



Cabral Gold

Cabral Gold Inc.

(An Exploration Stage Company)

Interim MD&A – Quarterly Highlights

For the three and nine months ended September 30, 2024

Dated: November 27, 2024

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Management Discussion and Analysis

The following Management Discussion and Analysis (“**MD&A**”) of Cabral Gold Inc. (“**Cabral**” or the “**Company**”) has been prepared as at November 27, 2024. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2024.

This Interim MD&A – Quarterly Highlights has been compiled in accordance with Section 2.2.1 of Form 51-102F1 - Management’s Discussion & Analysis.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) unless otherwise noted.

All monetary amounts are expressed in Canadian dollars (“**\$**”) unless otherwise noted.

Brian Arkell, B.S. Geology and M.S. Economic Geology, SME (Registered Member), AusIMM (Fellow) and SEG (Fellow), Cabral Gold’s Vice President, Exploration and Technical Services, and a Qualified Person under NI 43-101 (“**NI 43-101**”) approved the technical information presented in this MD&A.

Assay results quoted herein have been determined by fire assay at SGS Laboratories, Belo Horizonte.

Cautionary Statement on Forward-Looking Information

This MD&A document contains ‘forward-looking information’ and ‘forward-looking statements’ (together, the “**forward-looking statements**”) within the meaning of applicable securities laws. Such forward-looking statements concern the Company’s anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. These forward-looking statements are made as of November 27, 2024.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to uncertainty associated with the Company’s ability to obtain funding in the future
- Risks related to the Company’s inability to meet its financial obligations under agreements to which it is a party (see ‘Liquidity and going concern’)
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Risks related to delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company’s mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Risks related to the exploration and development of natural resource properties

- Risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimations
- Risks related to fluctuations in future metal prices (particularly gold prices)
- Risks related to market events and conditions
- Risks related to competition from larger companies with greater financial and technical resources, and

Material risks to the Company which have been identified are provided at the end of this document. The Company has endeavoured to outline material risks; however, the list is not exhaustive.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.

Overview

The Company is a mineral exploration and development company with interests in gold projects in the state of Pará in northern Brazil. Cabral's primary project is Cuiú Cuiú.

The Company's subsidiary Cabral Gold B.C. Inc. ("CGBC") holds its interest in Cuiú Cuiú through Magellan Minerais Prospecção Geológica Ltda. ("Magellan Brazil").

Highlights

The nine months ended September 30, 2024 and the subsequent period ended November 27, 2024 were highlighted by the following activities and initiatives:

- The Company maintained a focus during the reporting period on financing and work aimed at demonstrating the economic viability of trial mining and heap-leach processing of gold-in-oxide blanket and saprolite material at Cuiú Cuiú.

Exploration and development

- The Company progressed the "Gold-in-Oxide" prefeasibility study ("PFS"), announced in April 2023, to completion. This PFS, undertaken by Ausenco do Brasil Engenharia Ltda ("Ausenco") confirmed the potential to exploit near-surface gold-in-oxide blanket and saprolite material at Cuiú Cuiú using open-pit mining and heap-leach processing.
- Results of the Gold-in-Oxide PFS found a base case after-tax IRR (Internal Rate of Return) of 47.3% and an after-tax NPV(5%) of US\$25.2 million at a gold price of US\$2,250 per ounce, starting initially at 500,000 tonnes per annum (tpa) ramping up to 720,000 tpa over a 4.5 year mine life. Average annual gold production for the first two years is estimated at 19,700 ounces gold per year with all-in sustaining costs (AISC) of US\$1,003 per ounce. Two open pit mines are designed, Moreira Gomez (MG) and Central, containing a total of 83,762 gold ounces. Both pits bottom in primary mineralized material, exposing the resources below for future larger-scale production. (See news release dated October 21, 2024.)
- Exploration drilling focused on expanding resources at the Machichie target where significant results included 11m @ 33.0 g/t gold, 6m @ 13.3 g/t gold, 25m @ 2.9 g/t gold, and 5m @ 24.5 g/t gold (see

news releases dated May 30, 2024, July 17, 2024, July 25, 2024, and October 28, 2024). Modeling and resource estimation is currently in progress at Machichie. Machichie is less than 500 metres from the MG deposit and the plant site envisioned in the PFS and due to its higher grade, may potentially enhance the overall Gold-in-Oxide Project.

- The Company completed nearly 5,000 metres (year-to-date) of infill and edge definition drilling on the Central resource, targeting large areas of open mineralization and Inferred Resource with the aim of upgrading to Indicated Resource. The mineralization still remains open and further drilling will be required. The Company plans to complete an interim update of the model and resource estimate by 1st quarter 2025.
- Cabral continued exploration in the Cuiú Cuiú District with a regional geophysical assessment, as well as focused geological work, auger sampling, and trenching at various targets including Pau da Merenda, Mutum, and Jerimum Cima (JC). A recently completed trench and surface sampling at JC discovered a new Gold-in-Oxide blanket zone, now the fifth in the District (MG, Central, Machichie, Machichie NE, JC). The trench uncovered a zone of 18m @ 1.9 g/t gold including individual assays of 1m @ 22.8 g/t Au and 0.8m @ 47.6 g/t Au (see news release dated November 14, 2024).

Finance

- The balance of cash and cash equivalents as at September 30, 2024 was \$1,400,818 and the net working capital-balance as at this date was \$1,012,486 (see 'Liquidity and going concern').

