



Cabral Gold

Cabral Gold Inc.

An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Cabral Gold Inc.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

	September 30, 2024	December 31, 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 1,400,818	\$ 3,895,766
Receivables	305,074	142,617
Prepaid expenses	<u>54,066</u>	<u>81,624</u>
	1,759,958	4,120,007
Property and equipment (Note 5)	836,415	1,333,257
Mineral properties (Note 6)	<u>3,360,739</u>	<u>3,181,062</u>
Total assets	<u>\$ 5,957,112</u>	<u>\$ 8,634,326</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 808,472	\$ 555,036
Due to related parties (Note 12)	-	7,102
Term loan (Note 12)	<u>-</u>	<u>14,828</u>
Total liabilities	808,472	576,966
Shareholders' equity		
Share capital (Note 9)	40,000,994	36,820,141
Reserves (Note 9)	6,841,483	7,047,795
Accumulated other comprehensive loss	(549,891)	(343,638)
Deficit	<u>(41,143,946)</u>	<u>(35,466,938)</u>
Total shareholders' equity	<u>5,148,640</u>	<u>8,057,360</u>
Total liabilities and shareholders' equity	<u>\$ 5,957,112</u>	<u>\$ 8,634,326</u>

Nature of operations and going concern (Note 1)**Commitments and contingent liabilities** (Note 15)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Approved by the Board of Directors on November 27, 2024:

"Lawrence Lepard"

Lawrence Lepard, Director

"Alan Carter"

Alan Carter, Director

Cabral Gold Inc.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)****AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars except number of shares)

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
EXPENSES				
Exploration and evaluation expenditures (Note 10)	\$ 1,626,735	\$ 952,357	\$ 4,115,769	\$ 1,794,289
Depreciation (Note 5)	134,001	165,276	441,947	491,386
Management and consulting	202,645	116,428	496,222	339,551
Marketing and shareholder communications	116,328	71,024	218,875	133,056
Office and administrative	4,493	33,856	44,291	69,728
Professional fees	22,592	34,347	132,414	74,738
Share-based payments (Note 9)	108,769	44,767	294,419	197,973
Transfer agent, listing and filing fees	3,337	1,877	31,779	24,713
Travel	26,480	27,277	47,695	46,314
	<u>(2,245,380)</u>	<u>(1,447,209)</u>	<u>(5,823,411)</u>	<u>(3,171,748)</u>
Net proceeds on sale of NSR (Note 6)	-	6,640,180	-	6,258,676
Interest expense (recovery)	-	35,192	-	(145,536)
Recovery on input tax credits	120,445	-	120,445	-
Foreign exchange	(124,469)	126,668	(47,337)	148,638
Interest income	<u>6,361</u>	<u>55,371</u>	<u>73,295</u>	<u>85,389</u>
	2,337	6,857,411	146,403	6,347,167
Net income (loss) for the period	(2,243,043)	5,410,202	(5,677,008)	3,175,419
Other comprehensive income (loss)				
Items that may be reclassified to net loss				
Cumulative translation adjustment	<u>166,118</u>	<u>(81,001)</u>	<u>(206,253)</u>	<u>119,508</u>
Comprehensive income (loss) for the period	\$ (2,076,925)	\$ 5,329,201	\$ (5,883,261)	\$ 3,294,927
Basic and diluted income(loss) per share	\$ (0.01)	\$ 0.03	\$ (0.03)	\$ 0.02
Weighted average number of common shares outstanding				
– basic and diluted	204,168,577	186,429,403	197,426,473	178,560,281

