

HALLGARTEN + COMPANY

Coverage Update

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Pelangio Exploration (TSX-v: PX | OTCBB: PGXPF | FSE: 67P1) Strategy: LONG

Price (CAD)	\$0.085
12-Month Target Price (CAD)	\$0.32
Upside to Target	276%
High-low (12 mth)	\$0.015 - \$0.095
Market Cap (CAD mn)	\$4.55
Shares O/S (millions)	53.5
Fully Diluted (millions)	77.1

Pelangio Exploration

Regaining Its Mojo

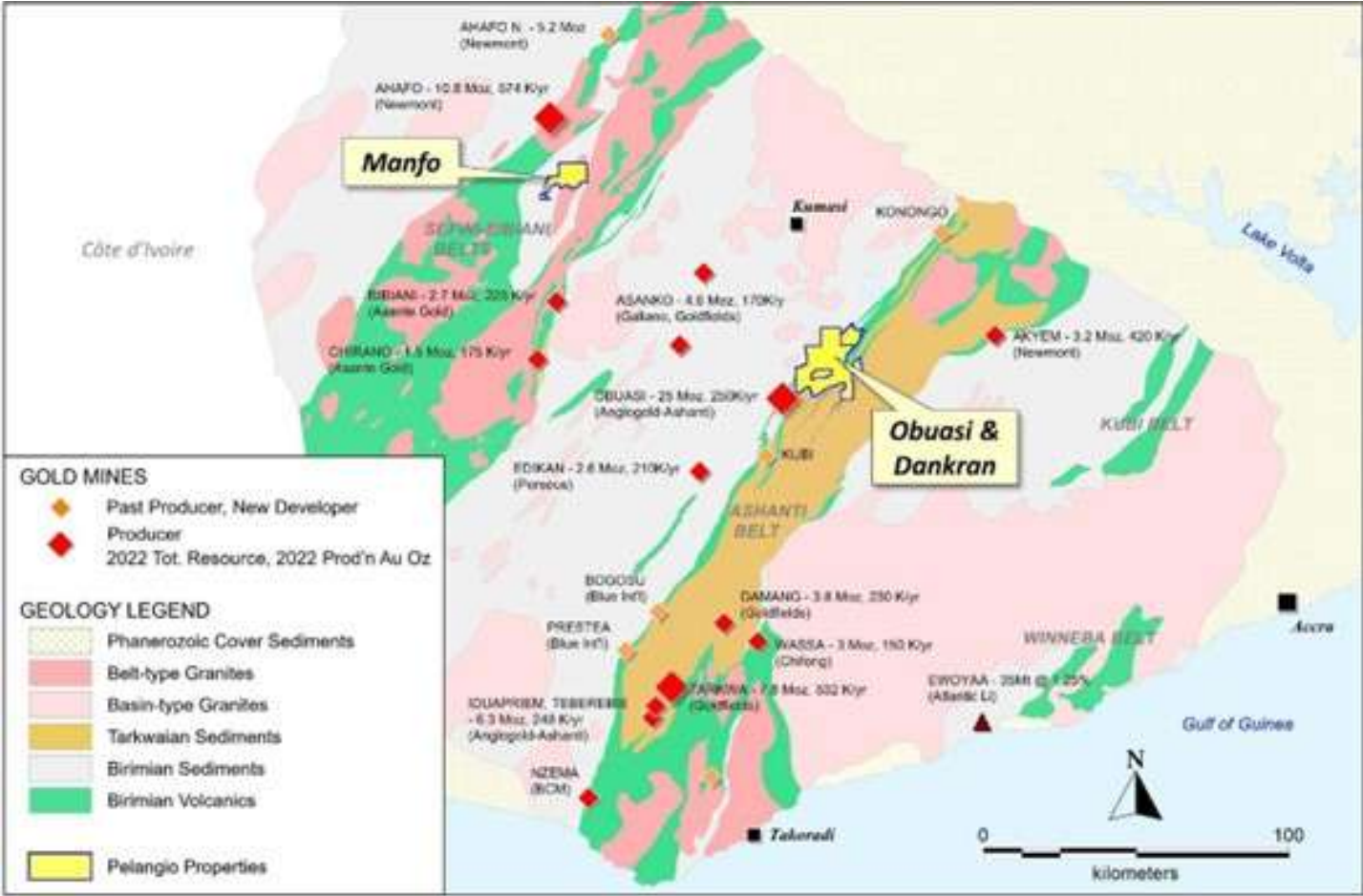
- + The company, after many years of indecisiveness, has finally (re)grasped the attractions of its collection of promising assets in Ghana
- + Africa has come in from the cold for Canadian investors after a long period of disinterest (or moreover, focus elsewhere)
- + Gold is upsurging and bringing joy to both producers and explorers
- + Entering into a JV with a local company in Ghana has transformed and reenergised the efforts there and already brought an expansion of territory
- + The company has a meaningful (though somewhat dated) resource on its Manfo project and is in the process of upgrading/refreshing this
- + Pushing its Ontario “assets” into a distant second place is a long overdue recognition of their relative prospectivity compared to Ghana
- × The refusal of the company to choose separate market paths for its African and Canadian assets means that the whole is less attractive than the parts
- × Ghana is a sound jurisdiction, but the malign Chinese presence (a seemingly uncontrollable artisanal sector) is somewhat perturbing
- × Despite its long presence in the Timmins & Red Lake camps the company has still not identified a resource there
- × Junior explorers are not guaranteed strong financing support just because gold is strong and Pelangio has been forced to undertake “bitty” fundings over recent years

Better Late than Never

Pelangio Exploration holds prospective land packages in the gold belt of Ghana in West Africa. The company has long equivocated between a focus on some unexciting projects in Ontario, Canada and the more prospective ones in Africa, despite the latter having taken the company to its highest market capitalisation early last decade.

Inevitably, the company is gradually pivoting back to the African assets, which can be seen on the map on the page that follows, the company has two 100%-owned properties: the 100 km² Manfo property and the 284 km² Obuasi property, located 4 kms on strike and adjacent to AngloGold Ashanti’s prolific high-grade Obuasi Mine, as well as the Dankran property located adjacent to its Obuasi property.