Other

- Ongoing corporate social responsibility activities continued during 2024 to date within the community of Cuiú Cuiú and surrounding areas. Logistical support was provided in the construction of a new school at Cuiú Cuiú which was completed in Q2 2024 and officially inaugurated in Q4 2024 (see 'Cuiú Cuiú - Corporate social responsibility').
- An Agreement is currently being finalised with the Local Itaituba Government to license the upgrades to the Cuiú Cuiú community access road which was municipalized in September 2023. The access road is the key logistical route for the residents of the region and a fundamental foundation of the local economy. A Lidar survey was conducted in Q1 2024 and engineering study was completed by Ausenco in Q3 2024 to support the necessary road upgrades and seek formal quotes from third parties to execute the roadworks on behalf of the local Itaituba Government. Roadworks are forecast to begin in late Q4 2024 and extend into Q1 and Q2 2025.
- Discussions are also underway to build a formal police base within the same complex as the Health Clinic, New School and Community water Supply.
- A second water bore was drilled by Cabral to attend the increasing demands of the community in Q3 2024 and plans are in place to provide a second Water Tower and improve the water distribution system for the community in Q1-Q2 2025.
- Work continues, together with the support of the local government, on including the Cuiú Cuiú Community in the federal Light For All Program to provide lower cost energy for the residents of Cuiú Cuiú.

Corporate outlook

Management's focus over the balance of 2024 will be on the following:

- Further detailed design and development infrastructure for the Gold-in-Oxide Project.
- Reviewing potential financing options for construction of the Gold-in-Oxide Project.
- Updated modeling and resource estimation works at Central and Machichie.
- Continued exploration and development of Cuiú Cuiú District targets especially at PDM and JC.
- Closing the private placement announced of non-brokered private placement units ("Units") to issue up to 12,500,000 Units at a price of \$0.24 per Unit for gross proceeds of up to \$3,000,000. Each Unit will consist of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one common share at an exercise price of \$0.36 for two years following the date of closing of the private placement. The Company may pay finders' fees in connection with the private placement of a cash commission of 6% of the gross proceeds.

Cuiú Cuiú

The Company's primary gold project is Cuiú Cuiú.

Background: surface-access agreement, garimpeiro condominium

On February 19, 2006, Magellan Brazil entered into a surface-access agreement with a garimpeiro condominium, the holders of the traditional surface rights over the Cuiú Cuiú property. The 2006 agreement has since been amended and extended several times the most recent of which was on March 29, 2017. The current terms (reflecting an increase effective 2024 which has yet to be reflected in a formal amendment to the agreement) require Magellan Brazil to pay R\$5,400 per year (equivalent of \$1,330 as at September 30, 2024) to each of the 20 majority stakeholders and R\$2,700 per year (\$670) to each of the 64 minority stakeholders.

Payments totalling approximately \$71,000 were made to the garimpeiros (both majority and minority stakeholders other than Magellan Brazil) in March and April 2024 in connection with the surface access fee in respect of the year ended March 2025.

As at September 30, 2024 and November 27, 2024, Magellan Brazil owned seven majority interests and three minority interest in the Cuiú Cuiú condominium.

Q3 2024 activity

Operations – Gold-in-Oxide Project

Operating activity in Q3 2024 and thereafter was directed to the PFS which was completed in November, 2024

The PFS is NI 43-101 compliant and includes updated resource estimates for the gold-in-oxide material at MG and Central as well as mine planning, metallurgical studies, mineral processing, mechanical, electrical and infrastructure design, hydrogeological and geotechnical studies and a detailed financial analysis.

In summary, results of the PFS conducted by Ausenco found:

- Total in-pit resources of 83,762 gold ounces contained in two shallow pits: MG and Central
- Average gold recoveries based on metallurgical column tests of 88% in an oxide heap leach process yielding a total of 72,478 recovered gold ounces produced life of mine.

- A four and one-half year mine life with both open pits bottoming in mineralized primary resources allowing for potential continued future long-term operations. (Cabral considers the Gold-in-Oxide Project as a “starter” operation which profitably exposes the larger primary resources.)
- An average of 2,000 tonnes per day (tpd) of mineralized material is envisioned to be treated at the process plant which will include a mineral sizer, ROM pad, agglomerator, conveyor system and four on-off leach pads. Pregnant leach solution will be pumped to carbon-in-column (CIC) circuit and further processed in an Adsorption/Desorption and Recovery (ADR) plant containing an acid wash column, elution, column, carbon regeneration kiln, electrowinning cell, sludge treatment, and smelting furnace.
- Initial capital costs are estimated to be US\$37.4 million with sustaining capital of US\$4.3 million.
- The Project has a base case after-tax IRR of 47.3% and an after-tax NPV(5%) of US\$24.5 million using a gold price of US\$2,250.
- Payback period is 1.5 years.

Operations - Exploration

Drilling activity undertaken through the end of Q3 2024 and the subsequent period comprised the following:

- RC drilling: 53 holes totalling 3,752 metres
- Diamond drilling: 31 holes totalling 1,518 metres

Drilling has been aimed at exploration in the Machichie area, infill and exploration at the Central target, as well as geotechnical and hydrological studies. At Machichie, exploration has now outlined three areas of mineralization – Machichie West, Machichie Main, and Machichie NE. Exploration work remains in progress and these may likely connect with further drilling. At Central, a large area to the northwest has been drilled and may potentially extend the resource there. Further drilling is necessary on all sides and at depth at Central. An interim model and resource estimate is planned for early 2025.

Drill results have been disclosed via news releases since the commencement of the program in Q3 2023 and subsequent thereto. Highlights are presented below. Complete reported results of exploration programs are available on www.cabralgold.com and www.sedarplus.ca.

Machichie

Notable drill intercepts from the RC and diamond drill programs testing the Machichie target include the following:

- RC421 returned 11m @ 33.0 g/t gold from 50m depth including 4m @ 89.3 g/t gold
- RC420 returned 25m @ 2.9 g/t Au including 12m @ 5.5 g/t Au
- RC422 returned 21m @ 1.3 g/t gold from surface including 3m @ 7.5 g/t gold
- RC439 returned 10m @ 3.0 g/t gold from 11m depth including 5m @ 5.4 g/t gold
- RC449 returned 6m @ 13.3 g/t gold from 79m depth
- DDH331 returned 1m @ 14.2 g/t gold from 44.5m depth and 5m @ 24.5 g/t gold from 82m depth

Detail are provided in the news releases dated May 30, 2024, July 17, 2024, July 25, 2024, and October 28, 2024.