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Cabral Gold Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	<u>Share Capital</u>							
	Number	Amount	Reserves, warrants	Reserves, stock options	Reserves, RSUs	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance at December 31, 2022	158,375,424	\$ 33,867,019	\$ 2,965,232	\$ 3,488,291	\$ 235,149	\$ (485,080)	\$ (36,591,619)	\$ 3,478,992
Common shares issued for private placements	27,900,000	2,790,000	-	-	-	-	-	2,790,000
Share issuance costs, cash	-	(54,443)	-	-	-	-	-	(54,443)
Restricted share units exercised	240,103	31,213	-	-	(31,213)	-	-	-
Share-based payments	-	-	-	122,380	75,593	-	-	197,973
Comprehensive income for the period	-	-	-	-	-	119,508	3,175,419	3,294,927
Balance at September 30, 2023	186,515,527	\$ 36,633,789	\$ 2,965,232	\$ 3,610,671	\$ 279,529	\$ (365,572)	\$ (33,416,200)	\$ 9,707,449
Shares issued for debt	1,620,446	186,352	-	-	-	-	-	186,352
Share-based payments	-	-	-	159,302	33,061	-	-	192,363
Comprehensive loss for the period	-	-	-	-	-	21,934	(2,050,738)	(2,028,804)
Balance at December 31, 2023	188,135,973	\$ 36,820,141	\$ 2,965,232	\$ 3,769,973	\$ 312,590	\$ (343,638)	\$ (35,466,938)	\$ 8,057,360
Common shares issued for private placements	14,126,250	2,260,200	-	-	-	-	-	2,260,200
Shares issued for debt	74,166	15,204	-	-	-	-	-	15,204
Share issuance costs	-	(70,262)	-	-	-	-	-	(70,262)
Warrants exercised	480,000	99,200	-	-	-	-	-	99,200
Restricted share units exercised	435,416	213,354	-	-	(213,354)	-	-	-
Stock options exercised	2,324,000	663,157	-	(287,377)	-	-	-	375,780
Share-based payments	-	-	-	229,186	65,233	-	-	294,419
Comprehensive loss for the period	-	-	-	-	-	(206,253)	(5,677,008)	(5,883,261)
Balance at September 30, 2024	205,575,805	\$ 40,000,994	\$ 2,965,232	\$ 3,711,782	\$ 164,469	\$ (549,891)	\$ (41,143,946)	\$ 5,148,640

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Cabral Gold Inc.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2024	2023
CASH FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (5,677,008)	\$ 3,175,419
Items not affecting cash:		
Share-based payments	294,419	197,973
Depreciation	441,947	491,386
Foreign exchange	376	(104,651)
Accrued interest on term loan	-	84,643
Recovery of input tax credits	(120,445)	-
Net proceeds on sale of NSR	-	(6,258,676)
Changes in non-cash working capital items:		
Receivables	(43,097)	(5,596)
Prepaid expenses	27,558	(62,890)
Accounts payable and accrued liabilities	294,743	(700,882)
Due to related parties	(7,102)	(157,975)
Net cash used in operating activities	(4,788,609)	(3,341,249)
CASH FROM INVESTING ACTIVITIES		
Additions to mineral properties	(441,209)	(284,169)
Purchases of property and equipment	(33,713)	(3,782)
Net cash used in investing activities	(474,922)	(287,951)
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of common shares	2,260,200	2,790,000
Share issuance costs	(70,262)	(54,443)
Exercise of warrants	99,200	-
Exercise of stock options	375,780	-
Repayment of term loan	-	(418,500)
Net proceeds on sale of NSR	-	6,258,676
Net cash provided by financing activities	2,664,918	8,575,733
Effects of foreign exchange on cash	103,665	1,678
Change in cash and cash equivalents during the period	(2,494,948)	4,948,211
Cash and cash equivalents, beginning of the period	3,895,766	1,405,169
Cash and cash equivalents, end of the period	\$ 1,400,818	\$ 6,353,380
Supplemental cash flow information:		
Shares issued for debt	\$ 15,204	\$ -
Shares issued for the exercise of restricted share units	213,354	-

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Cabral Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

1. NATURE OF OPERATIONS

Cabral Gold Inc. (“**Cabral Gold**” or the “**Company**”) was incorporated on February 11, 2014 under the British Columbia Business Corporations Act.

The Company’s registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

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.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to a going concern, which assumes the Company will be able to realise its assets and settle its liabilities in the normal course of business. For the nine months ended September 30, 2024, the Company reported a net loss of \$5,677,008 (2023 – income of \$3,175,419) and as at that date had a net working capital balance of \$951,486 (December 31, 2023 - \$3,543,041).

The Company’s ability to continue as a going concern is still 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 when necessary through the sale of equity or other instruments. Any financing solution could be 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. These material uncertainties cast significant 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.

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.

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 obligations as they become due in the normal course of business.

Cabral Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

2. BASIS OF PREPARATION

These financial statements include the accounts of Cabral Gold Inc. and its subsidiaries as follows:

Company	Place of Incorporation	Effective Interest	Principal Activity	Functional currency
Cabral Gold B.C. Inc. ("CGBC")	Canada	100%	Exploration management	Canadian dollar
Magellan Minerais Prospecção Geológica Ltda. ("Magellan Brazil")	Brazil	100%	Mineral exploration	Brazilian real

The Company's interest in Poconé Gold Mineração Ltda. ("PGM") was held through Magellan Brazil. The Company's interest in PGM was disposed of in September 2018.

