



Cabral Gold

Cabral Gold Inc.

An exploration stage company

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

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

(Unaudited)

(Expressed in Canadian Dollars)

AS AT

	June 30, 2025	December 31, 2024
ASSETS		
Current		
Cash and cash equivalents	\$ 14,293,105	\$ 1,773,203
Receivables	81,987	322,384
Prepaid expenses	<u>369,536</u>	<u>87,861</u>
	14,744,628	2,183,448
Property and equipment (Note 5)	940,904	657,098
Mineral properties (Note 6)	<u>3,758,225</u>	<u>3,241,518</u>
Total assets	\$ 19,443,757	\$ 6,082,064
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 1,627,597	\$ 576,585
Due to related parties (Note 11(a))	<u>57,380</u>	<u>6,010</u>
Total liabilities	1,684,977	582,595
Shareholders' equity		
Share capital (Note 9)	59,449,750	41,991,520
Reserves (Note 9)	8,158,439	7,011,280
Accumulated other comprehensive loss	(590,455)	(760,383)
Deficit	<u>(49,258,954)</u>	<u>(42,742,948)</u>
Total shareholders' equity	<u>17,758,780</u>	<u>5,499,469</u>
Total liabilities and shareholders' equity	\$ 19,443,757	\$ 6,082,064

Nature of operations and going concern (Note 1)**Commitments and contingent liabilities** (Note 14)**Subsequent events** (Note 9)

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

Approved by the Board of Directors on August 26, 2025:

"Lawrence Lepard"

Lawrence Lepard, Director

"Alan Carter"

Alan Carter, Director

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

(Unaudited)

(Expressed in Canadian Dollars)

	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
EXPENSES				
Exploration and evaluation expenditures (Note 6)	\$ 2,768,556	\$ 1,298,326	\$ 4,802,707	\$ 2,489,034
Depreciation (Note 5)	22,386	137,519	40,030	307,946
Management and consulting	178,181	181,699	341,841	293,577
Marketing and shareholder communications	182,686	60,655	360,670	102,547
Office and administrative	19,413	23,815	33,210	39,798
Professional fees	106,351	77,905	178,867	109,822
Share-based payments (Note 9)	196,075	59,331	585,794	185,650
Transfer agent, listing and filing fees	88,968	16,186	128,006	28,442
Travel	29,854	12,155	61,451	21,215
	<u>(3,592,470)</u>	<u>(1,867,591)</u>	<u>(6,532,576)</u>	<u>(3,578,031)</u>
Foreign exchange	(45,821)	(34,801)	(45,488)	77,132
Interest income	54,719	31,554	62,058	66,934
	8,898	(3,247)	16,570	144,066
Net loss for the period	(3,583,572)	(1,870,838)	(6,516,006)	(3,433,965)
Other comprehensive income (loss)				
Items that may be reclassified to net loss				
Cumulative translation adjustment	<u>(24,434)</u>	<u>(269,054)</u>	<u>169,928</u>	<u>(372,371)</u>
Comprehensive loss for the period	\$ (3,608,006)	\$ (2,139,892)	\$ (6,346,078)	\$ (3,806,336)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding				
– basic and diluted	257,961,217	199,853,509	214,608,970	194,018,376

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

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

(Unaudited)

(Expressed in Canadian Dollars except number of shares)