Permitting process

On December 23, 2020, the EIA-RIMA (environmental background study) was submitted as part of the mining applications for 850.615/2004 and 850.047/2005 within the legally-required timeframe. Analysis of the EIA-RIMA is expected to begin in early 2025 upon registration of the results of the studies relating to dewatering, filter press and dry stacking of tails and providing an updated EIA-RIMA environmental report.

As the Cuiú Cuiú project lies with the APA Tapajos Reserve a request for consent from the Federal Chico Mendes Environmental agency (ICMBio) for both the published Preliminary (LP) and Installation (LI) Licenses associated with the Trial Mining License and the EIA-RIMA was made in late Q3 2023 and a notification received in Q1 2024. With much of the notification requiring information generated from the recent PFS and engineering studies of Ausenco it is expected that the response to the notification will be complete and registered with the ICMBio in late Q4 2024 and a response received in early Q1 2025.

At the same time, an application for six trial-mining licenses (*'Guias de Utilizacao'*) covering an area of approximately 250 hectares was submitted for the Central, PDM, MG and Machichie areas of which two were granted by the ANM on February 3, 2021 (one for each tenement 850.615/2004 and 850.047/2005, on the MG and Machichie target areas).

Teams from the Para State Environmental Authority (*'SEMA'*) conducted a preliminary field visit in August 2021 and completed their field audit in early November 2021, both as part of the trial-mining licence process. The environmental licensing for these trial-mining licenses, with submission of a formal Environmental Management Report (*'Relatório de controle ambiental'* or RCA) / Environmental Management Plan (*'Plano de controle ambiental'* or PCA) report to the state SEMAS/PA in December 2020 and the Preliminary Licence (LP) and Installation Licence (LI) were approved and published on June 14, 2022.

An application for reconsideration of the trial-mining licences to increase total volume was submitted on April 15, 2022 and a positive technical analysis was approved on April 18, 2022. The request was voted on by the Directors of the ANM on May 25, 2022 and the increase in volume was approved and formally published on June 8, 2022. This increase expands the capacity of the two trial-mining licenses to up to 200,000 tonnes-per-year on the western 850.615/2004 tenement (which includes PDM, Central and the western portions of the Machichie and MG targets) and a further 100,000 tonnes-per-year capacity on the eastern tenement, 850.047/2005 (which includes the eastern portions of the Machichie and MG targets).

A request to apply the Covid Extensions to the current trial-mining licenses, as provided by applicable laws, will be made with a potential increase of nine months. Advance requests for a second three-year period were made prior to the Pre-Covid expiry dates as a precaution. This included a request to increase the eastern 850.047/2005 block from 100,000 tonnes per year to 300,000 tonnes per year which is being analysed by the ANM. The request for an increase in the mining volume on the 850.047/2005 tenement, from the current 100,000t/year to 300,000t/year, was submitted on the 16th of November 2023 along with a request to renew the Trial Mining License for another 3 years. A request for renewal of the 850.615/2005 Trial Mining License for another 3 years was also submitted at this time. Both requests are under analysis by the ANM with a positive technical approval by the ANM regarding the increase in volume on the 850.047/2005 tenement submitted on the 13th of November 2024, awaiting a final vote by the ANM Directors in Brasilia which is expected to occur in late Q4 2024.

Corporate social responsibility

Corporate social responsibility activities within the surrounding community of Cuiú Cuiú continued in 2024 to date including the following:

- Ongoing contributions to the community's school. Lobbying of the local Itaituba government to build a new school at Cuiú Cuiú was successful. The school is now complete and was officially inaugurated in Q3 2024. Cabral provided logistical support, energy and lodgings during the construction phase.
- Contribution to the construction of water tanks to better utilize the water bore previously supplied by the Company, along with drilling of an additional water bore in Q2 2024 and planned construction of a second water tank for water distribution in Q1 2025.

- The provision of basic sanitation services in the village of Cuiú Cuiú through the contribution of fuel and salaries to maintain a garbage collection service three times a week, the provision of educational programs and various other initiatives.
- Sharing of the Company’s medical-centre facilities and related staff with the community with extensive assistance provided to the community in terms of both personnel and medical resources in connection with the COVID-19 pandemic.
- Ongoing provision of office space for the local police post and logistical support to the police.
- Request for inclusion of the Cuiú Cuiú community in the Light-For-All (*Luz Para Todos*) federal program of providing energy to regional/remote communities was made in April 2023. A further request for an upgrade to the proposed grid to attend to the future needs of the community and the Cuiú Cuiú project was also made. The request is still under consideration although considerable delays have been experienced in the execution of the project. With a new public source of power is due to arrive in Novo Progresso and Moraes Almeida by late 2026 a new request will be made for the Cuiú Cuiú community’s inclusion in the program in Q1 2025.
- Results from a LIDAR survey conducted by Cabral on the Cuiú Cuiú access road have been received and an engineering study is now complete. A suppression of vegetation study is expected to be completed in Q1 2025 and licensing of the upgrades to the public community access road will be sought. This change in status of the access road will have an enormous positive impact on the Cuiú Cuiú community
- A new water bore has been drilled by Cabral , tested and delivered to the local community in Q4 2024 and further upgrades are anticipated with the addition of a new water tower and improvements to water distribution in the community.

The support of the local community is extremely important to the Company in the permitting process. Nevertheless, due to the Company’s financial constraints, the funding of community initiatives was reduced or deferred commencing in mid 2022. The Company intends to increase its social activities in the Cuiú Cuiú community later in 2024 and extending into the new year of 2025.

Poconé properties

The Company was a party to two sets of agreements with third parties pursuant to which mineral properties in the Poconé region of the state of Mato Grosso were to be identified, explored and developed. The first agreement was entered into between Magellan Minerals and ECI Exploration & Mining Inc. (“**ECI**”) on October 17, 2011 effective December 2009 pursuant to which ECI and Magellan Minerals would share equally in the rights and responsibilities associated with the identification, exploration and development of mineral properties (the “**ECI Venture**”). The second set of agreements was between Magellan Minerals, ECI and Brasil Central Engenharia Ltda. (“**Brasil Central**”) pursuant to which Magellan Minerals, ECI, and Brasil Central would seek to identify, explore and develop mineral properties through a newly incorporated entity, Poconé Gold Mineração Ltda. (“**PGM**”). Magellan Brazil held a 35% interest in PGM until September 26, 2018.

