Target	\$1.50
52-week Range	\$0.225-\$1.31
S/O Basic (M)	138.1
S/O Fully Diluted* (M)	149.1
Market Cap (\$M)	\$80.1
Avg. Daily Vol. (3 mo.)	146,010
Cash and Equiv. (\$M)	\$7.9
Enterprise Value (\$M)	\$72.2
Mgmt. & Insiders' Ownership	11%
Institutional Ownership	7%
Risk Profile	Speculative

** As of July, 2011 there were 8.4 million warrants outstanding at an average exercise price of \$0.50 and 2.5 million warrants at an average exercise price of \$1.10.

COMPANY PROFILE

Pelangio Exploration is a junior gold exploration company with two prospective properties located on known gold belts in Ghana, Africa. Its properties, Manfo and Obuasi, are both located in near proximity to world-class gold mines operated by major mining companies, including Kinross, Newmont and AngloGold Ashanti.

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Appendix A - Management and Directors

Investment Thesis

Pelangio Exploration is a junior gold exploration company with multiple prospective properties located within prolific gold belts in Ghana, West Africa. The company's Manfo property is located along the same trend as Newmont's Ahafo project with 10 million ounces in reserves and Kinross' Chirano project with 2.4 million ounces in reserves. Its other flagship asset, Obuasi, is located contiguous to and along trend of AngloGold Ashanti's world class Obuasi Mine complex, one of the world's richest producing mines with over 29 million ounces in current gold inventory.

The projects are 100% owned by Pelangio, Obuasi currently and Manfo imminently, and should be extensively drilled over the next year. We believe over the next 12 to 18 months the company's properties have the ability to demonstrate a total potential inventory of two million ounces of gold. At Manfo in particular, the company has successfully demonstrated the existence of potentially economic mineralized gold lenses. Each lens (or "pod") could contain up to 330,000 ounces. We believe drilling has demonstrated two of these lenses to a high level of confidence and the potential exists for at least four more lenses of equivalent size.

We view Ghana as a shining star in Africa, having a stable government and a booming economy. Ghana is well regarded as a mining friendly jurisdiction with active mining operations from some of the world's largest mining companies. It is Africa's second and one of the world's largest gold producers, churning out 2.97 million ounces of gold in 2010. The country recently set a flat rate NSR of 5% unless a stability agreement had been otherwise arranged. Pelangio's properties, Obuasi and Manfo, are located on the Ashanti and Sefwi greenstone belts respectively and close enough to senior producers that a take-out is a viable exit strategy upon successful delineation of sufficient resources.

Both properties have experienced limited advanced-stage exploration. The company is continuing its second phase work program at Manfo with 35,000 metres of diamond drilling. More than four prospective targets are being drilled that show the potential for bulk tonnage, open pit mines. A high-grade component within the Pokukrom West target has also been identified at Manfo. The company is additionally conducting a 5,000-metre campaign at its Obuasi property where it will be drilling eight targets to find a potential extension to the main Obuasi Mine trend. This Obuasi drilling is high risk but a successful intersection of "Obuasi Mine" type mineralization would mean a significant upward shift in valuation for the company.

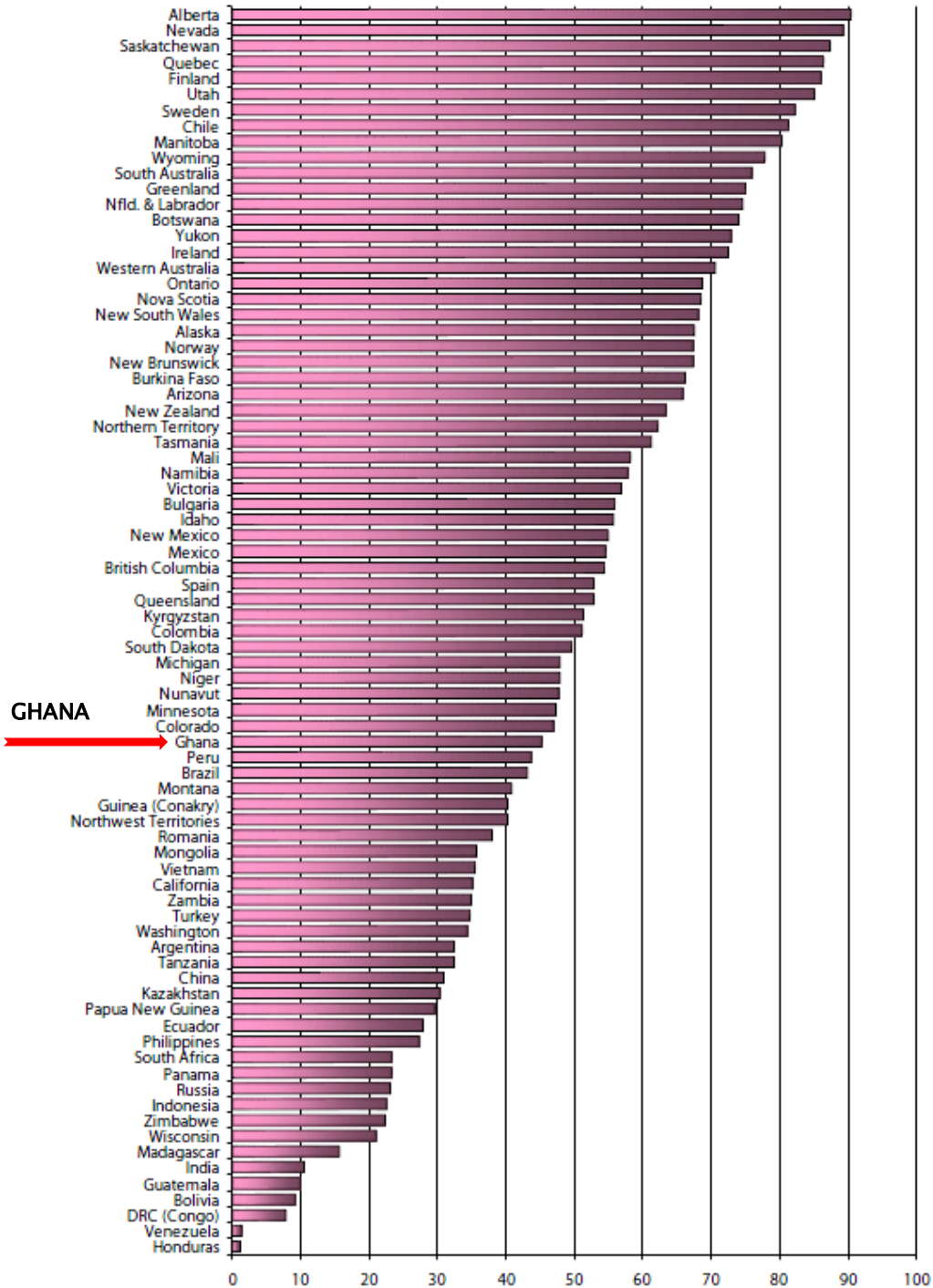
Based on a two million ounce gold potential at Manfo we value the company at \$1.50 per share, representing a 158% return from the current share price level. At current levels we believe investors are acquiring Manfo at a steep discount to its intrinsic value and essentially acquiring a free call option on the (potentially) high reward Obuasi project. We are therefore initiating coverage as a Strong Buy and twelve month target price of \$1.50 per fully diluted share. The risk profile is speculative given the early stage evaluation of the company's properties.