Little work has been done over a long stretch of years, but in a sudden frenzy of deal-doing the company has bulked up and revived the exploration work on the projects and brought in three partners in short order. In this update, we look at these exciting new developments and the Ghanaian projects.



Out of Africa

The essential problem is that Canada fell out of love with Africa after a brief and intense flirtation between 2005 and 2012. Traditionally, London had been the market for African stories, but briefly the Canadian and Australian miners invaded the continent and established a sort of primacy. The Canadians largely retreated (and consolidated). The Australians were still dotted around the continent, but London became the go-to place for exploration in Africa (not that there was much of that going on).

With a resurgent gold price since 2019/20, the heat has been turned back up in Africa with London and Australian-based companies poring over the available territory, TSX entities less so.

Pelangio's management has a strange historical, almost genealogical, attachment to Ontario that has hobbled its efforts in Africa. Maybe, to use a biblical allusion, the scales have fallen from its eyes and it can finally see where its best interests lie.

Ghana

According to the USGS's last survey of Ghana (dated 2019) its mineral sector contributed 10.3% to the country's real GDP in 2019 compared with 9.8% in 2018. The USGS report used to be annual and has now faded away, showing the extent to which Ghana has fallen off the US radar (and the extent of budget cuts at the USGS).

The growth rate of the Ghanaian mineral industry, which included petroleum and natural gas extraction and quarrying activities, decreased to 12.6% from 23.3% in 2018. Gold and petroleum exports accounted for about 40% and 29%, respectively, of the total export earnings in 2019. Export revenue from gold increased by about 15% to \$6.23 billion, while gold exports by quantity increased by 5.8% to about 140,000 kilograms. Ghana even managed to pip South Africa as the continent's largest gold producer back in 2008.

Gold in Ghana was produced at both industrial and artisanal scales. At the industrial scale, gold mining was carried out by various international mining companies. The government holds a 10% free-carried interest in all large-scale gold mining operations in the country.

The USGS has estimated that artisanal miners produce around 120,000 ozs per annum, but that number is by its very nature somewhat of a guesstimate. The vast amounts suspected to be mined by the Chinese "illegals" is not counted, nor taxed, nor are royalties paid.

Manfo

One is tempted to dredge up the old saw about "elephant country" when referring to Pelangio's Manfo

project as it is situated roughly in the middle of the Sefwi-Bibiani Belt between Newmont's Ahafo mine; the Subika deposit being only 14 kilometres to the NNE, and Resolute's Bibiani mine 25 kilometres to the south of the Manfo project area and 50 kilometres from Kinross' Chirano Mine. The Manfo project also shows indications of geological characteristics similar to the largest deposit at Ahafo, Subika.

The MFD Deal

On the 26th of August of 2024 the company announced that it had entered a binding Letter of Intent with MFD Investment Holdings SA (MFD), a Swiss private investment company, which granted MFD the option to earn an undivided 10% interest in the Manfo project. MFD is not an entity we have encountered before, but it was revealed that Antonios Maragakis is the CEO and Director of MFD Investment Holdings. Their website shows 21 projects in North America, four in South America, five in Asia and four in Africa.

The partnership is aimed at accelerating the development of the project, with an ambitious goal of a first gold pour by December of 2027. To this end, under the terms of the agreement, MFD will engage a consultant to conduct a NI43-101 compliant Preliminary Economic Assessment (PEA), to evaluate the economic viability of the Manfo project by investing up to US\$1mn in developmental expenditures by December 31, 2025.

The joint venture structure will see Pelangio retain a 90% interest in the project, with MFD holding 10%. Pelangio will remain the operator of the joint venture, overseeing the exploration, development and eventual operating activities with the aim of going into production.

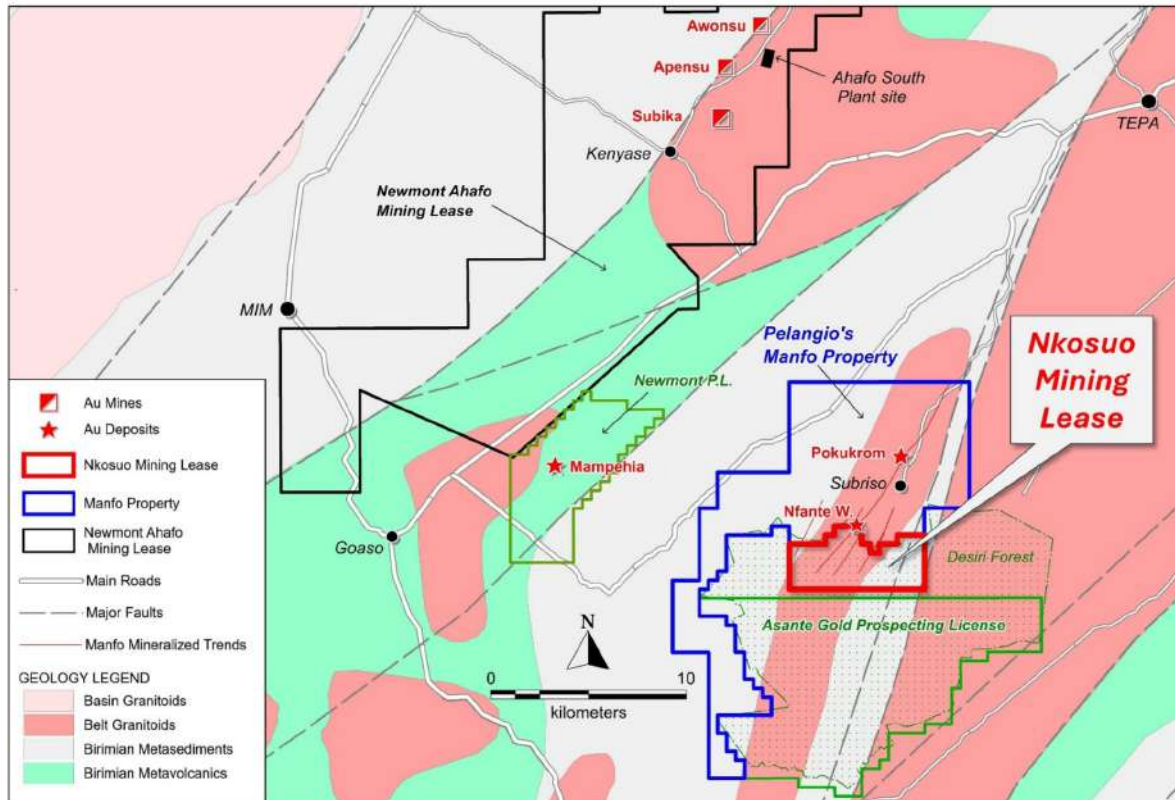
Bulking Up with Nkosuo Bolt-On

In late February of 2025, Pelangio announced it had entered into a strategic agreement with FJ Minerals Limited (FJ) granting Pelangio the right to acquire up to an 83% interest in FJ's Nkosuo Project, located adjacent to the Manfo project. FJ, a privately held Ghanaian company, has significant experience in the mining sector in Ghana. This alliance is expected to accelerate the exploration and development of both the Manfo and Nkosuo Projects.

