Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

Cabral Gold Inc.

(formerly San Angelo Oil Limited)

For the three months ended September 30, 2017 and 2016

NOTICE

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

CABRAL GOLD INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	As at September 30, 2017	As at June 30, 2017
	$	$
ASSETS		
Current		
Cash	**80,007**	97,451
Other receivables	**2,094**	1,537
Prepaid expenses	**-**	5,821
Total current assets	**82,101**	104,809
	82,101	104,809
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**15,463**	16,692
Total current liabilities	**15,463**	16,692
Shareholders' equity		
Share capital *(Note 3)*	**2,820,369**	2,820,369
Share premium	**930,383**	930,383
Warrants *(Note 3)*	**120,754**	120,754
Contributed surplus	**105,092**	105,092
Deficit	**(3,909,960)**	(3,888,481)
Total shareholders' equity	**66,638**	88,117
	82,101	104,809

Approved on behalf of the Board:

"Derrick Weyrauch"
Director

"Charles Oliver"
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements

CABRAL GOLD INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the three months ended		**September 30, 2017**		September 30, 2016
Expenses				
Amortisation	**$**	**-**	$	236
Management fees		**4,500**		4,500
Legal		**7,575**		5,588
Office and miscellaneous		**758**		124
Professional fees		**3,000**		3,000
Regulatory fees		**1,250**		1,200
General exploration		**-**		2,188
Transfer agent		**3,480**		2,374
Loss before other items		**20,563**		19,210
Other expense (income)				
Foreign exchange		**916**		(427)
Write down of equipment		**-**		5,515
		916		5,088
Net loss for the period before taxes	**$**	**(21,479)**	$	(24,298)
Net loss for the period	**$**	**(21,479)**	$	(24,298)
Exchange differences from translation of foreign operations		**-**		3
Comprehensive loss for the period	**$**	**(21,479)**	$	(24,295)
Basic loss per share	**$**	**(0.00)**	$	(0.01)
Diluted loss per share	**$**	**(0.00)**	$	(0.01)
Weighted average number of shares outstanding		**6,492,750**		3,086,175

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CABRAL GOLD INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of issued and outstanding shares #	Share capital $	Number of issued and outstanding warrants #	Warrants $	Share premium $	Contributed surplus $	Deficit $	Accumulated other comprehensive income (loss) $	Total equity $
Balance, July 1, 2016	**6,492,750**	**2,820,369**	**3,873,250**	**120,754**	**930,383**	**105,092**	**(3,978,874)**	**182,656**	**180,380**
Other comprehensive income for the period	-	-	-	-	-	-	-	3	3
Net loss for the period	-	-	-	-	-	-	(24,298)	-	(24,298)
Balance, September 30, 2016	**6,492,750**	**2,820,369**	**3,873,250**	**120,754**	**930,383**	**105,092**	**(4,003,172)**	**182,656**	**156,085**
Balance, July 1, 2017	**6,492,750**	**2,820,369**	**3,000,000**	**120,754**	**930,383**	**105,092**	**(3,888,481)**	**-**	**88,117**
Net loss for the period	-	-	-	-	-	-	(21,479)	-	(21,479)
Balance, September 30, 2017	**6,492,750**	**2,820,369**	**3,000,000**	**120,754**	**930,383**	**105,092**	**(3,909,960)**	**-**	**66,638**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

CABRAL GOLD INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

For the three months ended		**September 30, 2017**		September 30, 2016
OPERATING ACTIVITIES				
Net loss for the period	$	(21,479)	$	(24,298)
Items not affecting cash:				
Amortisation		-		236
Write down of equipment		-		5,515
Changes in non-cash working capital items:				-
Other receivables		(557)		325
Prepaid expenses		5,821		
Accounts payable and accrued liabilities		(1,229)		10,871
Net cash used in operating activities		(17,444)		(7,351)
INVESTING ACTIVITIES				
Net cash generated by investing activities		-		-
FINANCING ACTIVITY				
Net cash from financing activity		-		-
Effect of exchange rate changes on cash		-		(52)
Change in cash during the period		**(17,444)**		**(7,403)**
Cash, beginning of the period		97,451		219,793
Cash, end of the period	**$**	**80,007**	**$**	**212,390**
Cash paid for income taxes - $nil				
Cash paid for interest	$	-	$	-

Supplemental cash flow information (Note 8)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

San Angelo Oil Limited (the "Company") was incorporated under the *British Columbia Business Corporations Act* on February 11, 2014. The Company is a junior resource company engaged in the identification, exploration and development of both proven and unproven reserves via drilling and/or acquisition.

The Company's head office is located at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the projects and upon future profitable production or from the proceeds of disposition.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the normal course of business. The Company incurred a net loss of $21,479 during the period ended September 30, 2017, and as of that date, the Company had an accumulated deficit of $3,909,960 and net working capital of $66,638.

The Company completed a business combination transaction with Cabral Gold Ltd. in October 2017 (see Note 7). Immediately prior to the closing of this transaction, Cabral Gold Ltd. completed a $4.16 million equity financing. Management has estimated that the Company will have adequate funds from existing working capital and the October 2017 financing to meet its corporate development, administrative and property obligations for the year ended September 30, 2018. The Company will periodically need to obtain additional financing, and while it has been successful in the past, there can be no assurance that it will be able to do so in the future.