Magellan Minerals’ rights and responsibilities associated with both the ECI Venture and PGM were transferred to CGBC pursuant to an agreement dated April 15, 2016 between CGBC, Magellan Minerals and ECI.

While the Poconé properties have never had a carrying value in the books of the Company, Magellan Brazil’s share of various liabilities relating to the ECI Venture and PGM were recognised.

Virtually no exploration activity was undertaken on any of the Poconé properties since 2012, however, claim maintenance charges continued to be incurred and certain of these charges were restructured. In addition, the Company historically incurred various other charges and realised proceeds on the liquidation of certain assets relating to both the ECI Venture and PGM.

In August 2015, ECI received notification that a former optionor of one of the property interests acquired by ECI on behalf of the ECI Venture had filed a claim against ECI and PGM in connection with an option agreement that had been entered into with the ECI Venture in December 2009. As of November 27, 2024, no claim had been filed against the Company, however, the Company is responsible for 50% of costs of ECI pursuant to the ECI Venture agreement. The plaintiff is claiming an amount of US\$ 780,000 plus damages.

On September 26, 2018, an agreement was entered into pursuant to which the shares of PGM held by both Magellan Brazil and the Brazilian subsidiary of ECI were transferred to Brasil Central in exchange for Brasil Central taking over the debts of PGM and making nominal cash payments.

The disposal of PGM does not reduce the Company's exposure relating to the aforementioned legal claim against ECI and PGM. Furthermore, as part of the sale of PGM, Magellan Brazil and the Brazilian subsidiary of ECI provided an indemnification to PGM relating to any losses resulting from the legal claim.

Recent decisions of the applicable courts have gone against the defendants in this case. On June 6, 2022, the defendants filed an appeal (*'Recurso Especial'*) addressed to the Superior Court of Justice ("STJ") in Brasilia, whose decision has been pending since October 27, 2022.

As at November 27, 2024, the significant uncertainty present regarding the outcome of the appeal at the STJ and related issues regarding the case are such that at this time, management is unable to estimate the likelihood of a loss ultimately being realised by the Company or the quantum and timing of any such loss should it occur.

No provision has been made in the accounts for any amount associated with the claim.

Proposed transactions

As at September 30, 2024 and November 27, 2024, there were no material proposed asset or business acquisitions or dispositions being contemplated.

Summary of quarterly results

Summary of Financial Information

A summary of results in respect of the eight quarters ended September 30, 2024 is as follows. This summary information has been derived from the audited consolidated financial statements and condensed interim consolidated financial statements (unaudited) of the Company.

The following table summarizes the quarterly results for each of the three-month periods ended:

In Canadian dollars	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Total assets	\$ 5,957,112	\$ 7,413,813	\$ 7,219,824	\$ 8,634,326
Long-term liabilities	-	-	-	-
Working capital (deficiency)	951,486	2,538,190	2,016,631	3,543,041
Net income (loss)	(2,24,043)	(1,870,838)	(1,563,127)	(2,050,738)
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

In Canadian dollars	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Total assets	\$ 11,272,029	\$ 7,169,179	\$ 8,403,790	\$ 6,302,090
Long-term liabilities	-	-	-	-
Working capital (deficiency)	4,999,697	(553,167)	516,558	(1,275,518)
Net income (loss)	5,410,202	(1,201,500)	(1,033,283)	(957,895)
Basic and diluted income (loss) per share	0.03	(0.01)	(0.01)	(0.01)

The Company, over the periods presented, has been working to advance its main project - Cuiú Cuiú. Advancement of the project, exploration and investment varies from quarter to quarter with financial capacity and related to the nature of work being undertaken. While exploration and development spend has historically been driven by the number of drill rigs operating as owned and operated by the Company, the level of spend in Q4 2023 and Q1 and Q2 2024 has been driven more so by third party consulting fees incurred in connection with the PFS. Volatility in the \$ to R\$ foreign exchange rate leads to a corresponding volatility in \$ denominated exploration and development spend, the vast majority of which is incurred in Brazil in R\$.

In the three months ended September 30, 2023, the Company realized net proceeds on the sale of NSR related to the net smelter return (“NSR”) royalty transaction with Osisko Gold Royalties Ltd. (“Osisko”) pursuant to which Osisko agreed to purchase a 1% NSR royalty on the Cuiú Cuiú gold project for total cash consideration of US\$ 5 million. The transaction closed in July 2023. This resulted in an income for that period, which is an anomaly for the Company.

Results of Operations

Results for the three months ended September 30, 2024 and 2023

- Exploration and evaluation expenditures of \$1,626,735 (2023 - \$952,357) include the expenditures on the Company’s PFS study, including drilling and all site expenditures in Brazil. The rate of investment on the Cuiú Cuiú property have expanded following the NSR transaction in 2023 and private placement in April 2024 allowing the Company to further its business objectives.
- Management and consulting of \$202,645 (2023 - \$116,428) includes compensation to the Company’s officers. Spend increased due to the appointment of a new VP of Exploration and adjustments to officer pay rates.
- Marketing and shareholder communications of \$116,328 (2023 - \$71,024) increased with the Company making efforts to provide additional information to shareholders regarding the Company’s activities.
- Professional fees of \$22,592 (2023 - \$34,347) decreased as the Company required less legal support in the current period relative to the timing of corporate activities.

Overall, the Company’s spend for the three months ended September 30, 2024 was higher than the three months ended September 30, 2023 as the Company focused its capital resources into drilling and PFS activity. In the three months ended September 30, 2023, the Company realized net proceeds of \$6,640,180 with respect to the NSR sale which closed in July 2023 which was a non-recurring transaction specific to the comparative period.