Background on Ghana

Ghana is a booming West African country with a stable political environment that makes its star shine brighter than most other African nations. The country of 24.8 million people has experienced rapid growth recently partly due to the surge in commodity prices and the recent discovery and exploitation of oil reserves. The country reported that its GDP grew in the last quarter by 23%, primarily due to a 162% growth in the resource sector (Ghana Statistical Service). In 2010, the country's real GDP growth rate was 5.7%, which was up from 4.7% in 2009, and 8.4% in 2008. In 2010, the GDP was primarily composed of services (41.6%) followed by agriculture (33.7%) and then industry (24.7%). Most importantly Ghana is "one of West Africa's most political stable countries" according to the Oxford Business Group. It has seen power change hands successfully between political parties over the past elections, demonstrating an effective and functioning democracy in the country. With a stable government and a robust economy, Ghana is one of the better places in Africa to invest.

Ghana has also attracted some of the world's largest mining companies. These companies include AngloGold Ashanti, Newmont, Gold Star Resources, Gold Fields and Kinross all of which have producing mines. The country is viewed as a relatively favourable mining jurisdiction, with a rating higher than both Peru and Brazil according to the Fraser Institute 2010/2011 survey (Exhibit 1). Ghana is Africa's second, and one of the world's, largest gold producers, churning out 2.97 million ounces of gold in 2010. According to the Ghana Ministry of Mines production is expected to rise owing to the start-up of a new mine from Adamus Resources and increases in output at other existing mines such as Owere Mines. The country recently changed its royalty regime to a flat rate NSR of 5%, unless a stability agreement is already in place. AngloGold and Newmont Mining both have stability agreements and these companies are capped at 3% for the next 15 years. The government is also authorised to take a free carried equity interest of 10% in mineral ventures and has the option to purchase up to 20% at a fair market price.

Exhibit 1 – Policy Potential Index



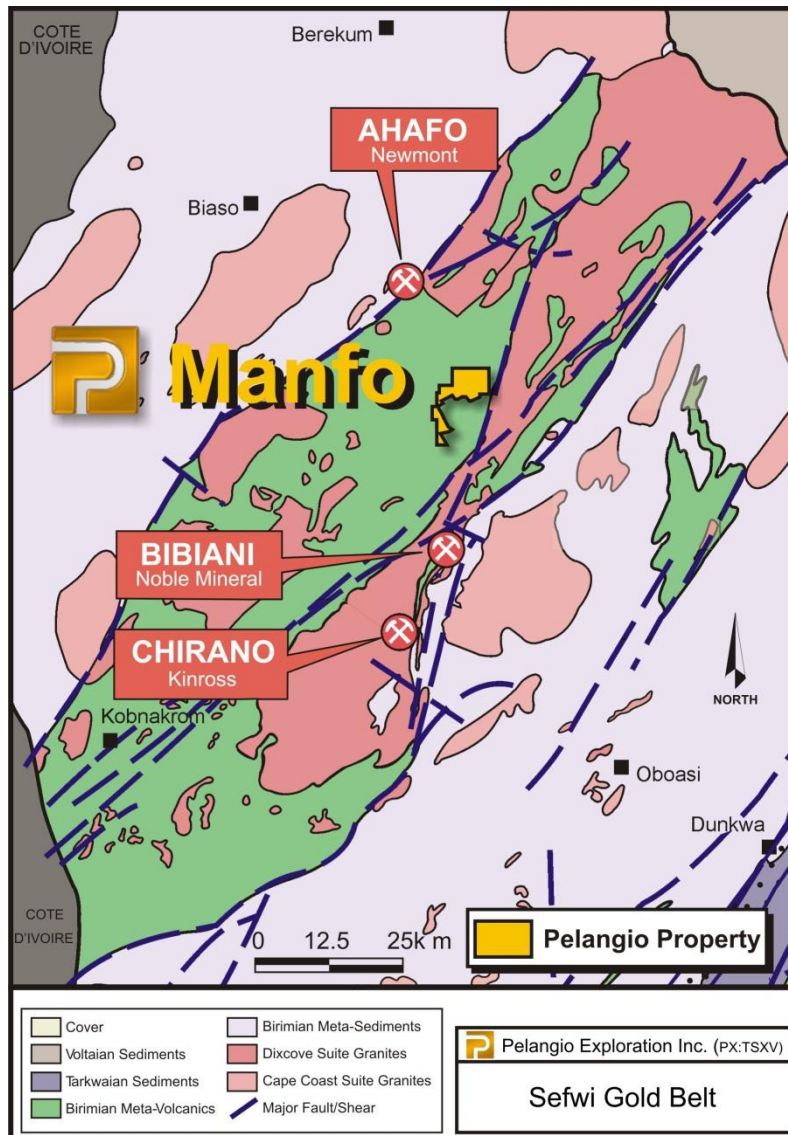
Source: Fraser Institute

Pelangio's Properties

Manfo

The Manfo property covers over 100 km² and is a relatively early stage property, on which no significant drilling has previously been undertaken. Manfo is geologically well located (see Exhibit 2), between two world-class assets and along a prolific gold bearing trend within the Sefwi Greenstone belt.

Exhibit 2 – Manfo Property Location



Source: Pelangio

Kinross' Chirano mine is located 50 km to the south of the Manfo property and produced 47,689 ounces of gold equivalent in 2010 at cash cost of US\$605/oz. This property currently has proven and probable reserves of 2.4 million ounces of gold and is 90% owned by Kinross, with the Government of Ghana holding the balance. Kinross acquired Chirano in 2010 via its acquisition of Red Back Mining. The company is developing both open pit and underground mines.

