

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **NAME AND ADDRESS OF COMPANY**

Cabral Gold Inc.
Suite 1500 - 409 Granville Street
Vancouver, British Columbia
V6C 1T2

2. **DATE OF MATERIAL CHANGE**

July 7, 2020

3. **NEWS RELEASE**

News release dated July 8, 2020 was disseminated through the facilities of Newsfile Corp.

4. **SUMMARY OF MATERIAL CHANGE**

Cabral Gold Inc. (the “**Company**”) closed the third and final tranche of its over-subscribed private placement.

The Company also announced it will seek approval from the TSX Venture Exchange to extend the term of 22,796,832 outstanding warrants by four months from July 25, 2020 to November 25, 2020.

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

Cabral Gold Inc. completed the third and final closing of its previously announced non-brokered private placement financing (the “**Private Placement**”) through the issuance of 3,500,000 common shares at a price of \$0.125 per share for gross proceeds of \$437,500.

All securities issued in connection with the Private Placement are subject to a statutory hold period of four months from the date of issuance in accordance with applicable securities legislation and the policies of the TSX Venture Exchange, pursuant to which the shares of the current closing may not be sold or transferred until November 8, 2020.

The original size of the Private Placement was up to \$2,000,000 (see May 20, 2020 news release). The Private Placement increased to up to \$4,000,000 (see June 1, 2020) and then to up to \$4,200,000 (see June 7, 2020 news release) due to increased demand.

The current closing brings the total Private Placement to gross proceeds of \$4,179,014 comprised of 33,432,110 common shares issued at \$0.125 per share including a brokered component comprising 2,400,000 common shares for gross proceeds of \$300,000.

In connection with the Private Placement, the Company incurred total finder's fees of \$55,625. Of this amount, \$34,625 relates to the non-brokered portion of the Private Placement and

includes \$18,000 paid through the issuance of common shares. The remaining \$21,000 of finder's fees relates to the brokered portion of the Private Placement and was paid through the issuance of common shares. The Company also issued an aggregate of 144,000 share purchase warrants ("Broker Warrants") in connection with the brokered portion of the Private Placement; each Broker Warrant entitles the holder to purchase one common share of the Company at a purchase price of \$0.20 for a period of 24 months following closing of the Private Placement.

Officers and directors of Cabral subscribed in the Private Placement for a total of 1,700,000 common shares for gross proceeds of \$212,500. The participation of officers and directors of Cabral in the Private Placement constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to section 5.5(a) and section 5.7(1)(a) as the fair market value of the officers' and directors' participation is not more than 25% of the Company's market capitalization.

The Company intends to use the net proceeds from the Private Placement to drill recently identified highgrade gold targets at the Cuiú Cuiú gold project located in northern Brazil and for general corporate and working capital purposes.

Extension of share purchase warrants

The Company issued a total of 22,796,832 share purchase warrants on July 25, 2019 in connection with a private placement that closed on this date. Each share purchase warrant ("Warrant") entitles the holder to acquire one common share at a purchase price of \$0.20 for a period of 12 months through July 25, 2020.

The Company would like to advise the holders of these warrants that it will be seeking approval from the TSX Venture Exchange to extend the term of these share purchase warrants by four months from July 25, 2020 to November 25, 2020.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

Alan Carter
President and Chief Executive Officer
Telephone: 604 676 5660

9. **DATE OF REPORT**

July 8, 2020