Results for the nine months ended September 30, 2024 and 2023

- Exploration and evaluation expenditures of \$4,115,769 (2023 - \$1,794,289) include the expenditures on the Company’s PFS study, including drilling and all site expenditures in Brazil. The rate of investment

on the Cuiú Cuiú property have expanded following the NSR transaction in 2023 and private placement in April 2024 allowing the Company to further its business objectives.

For the nine months ended September 30, 2024	Cuiú Cuiú		Other		Site costs and logistics	Total
Payroll	\$ 619,476	\$ -	\$ -	\$ 37,369	\$ 656,845	
Field costs	1,051,709	4,851		77,337	1,133,897	
Consulting, third parties	1,484,992	-		-	1,484,992	
Drilling	366,897	-		-	366,897	
Freight and travel	318,449	-		27,603	346,052	
Assay	127,086	-		-	127,086	
	<u>\$ 3,968,609</u>	<u>\$ 4,851</u>		<u>\$ 142,309</u>	<u>\$ 4,115,769</u>	

For the nine months ended September 30, 2023	Cuiú Cuiú		Other		Site costs and logistics	Total
Payroll	\$ 560,419	\$ -	\$ -	\$ 29,359	\$ 589,776	
Field costs	561,733	8,842		-	570,575	
Consulting, third parties	358,384	-		-	358,384	
Freight and travel	117,735	-		16,402	134,137	
Drilling	37,038	-		-	37,038	
Assay	17,033	-		-	17,033	
Office and logistics	-	-		87,346	87,346	
	<u>\$ 1,652,342</u>	<u>\$ 8,842</u>		<u>\$ 133,105</u>	<u>\$ 1,794,289</u>	

The Company resumed drilling in 2024 and has incurred increased expenditure with respect to consulting for work on the PFS study.

- Management and consulting of \$496,222 (2023 - \$339,551) includes compensation to the Company's officers. Spend increased due to the appointment of a new VP of Exploration and some additional spend in the current period with respect to the departing CFO. Compensation review increased rates to certain senior staff.
- Marketing and shareholder communications of \$218,875 (2023 - \$133,056) increased with the Company making efforts to provide additional information to shareholders regarding the Company's activities.
- Professional fees of \$132,414 (2023 - \$74,738) increased as the Company engaged support for replacing key roles in the VP Exploration and CFO roles.

Overall, the Company's spend for the nine months ended September 30, 2024 was higher than the nine months ended September 30, 2023 as the Company was able to increase activity levels following the sale of the NSR to Osisko in 2023 which was followed with additional private placement funds. In the nine months ended September 30, 2023, the Company realized net proceeds of \$6,258,676 with respect to the NSR sale which closed in July 2023 and incurred interest expense of \$145,536 in respect of a loan from the Company's President and CEO which were non-recurring expenses.

Liquidity and going concern

As at September 30, 2024, the Company had a cash balance of \$1,400,818, and a net working capital balance of \$951,486 (December 31, 2023: cash balance of \$3,895,766 and net working capital of \$3,543,041). In April 2024, the Company raised gross proceeds of \$2,260,200 in a non-brokered private placement (further details below).

Going concern

The nature of the Company's operations results in significant expenditures for the acquisition and exploration of mineral properties. To date, the Company has not generated any revenue from mining or other operations. It is considered to be in the exploration stage.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding to finance its exploration programs and to cover administrative and overhead expenses. The Company hopes to raise additional funding through the sale of equity or other instruments. Any financing solution could be highly dilutive to shareholders. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

There is no assurance that the Company will be successful in its initiatives to obtain additional funding. Management believes it will be able to raise additional financing as required but recognizes there are considerable risks involved that may be beyond its control, particularly in the short term. These material uncertainties cast doubt on the Company's ability to continue as a going concern.

The recoverability of the carrying value of mineral properties and deferred expenditures is dependent upon a number of factors including the existence of recoverable reserves, the ability of the Company to obtain financing to maintain properties in good standing and continue exploration and development activities and the discovery of economically recoverable reserves.

The Company's 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.

In the event the Company is unable to arrange appropriate financing, the carrying value of its assets and liabilities could be subject to material adjustment, and the Company could be unable to meet its current and future obligations in the normal course of business.

April 2024 non-brokered private placement

In late April 2024, the Company closed an over-subscribed private placement consisting of a total of 14,126,250 units at a price of \$0.16 per unit for gross proceeds of \$2,260,200. The Company had originally announced a financing comprised of up to 12,500,000 units at a price of \$0.16 per unit for gross proceeds of up to \$2,000,000.

Each unit is comprised of one common share of the Company and one half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.24 per share for two years following closing of the offering.

The Company paid cash finder's fees of \$37,008.

The stated purposes of the net proceeds of the private placement were to further the ongoing prefeasibility study on the weathered gold-in-oxide material at Cuiú Cuiú and general corporate purposes.

Term loan from the President and CEO

In May 2022, the Company entered into a loan agreement pursuant to which the Company's President and CEO would provide short-term financing to the Company by way of an unsecured term loan of up to \$1,500,000. The loan agreement provided for the funds to be advanced to the Company in either \$ or US\$; the lender elected to advance the funds in US\$. The lender ultimately advanced a total of US\$ 760,000.

The loan principal was repaid in full in two tranches, the second one being in December 2023. Interest on the loan was charged at a rate of 10% per annum which increased to 12.5% effective February 1, 2023 when the term loan agreement was amended. All loan interest was paid through the issuance of common shares of the Company.

As at December 31, 2023, interest expense of US\$ 11,212 (\$14,828) in respect of the period through the date of the final principal payment in December 2023 was outstanding. In February 2024, 74,166 common shares were issued to the lender as payment for this remaining balance of accrued interest on the term loan. Following this issuance of common shares, there was no further amount owing by the Company to the President and CEO in connection with the term loan.