Salient features of the Nkosuo project include:

- 30-year Mining Lease has been granted covering the 18 km² Nkosuo Project
- The Nkosuo Project is located directly south and adjacent to Pelangio's Manfo Project
- Previous exploration and artisanal workings on the Nkosuo Project indicate the structures hosting the deposits on the Manfo Project continue into the Nkosuo Project for up to 4.4 km of strike length
- Exploration highlights from RC drilling and trenching by Ashanti Goldfields include an RC hole

returning 37 meters of 1.52 g/t Au situated 400 meters southwest of the Manfo property boundary plus a trench which assayed 37 meters of 5.60 g/t Au including 22 meters of 7.89 g/t Au (uncut) 1.0 kilometers into the Nkosuo Project



The agreement outlined the terms of cooperation between Pelangio and FJ for the development of their joint exploration projects with the highlights being:

- Pelangio has the right to acquire an 83% interest in the Nkosuo Project, subject to due diligence and other customary conditions, by transferring a 17% interest in the Manfo Project to FJ
- If the Nkosuo Option is exercised, then a Joint Venture will be formed to hold title to both the Manfo and Nkosuo Projects, with Pelangio holding an 83% interest, and FJ holding a 17% interest in both projects with Pelangio as the Operator of the Joint Venture (it should be noted that the Nkosuo Option must be exercised by December 15, 2025 or it will terminate)
- Pelangio and FJ have also granted Nathawo Properties and Investment Ltd. the option to acquire a 10% interest in the combined project
- Nathawo, a privately held Ghanaian company may exercise this option by providing Pelangio with a total of US\$1,000,000 by July 5, 2025. These funds will be used to maintain, explore, and develop the Nkosuo Property. If Pelangio does not exercise the Nkosuo Option, Pelangio may either return the funds or use them for the Manfo Project and FJ will earn a 10% interest in the

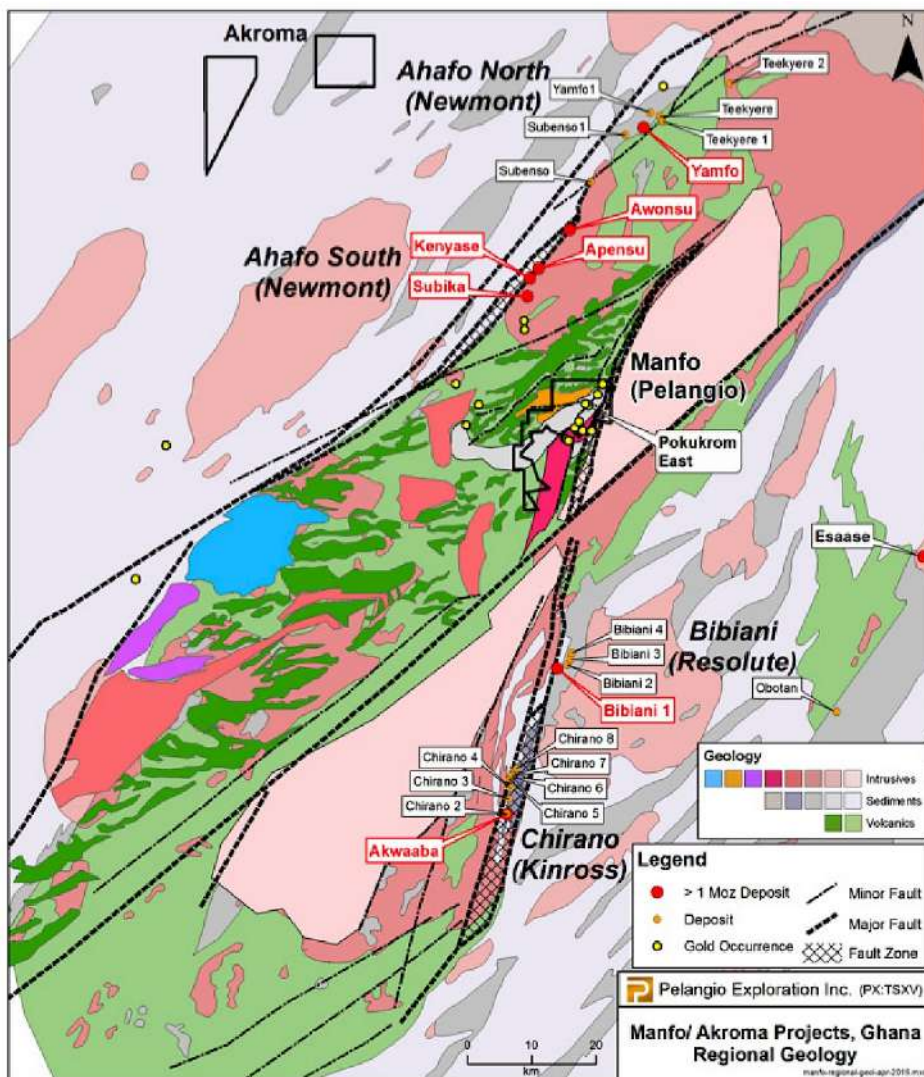
Manfo Project. If the funds are returned, Nathawo will not earn any interest.

The devil is in the details here because this is an option laid on top of another option. As mentioned, MFD has a prior option to earn a 10% interest in the Manfo project by investing up to \$1mn and completing a PEA on the Manfo Project by December 31, 2025.