Newmont's Ahafo mine is located 14 km north of the Manfo property and the company expects to produce 550,000 to 590,000 ounces of gold in 2011 at an estimated cash cost of US\$485 to \$535 per ounce. This mine has proven and probable reserves of 10 million ounces, as of December 2010.

Pelangio has option agreements to acquire 100% of the three concessions. As part of the agreements, a total of US\$435,000 in cash payments must be made to the vendor over three years, in instalments, as the property progresses. US\$2.0 million in exploration expenditures must be spent over three years and the company grants the optionor a 2.5% NSR, which can be reduced by 1% for US\$4.0 million. The company has made US\$390,000 of the cash payments to date and has invested funds in excess of required work expenditures.

Geology and Mineralization

The geology of southwestern Ghana largely comprises greenstone belts composed of mafic volcanic rocks with intervening basins of metamorphosed (greenschist) fine-grained marine sediments. Both lithologic regimes are intruded by granitoids and cut by major structures. The Sefwi Belt hosts the Ahafo, Bibiani and Chirano gold deposits as well as the Manfo Project and is considered to be one of the largest and most productive of the Birimian age greenstone belts. Metasediments, volcanoclastics and small granitoid bodies underlie the Manfo property. A major northeast trending fault corridor, approximately three kilometres wide, cuts across the east side of the property. This fault corridor defines the regional contact between the greenstone volcano-sedimentary package to the west and a regional synvolcanic intrusive to the east. The geochemical targets identified to date at Manfo lie within this fault corridor. The same fault also hosts the Bibiani deposit 35 kilometres to the south and is similar in orientation and age to the Kenyasi fault, which hosts gold at Newmont's Ahafo property, 14 kilometres to the north. Gold occurs in structures with sheared and laminated smoky quartz, and with sulphides in sheared, siliceous, carbonate and sericite-rich metasediments.

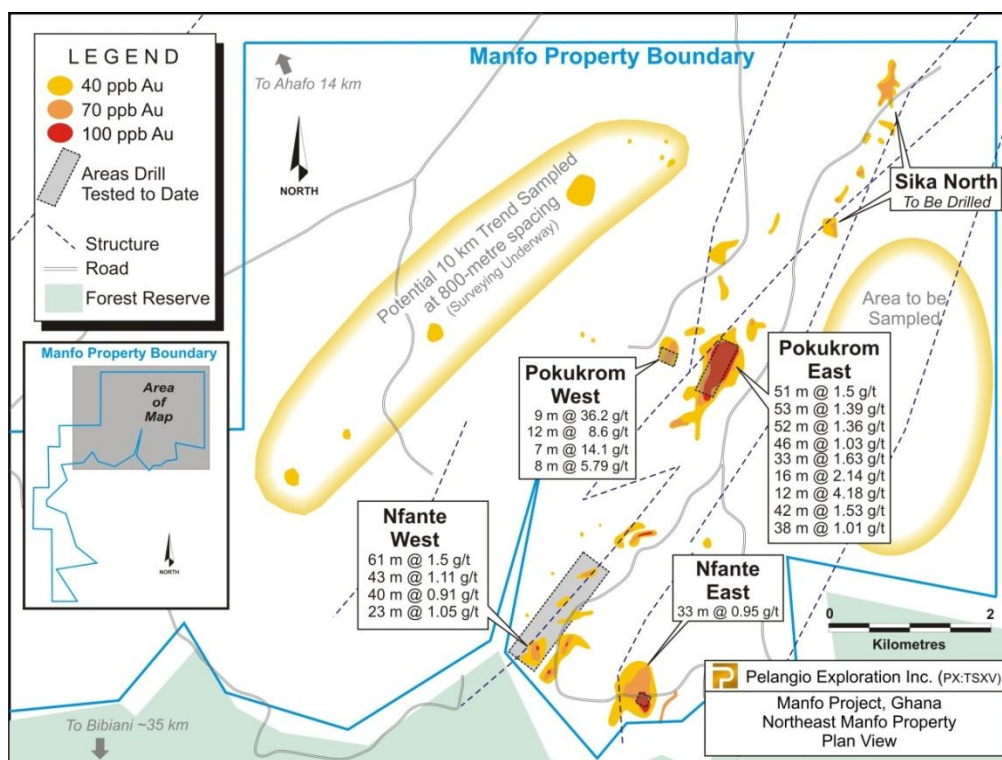
Project History

The project was first discovered in 1998 and was explored for about ten years by numerous companies with limited success. These companies included world-renowned gold producers and explorers Ammercosa, Gold Fields, Hebron, Ashanti, AngloGold Ashanti and Newmont. These companies conducted preliminary exploration work all the way up to a small exploratory drill program and included airborne geophysics, soil geochemistry, mapping and drilling.

Of note was Ashanti's exploration work from 2003 to 2006 when it conducted 1,850 metres of drilling on three targets, Pokukrom, Nfante and Sika North, after re-evaluating past geochemical data. Newmont took control of the property in mid-2007 and held it until mid-2008. It conducted airborne geophysics along with ground geophysics and mapping in order to discover targets. Trenches originally dug by Ashanti were resampled and the company subsequently drilled 33 holes. Newmont dropped the property in 2008.

Prior to taking full control of the property, Pelangio conducted due diligence in order to ensure historical data could be relied upon before setting out on a more ambitious program. The company’s exploration program included soil sampling, mapping and trenching to confirm historical results. Pelangio was able to confirm five previously identified near-surface targets, Nfante East and West, Pokukrom East and West and Sika North. The company followed up by drilling 2,381 metres in 16 holes that continued to confirm historical results. It also tested new areas where the company had explored with soil samples and trenching. A new 10 km trend was also identified 2 km northwest of this drilling. In the fourth quarter 2010 the company conducted magnetic and radiometric airborne surveys on 1,200 line kilometres at 100 metre spacing. It also completed an IP survey over 8.4 km² in proximity to the discoveries made in the second quarter, 2011.