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared using accounting policies in compliance with IFRS, International Accounting Standards ("IAS"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB").

The policies applied in these financial statements are based on IFRS issued and effective as at the date the Company's Board of Directors (the "Board") approved these financial statements for issue.

These financial statements have been prepared using accounting policies consistent with those used in the 2016 Annual Financial Statement and were authorized for issue by the Board on November 27, 2017.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention, except for financial assets classified as fair value through profit and loss ("FVTPL") which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned and controlled U.S. subsidiary, San Angelo Operating Corp., and its wholly owned and controlled Canadian subsidiary, 1116669 B.C. Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In October 2016, the Company completed the sale of all of the issued and outstanding shares of San Angelo Operating Corp. for nominal consideration to a previous director of the Company. No finder's fee was paid in connection with this sale. The Company recognized a gain of $4,875 in connection with this sale.

Functional and presentation currency

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional and reporting currency of the Company is the Canadian dollar.

Cash and Cash Equivalents

Cash consists of deposits held in banks. Cash equivalents include demand deposits together with other highly liquid short-term investments with maturity dates of less than 90 days at the time of issuance. The Company deposits its cash and cash equivalents with institutions of high-credit worthiness.

New Standards, Amendments and Interpretations Issued

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on July 1, 2017, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these unaudited condensed interim financial statements are disclosed below. Management anticipates that all the pronouncements will be adopted in the accounting policy for the first period beginning after the effective date of the pronouncement.

The Company continues to evaluate the impact the implementation of these standards will have on the financial statements.

<u>Accounting standards anticipated to be effective in future periods:</u>

IFRS 9 - Financial Instruments. This IFRS introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 - Financial Instruments: Recognition and measurement, derecognition of financial assets and financial liabilities. The required adoption date for IFRS 9 is January 1, 2018.

IFRS 16 – Leases. This IFRS, which supersedes IAS 17 – Leases, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, has also been applied.

(Expressed in Canadian dollars)

3. SHARE CAPITAL

The Company has an unlimited number of common shares without par value authorized for issuance.

On May 26, 2016, the Company completed a ten (10) for one (1) basis share consolidation. All current and comparative references to the number of common shares, weighted average number of common shares, loss per common share, stock options and warrants have been updated retrospectively to give effect to this share consolidation.

	Number of issued and outstanding shares	**Share capital**
Balance, June 30, 2016	6,492,750	$ 2,820,369
Balance, June 30, 2017	6,492,750	$ 2,820,369
Balance, September 30, 2017	6,492,750	$ 2,820,369

As at September 30, 2017, the Company had 11,475 common shares held in escrow all of which will be released on March 10, 2018.

(a) Stock options

The Company has a stock option plan for the purchase of common shares for its directors, officers and employees (the "2014 Plan"). The maximum number of shares which may be issuable pursuant to options granted under the plan shall be the number equal to 10% of the Company's issued share capital from time to time or such additional amount as may be approved from time to time by the shareholders of the Company. The options are non-assignable and non-transferable. There is no cash settlement alternative provision for the options. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant, subject to all applicable regulatory requirements.

During the year ended June 30, 2016, the Company cancelled stock options previously issued due to the recent changes to management and the Board of Directors.

As at June 30, 2017 and September 30, 2017, there were no stock options outstanding.

(b) Warrants

The following table summarizes the continuity of warrants outstanding:

	Number of warrants #	**Weighted average exercise price** $
Balance, June 30, 2016	**3,873,250**	**0.72**
Expired	(873,250)	3.00
Balance, June 30, 2017	**3,000,000**	**0.05**
Balance, September 30, 2017	**3,000,000**	**0.05**

(Expressed in Canadian dollars)

Warrants outstanding			
Number of warrants #	**Expiry date**	**Weighted average remaining life** (in years)	**Exercise price** $
3,000,000	May 26, 2021	3.91	0.05

During the year ended June 30, 2017, 873,250 warrants expired unexercised.

4. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

Key management personnel compensation, including senior officers and directors of the Company:

	For the three months ended	
	Sept. 30, 2017 **$**	Sept. 30, 2016 $
Salary and benefits	**-**	-
Consulting fee	**4,500**	4,500
Total remuneration	**4,500**	**4,500**

5. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. These risks arise from the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated to cash and other receivables. The carrying amounts of assets represent the maximum credit exposure. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with institutions of high creditworthiness.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short-term business requirements, after taking into account cash flows from operations, expected capital expenditures and its holdings of cash. In the long-term, the Company may have to issue additional shares to ensure there is cash available on demand for its programs. All short-term financial liabilities, being accounts payable and accrued liabilities, are payable within a 90-day period and are to be funded from cash on hand.