	Share Capital							
	Number	Amount	Reserves, warrants	Reserves, stock options	Reserves, RSUs	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
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)
Restricted share units exercised	435,416	213,354	-	-	(213,354)	-	-	-
Stock options exercised	475,000	194,578	-	(87,328)	-	-	-	107,250
Share-based payments	-	-	-	134,667	50,983	-	-	185,650
Comprehensive loss for the period	-	-	-	-	-	(372,371)	(3,433,965)	(3,806,336)
Balance at June 30, 2024	203,246,805	\$ 39,433,215	\$ 2,965,232	\$ 3,817,312	\$ 150,219	\$ (716,009)	\$ (38,900,903)	\$ 6,749,066
Common shares issued for private placements	8,750,165	1,996,364	103,676	-	-	-	-	2,100,040
Share issuance costs	-	(70,029)	-	-	-	-	-	(70,029)
Warrants exercised	742,700	159,251	(111)	-	-	-	-	159,140
Stock options exercised	1,869,000	472,719	-	(201,789)	-	-	-	270,930
Share-based payments	-	-	-	148,241	28,500	-	-	176,741
Comprehensive loss for the period	-	-	-	-	-	(44,374)	(3,842,045)	(3,886,419)
Balance at December 31, 2024	214,608,670	\$ 41,991,520	\$ 3,068,797	\$ 3,763,764	\$ 178,719	\$ (760,383)	\$ (42,742,948)	\$ 5,499,469
Common shares issued for private placements	39,291,146	14,341,268	589,367	-	-	-	-	14,930,635
Share issuance costs	-	(1,618,265)	382,825	-	-	-	-	(1,235,440)
Warrants exercised	19,332,500	3,885,800	-	-	-	-	-	3,885,800
Restricted share units exercised	400,000	48,000	-	-	(48,000)	-	-	-
Stock options exercised	1,780,000	801,427	-	(362,827)	-	-	-	438,600
Share-based payments	-	-	-	559,184	26,610	-	-	585,794
Comprehensive loss for the period	-	-	-	-	-	169,928	(6,516,006)	(6,346,078)
Balance at June 30, 2025	275,412,316	\$ 59,449,750	\$ 4,040,989	\$ 3,960,121	\$ 157,329	\$ (590,455)	\$ (49,258,954)	\$ 17,758,780

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

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

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30,

	2025	2024
CASH FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (6,516,006)	\$ (3,433,965)
Items not affecting cash:		
Share-based payments	585,794	185,650
Depreciation	40,030	307,946
Foreign exchange	-	374
Changes in non-cash working capital items:		
Receivables	241,306	(27,962)
Prepaid expenses	(281,675)	(26,231)
Accounts payable and accrued liabilities	1,008,299	146,411
Due to related parties	51,370	2,497
Net cash used in operating activities	<u>(4,870,882)</u>	<u>(2,845,280)</u>
CASH FROM INVESTING ACTIVITIES		
Additions to mineral properties	(302,620)	(345,852)
Purchases of property and equipment	<u>(274,276)</u>	<u>(34,566)</u>
Net cash used in investing activities	<u>(576,896)</u>	<u>(380,418)</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of common shares	14,930,635	2,260,200
Share issuance costs	(1,242,530)	(70,262)
Exercise of warrants	3,885,800	-
Exercise of stock options	<u>438,600</u>	<u>107,250</u>
Net cash provided by financing activities	<u>18,012,505</u>	<u>2,297,188</u>
Effects of foreign exchange on cash	(44,825)	(41,612)
Change in cash and cash equivalents during the period	12,519,902	(970,122)
Cash and cash equivalents, beginning of the period	<u>1,773,203</u>	<u>3,895,766</u>
Cash and cash equivalents, end of the period	\$ 14,293,105	\$ 2,925,644
Supplemental cash flow information:		
Change in share issuance costs included in accounts payable	\$ (7,090)	\$ -
Shares issued for debt	-	15,204
Agent's warrants	382,825	-
Shares issued for the exercise of restricted share units	48,000	213,354

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

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 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 condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to realise its assets and settle its liabilities in the normal course of business. For the six months ended June 30, 2025, the Company reported a net loss of \$6,516,006 (2024 – \$3,433,965) and as at that date had a net working capital balance of \$13,059,651 (December 31, 2024 - \$1,600,853).

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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

2. BASIS OF PRESENTATION

These condensed consolidated interim 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

Magellan Brazil holds 100% of the Cuiú Cuiú property.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS") 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, 2024.