MFD has elected to participate with Pelangio in the FJ Agreement. So, if the Nkosuo Option, the Nathawo Option and the MFD Option are fully exercised, the relative interests in the combined project shall be: Pelangio at 65.7%, FJ at 17%, Nathawo at 10%, and MFD at 7.3%.

Geology

The Manfo project is located along the eastern edge of the Paleoproterozoic Sefwi-Bibiani Belt.



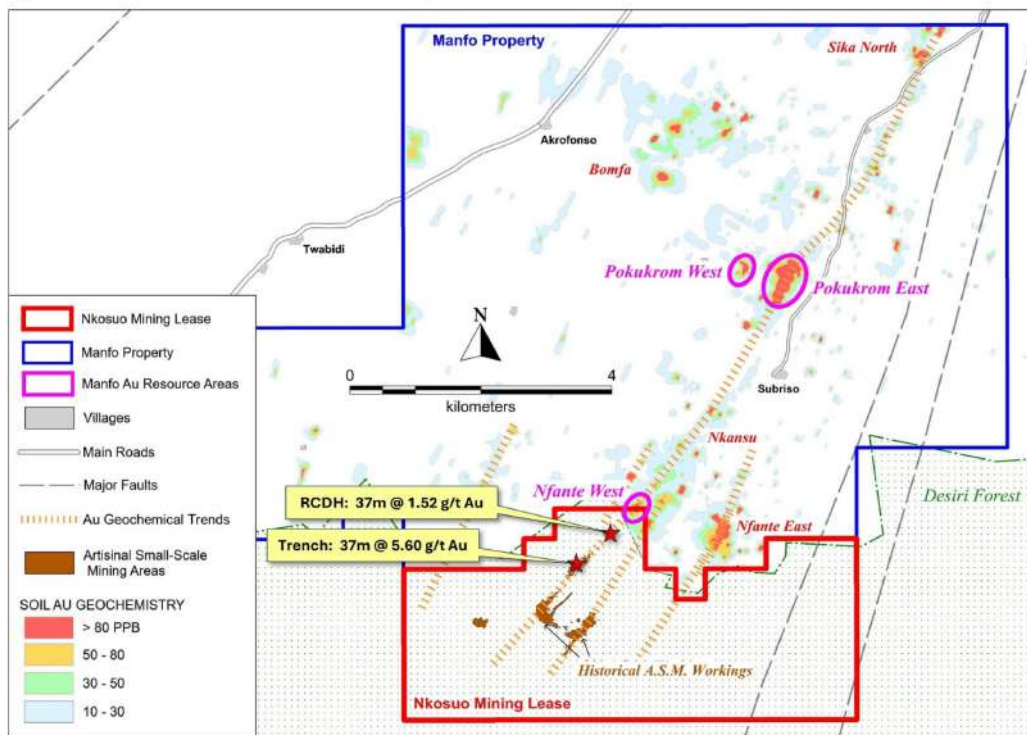
The property is underlain primarily by metasediments, mafic volcanic rocks, and small granitoid bodies. A major northeast trending fault zone or corridor, approximately three kilometres wide, traverses the east side of the property, serving as the regional contact between the greenstone volcano-sedimentary package to the west and a regional belt batholith to the east.

Gold mineralization at Manfo is hosted in sericite and hematite altered granitoid rock adjacent to a set of brittle-ductile faults. Within the alteration envelopes, the gold mineralization occurs adjacent to the brittle-ductile faults, and in fracture-controlled zones preferentially developed in certain horizons within the granitoid in the hanging wall of the fault.

The mineralization is localized along the major northeast-striking fault zone. Alteration and gold mineralization are closely related to increasing strain. Gold is associated with wide zones of pervasive to fracture-controlled quartz-sericite-carbonate-pyrite alteration overprinting an earlier phase of hematite alteration hosted predominantly in sheared and locally brecciated, altered granitoid rocks and to a lesser extent brecciated hematite-altered mafic metavolcanic rocks.

Geology of the Nkosuo Project

The Nkosuo Project comprises a 17.9 km² 30 year Mining Lease contiguous to and south of the Manfo Project. The mining lease covers up to 4.4 kilometers strike length of the interpreted extension of the Pokukrom-Nfante gold mineralized corridor plus possibly several subparallel subsidiary structures.



The property is interpreted to be underlain by the same granitoid intrusive and Birimian metasediments and metavolcanics as is present on the Manfo Project. The majority of the gold mineralization at Manfo is hosted by the granitoid intrusive.

Previous Exploration at Nkosuo

While historical work on the Nkosuo Project was limited, during 2004 to 2005 Ashanti Goldfields (now AngloGold Ashanti plc) exploration of the Manfo Project extended into the northern end of the current Nkosuo Project with 12 short reverse circulation (RC) holes and four short trenches completed along 1.0 kilometers of the southwestern strike extension of Pelangio's Nfante West deposit which sits at the boundary of the two properties. Nearly all of the RC holes and trenches were mineralized, with the highlights including an RC hole returning 37 meters of 1.52 g/t Au situated 400 meters southwest of the Manfo property boundary plus a trench which assayed 37 meters of 5.60 g/t Au including 22 meters of 7.89 g/t Au (uncut) 1.0 kilometers into the Nkosuo Project southwest of Nfante West.

In addition to Ashanti Goldfields limited work on Nkosuo two decades ago, extensive artisanal mining during approximately 2010 through 2016, evident in historical Google Earth imagery, exposed several mineralized trends extending 1.2 kilometers further southwest of Ashanti's high-grade trench. Although the artisanal mining sites have not been sampled by Pelangio to ascertain gold tenor, between Ashanti's work and the considerable artisanal diggings, several lightly tested mineralized trends are interpreted to extend up to 2.2 kilometers southwest of the Nfante West deposit into the Nkosuo Project with local evidence of high-grade gold which augers well for the potential for significant discovery on the Nkosuo Project.

Exploration at Manfo

Pelangio has drilled 271 holes totaling 42,150 metres. Seven gold-mineralized areas have been identified to date, primarily targeting a 9-kilometre long soil geochemical trend, on the eastern side of the project. The maiden gold resource at the Manfo project can be divided into three areas:

- Pokukrom East (PE);
- Pokukrom West (PW); and
- Nfante West (NW)

The company's technical team defined wireframes for the altered envelopes and submitted them to SRK for optimization using alteration profiles and lithological coding of drilling data.