Magellan Brazil holds 100% of the Cuiú Cuiú property and several secondary properties.

Certain financial statement items presented in previous financial statements have been reclassified to conform with current presentation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard 34, 'Interim Financial Reporting'. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2023.

The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2023.

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES

The preparation of the interim consolidated financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the consolidated financial statements for the year ended December 31, 2023, and the key areas are summarised below.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding short and long-term financing, investing and operating activities, and management's strategic planning. Management has applied judgement in the assessment of the Company continuing as a going concern by taking into account all available information. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate, as discussed in Note 1.

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

Functional currency

Management is required to assess the functional currency of each entity of the Company. In concluding the functional currencies of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Impairment of mineral properties

Mineral properties are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgments over internal and external factors including reserve and resource estimation, future precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing and various other operational factors. If any such indication exists, an estimate of the recoverable amount is undertaken. If the asset's carrying amount exceeds its recoverable amount, an impairment loss is recognised in the statement of loss.

Title to mineral properties

Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not fully guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title could be affected by undetected defects.

5. PROPERTY AND EQUIPMENT

		Land	Buildings	Vehicles	Equipment	Total
Cost						
Balance, December 31, 2022	\$	570,045	\$ 799,154	\$ 331,035	\$ 1,500,586	\$ 3,200,820
Additions		-	-	-	2,297	2,297
Foreign exchange		36,490	51,156	21,190	69,454	178,290
Balance, December 31, 2023	\$	606,535	\$ 850,310	\$ 352,225	\$ 1,572,337	\$ 3,381,407
Additions		-	-	-	33,713	33,713
Foreign exchange		(55,848)	(78,293)	(32,432)	(107,824)	(274,397)
Balance, September 30, 2024	\$	550,687	\$ 772,017	\$ 319,793	\$ 1,498,226	\$ 3,140,723
Accumulated Depreciation						
Balance, December 31, 2022	\$	-	\$ 368,018	\$ 233,372	\$ 711,401	\$ 1,312,791
Additions		-	210,855	87,343	358,608	656,806
Foreign exchange		-	25,280	15,652	37,621	78,553
Balance, December 31, 2023	\$	-	\$ 604,153	\$ 336,367	\$ 1,107,630	\$ 2,048,150
Additions		-	152,221	15,139	274,587	441,947
Foreign exchange		-	(63,096)	(31,713)	(90,980)	(185,789)
Balance, September 30, 2024	\$	-	\$ 693,278	\$ 319,793	\$ 1,291,237	\$ 2,304,308
Net Book Value						
December 31, 2023	\$	606,535	\$ 246,157	\$ 15,858	\$ 464,707	\$ 1,333,257
September 30, 2024	\$	550,687	\$ 78,739	\$ -	\$ 206,989	\$ 836,415

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

6. MINERAL PROPERTIES

	Cuiú Cuiú	Bom Jardim	Other	Total
Balance, December 31, 2022	\$ 2,635,612	\$ 200,742	\$ 30,127	\$ 2,866,481
Additions	282,899	623	3,391	286,913
Write-off	-	(125,137)	-	(125,137)
Foreign exchange	139,016	11,833	1,956	152,805
Balance, December 31, 2023	\$ 3,057,527	\$ 88,061	\$ 35,474	\$ 3,181,062
Additions	448,546	-	-	448,546
Foreign exchange	(257,494)	(8,108)	(3,267)	(268,869)
Balance, September 30, 2024	\$ 3,248,579	\$ 79,953	\$ 32,207	\$ 3,360,739

The Company's primary mineral property is Cuiú Cuiú.

All of the Company's properties are located in Brazil.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be impaired in the future.

The Company is required to make statutory claim maintenance expenditures to the Brazilian authorities each year to maintain its properties in good standing.

Cuiú Cuiú surface access agreement, garimpeiro condominium

On February 19, 2006, Magellan Brazil entered into a surface access agreement with the holders of the traditional surface rights over the Cuiú Cuiú property. The owners are organised into a 'condominium' (which is similar to a cooperative) comprising minority stakeholders and majority stakeholders.

The February 19, 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.