Operating activities

Cash used in operating activities in the nine months ended September 30, 2024 amounted to \$4,788,609 (2023 - \$3,341,249) as follows:

- Net loss for the period of \$5,677,008 (2023 – income of \$3,175,419);
- Non-operating cash items totalling \$616,297 including depreciation and stock-based compensation offset by a foreign exchange gain for the period; and
- Net increase in non-cash working capital items of \$272,102 reflecting an increase in net accrued liabilities to third party creditors.

Investing activities

Cash used in investing activities in the nine months ended September 30, 2024 amounted to \$474,922 (2023 - \$287,951) and related primarily to additions to mineral properties comprising capitalised acquisition and claim maintenance costs.

Additions relate to claim maintenance expenditures comprising payments to both the Brazilian authorities (Q1 and Q3 of each year) and members of the Cuiú Cuiú garimpeiro condominium (Q1 and Q2 of each year) as well as various surface access payments and acquisition expenditures relating to other parts of the Cuiú Cuiú district (including both majority and minority interests in the Cuiú Cuiú garimpeiro condominium).

Financing activities

Cash provided by financing activities in the nine months ended September 30, 2024 amounted to net proceeds of \$2,664,918 from a non-brokered private placement that closed in April 2024, \$99,200 from the exercise of warrants and \$375,780 from the exercise of stock options. The Company received net proceeds of \$8,575,733 in the nine months ended September 30, 2023 with a private placement closing in March 2023, repaid a term loan of \$418,500 and net proceeds of \$6,258,676 from the sale of NSR.

Dividends

The Company has neither declared nor paid any dividends on its common shares to date. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

Contractual commitments

The Company had no significant medium- or long-term contractual commitments in place as at September 30, 2024 or November 27, 2024 beyond its stated liabilities, agreements entered into with various third party consultants in connection with the PFS and the following:

- The Company has retained Capital Markets Advisory to provide strategic marketing, investor relations and capital markets communications services for \$10,000 per month.
- The Company is committed to sharing in net costs and commitments associated with its Poconé venture including its share of any losses relating to current litigation against PGM and a venture partner.

Contingent liabilities

Various legal, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations and the Company is therefore subject to litigation in the countries in which it operates. As at September 30, 2024 and November 27, 2024, there was one legal case outstanding which had not been settled. The Company is not a defendant in the litigation, however, it does have a potential exposure pursuant to the terms of a historic joint venture agreement and a related indemnification provided to a third party in connection with the sale of its 35% interest in a company in 2018. Management is monitoring the progress of this case in the Brazilian courts and is continuing to support the defendants in their vigorous defence against this claim. Recent decisions of the applicable courts have gone against the defendants which increases the risk that the Company may ultimately incur a loss. As at November 27, 2024, however, the significant uncertainty present regarding the outcome of the case and related issues are such that at this time, management is unable to estimate the likelihood of a loss ultimately being realised by the Company or the quantum and timing of any such loss should it occur. No provision was made in the Q2 2024 financial statements for any amount associated with the claim.

Capital resources

The Company had no capital expenditure commitments as at either September 30, 2024 or November 27, 2024.

Transactions with related parties

A summary of management and director remuneration and related expenses is as follows:

	2024	2023
Management:		
Employment remuneration	\$ 152,000	\$ 134,250
Consulting fees	275,077	189,029
Payroll related costs	26,483	16,273
Share-based payments, stock options	105,135	40,088
Share-based payments, RSUs	<u>17,738</u>	<u>32,230</u>
	576,433	411,870
Non-executive directors:		
Share-based payments, stock options	52,859	20,386
Share-based payments, RSUs	<u>31,823</u>	<u>16,567</u>
	84,682	36,953
	<u>\$ 661,115</u>	<u>\$ 448,823</u>

Management comprises the former Executive Chairman, the President and Chief Executive Officer, the former Chief Financial Officer and VP Exploration. Employment remuneration is paid to the President and Chief Executive Officer and the Chief Financial Officer. Consulting fees are paid to Geofin Consulting and Hornby Capital Corp., companies controlled by the former Executive Chairman and the former Chief Financial Officer, respectively.

With the exception of the term loan provided by the Company's President and CEO, all transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

In May 2022, the Company announced that it had entered into an agreement with its President and Chief Executive Officer pursuant to which he would provide short-term financing to the Company by way of an unsecured term loan of up to \$1,500,000 (see 'Liquidity and going concern - Term loan from the President and CEO'). As at September 30, 2024, the term loan and all interest thereon had been repaid in full.

With the exception of the term loan, the amounts owing to officers are non-interest bearing, unsecured and have no set terms of repayment.

Outstanding share data

The Company has authorized capital of an unlimited number of common shares with no par value.

As at September 30, 2024, the Company had 205,575,805 common shares outstanding. The Company has 205,858,505 common shares outstanding as of the date of this MD&A.

The Company had the following share purchase warrants, stock options and RSUs outstanding as at September 30, 2024:

Share purchase warrants	Expiry date	Exercise price	Number of warrants
Warrants (November 2022 private placement) ⁽¹⁾	Nov 25, 2024	\$ 0.30	6,200,000
Finder warrants (November 2022 private placement) ⁽²⁾	Nov 25, 2024	0.20	15,000
Warrants (March 2023 private placement) ⁽³⁾	March 17, 2025	0.20	27,500,000
Warrants (April 2024 private placement) ⁽⁴⁾	April 18, 2026	0.24	5,754,375
Warrants (April 2024 private placement)	April 22, 2026	0.24	628,750
Warrants (April 2024 private placement)	April 26, 2026	0.24	<u>600,000</u>
		\$ 0.22	<u>40,698,125</u>

⁽¹⁾ Subsequent to September 30, 2024, 50,000 warrants exercised, the balance expired unexercised

⁽²⁾ Subsequent to September 30, 2024, 2,700 warrants exercised, the balance expired unexercised

⁽³⁾ Subsequent to September 30, 2024, 150,000 warrants exercised

⁽⁴⁾ Subsequent to September 30, 2024, 60,000 warrants exercised

Stock options (by expiry date)	Exercise price	Number of Options
July 21, 2025	\$ 0.27	2,240,000
November 12, 2025	0.60	300,000
April 11, 2026	0.49	600,000
August 30, 2026 ⁽¹⁾	0.51	3,170,000
October 20, 2028	0.12	<u>5,220,000</u>
	\$ 0.27	<u>11,530,000</u>

⁽¹⁾ Subsequent to September 30, 2024, 20,000 stock options exercised

Vesting date	Number of RSUs
April 20, 2025	325,000
October 20, 2026	<u>775,000</u>
	<u>1,100,000</u>

Issuance of shares for debt

In February 2024, the Company settled \$14,828 of debt owed to the President and CEO by issuing an aggregate of 74,166 common shares of the Company at a deemed price of \$0.20 per share. The debt related to interest charges on the term loan in respect of the period October 1, 2023 through December 13, 2023 being the date on which the principal amount of the loan was repaid in full.