The team's technical interpretation of the structural geology maintains that the gold mineralization improves considerably in grade down plunge and a high-grade underground-mineable lode of mineralization is present down plunge from what has been defined by shallower drilling to date. The

mineral resources were classified as Indicated and Inferred, primarily based on the basis of continuity at the reporting cut-off grade, positive kriging efficiency, completely located within the conceptual pit envelope used to constrain the mineral resources and on variography results.

The Resource at Manfo

The company published, in 2013, a resource statement prepared by SRK Consulting. The maiden resource estimate defined 195,000 oz (at 1.5 g/t Au) Indicated, 298,000 oz (at 1 g/t Au) Inferred.

Manfo - Resource Estimate							
	Cut-off (Au g/t)	Indicated			Inferred		
		Quantity (000' tonnes)	Grade Au (g/t)	Contained Au (000'oz)	Quantity (000' tonnes)	Grade Au (g/t)	Contained Au (000'oz)
Oxide	0.4	49	0.96	2	508	1.05	17
Transitional	0.5	382	1.96	24	1,093	1.05	37
Fresh	0.5	3,543	1.49	169	8,064	0.94	245
Total		3,973	1.52	195	9,666	0.96	298

SRK considered portions of the Manfo gold mineralization amenable for open pit extraction. The “reasonable prospects for eventual economic extraction” were assessed using a pit optimizer. The mineral resources for the Manfo gold project are reported at two cut-off grades. The mineral resources within the oxide material were reported at a cut-off of 0.40 g/t Au, whereas the transitional and fresh portion of mineral resources were reported at a cut-off grade of 0.50 g/t gold.

The MRE Update

Interestingly on the 19th of March the company announced an extension to the timeline for the completion of the MRE for the Manfo Project. This extension followed upon the agreement with FJ Minerals Limited for the option to acquire up to an 83% interest in the adjacent Nkosuo Project.

Pending the due diligence period, the Nkosuo Project is expected to become al part of a larger Manfo-Nkosuo combined project. The company stated that additional time would be required to incorporate the newly available property and historical data into the updated MRE.

The rationale for this delay was:

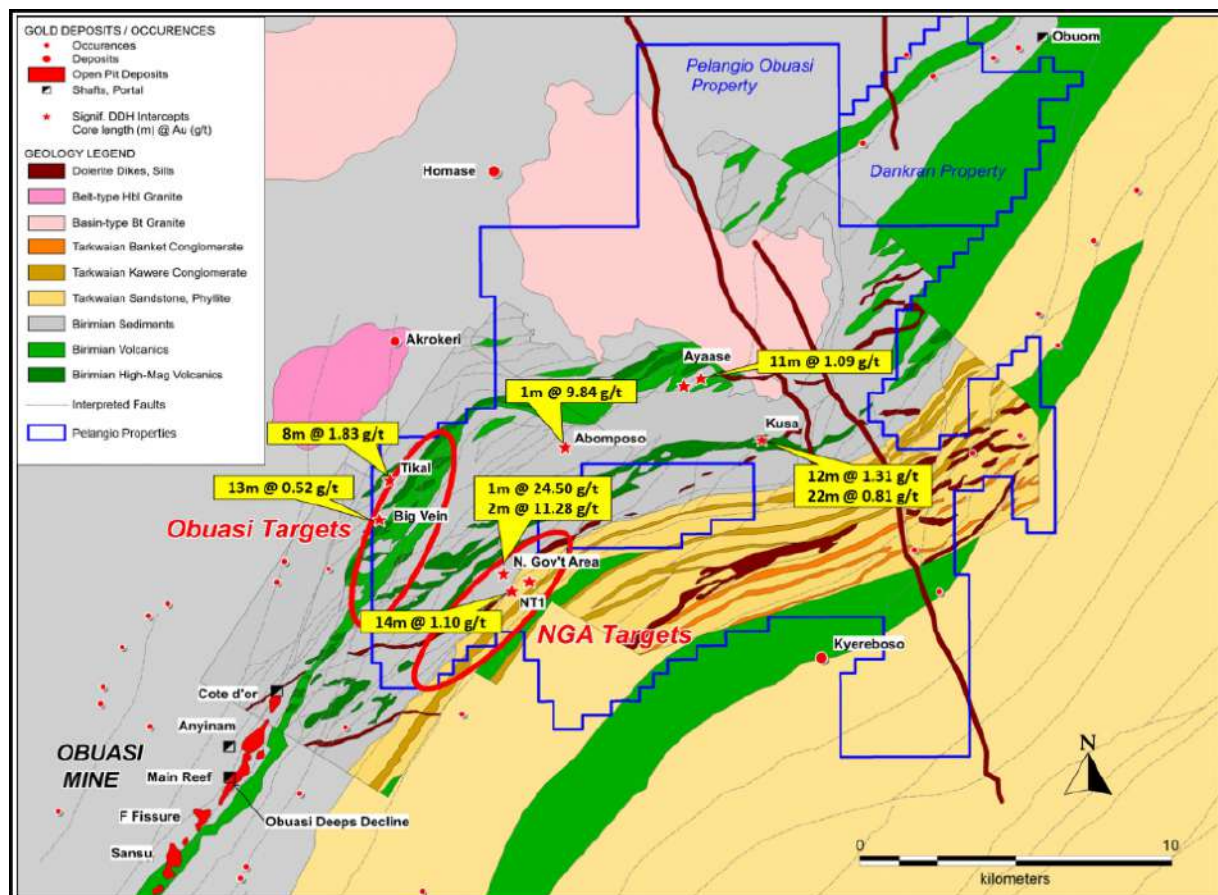
- Drilled targets on the boundary of Manfo and Nkosuo may be modelled and included in a NI43-101 compliant resource estimate

- A review of the structural interpretation of the 4.4km mineralized corridor extending from Manfo into the Nkosuo to evaluate new Exploration Targets
- A more comprehensive MRE that will allow for a more robust Preliminary Economic Assessment (PEA) on a Manfo-Nkosuo combined project

Obuasi

The element of this company's portfolio that drove the stock into the frenzy of 2011 was the Obuasi project. In 2005, the company announced the acquisition of an option on a group of four early-stage gold exploration concessions located near the town of Obuasi in Ghana. The 284 square kilometer Obuasi Project is a district-size land package requiring significant exploration.