Exhibit 3 – Manfo Targets & Drill Result Highlights

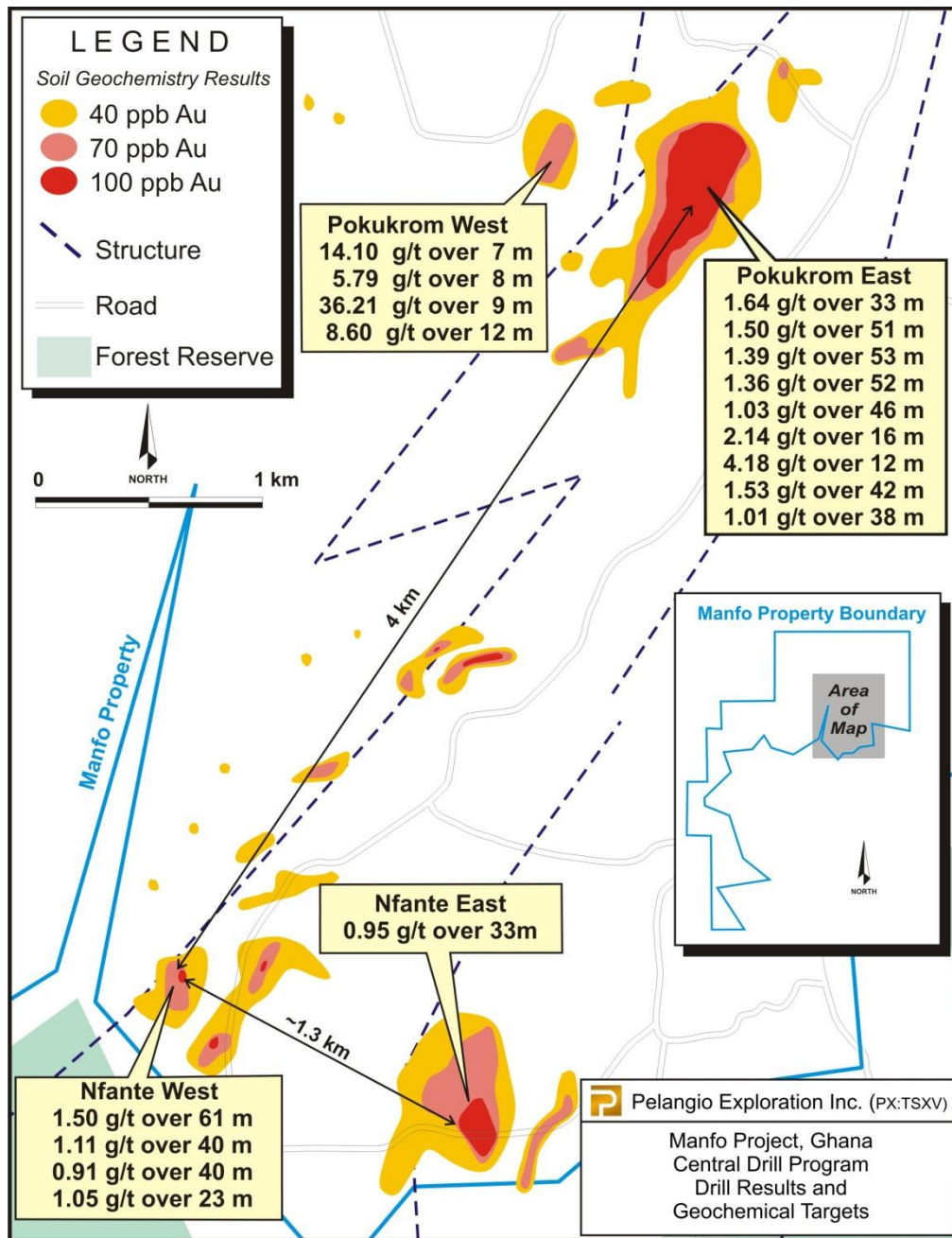


Source: Pelangio

Discussion of Results to Date

Pokukrom East has returned consistently good drill results demonstrating a strike length of 750 metres, true thickness of 20 metres and average depth (still open) of 230 metres. The weighted average grade in the zone thus far is 1.13 g/tonne gold. Using these rough dimensions, average grade and density of 2.6 g/cm³ implies approximately 333,000 contained ounces of gold in the area delineated thus far. The grade distribution is relatively normal with few, if any, significant high-grade outliers to skew the average.

Exhibit 4 – Manfo Geochem & Drill Results



Source: Pelangio

Exhibit 5 – Highlight Holes

Pokukrom East		
Hole	Length (m)	g/tonne Au
SPDD-125	22.0	1.00
SPDD-089	46.0	1.03
SPDD-127	42.0	1.53
SPDD-128	16.0	1.59
SPDD-113	12.0	4.18
SPDD-115	47.0	0.61
<i>incl.</i>	13.0	1.02
SPDD-087	78.0	0.44
SPDD-088	53.0	1.39
SPDD-106	52.0	1.36
SPDD-107	51.0	1.50
SPDD-085	33.0	1.64
SPDD-086	57.0	0.60
<i>incl.</i>	18.0	1.11
SPDD-129	54.0	0.81
<i>incl.</i>	38.0	1.01
SPDD-124	4.0	4.52

Pokukrom West		
Hole	Length (m)	g/tonne Au
SPDD-083	40.0	2.98
<i>incl.</i>	12.0	8.00
SPDD-084	12.0	8.60
SPDD-090	50.0	3.98
<i>incl.</i>	9.0	36.21
SPDD-092	21.0	4.20
<i>incl.</i>	9.0	8.68
SPDD-130	19.0	2.60
<i>incl.</i>	8.0	5.79
SPDD-131	9.0	11.06
<i>incl.</i>	7.0	14.10
SPDD-136	50.0	1.00
<i>incl.</i>	5.0	4.10
SPDD-139	17.0	1.85
<i>incl.</i>	4.0	7.00
SPDD-138	23.0	1.12
<i>incl.</i>	7.0	2.53