Risk Factors

The securities of the Company should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the accompanying condensed interim consolidated financial statements, in this MD&A and the Company's profile on the SEDAR+ website at www.sedarplus.ca prior to making an investment in our securities. In addition to this other information, the following risk factors should be given special consideration when evaluating an investment in any of our securities.

There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below (or incorporated by reference herein) or other unforeseen risks. If any of the risks described below (or incorporated by reference herein) actually occur, then the Company's business, financial condition and operating results could be adversely affected.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business. Investors should consult with their professional advisors to assess any investment in the Company.

Negative Operating Cash Flow

The Company recurrently reports negative operating cash flow. As a result of the expenses to be incurred by the Company in connection with its business objectives for the development of the Cuiú Cuiú Project, the Company anticipates that negative operating cash flows will continue for the foreseeable future. Accordingly, the Company will require substantial additional capital in order to fund its future exploration and development activities for its Cuiú Cuiú Project. The Company does not currently have any arrangements in place for this funding and there is no assurance that such funding will be achieved when required. Any failure to obtain additional financing or failure to achieve profitability and positive operating cash flows will have a material adverse effect on its financial condition and results of operations.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Foreign Operations Risks

Political and related legal and economic uncertainty may exist in the countries where the Company operates or may operate in the future. The Company's mineral exploration, development and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Inherent risks with conducting foreign operations include, but are not limited to: renegotiation, cancellation or forced modification of existing contracts; expropriation or nationalization of property; changes in laws or policies or increasing legal and regulatory requirements of particular countries including those relating to taxation, royalties, imports, exports, duties, currency, or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices; uncertain political and economic environments; war, terrorism, sabotage and civil disturbances; delays in obtaining or the inability to obtain or maintain necessary governmental permits or to operate in accordance with such permits or regulatory requirements; currency fluctuations; import and export regulations, including restrictions on the export of gold or other minerals; limitations on the repatriation of earnings; and increased financing costs.

The Company operates in Brazil and has projects in Brazil. The Company cannot guarantee that changes will not be made in the government or laws of the jurisdictions in which its operations are located or changes in the regulatory environment for mining companies in general or companies not domiciled in these countries, which could adversely and materially affect the Company.

Government Regulations, Consents and Approvals

Exploration, development and mining activities are subject to laws and regulations governing health and work safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Company or its properties which could have a material adverse impact on the Company's operations and exploration programs and future development projects.

Where required, obtaining necessary permits and licenses can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities, which could have an adverse effect on the business, financial condition or results of operation of the Company.

Currency Risk

Fluctuations in currency exchange rates may significantly impact the Company's earnings and cash flows. For example, the appreciation of the Brazilian real against the \$ would increase the cost of exploration, development and operation of the Company's mineral properties located in Brazil which could have a material adverse effect on the financial condition, results of operations or cash flow results of the Company.

Mineral Titles

Although the Company has legal ownership on key mining rights, there is no guarantee that title to such mineral property interests will not be contested or challenged. The Company's mineral property interests may be subject to prior unregistered agreements or transfers and ownership may be affected by undetected irregularities. Mining rights may be contested and, if such contest is successful, the development of the Company's assets and/or operations may be adversely affected.

Exploration and Development

Mineral exploration and development of mineral properties involves a high degree of risk, and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of minerals. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities.

Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities to carry out exploration and development at its projects. Obtaining permits can be a complex and time-consuming process. There can be no assurances that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, in a timely manner or at all. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration work, which may result in it losing its interest in the subject property. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

Production

There would be significant risks associated with the commencement of mining operations at the Company's Cuiú Cuiú Project. The Company does not have a history of producing gold from the Cuiú Cuiú Project and there is no guarantee that the Company will be able to develop a profitable mining operation on the Cuiú Cuiú Project. Any production decision at the Cuiú Cuiú Project is expected to be based on a feasibility study or similar economic study confirming the technical and economic viability of the project. Advancing the Cuiú Cuiú Project to the production stage will involve additional capital and time. As a result, the Company is subject to risks associated with developing and establishing a mining operation on the Cuiú Cuiú Project, including:

- the availability and cost of mining and processing equipment and other supplies;
- the availability and cost of hiring management and administrative personnel and skilled labour required to run a mining operation on the Cuiú Cuiú Project;
- increases in projected costs due to differences in grade of mineralized material, metallurgical performance, revisions to mine plans or results from reprocessing heap material;
- increases in the costs of commodities such as fuel, rubber and electricity, and other materials and supplies;
- the ability to extract sufficient gold from resources to support a profitable mining operation on the Cuiú Cuiú Project; and
- compliance with approvals and permits for the Cuiú Cuiú Project.

It is common for mine development programs to experience unexpected problems and delays prior to commencement of commercial operations. As a result, the Company may not be successful in establishing a mining operation or profitably producing gold from the Cuiú Cuiú Project.

Technical Estimates

Mineral resource estimates contained in the Cuiú Cuiú Report are based on interpretation and assumptions. Unless otherwise indicated, mineral resource figures presented or incorporated by reference are based upon estimates made by independent consulting geologists. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling, which may prove to be unreliable. It is possible that the estimates may ultimately be found to be inaccurate or that mineralized materials from the Cuiú Cuiú Project can not be mined or processed profitably. Any material changes in mineral resource estimates and grades of resources will affect the economic viability of placing the Cuiú Cuiú Project into production and the Cuiú Cuiú Project's return on capital.