(Expressed in Canadian dollars)

Interest rate risk

The Company is exposed to interest rate risk on its outstanding cash reserves. The Company's policy is to invest cash at fixed and floating interest rates in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company monitors this exposure and does not enter into any derivative contracts to manage this risk. The Company's interest rate risk mainly arises from the interest rate impact on its cash. Based on the cash balance as at September 30, 2017, with other variables unchanged, a 1% change in the interest rate would have a nominal impact to net loss. The Company's financial liabilities are not exposed to interest rate risk.

Foreign currency risk

The Company previously operated in the United States and was exposed to foreign currency risk relating to United States dollars from purchases and loans that are denominated in currencies other than the respective functional currencies of the Company's subsidiary. The Company's subsidiary had a United States dollar functional currency, with net assets that were exposed to foreign currency translation risk. The Company's subsidiary was sold during the year ended June 30, 2017 and the Company's foreign exchange risk is now minimal.

Fair value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 - *Financial Instruments: Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments include cash, other receivables, and accounts payable and accrued liabilities. There have been no changes in levels during the period.

The significance of the inputs used in determining fair value measurements of the Company's financial instruments is provided below:

		September 30, 2017			
	Category	**Carrying value** $	**Level 1** $	**Level 2** $	**Level 3** $
Cash	FVTPL	80,007	80,007	-	-

		June 30, 2017			
	Category	**Carrying value** $	**Level 1** $	**Level 2** $	**Level 3** $
Cash	FVTPL	97,451	97,451	-	-

The fair value of cash approximates its carrying value. There have been no changes in levels throughout the period.

6. CAPITAL MANAGEMENT

The Company manages its cash, share capital and share purchase warrants as capital. It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company's investment policy is to hold cash with institutions of high credit worthiness, in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions. There has been no change in the Company's capital management during the period.

7. SUBSEQUENT EVENT

Business combination

On May 11, 2017, the Company announced that it had entered into a business combination agreement dated May 10, 2017 (the "Agreement") to acquire Cabral Gold Ltd. (the "Transaction"). Cabral Gold Ltd. has a 100% interest in the Cuiú Cuiú gold deposit which is located in the Tapajos region of Brazil.

On October 31, 2017, the Company and Cabral Gold Ltd. announced that they had completed the business combination transaction (the "Transaction"). The Transaction was carried out by way of a three-cornered amalgamation, whereby Cabral Gold Ltd. amalgamated with 1116669 B.C. Ltd., a wholly owned subsidiary of the Company.

Concurrently with closing of the Transaction, the Company completed a five-for-one share consolidation pursuant to which the total number of pre-Transaction securities of the Company was reduced as follows: 6,492,750 pre-consolidation common shares to 1,298,550 post-consolidation common shares, and 3,000,000 pre-consolidation share purchase warrants to 600,000 post-consolidation share purchase warrants.

Shareholders of Cabral Gold Ltd. received 0.18 of a post-consolidation common share of the Company for each common share of Cabral Gold Ltd. held by them immediately prior to the completion of the Transaction. The Company issued 29,753,868 post-consolidation shares in exchange for the common shares of the Company (including 6,931,328 common shares issued on conversion of the Subscription Receipts; see 'Financing', below). Following closing of the Transaction, the Company had 31,052,418 common shares issued and outstanding.

Outstanding stock options, share purchase warrants and compensation warrants of Cabral Gold Ltd. were exchanged for similar instruments of the Company exercisable for or convertible into post-consolidation securities of the Company on the basis of the 0.18 exchange ratio.

Financing

Prior to closing of the Transaction, Cabral Gold Ltd. completed a private placement financing (the "Offering") which raised gross proceeds of $4,158,801 through the sale of 38,507,414 subscription receipts (the "Subscription Receipts") at a price of $0.108 per Subscription Receipt. Cabral Gold Ltd. issued a total of 2,227,137 special warrants (the "Special Warrants") to various finders and paid cash finders' fees and commissions totalling approximately $240,531 to the finders in connection with the Offering.

The Offering was comprised of both brokered and non-brokered components ($1,799,902 and $2,358,899, respectively).

Immediately prior to the closing of the Transaction:

- Each Subscription Receipt was converted, without additional consideration, into one unit of Cabral Gold Ltd. which, in conjunction with the closing of the Transaction, was exchanged for 0.18 of one unit of the Company. Each whole unit of the Company (a "Unit") was comprised of one post-consolidation common share, one-half of one class A warrant and one-half of one class B warrant. Each whole class A warrant entitles the holder to purchase one post-consolidation common share of the Company at a price of $0.75 until October 30, 2018, and each whole class B warrant entitles the holder to purchase one post-consolidation common share of the Company at a price of $0.90 until October 30, 2019
- Each Special Warrant was automatically exercised into a compensation warrant of Cabral Gold Ltd., which, in conjunction with closing of the Transaction, was exchanged for 0.18 of a compensation warrant of the Company. Each compensation warrant entitles the holder to acquire one Unit at an exercise price of $0.60 until October 30, 2019.

The net proceeds of the Offering will be used to finance the work program on the Cuiú Cuiú project and for general working capital.

Other

Following closing of the Transaction, the Company changed its name from "San Angelo Oil Limited" to "Cabral Gold Inc.". The common shares of Cabral Gold Inc. commenced trading on the TSX Venture Exchange under the symbol "CBR" on November 2, 2017.