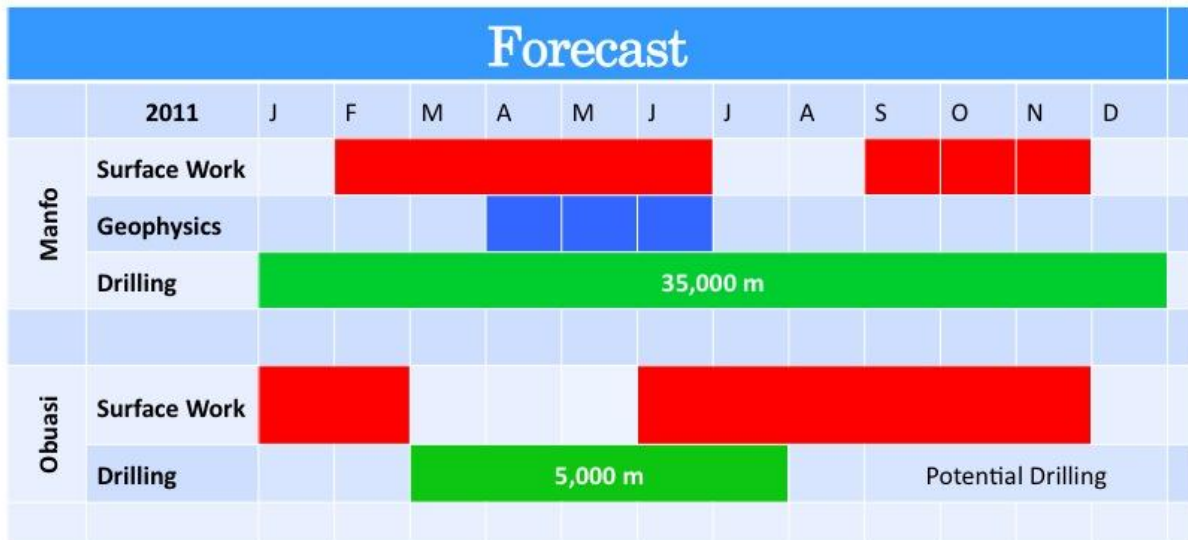
Nfante West		
Hole	Length (m)	g/tonne Au
SPDD-079	61.0	1.50
<i>incl.</i>	18.0	3.00
SFDD-082	40.0	0.91
SFDD-096	43.0	1.11
<i>incl.</i>	7.0	2.65
SFDD-100	23.0	1.05
<i>incl.</i>	8.0	2.67

Source: Pelangio

Current Exploration Program

Pelangio has started its 2011 exploration drill program at Manfo and plans to drill over 35,000 metres during 2011 to grow ounces, better understand the shape and size of known zones of mineralization and explore new targets. The program will primarily focus on expanding and better defining the four discoveries by drilling along strike and at depth. In addition, the company plans to drill along the 10 km trend hosting the four current discoveries. The company plans to conduct an IP survey of 240 line kilometres around existing discoveries and on the northwest trend. Pelangio also plans to collect 10,000 soil samples in its geochemical survey program along the northwest along with the main trend. To date 4,500 samples have been collected on the main trend.

Exhibit 6 - Exploration Work Plan

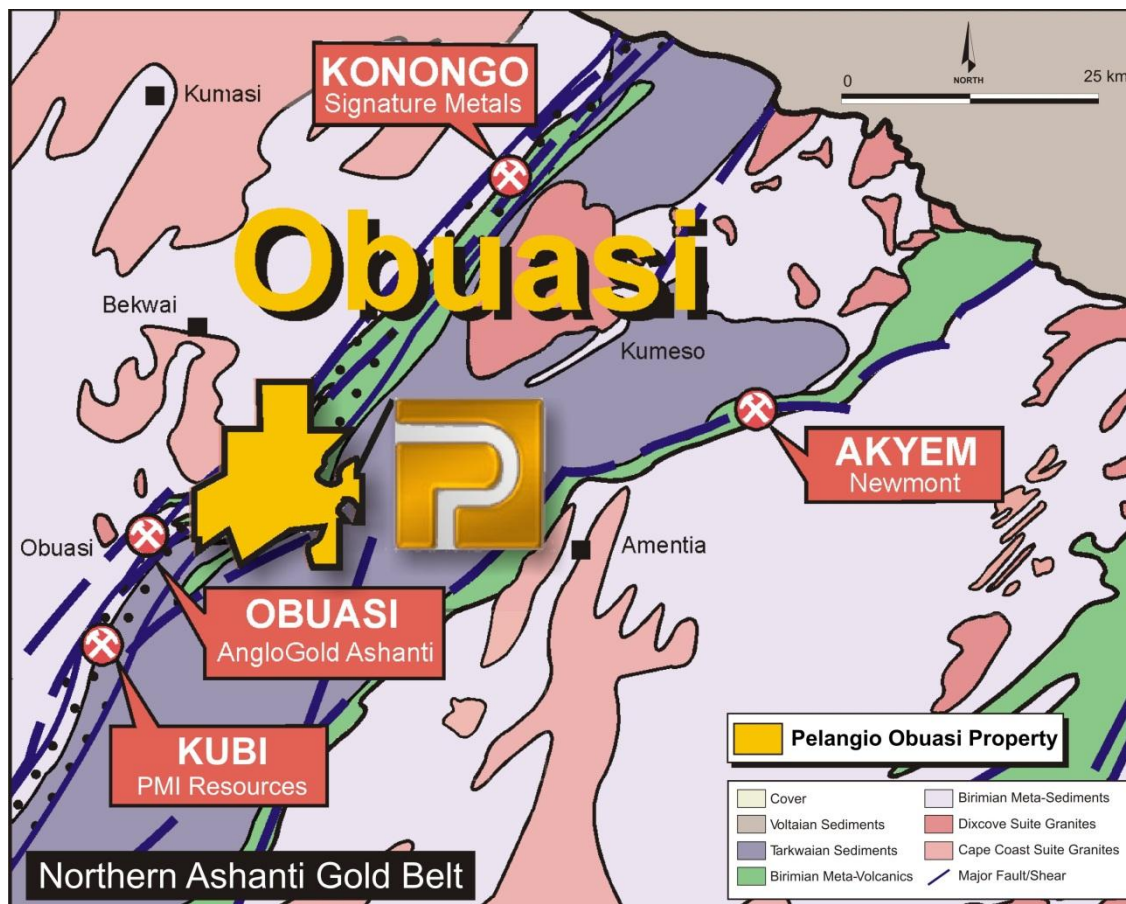


Source: Pelangio

Obuasi

The Obuasi property is located near to and along trend of AngloGold Ashanti’s Obuasi mine and Perseus’ Central Ashanti Gold Project on the Northern Ashanti Gold Belt. It is also located close to Newmont’s Akyem Project. The property covers 290 km² and the company recently took 100% control. The property is subject to a 2% NSR to vendors and a 5% NSR payable to the government of Ghana. The property had seen limited exploration work over its history until Pelangio took over the reins.