Acquisition of garimpeiro interests

The surface access agreement with the garimpeiro condominium provides the Company with the right to acquire any stakeholder's interest at any time for a specified price as defined in the agreement. Such purchases are made for the purpose of consolidating land tenure of strategic ground.

In January 2024, the Company acquired the interest of a majority stakeholder for total consideration of R\$500,000 (approximately \$136,000).

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

Cabral Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

Transfer of peripheral tenements to a cooperative

In March 2023, the Company transferred 17,546 hectares of ground to a local cooperative (the “**Cooperative**”) established by members of the Cuiú Cuiú condominium. The transferred tenements comprise two exploration licenses that had final reports due in March and April 2023. The exploration work undertaken was insufficient in both nature and extent to produce a final report, and in the absence of any action, the Company risked losing its title to the transferred ground on the final report due dates.

A transfer agreement was entered into between Magellan Brazil and the Cooperative in March 2023 in respect of each of the two tenements. Each of the two agreements include a purchase option pursuant to which Magellan Brazil may acquire the subject property by making a payment to the Cooperative based on the amount of gold defined on the applicable tenement at the time of activation and payment (as measured in accordance with provisions defined by the ANM and based on other surface access agreements that the Company has in the area).

In September 2023, a further nine exploration licenses comprising 548 hectares of ground at Cuiú Cuiú were transferred to the Cooperative. The final execution of the transfer is pending confirmation from the applicable authorities.

The size of the Cuiú Cuiú property following the transfers to the Cooperative is 19,045 hectares. In addition, a further 697 hectares are held by the Company in the adjacent Tocantinzinho area.

Sale of NSR royalty

In July 2023, the Company announced that it had entered into a royalty agreement with Osisko Gold Royalties Ltd. (“**Osisko**”) pursuant to which Osisko agreed to purchase a 1% net smelter return (“**NSR**”) royalty on the Cuiú Cuiú gold project for total cash consideration of US\$ 5 million.

The consideration was paid in two tranches comprising US\$ 2.5 million on closing (July 11, 2023) and US\$ 2.5 million following the registration of certain security pledges (July 26, 2023).

The Osisko NSR royalty applies to the area containing the existing resources at Cuiú Cuiú as well as the surrounding land package.

Cabral is required to pay Osisko US\$250,000 on the date of completion of a feasibility study and each subsequent anniversary of said completion by way of an advance payment until the commencement of commercial production. These advance payments will be credited against future royalty payments due under the royalty agreement.

Osisko’s interests are secured by pledges over production and mineral rights, both secondary to the same security held by Sandbox Royalties Corp. (“**Sandbox**”), which holds a pre-existing 1.5% NSR royalty. Osisko’s security also includes a first ranked registered pledge over the shares and quotas, respectively, of both CGBC and Magellan Brazil. Also, there are in place promises to pledge certain material fixed assets of Magellan Brazil in favor of both Sandbox, as primary security holder, and Osisko, as secondary security holder.

Cabral Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

The transaction also provides Osisko with certain additional rights regarding future royalty and stream financings.

Net proceeds on the sale of the NSR of \$6,268,005 comprise gross proceeds of \$6,613,000 (US\$ 5,000,000) and direct transaction costs totalling \$344,995.

Pre-existing NSRs

Sandstorm NSR

In May 2012, Magellan Minerals Ltd. (“**Magellan Minerals**”), the former parent company of Magellan Brazil, and Magellan Brazil granted Sandstorm Gold Ltd. (“**Sandstorm**”) a 1.0% net smelter royalty (“**NSR**”) on the Cuiú Cuiú project for consideration of US\$500,000. The Company is required to pay an advance royalty of US\$250,000 on the date that it obtains a feasibility study that recommends placing all or part of the Cuiú Cuiú project into production and a further advance royalty payment of US\$250,000 on each one year anniversary of this date thereafter until the property enters commercial production. As part of the transaction, Magellan Minerals provided Sandstorm with a right of first refusal on any future royalty or gold stream financing for the Cuiú Cuiú project.

Magellan Minerals’ rights and responsibilities associated with this agreement were transferred to Cabral pursuant to an agreement dated May 2, 2016.

Equinox NSR

A 0.5% royalty on the Cuiú Cuiú property is held by Equinox Gold Corp. (“**Equinox**”). The Equinox NSR is subordinate to the Sandstorm NSR.

Sandbox

In May 2022, Sandstorm and Equinox created Sandbox, a new metals royalty company, and both the Sandstorm NSR and the Equinox NSR were sold to this entity.