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, 2024.

New accounting standards and amendments not yet adopted

Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 *Presentation of Financial Statements*. The Standard introduces a defined structure to the statements of comprehensive income and specific disclosure requirements related to the same. The Standard is required to be adopted retrospectively and is effective for fiscal years beginning on or after January 1, 2027, with early adoption permitted. The Company is evaluating the impact that this standard will have on the consolidated financial statements.

Financial Instruments and Financial Instruments: Disclosures

IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* were amended in May 2024 to clarify the date of recognition and derecognition of financial assets and liabilities. The amendments are effective for fiscal years beginning on or after January 1, 2026, with early adoption permitted. The Company is evaluating the impact that this amendment will have on the consolidated financial statements.

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the condensed consolidated interim 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 condensed consolidated interim financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the consolidated financial statements for the period ended June 30, 2025, 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.

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.

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**5. PROPERTY AND EQUIPMENT**

		Land	Buildings	Vehicles	Equipment	Total
Cost						
Balance, December 31, 2023	\$	606,535	\$ 850,310	\$ 352,225	\$ 1,572,337	\$ 3,381,407
Additions		-	-	-	36,431	36,431
Disposals and derecognition of fully depreciated assets		-	(686,138)	(329,561)	(1,004,312)	(2,020,011)
Foreign exchange		<u>(88,778)</u>	<u>(64,311)</u>	<u>(22,664)</u>	<u>(84,326)</u>	<u>(260,079)</u>
Balance, December 31, 2024	\$	517,757	\$ 99,861	\$ -	\$ 520,130	\$ 1,137,748
Additions		44,563	117,967	48,950	62,796	274,276
Disposals and derecognition of fully depreciated assets		-	-	-	(274,779)	(274,779)
Foreign exchange		<u>40,152</u>	<u>10,179</u>	<u>1,090</u>	<u>9,304</u>	<u>60,725</u>
Balance, June 30, 2025	\$	602,472	\$ 228,007	\$ 50,040	\$ 317,451	\$ 1,197,970
Accumulated Depreciation						
Balance, December 31, 2023	\$	-	\$ 604,153	\$ 336,367	\$ 1,107,630	\$ 2,048,150
Additions		-	199,444	14,836	364,152	578,432
Disposals and derecognition of fully depreciated assets		-	(686,138)	(329,561)	(999,858)	(2,015,557)
Foreign exchange		<u>-</u>	<u>(45,764)</u>	<u>(21,642)</u>	<u>(62,969)</u>	<u>(130,375)</u>
Balance, December 31, 2024	\$	-	\$ 71,695	\$ -	\$ 408,955	\$ 480,650
Additions		-	13,134	-	26,896	40,030
Disposals and derecognition of fully depreciated assets		-	-	-	(274,779)	(274,779)
Foreign exchange		<u>-</u>	<u>5,715</u>	<u>-</u>	<u>5,450</u>	<u>11,165</u>
Balance, June 30, 2025	\$	-	\$ 90,544	\$ -	\$ 166,522	\$ 257,066
Net Book Value						
December 31, 2024	\$	517,757	\$ 28,166	\$ -	\$ 111,175	\$ 657,098
June 30, 2025	\$	602,472	\$ 137,463	\$ 50,040	\$ 150,929	\$ 940,904

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

6. MINERAL PROPERTIES

	Cuiú Cuiú	Bom Jardim	Other	Total
Balance, December 31, 2023	\$ 3,057,527	\$ 88,061	\$ 35,474	\$ 3,181,062
Additions	529,586	-	-	529,586
Write-off	-	-	(33,192)	(33,192)
Foreign exchange	<u>(420,767)</u>	<u>(12,889)</u>	<u>(2,282)</u>	<u>(435,938)</u>
Balance, December 31, 2024	\$ 3,166,346	\$ 75,172	\$ -	\$ 3,241,518
Additions	302,620	-	-	302,620
Foreign exchange	<u>208,402</u>	<u>5,685</u>	<u>-</u>	<u>214,087</u>
Balance, June 30, 2025	\$ 3,677,368	\$ 80,857	\$ -	\$ 3,758,225

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. Annually, the Company works with the condominium to negotiate annual payments. In the period ended March 31, 2025, the Company paid an annual rate of R\$6,300 to the majority stakeholders and R\$3,150 to the minority stakeholders in respect of the year ended March 2026.