Exhibit 7 –Obuasi Property Location



Source: Pelangio

AngloGold Ashanti's Obuasi mine last reported gold inventory (Measured + Indicated and Inferred) was 29.5 million ounces and total gold reserves of 8.9 million ounces. It is an underground mine, but also hosted an open pit operation between 1990 and 2000. It has been reported that the mine, since its inception in 1897, has produced over 30 million ounces of gold. The mine produced 317,000 ounces of gold in 2010 at a cash cost of US\$744 per ounce.

Perseus' Central Ashanti Gold project (~40 km South-Southwest of Pelangio's Obuasi project) is host to 3.27 million ounces of gold in reserves and a recent feasibility predicted cash costs to be around US\$500 per ounce. The company expects to begin full production at the site to commence in the later part of 2011. Including reserves, this property currently hosts 4 million ounces of gold in the measured and indicated category and 1.65 million ounces of gold in the inferred category.

Obuasi Geology

Pelangio controls three early-stage gold exploration concessions totalling 290 square kilometres on strike and adjacent to AngloGold Ashanti's world-class Obuasi gold mine. The Kyereboso No. 2 and No. 3 and Meduma concessions, collectively called the Obuasi Property (not to be confused with its namesake Obuasi Mine, owned by Anglo-Ashanti, to the south), straddle the northwest contact of the Ashanti Volcanic Belt and are underlain by alternating bands of Tarkwaian and Birimian sediments separated by narrow belts of Birimian volcanics or diabase intrusions. A felsic pluton belt intrudes the Birimian sediments and volcanics in the northern end of the concessions. Work by Pelangio and reconnaissance mapping by Randgold indicate the presence of discontinuous graphitic shear zones in the western parts of the Kyereboso No. 2 concession. This geological/structural setting appears similar to that at the Obuasi Mine. At the mine itself, gold mineralization is associated with major northeast striking, 5 to 45 metre wide graphite-chlorite-sericite fault zones and commonly associated with pervasive silica-carbonate-sulphide hydrothermal alteration. The loci for gold mineralization appear to be left stepping flexures along the northeast striking fault zones. Two distinct types of gold mineralization have been recognized: free-milling lode gold in quartz veins and refractory gold associated with disseminated arsenopyrite. These sulphide lodes are interpreted to form alteration halos around the quartz vein style mineralization.

Project History

The property's exploration history is somewhat vague and imprecise, as few proper records exist. According to the NI 43-101 Technical Report issued by SRK Consulting, an unknown German group constructed 37 exploration adits before 1930. However, SRK could not locate any record of this. During the 1970s and 1980s the Ghana Geological Survey conducted exploration work. This work included soil sampling and drilling for which there is no record.

During the 1990s additional exploration work was conducted by a variety of companies: Bonsu Gold Holdings Company, Cutters Ridge NL, Centracor Mining Ltd, and African Gold Resources Ltd. These companies used geophysical, geochemical soil sampling, including sediment and resampling trenches and adits already on the property from previous explorers. In the early 2000s, Randgold and Shea Gold continued exploration work over the property. They conducted resampling of adits and trenches as well as mapping. No original documents could be reviewed by SRK and therefore it could not confirm any prospective results produced by these companies. However, it was reported that in the resampling of the trench and pits, less than 4% produced low grade gold mineralization.

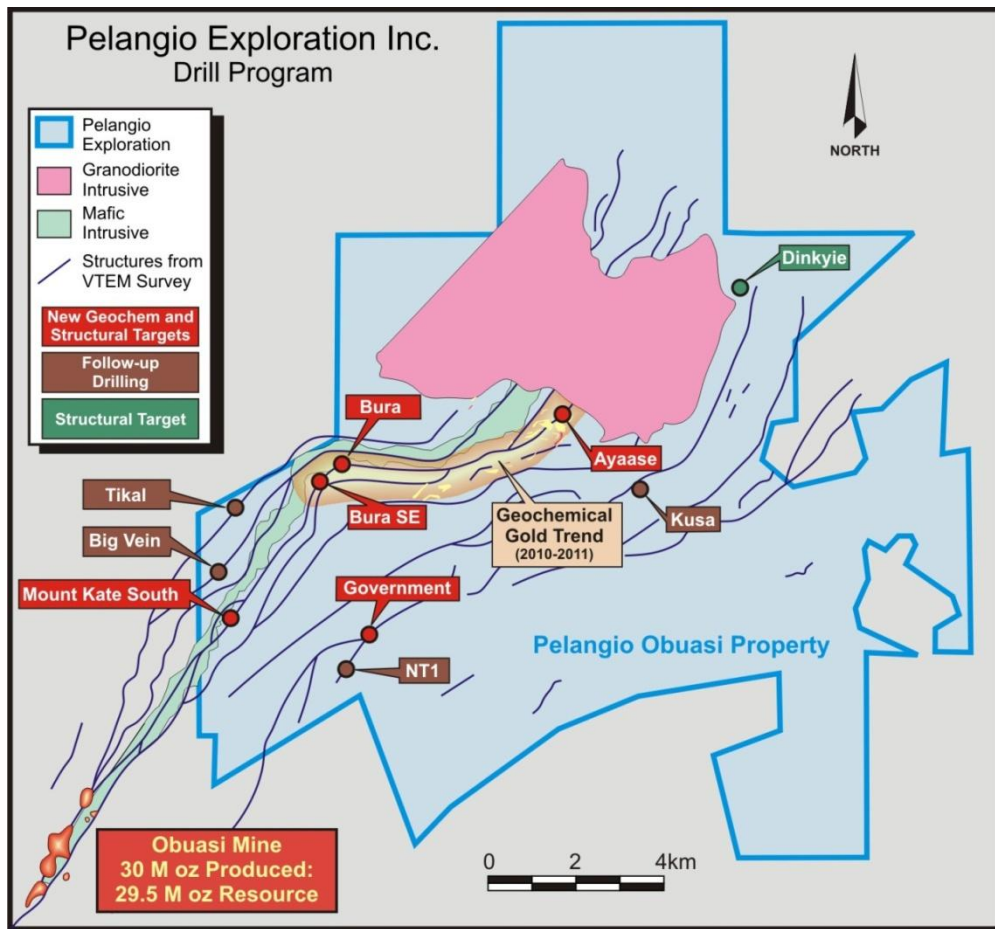
During Pelangio's first season on the property the company conducted a 4,000 metre drilling program. Approximately, 2,000 metres and 9,500 metres were completed in 2007 and 2009/10, respectively. Drilling tested the Tikal, Mount Kate, Boundary and Schoolhouse West targets. A highlighted hole returned 2.0 g/tonne gold over 7.0 metres at the Tikal target. The company has commenced a follow up exploration campaign with plans to drill 5,000 metres on the Obuasi property (Exhibit 8). The company will be drilling at Ayaase, Bura, Tikal, Big Vein, Mount Kate, NT1, Dinkyie and the Kusa targets. The company also will conduct ground geochemistry surveys at the Ayaase, Bura, Mount Kate South, Tikal and Big Vein targets. Upon review of the data after the program has been completed the company will reassess the targets to determine where further follow up drilling should take place in 2011.