As the Company has not commenced actual production from the Cuiú Cuiú Project, mineral resources may require adjustments or downward revisions. In addition, the grade of mineralized material ultimately mined, if any, may differ from that indicated by the Cuiú Cuiú Report. Gold recovered in small scale tests may not be duplicated on a production scale.

The mineral resource estimates have been determined and valued based on assumed future prices for gold and cut-off grades that may prove to be inaccurate. Extended declines in prices for gold may render the Company's estimates uneconomic and result in reduced reported mineralization or adversely affect our determinations of reasonable prospects for economic extraction. Any material reductions in estimates of mineralization could have a material adverse effect on our share price and the value of the Cuiú Cuiú Project.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long- term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop the Cuiú Cuiú Project.

Dilution

The Company will require additional financing in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Operating Hazards and Risks

Exploration for natural resources involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or may obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Fluctuating Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of gold and other metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings could also be affected by the prices of other commodities. The effect of these factors on the price of gold, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Taxation

The Company has operations and conducts business in multiple jurisdictions and it is subject to the taxation laws of each such jurisdiction. These taxation laws are complicated and subject to change. The Company may also be subject to review, audit and assessment in the ordinary course. Any such changes in taxation law or reviews and assessments could result in higher taxes being payable or require payment of taxes due from previous years, which could adversely affect the Company's profitability. Taxes may also adversely affect the Company's ability to repatriate earnings and otherwise deploy its assets.

No Assurance of Profitability

The Company has no history of production, revenue or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The Cuiú Cuiú Project is in the exploration stage. Although the Company has identified mineral resources on the property, the commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade, and other attributes of the mineral deposit, the proximity of the mineral deposit to infrastructure such processing facilities, roads, rail, power, and a point for shipping, government regulation, and market prices. Most of these factors will be beyond the Company's control, and any of them could increase costs and make extraction of any identified mineral deposit unprofitable.

Continued exploration of the Cuiú Cuiú Project and the future development of the Cuiú Cuiú Project if found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in the Cuiú Cuiú Project or a secondary project. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

No History of Commercial Production

If the Company seeks to move the Cuiú Cuiú Project out of exploration and into development and production, then such efforts will be subject to all of the risks associated with establishing new mining operations and business enterprises, including:

- the timing and cost, which are considerable, of the construction of mining and processing facilities;
- the availability and costs of skilled labour and mining and processing equipment;
- compliance with environmental and other governmental approval and permit requirements;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, local groups or local inhabitants that may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of labor, fuel, power, materials and supplies.

It is common in new mining operations to experience unexpected problems and delays during construction, development and start-up. In addition, the Company's management and workforce will need to be expanded, and sufficient housing and other support systems for the Company's workforce will have to be established. This could result in delays in the commencement of mineral production and increased costs of production.

Accordingly, there can be no assurance that the Company's activities will result in profitable mining operations or that the Company will successfully establish mining operations.

Development of Mineral Projects into Commercially Viable Mines

Development projects require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of Mineral Reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future mineral prices, and anticipated capital and operating costs of these projects. The Cuiú Cuiú Project has no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of the Company's development projects: unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in gold prices, accidents, labor actions and force-majeure events.

Dependence on Principal Project

The Company is currently dependent on one principal mineral project, the Cuiú Cuiú Project, which is a development stage project. The Cuiú Cuiú Project may never develop or have the demonstrated potential to develop into a commercially viable mine, which would have a materially adverse effect the Company's profitability, financial performance and results of operations.

Environmental Factors

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement. These laws and regulations will require the Company to acquire permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all. Fines and penalties for non-compliance are also more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Reclamation Costs

Land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance, and the Company is subject to such requirements at its mineral properties. Decommissioning liabilities include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance landforms and vegetation.

In order to carry out reclamation obligations arising from exploration and potential development activities, the Company may be required to allocate financial resources that might otherwise be spent on further exploration and development programs. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Competition

The resource industry is intensely competitive in all its phases, and the Company competes with many other companies possessing greater financial resources and technical facilities than it has. Competition could adversely affect the Company's ability to acquire suitable properties for exploration in the future.

Global Financial Conditions

Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by the United States and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. Any disruption in the credit and financial markets could have a material adverse impact on a number of financial institutions and give rise to limited access to capital and credit for many companies, particularly junior resource enterprises such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Political and Economic Instability

The Company may acquire properties located in countries where mineral exploration activities may be affected by varying degrees of political instability and haphazard changes in government regulations such as tax laws, business laws and mining laws. Any changes in regulations or shifts in political conditions would be beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price control, export controls, income taxes, and expropriation of property, environmental legislation, and mine safety.

The Company may also be affected by possible economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

Anti-Bribery Laws

The Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act and anti-bribery laws in other jurisdictions, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantage. The Company's policies mandate compliance with these anti-bribery laws, which often carry substantial penalties. The Company operates in jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There can be no assurances that the Company's internal control policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's business, financial position and results of operations.

Litigation Risk

The Company may be subject to claims (including class action claims and claims from government regulatory bodies) based on allegations of negligence, breach of statutory duty, breach of contract, public nuisance or private nuisance or otherwise in connection with its business or operations. Liability resulting from any such claim in the future may have a materially adverse effect on the Company's financial condition or operations.

Government Regulation

Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental and wildlife protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect the ability of the Company to continue its planned business within any such jurisdictions.

Management and Dependence on Key Personnel

The Company is dependent upon the personal efforts and commitment of its management, which is responsible for the development of future business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company. The Company is dependent on a relatively small number of key officers, consultants and employees, the loss of any of whom could have an adverse effect on the Company. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places the Cuiú Cuiú Project into production. Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves have not demonstrated economic viability.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors, officers and/or advisors of and to other companies involved in natural resource mining, exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *British Columbia Business Corporations Act* and any other applicable law.