The agreement specifies that in the event that an economically viable gold resource is identified, Magellan Brazil will make an additional payment to the holders of the traditional surface rights based on the amount of gold defined (as measured in accordance with Australasian Joint Ore Reserves Committee definitions) as follows:

- Less than 1.0 million ounces: US\$ 2,000,000
- 1.0 million ounces to 2.0 million ounces: US\$ 3,000,000
- 2.0 million ounces to 3.0 million ounces: US\$ 4,000,000
- 3.0 million ounces to 4.0 million ounces: US\$ 6,000,000
- More than 4.0 million ounces: an additional US\$ 3,000,000 for every additional million ounces identified in excess of 4.0 million ounces of contained gold.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

6. MINERAL PROPERTIES *(cont'd...)*

Upon delivery and approval of the final research reports on the areas under consideration to the Brazilian National Department of Mineral Production now called the Brazilian Mining Agency (“ANM”) or at any time if the size of the gold reserve is found to be economically viable (pursuant to a formal feasibility study), Magellan Brazil is to provide written notice to the condominium following which the aforementioned payment is to be made within 90 days. The Company is not currently pursuing a feasibility study.

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 \$116,350). In August 2024, the Company acquired the interest of a minority stakeholder for total consideration of R\$100,000 (approximately \$23,270).

In April 2025, the Company acquired the interest of a majority stakeholder for total consideration of R\$500,000 (approximately \$123,000)

As at June 30, 2025, Magellan Brazil owned eight majority interests and three minority interests in the Cuiú Cuiú condominium.

Surface access and purchase agreements within the Cuiú Cuiú district

During 2020, the Company entered into three surface access and purchase agreements relating to a total of 9,285 hectares located northeast and east of the main Cuiú Cuiú property.

Each of the three agreements include an option pursuant to which Magellan Brazil may purchase the subject property by making a payment to the owner based on the amount of gold defined on the applicable property at the time of activation and payment (as measured in accordance with provisions defined by the ANM as follows:

- Less than 1.0 million ounces: US\$ 1,000,000
- 1.0 million ounces to 2.0 million ounces: US\$ 2,000,000
- 2.0 million ounces to 3.0 million ounces: US\$ 3,000,000
- 3.0 million ounces to 4.0 million ounces: US\$ 4,000,000
- More than 4.0 million ounces: an additional US\$ 1,000,000 for every additional million ounces identified in excess of 1.0 million ounces of contained gold to a maximum of US\$ 2,000,000.

Monthly rental fees are adjusted on an annual basis. The total monthly fee for the three properties was R\$49,284 (\$12,065) as at June 2025.

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.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

6. MINERAL PROPERTIES (*cont'd...*)

A transfer agreement was entered into between Magellan Brazil and the Cooperative in March 2023 in respect of each of the two tenements which provides for the following:

- Transfer of title of the tenements to the Cooperative
- Right for Magellan Brazil to continue exploration on the transferred tenements
- Change in status of the ground from exploration licenses to *permisao da lavra garimpeira*, permission of prospector mining (“PLGs”)
- Transfer of title to each of the two transferred tenements back to Magellan Brazil at the Company’s option in the future for a predefined payment amount
- The agreement respects the four surface access agreements that were established in 2020 and 2021.

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).