This property is located contiguous with AngloGold Ashanti's renowned Obuasi gold mine within the prolific 300-kilometre-long Ashanti Gold Belt. The Obuasi mine has produced over 33 million ounces of gold since 1897 and currently hosts a resource of approximately 28 million ounces of gold at an average grade of 7.98 g/t.



Unfortunately, the company's most recent technical report on the Obuasi Gold Project, prepared by SRK Consulting, dates back to April 2008. This is indicative of how the company took the eye of the ball subsequent to the waning of Canadian interest in West Africa post-2012.

Access to the project is via paved roads from Accra. Travel time from Accra to Obuasi is approximately four to five hours depending on traffic in Accra. The main paved roads traverse the project, while several secondary gravel roads and tracks provide access to most parts of the properties, except to areas covered by prominent hills where access is difficult and mobilization of heavy equipment such as drilling rigs will require road building.

The topography in the project area is variable. The concessions are covered by prominent hills rising 200 to 300 metres above the valleys and forming chains of hills aligned along geological features. Elevations range between approximately 200 and 500 metres above sea level.

Geology

The structural characteristics of the nearby Obuasi Mine's mineralization consists of shear hosted quartz vein mineralization located within graphitic structures in Birimian sediments (wackes and phyllites) and along their contacts with Birimian volcanics and more competent Tarkwaian sediments. Quartz vein hosted gold at Obuasi is generally "free" gold (non-refractory) and usually high grade. Gold also occurs in silicified alteration haloes around the veins and is associated with fine needles of arsenopyrite. This style of gold is refractory, with gold encapsulated by arsenopyrite grains, and is usually lower grade but tends to develop into wide zones of mineralization.

The Obuasi property of Pelangio contains evidence of both styles of mineralization; quartz (+/- carbonate) veining in carbonaceous shear zones in the sediments and locally within mafic volcanics (e.g. at Big Vein) with locally high grades (e.g. the NGA prospect) and also zones of silicification within the sediments, volcanics and dioritic intrusives (e.g. at Kusa) with disseminated arsenopyrite +/-pyrite and elevated gold grades.

Exploration

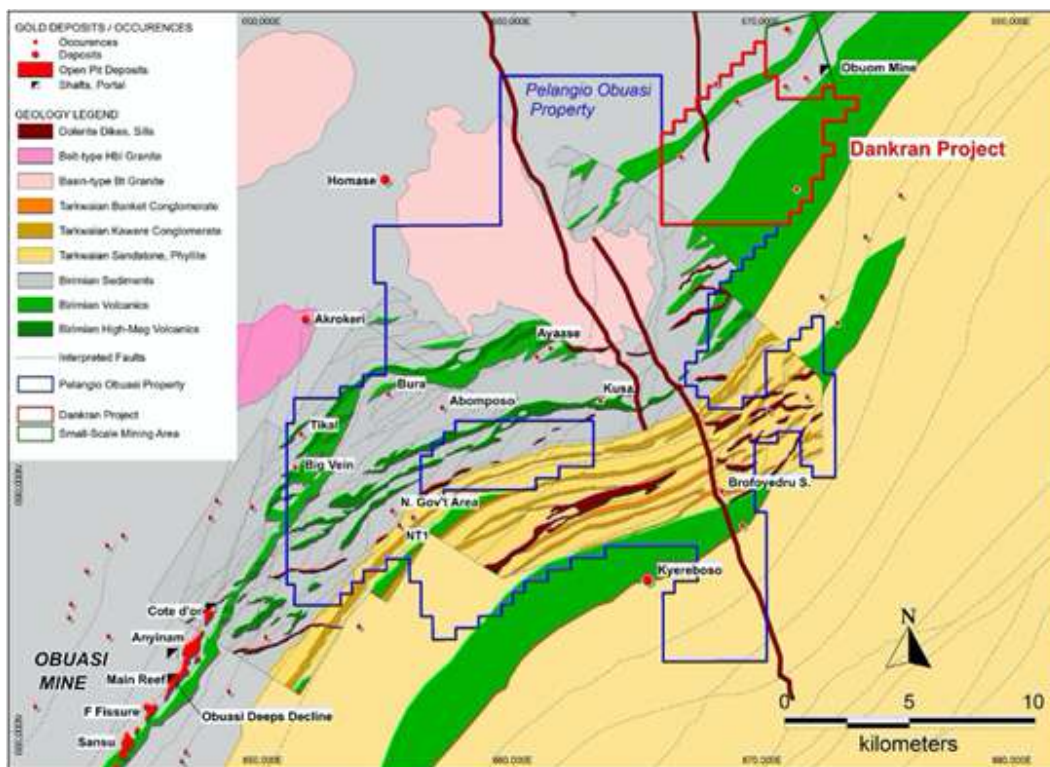
Pelangio's most recent drilling campaign discovered high-grade, vein-hosted visible gold mineralization in sheared graphitic argillites. The gold mineralization observed from this drill core is associated with the 'Obuasi style' alteration responsible for the Obuasi Mine gold deposit.

A soil sampling campaign conducted post-drilling discovered seven areas with greater than 200 ppb gold between 200 metres to 800 metres in strike length. Given the size of the land package, management's opinion is that the drilling and exploration programs completed thus far on the Obuasi project have just scratched the surface of the property's geology.

When one considers the target model (a several million oz high grade lode sourced from the massive fluid system that deposited >60 mn oz a few kilometres to the southwest) further exploration and drilling on the project is demonstrably justified. Robust geological study over the course of Pelangio's interest in the property concludes that numerous D2 anastomosing splay structures emanate from the Obuasi Main Reef Fissure and strike north-easterly into Pelangio's property. The geological interpretation of these events leads the Company to conclude that the massive Au-bearing hydrothermal fluid system which forms the Obuasi orebodies have leaked into these subsidiary structures located within Pelangio's property and that significant gold mineralization lays deposited within a suitable structural trap.