7. **POCONÉ**

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 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, ECI and Brasil Central Engenharia Ltda. (“**Brasil Central**”) pursuant to which Magellan, ECI, and Brasil Central would seek to identify, explore and develop mineral properties through a newly incorporated entity, PGM. Magellan Brazil held a 35% interest in PGM through September 26, 2018.

Magellan’s rights and responsibilities associated with both the ECI Venture and PGM were transferred to CGBC effective April 15, 2016.

Virtually no exploration activity was undertaken on any of the Poconé properties since 2012. The Company has historically incurred various claim maintenance and other charges and realised proceeds on the liquidation of certain assets relating to both the ECI Venture and PGM.

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

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. No claim has 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.

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 (see Note 15).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Canada		
Accounts payable and accrued liabilities	\$ 235,935	\$ 132,661
Brazil		
Accounts payable and accrued liabilities	376,090	190,470
Payroll and related costs	138,092	171,079
Claim costs	7,404	7,337
Poconé	<u>50,951</u>	<u>53,489</u>
	<u>\$ 808,472</u>	<u>\$ 555,036</u>

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

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9. SHAREHOLDERS' EQUITY**(a) Share capital**

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

April 2024 non-brokered private placement

In late April 2024, the Company closed a non-brokered private placement financing consisting of a total of 14,126,250 units at a price of \$0.16 per unit for gross proceeds of \$2,260,200.

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 6% totalling \$37,008.

Issuance of shares for debt

In February 2024, 74,166 common shares were issued to the President and CEO as payment for accrued interest on the term loan (see Note 12(b)).

March 2023 non-brokered private placement

On March 17, 2023, the Company closed a non-brokered private placement financing consisting of a total of 27,900,000 units at a price of \$0.10 per unit for gross proceeds of \$2,790,000.

Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.20 per share until March 17, 2025.

The Company paid cash finder's fees of \$12,000.

(b) Share purchase warrants

A continuity of the Company's share purchase warrants is as follows:

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2022	28,520,848	\$ 0.57
Issued	27,900,000	0.20
Expired (July 2021 bought deal)	(10,649,000)	0.80
Expired (July 2021 bought deal – Underwriter's warrants)	<u>(1,042,320)</u>	<u>0.54</u>
Outstanding, December 31, 2023	44,729,528	\$ 0.28
Issued	7,063,125	0.24
Exercised	(480,000)	0.21
Expired	<u>(10,614,528)</u>	<u>0.49</u>
Outstanding and exercisable, September 30, 2024	40,698,125	\$ 0.22

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The Company had the following share purchase warrants 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	600,000
		\$ 0.22	40,698,125

⁽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

(c) Stock options

A continuity of the Company's stock options is as follows:

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2022	11,143,224	\$ 0.37
Issued	5,295,000	0.12
Expired	(1,540,000)	0.40
Outstanding, December 31, 2023	14,898,224	\$ 0.27
Granted	750,000	0.28
Exercised	(2,324,000)	0.16
Expired	(1,794,224)	0.22
Outstanding, September 30, 2024	11,530,000	\$ 0.30
Exercisable, September 30, 2024	8,260,000	\$ 0.36

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The Company had the following stock options outstanding as at September 30, 2024:

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	0.51	3,170,000
October 20, 2028 ⁽¹⁾	0.12	4,470,000
October 20, 2028	0.28	<u>750,000</u>
	\$ 0.30	11,530,000

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

Stock-based compensation relating to stock options totalled \$229,186 in the nine months ended September 30, 2024 (2023 - \$100,042).

(d) Restricted share units

Under the terms of the Company's 2023 Equity Incentive Plan (the "**Plan**") the Board of Directors may, from time to time, grant to employees, officers and consultants, restricted share units ("**RSUs**") in such numbers and for such terms as may be determined by the Board of Directors. RSUs granted under the RSU Plan are exercisable after the vesting conditions, as specified by the Board of Directors, are met.

A continuity of the Company's RSUs is as follows:

Restricted share units	Number
Outstanding, December 31, 2022	698,435
Granted	1,200,000
Vested	(240,103)
Forfeit	<u>(22,916)</u>
Outstanding, December 31, 2023	1,635,416
Exercised	(435,416)
Forfeit	<u>(100,000)</u>
Outstanding, September 30, 2024	<u>1,100,000</u>

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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The vesting profile of the RSUs outstanding as at September 30, 2024 is as follows:

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

Stock-based compensation relating to RSUs totalled \$65,233 in the nine months ended September 30, 2024 (2023 - \$53,164).