With the two environmental licenses issued by the Municipal Environmental Agency (SEMMA) on May 17, 2023 and the subsequent publication of the two PLGs by the ANM on July 20, 2023, both agreements between Magellan Brazil and the Cooperative became active and legally binding.

In September 2023, a further nine exploration licenses comprising 548 hectares of ground at Cuiú Cuiú were transferred to the Cooperative following the same process. All documents have been submitted with final execution of the transfer pending environmental licenses and PLGs.

The size of the Cuiú Cuiú property following the transfers to the Cooperative is 19,045 hectares.

Versamet NSR

Versamet Royalties Corporation (“Versamet”), a private company, has a 1.5% net smelter return (“NSR”) royalty. 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. The Company is not currently advancing a feasibility study.

Versamet’s interest is secured by a pledge over production and mineral rights and as primary security holder over certain fixed assets. Versamet has a right of first refusal on any future royalty or gold stream financing for the Cuiú Cuiú project.

Osisko NSR

Osisko Gold Royalties Ltd. (“Osisko”) has a 1% NSR royalty. 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. The Company is not currently advancing a feasibility study.

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

6. MINERAL PROPERTIES (cont'd...)

Osisko's interests are secured by pledges over production and mineral rights, both secondary to the same security held by Versamet. 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 Versamet, as primary security holder, and Osisko, as secondary security holder.

Osisko retains certain additional rights regarding future royalty and stream financings.

Exploration and evaluation expenditures

June 30, 2025	Cuiú Cuiú		Other	Site costs and logistics		Total
Payroll	\$	721,956	\$	-	\$ 39,142	\$ 761,098
Field costs, fuel, camp		1,348,365		-	86,644	1,435,009
Consulting, third parties		1,024,062		-	-	1,024,062
Drilling		770,410		-	-	770,410
Freight and travel		386,275		-	22,509	408,784
Assay		123,109		-	-	123,109
Community relations		151,780		-	-	151,780
Engineering, early works		128,455		-	-	128,455
	\$	4,654,412	\$	-	\$ 148,295	\$ 4,802,707

June 30, 2024	Cuiú Cuiú		Other	Site costs and logistics		Total
Payroll	\$	406,158	\$	-	\$ 21,925	\$ 428,083
Field costs		668,179		2,579	51,172	721,930
Consulting, third parties		751,357		-	-	751,357
Drilling		258,385		-	-	258,385
Freight and travel		234,102		-	19,821	253,923
Assay		75,356		-	-	75,356
	\$	2,393,537	\$	2,579	\$ 92,918	\$ 2,489,034

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

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.

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 14).

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30, 2025	December 31, 2024
Canada		
Accounts payable and accrued liabilities	\$ 273,288	\$ 187,501
Brazil		
Accounts payable and accrued liabilities	1,102,757	221,109
Payroll and related costs	173,471	102,393
Claim costs	9,051	9,543
Poconé	<u>69,030</u>	<u>56,040</u>
	<u>\$ 1,627,597</u>	<u>\$ 576,585</u>

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

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

May 2025 brokered private placement

On May 6, 2025, the Company closed a best-efforts public offering of units (the "Offering"). Pursuant to the Offering, the Company issued 39,291,146 units (the "Units") at a price of \$0.38 per Unit for gross proceeds of \$14,930,635, which included 5,079,146 Units issued pursuant to the exercise of the Agent's over-allotment option. Paradigm Capital Inc. acted as sole agent in the Offering (the "Agent").

Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.56 until May 6, 2027. The warrants were assigned a residual value of \$589,367.

In connection with the Offering, the Company paid the Agent a cash commission of \$895,838 and issued the Agent 2,357,468 compensation warrants ("Compensation Warrants"). Each Compensation Warrant entitles the Agent to acquire one common share of the Company at \$0.38 until May 6, 2027. The Compensation Warrants were valued at \$382,825 using the following Black Scholes inputs: risk-free rate of 2.53%, expected volatility of 82.87%, expected life of 2 years and dividend rate of 0%. The Company incurred other share issuance costs of \$339,602.