Challenges of Obuasi

Although, we consider the company's Obuasi property to be highly prospective, it does not come without its challenges. In particular, we assume that the primary targets are Obuasi Mine Complex style 'shoots', that is to say, steeply plunging 'pipe like' bodies with very limited cross sectional areas in plan (e.g. from 10's of square meters up to a hectare or two at most). Given the size of the land package, the limited areal extent and steep plunge of the targets, and the seemingly pre-requisite intersecting structural features, searching for 'pipes' becomes statistically akin to searching for the proverbial needle in the haystack. This effort represents a very high 'finding risk'.

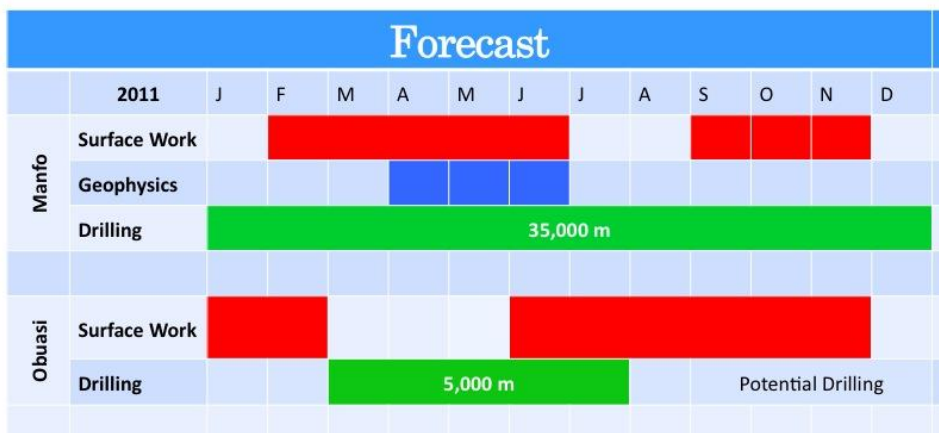
The flipside of the coin at Obuasi is the potential reward for success in finding a true Obuasi type ore 'shoot'. These shoots tend to be very rich in grade and very continuous down plunge, and are capable of hosting multiple millions of ounces each. We believe the high finding risk is well balanced by the potential return. Should a genuine Obuasi style ore shoot be drilled; we believe this would put the company in play as a target for AngloGold Ashanti. Valuations for such a takeout would be significantly higher than those we have contemplated within this report. Due to the highly binary nature of finding one of these shoots, we ascribe only a nominal value of \$30 million to Obuasi (plus Akroma). The implication of the discovery of even one such shoot is the presence of at least three to five million potential in-situ ounces (the discovery of four million ounces could add \$400 million in value based on a \$100 per ounce in the ground multiple). Given the current market values of the company, we would argue that the market shares our sentiment and current investors are realizing value for Manfo only. They are essentially carrying a free call on Obuasi.

Exhibit 8 - Obuasi Targets



Source: Pelangio

Exhibit 9 - Exploration Work Plan



Source: Pelangio

Cash Position

The company, as of June 30, 2011, had \$7.9 million in cash and cash equivalents in the bank and no debt. With a healthy balance sheet we believe the company has sufficient capital to complete its currently planned 40,000-metre drill program. However, the company will probably require additional capital in order to fund future exploration programs beyond the current plan.

Valuation

We believe sufficient drilling has been conducted at Manfo to begin estimating potential contained ounces. Based on recent drilling we believe that Pokukrom East and West have the combined potential to host just over 600,000 ounces of gold. The gold zones at Manfo thus far appear to be strike limited lenses or “pods” each potentially capable of hosting 300,000 to 400,000 ounces gold. Based on drilling and soil geochemistry, Manfo hosts at least six “pods” two of which comprise Pokukrom East and West. We estimate that Pokukrom West potentially contains 273,000 ounces while Pokukrom East potentially contains 333,000 ounces gold. If we use Pokukrom East as a benchmark (333,000 ounces) and apply this number of potentially contained ounces to an additional four pods we estimate just under 2.0 million potential ounces gold as a property total. Using our \$100 per potential in-situ ounce multiple we generate an equity valuation of \$200 million. Ascribing a nominal value of \$30 million for the Obuasi and Akroma projects combined results in an estimated total NAV of \$230 million or \$1.50 per fully diluted share. The break down of our NAV calculation are summarized in the table below:

Exhibit 10 – Valuation Table

	Est. Tonnes	Grade (g/tonne)	Potentially contained gold (ounces)	Value* (\$/share)
Pokukrom West - High Grade Zones	600,000	7.90	152,000	\$0.10
Pokukrom West - Disseminated Zone	2,500,000	1.50	121,000	\$0.08
Pokukrom East - Disseminated Zone	9,000,000	1.15	333,000	\$0.22
Additional 4 lenses (like Pokukrom East)	36,000,000	1.15	1,332,000	\$0.89
Nominal Value for Obuasi and Akroma				\$0.20
Total	48,100,000		1,938,000	\$1.49

* Valued at \$100 per potential in-situ ounce.

Source: Fraser Mackenzie

Given the early stage of drilling on some of the additional lenses but the relatively advanced stage of drilling on those such as Pokukrom East and West, we believe that the above is a fair assessment of the potential ounces across the Manfo property at this time. We also believe there is a significant amount of potential upside to this valuation for successful delineation of gold mineralization at Obuasi, which represents a higher risk (almost binary) outcome, with the successful intersection (or not) of a mineralized shoot similar to Ashanti’s neighbouring Obuasi Mine. Due to the highly variable potential outcomes we have nominally valued Obuasi (and Akroma) at \$30 million. We believe this represents a base case option value for a property with such a prestigious address.