10. EXPLORATION AND EVALUATION EXPENDITURES

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	<u>127,086</u>	<u>-</u>	<u>-</u>	<u>127,086</u>
	\$ 3,968,609	\$ 4,851	\$ 142,309	\$ 4,115,769

For the nine months ended September 30, 2023	Cuiú Cuiú	Other	Site costs and logistics	Total
Payroll	\$ 560,419	\$ -	\$ 29,357	\$ 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	<u>-</u>	<u>-</u>	<u>87,346</u>	<u>87,346</u>
	\$ 1,652,342	\$ 8,842	\$ 133,105	\$ 1,794,289

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. The Company's long-term assets are located in Brazil.

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

12. RELATED PARTY TRANSACTIONS**(a) Related party transactions**

For the nine months ended September 30,	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 Vice President of Exploration. Employment remuneration is paid to the President and Chief Executive Officer and the former Chief Financial Officer. Consulting fees are paid to Geofin Consulting (“**Geofin**”) and Hornby Capital Corp. (“**HCC**”), companies controlled by the former Executive Chairman and the former Chief Financial Officer, respectively.

During the nine months ended September 30, 2024, the Company paid and accrued \$62,500 to Geofin for consulting services (2023 - \$105,938).

During the nine months ended September 30, 2024, the Company paid and accrued \$67,167 to HCC for consulting services (2023 - \$75,600).

With the exception of the term loan described in Note 12(b), 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.

(b) Term loan

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 lender ultimately advanced a total of US\$ 760,000.

The Company made the final principal repayment of the loan amount to the lender in December 2023.

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 President and CEO as payment for this remaining balance of accrued interest on the term loan (see Note 9(a)).

Cabral Gold Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

13. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital has historically been derived from equity issuances (although significant funding was realised in July 2023 through the sale of an NSR royalty). Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

The Company attempts to set the amount of capital in proportion to the risks. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

Additional information relating to going concern is disclosed in Note 1.

14. FINANCIAL INSTRUMENTS

(a) Carrying value and fair value

The Company's financial instruments comprise cash and cash equivalents, accounts receivable (excluding sales taxes), accounts payable and accrued liabilities, amounts due to related parties and the term loan.

Financial instruments recognised at fair value on the consolidated statements of financial position are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

Cash and cash equivalents and accounts receivable are classified as subsequently measured at amortised cost. Amortised cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities, amounts due to related parties and the term loan are classified as subsequently measured at amortised cost and are recorded in the financial statements at amortised cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk.

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

(b) Financial risks

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, liquidity risk, credit risk and interest rate risk.

Foreign exchange risk

The Company operates primarily in Brazil and is therefore exposed to foreign exchange risk arising from transactions denominated in Brazilian reais ("R\$"). Other than Canadian dollar balances, the Company's cash and cash equivalents, receivables and accounts payable and accrued liabilities are denominated in R\$ and US\$. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

The Company held the following foreign currency denominated balances as at September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	\$ 348,907	\$ 385,394	\$ 265,313	\$ 2,689,280
Accounts payable	(2,313,281)	-	(1,549,433)	(60,971)
Term loan	-	-	-	(11,212)
	(1,964,374)	385,394	(1,284,120)	2,617,097
Equivalent in Canadian dollars	(486,183)	520,435	(339,429)	3,461,373

Liquidity risk

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 13. For the nine months ended September 30, 2024, the Company reported a net loss of \$5,677,008 (2023 – income of \$3,175,419), and as at that date had a net working capital balance of \$951,486 (December 31, 2023 - \$3,543,041). The continuation of the Company depends up on the support of equity and other investors, which cannot be assured. See Note 1.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and receivables. The carrying value of the Company's financial assets recorded in the consolidated financial statements represents its maximum exposure to credit risk.

All accounts receivable balances are collectable and no valuation allowance or provision was applied or required as at September 30, 2024.

Interest rate risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have a corresponding impact on interest income realised on such assets.

As at September 30, 2024, the Company had no interest bearing liabilities.

Cabral Gold Inc.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited, Expressed in Canadian Dollars)

Nine months ended September 30, 2024

15. CONTINGENT LIABILITY***Litigation***

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 counties in which it operates. As at September 30, 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. 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 has been made in the financial statements for any amount associated with the claim.