Dankran – a bolt-on to Obuasi

In mid-November 2020 the company announced that it had entered into an Option Agreement with BNT Resources Ghana Ltd., to acquire a 100% interest in the Subriso-Kokotro concession, (known as Dankran) located adjacent to the Obuasi project. The terms of the acquisition are that Pelangio acquires a 100% interest in the Dankran property, by pay to BNT Ghana an aggregate of \$300,000, and issue 1,000,000 shares over a period of two years.



The Dankran project covers an area of 34.65 km² contiguous to the northeastern corner of the Obuasi

project. The Prospecting License covers the same Birimian sedimentary and volcanic stratigraphy that hosts the Obuasi Mine, 25 kilometers to the southwest, plus several prospective northeasterly striking regional structures.

An historic gold mine, the Obuom Mine, is located approximately 1.5 kilometers to the northeast of the Dankran project boundary, in an area that is presently designated for formalized Small Scale Mining. The Obuom deposit was discovered during the gold rush in Ghana at the close of World War I and was developed into a small underground operation which ran intermittently during the 1920s and 1930s at a peak capacity of 1,000 tons per day and shut down in 1936 after having reportedly produced 29,000 ounces Au at an average grade of approximately 16 g/t Au. The mining operation focused on two or more 1m to 1.5m wide high-grade gold bearing quartz veins occurring along the sheared contact between Birimian metasediments to the northwest and Birimian metavolcanics to the southeast.

Dankran Exploration

Management claims that there appears to have been very limited exploration in the Dankran project area since the 1930s. The Ghana Geological Survey mapped the northern Ashanti Belt in the 1960s and the BRGM (Bureau de Recherches Géologiques et Minières - Geological Survey of France) conducted a stream sediment sampling program over the district in the 1980s. In the early 1990s Johannesburg Consolidated Investment of South Africa conducted soil sampling and geological mapping plus sampling.

Pelangio's envisioned work begins with a first pass program of soil sampling comprising 1,050 samples on 160 to 320 meters spaced sample lines has been designed to cover the most prospective northwestern half of the Dankran property, including the areas of artisanal mining plus the known major structures.

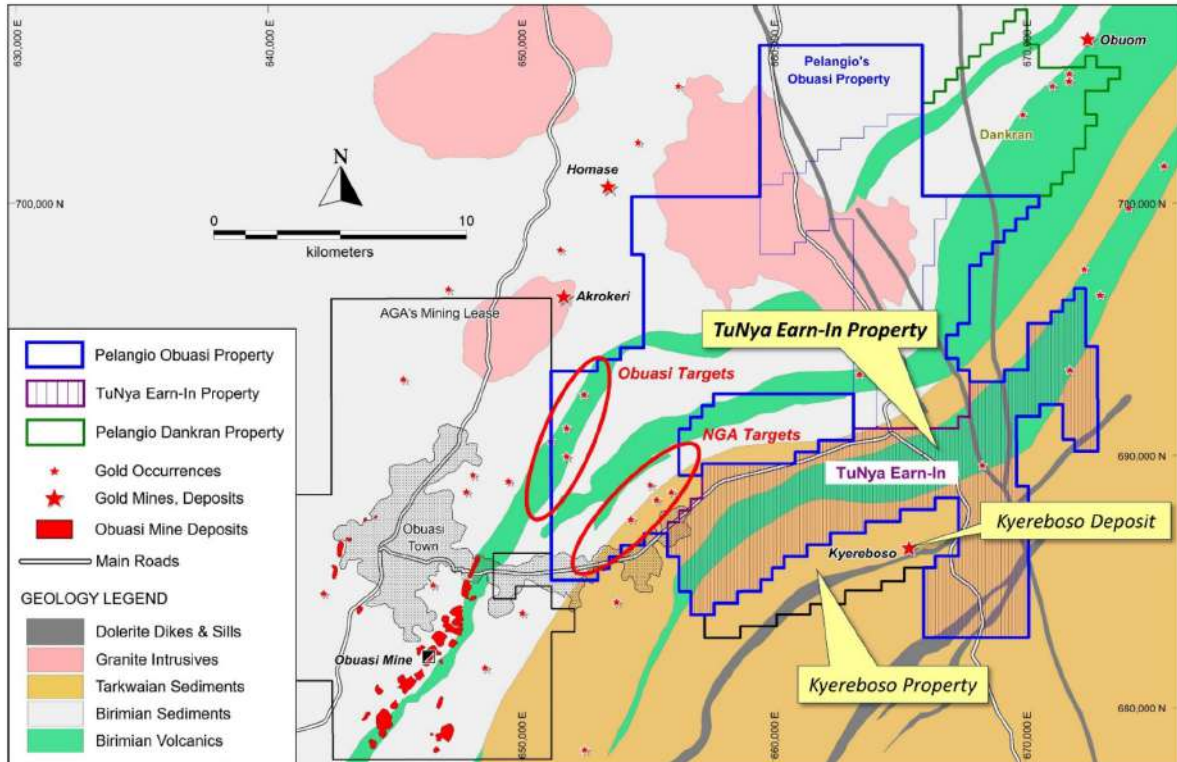
The company claimed it would begin the work before the end of 2020 and be completed within 7 to 8 weeks including receipt of assays. The soil sampling grid would eventually be extended and infilled with favourable results, however first-pass sampling closer to the Small Scale Mining Area should be sufficiently detailed (160 meter-spaced lines) to permit the planning and execution of scout air-core or reverse circulation drill testing of significant gold in soil anomalies, potentially resulting in an early discovery.

The TuNya Deal

At the end of July of 2023, the company announced that it had entered into an earn-in binding letter of intent granting TuNya Mineral Resources Ltd. the right to earn an 80% interest on the southern portion of two of the four licenses (as shown on the map below) that comprise Pelangio's Obuasi project.

TuNya Earn-In Property covers predominantly Tarkwaian stratigraphy, including the strike extension of

TuNya's Kyereboso project located to the south.



Pelangio retains a 100% interest in the remainder of the Obuasi property, including the strike extension of the Obuasi Mine stratigraphy and the main Birimian-Tarkwaian contact, where Pelangio will focus its exploration efforts.

The collaboration with TuNya brings significant technical expertise including a team with combined 125 years' experience working in senior technical roles at the Obuasi Mine and elsewhere on the Ashanti Belt.