In conclusion, based on the current level of drilling and available information we are valuing the company at \$1.50 per fully diluted share.

Risks

The company is exposed to risks inherent with an early-stage mineral exploration and the financial markets. The primary risk in Pelangio Exploration is, in our view, geologic or finding risk. Its early success however is an indicator that the company is exploring a property (at Manfo) that is well mineralized and helps mitigate this risk. A fair amount of uncertainty still exists as to the extent and strength of the mineralizing system on the property. Drilling at Obuasi is very high risk and we have accounted to the high variability of outcome by ascribing what we believe is a conservative nominal value to the project.

Financial Risk

Pelangio Exploration does not have an operating mine with a source of revenue and cash flow and thus is dependent on raising external funds to finance ongoing exploration/development activities. As such, Pelangio's ability to continue funding value-enhancing activities depends on ongoing liquidity in junior explorers. Commodity risk can also affect the intrinsic value of the company's projects as commodity prices can fluctuate rapidly changing the economic viability of a project. Extensive metallurgy has not yet been completed and may affect expected recoveries and costs. Economics may also be affected by the location of the project, which is currently only accessible by road. Lack of rail access and cheap electrical power may all affect the future prospects of developing a mine on the property. These risks are also somewhat mitigated by the projects' proximity to existing mines in the near vicinity.

Social and Political Risk

The company's ability to grow a resource in a timely manner is dependant at least in part on good relations with and approval from the relevant local stakeholder groups. We believe this risk is minimal at this early stage of the company's exploration cycle and the groups are familiar with mineral exploration companies.

We also like Ghana as a mining jurisdiction relative to virtually every other one in Africa. With a British system of common law, a stable democracy and a comprehensive and modern mining code, we think the Ghanaian jurisdiction significantly mitigates political risk. Rural Ghana is also controlled through a tribal 'system of Chiefs'. This system benefits junior explorers by concentrating the social mandate in the hands of a few highly respected and venerated elders, making the negotiation for land access and determining community impacts and benefits a much more streamlined and efficient process (vs. e.g. the Ejido land tenure system in Mexico). Currently, the company has a social mandate to drill both Obuasi and Manfo, and with its standing agreements with the local chief, combined with their use of Sam Torkornoo and Associates as in-country project managers social risk is further reduced.

Appendix A – Management and Directors

Ingrid Hibbard, LL.B.

President & Chief Executive Officer, Director

Ingrid Hibbard was appointed President and CEO of Pelangio Mines (Pelangio Exploration's predecessor) in 1996. She is a mining and securities lawyer with over 25 years of experience. Ms. Hibbard is a director of Detour Gold.

Paul Rokeby, C.A.

Chief Financial Officer

Paul Rokeby, C.A. is a partner of Fuller Jenks Landau, Chartered Accountants of Timmins. Mr. Rokeby was formerly auditor and, more recently, controller of Pelangio Mines. He is a member of the Institute of Chartered Accountants of Ontario (1984), the Canadian Institute of Chartered Accountants and the Canadian Tax Foundation.

Warren Bates, P.Geo

Senior Vice President Exploration

Warren Bates is responsible for all of Pelangio's exploration activities in Canada and Ghana. He has over 25 years of experience in the mining and exploration industry across four continents and has previously held senior positions at Granges, Vista Gold and St. Andrew Goldfields.

Brendan Cahill, LL.B.

Vice President Corporate Development

Brendan Cahill was previously an M&A and corporate securities lawyer at Davies Ward Phillips & Vineberg LLP. He attended the University of Toronto for his undergraduate degree and the University of Western Ontario for his law degree.

Peter Crossgrove, M.B.A.

Director

Mr. Crossgrove is the President and Chief Executive Officer of Excellon Resources. He was Vice Chairman and CEO of Placer Dome Inc. He is Non-Executive Co-Chairman of Detour Gold and sits on the boards of Barrick Gold, Lake Shore Gold, Excellon Resources, Lateegra Gold, Dundee REIT and Quadra Logic Technologies and several non-profit organizations.

David Mosher**Director**

Mr. Mosher was President and CEO of High River Gold from June 1992 until December 2008. Over the past decade, he has been active in the restructuring and refinancing of a number of junior resource companies, both private and public. He was a director of Equinox Minerals prior to its acquisition by Barrick Gold in June 2011.

Carl Nurmi, C.A.**Director, President, Clarke Phillips Supply**

Mr. Nurmi is the owner and President of Clarke Phillips Supply, the largest distributor of safety supplies in Northern Ontario.

Philip E. Olson, P.Geo**Director**

Mr. Olson was formerly President and Director of Titan Uranium Inc. and was a director of Detour Gold from January 2007 until June 2010. Previously, he held the successive positions of VP, Exploration and Corporate Development with Claude Resources Inc. He was also Chief Geologist at the Kidd Creek Mine for Falconbridge.

Arthur (Gord) Slade, P.Eng**Director**

Mr. Slade has had an extensive career in mining and exploration, including a 33-year stint with Falconbridge. His directorships have included: Falconbridge Copper, Pamour Porcupine Mines Ltd., Belmoral Mines Ltd. and Eldorado Nuclear Ltd.

Ian A. Shaw, C.A.**Director**

Ian Shaw is Managing Director of Shaw and Associates, a firm providing financial management services to emerging smaller public companies in the mineral exploration and mining business. He was CFO of Pelangio Mines until June 2008, following which he joined the board of Pelangio Exploration.

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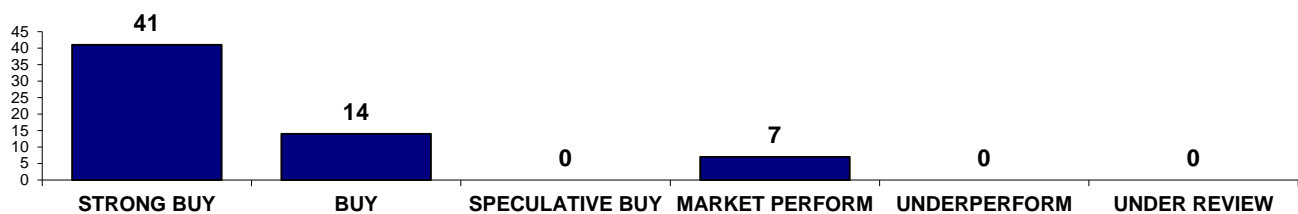
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