The main terms of the TnNya agreement were:

- TuNya can earn an 80% interest in the TuNya Earn-In Property by undertaking a US\$250,000 technical review of the Pelangio Main Property
- Completing 2,000 meters of drilling on the TuNya Earn-In Property
- Paying Pelangio US\$150,000 within 18 months of the effective date of the agreement

This is somewhat of a canny deal because they are getting TuNya to do work on the whole property while earning an interest in only a part. This gives Pelangio a disclosable NI43-101 technical report on an

asset where they have done little to no work in recent memory.

A joint venture corporation will be formed once TuNya has acquired its 80% interest. However, Pelangio shall retain its 20% interest and shall not have an obligation to fund work on the TuNya Earn-In Property until a mineral resource of at least 100,000 ounces of gold has been defined in the Measured or Indicated category, in accordance with NI 43-101.

Financing

The financing of Pelangio has been somewhat hand to mouth because it hasn't had much in terms of bread to cast upon the water for the investors.

In late February of 2025, the company announced a non-brokered private placement for gross proceeds of up to \$1,000,000 showing that the company's ability to raise greater sums had returned now that it had reembraced its African destiny.

The offering consisted of the sale of units at a price of \$0.04 per Unit. Each Unit consists of one common share and one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.05 for a period of three years from the initial closing date of the offering. Each warrant will be subject to adjustment in certain events and provided that, if after four months and one day after the closing date of the offering, the VWAP of Pelangio shares is at, or above \$0.10 for a period of 15 consecutive trading days, the company may accelerate the expiry date of the warrants and the unexercised warrants will expire on the 20th day after the date on which the acceleration had been announced to the market.

Opportunity Missed

It is well over ten years since we first encountered Pelangio and we have repeated over and over and over again that it should demerge its African assets (in Ghana) and create two vehicles to avoid being seen by the notoriously fickle market as being the "worst of both worlds". In advocating a demerger into two entities, we were like a voice crying in the wilderness. All those who were kindred spirits had given up on the stock years ago. Pelangio had reduced itself to a few swivel-eyed fans but a far larger group who were hanging onto it for its tax loss potential. A sadder fate is difficult to imagine.

The obvious value added would come from demerging the Ghanaian assets with a London HQ for the spinout (but a retained listing on the TSXV) that would have allowed the new entity to tap the stronger investment and knowledge pool on Africa in London, where the market has been funding projects in Ghana (before independence, The Gold Coast) since the late 1800s. Stock and trading volumes would have inevitably migrated to London and the residual Canadian holders could have been wound down over time (or awaited a revival in Canadian interest in the "Dark Continent").

The fallacy of awaiting a turn in Canadian sentiment is seen in recent times, with something of an improvement in sentiment, but that has not rubbed off on Pelangio as investors want a pure play - not a hybrid of Ontario/Ghana. The economic equation of the current entity does not add up. In theory one (asset) plus one (asset) should equal two, but at Pelangio it adds up to less than one. Whereas demerged, we would expect a market cap of at least the same or higher, for the Canadian assets, that Pelangio has currently and a value of around £8-10mn for the Ghanaian portfolio. The demerger could be accompanied by a financing of several million pounds into the London entity, with a part of the proceeds going towards a Normal Course issuer bid in Canada to soak up unmarketable parcels (much like is being done by so many ASX companies at the moment).

Risks

The prime risks for any investment at this stage are:

- × A retreat in the gold price
- × Political uncertainty in Ghana
- × Failure to prove up a resource on the Ontario assets
- × Financing challenges

The main risk currently is that the gold price might move unfavorably, but that holds for all gold miners. Our outlook is for the gold price to remain well above \$2,500 in 2025 despite it currently being quite a lot higher. In our view anything over \$2,000 is highly prospective for encouraging investment and exploration in the gold space. If a project does not work at \$2,000 gold, then it should not be in consideration.

The risk of non-discovery or inadequate resources being defined is a perennial in the exploration space. This risk is best mitigated by the prospectivity of the ground being explored and the quality of the team involved. In the case of Pelangio the danger is not poor results but lack of exploration work in absolute terms. After a long dry spell, it now is lifting its game in Ghana. That it will establish greater resources there seems to be akin to pushing on an open door.

Financing waves come and they go. At the moment the mining space in general is attracting significant attention from dedicated and non-dedicated investors, with the latter group, in particular, seeking to rotate out of other more overvalued sectors in the broader markets. The perspectives look good for funds to continue to be dedicated to precious metals for at least the next two years.

Thesis

Gold has turned, sentiment on Africa has turned, but has Pelangio turned? This is the perpetual question that holders (and detractors) of Pelangio ask themselves (and management) is exactly how much of the market cap represents a value on the African assets and how much is for the Canadian assets? If

management answers that the pieces are worth more than the whole, then they are begging the question from the investor (or detractor) then why aren't you demerging the pieces to let them stand alone and get a realistic valuation? The rhetorical question becomes a trap that management flounders with when asked.

Our preferred solution remains to demerge the Ghanaian assets into a more sympathetic market (i.e. London) and keep a secondary listing in Canada so those original shareholders who are "stay-at-homes" could exit relatively painlessly. Newcos are not rocket-science and as the company is run by a corporate lawyer, such an outcome should be second nature. Will a predator (Asante Gold?) do a cheap deal, swooping in and relieving shareholders of their holdings and then doing the necessary in the private sphere, slicing and dicing it into appetizing pieces?

Rationale & Rating

The stock has gone from a high of \$9.50 in 2011 to around as low as 1.5cts in the last 12months. And this is with nothing gone wrong. It hasn't had any disasters, hasn't had properties seized and hasn't run out of money. Finally, though it has taken its eye off the wrong ball, Ontario. And investors have rewarded it this year by pushing its stock price up more than sixfold. This was motored higher by the swathe of canny deals in Ghana. A recent press release running to hundreds of words mentioned the word "Canada" once. There is hope for us yet!

If the stated intention of a gold pour by December of 2027 at Manfo is achieved, we look forward to an announcement that Pelangio Exploration will become Pelangio Mining. We have upgraded Pelangio from **NEUTRAL** to a **LONG** rating with a 12-month target price of 32 cts.



Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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