December 2024 non-brokered private placement

In December 2024, the Company closed a non-brokered private placement financing consisting of a total of 8,750,165 units at a price of \$0.24 per unit for gross proceeds of \$2,100,040.

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 \$0.36 per share for two years following closing of the offering.

The Company paid cash finder's fees of \$29,460.

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

9. SHAREHOLDERS' EQUITY (cont'd...)**(a) Share capital (cont'd...)*****April 2024 non-brokered private placement***

In 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 \$36,968.

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 11(b)).

(b) Share purchase warrants

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

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2023	44,729,528	\$ 0.28
Issued	11,438,211	0.29
Exercised	(742,700)	0.21
Expired	<u>(16,776,828)</u>	<u>0.42</u>
Outstanding, December 31, 2024	38,648,211	\$ 0.23
Issued	22,003,038	0.54
Exercised	(19,332,500)	0.20
Expired	<u>(8,500,000)</u>	<u>0.20</u>
Outstanding and exercisable, June 30, 2025	32,818,749	\$ 0.46

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

9. SHAREHOLDERS' EQUITY (cont'd...)**(b) Share purchase warrants (cont'd...)**

The Company had the following share purchase warrants outstanding as at June 30, 2025:

Share purchase warrants	Expiry date	Exercise price	Number of warrants
Warrants (April 2024 private placement) ⁽¹⁾	April 18, 2026	\$ 0.24	5,411,875
Warrants (April 2024 private placement)	April 22, 2026	0.24	628,750
Warrants (April 2024 private placement)	April 26, 2026	0.24	400,000
Warrants (December 2024 private placement)	December 2, 2026	0.36	3,176,585
Warrants (December 2024 private placement)	December 20, 2026	0.36	1,198,501
Warrants (May 2025 private placement)	May 6, 2027	0.56	19,645,570
Warrants (May 2025 Compensation Warrants)	May 6, 2027	0.38	2,357,468
		\$ 0.46	32,818,749

⁽¹⁾ Subsequent to June 30, 2025, 30,000 warrants exercised.

(c) Compensation plan

Under the terms of the Company's 2023 Omnibus Equity Incentive Plan (the "Plan") the Board of Directors may, from time to time, grant to employees, officers and consultants, stock options, restricted share units ("RSUs"), performance share units and deferred share units in such numbers and for such terms as may be determined by the Board of Directors. The Plan has a rolling 10% maximum which is confirmed annually by the shareholders. Any equity instruments granted under the Plan are subject to vesting terms as approved by the board of directors. No performance share units or deferred share units have been issued.

(d) Stock options

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

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2023	14,898,224	\$ 0.27
Granted	750,000	0.28
Exercised	(2,344,000)	0.16
Expired	(2,414,224)	0.29
Outstanding, December 31, 2024	10,890,000	\$ 0.29
Granted	5,725,000	0.22
Exercised	(1,780,000)	0.25
Expired / forfeit	(870,000)	0.35
Outstanding, June 30, 2025	13,965,000	\$ 0.26
Exercisable, June 30, 2025	7,575,000	\$ 0.31

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**9. SHAREHOLDERS' EQUITY (cont'd...)****(d) Stock options (cont'd...)**

The Company had the following stock options outstanding as at June 30, 2025:

Stock options (by expiry date)	Exercise price	Number of Options
July 21, 2025 ⁽¹⁾	\$ 0.27	740,000
November 12, 2025	0.60	300,000
August 30, 2026 ⁽²⁾	0.51	2,700,000
October 20, 2028	0.12	4,070,000
July 6, 2029	0.28	750,000
January 6, 2030	<u>0.22</u>	<u>5,405,000</u>
	\$ 0.26	13,965,000

⁽¹⁾ Subsequent to June 30, 2025, 740,000 options exercised.

⁽²⁾ Subsequent to June 30, 2025, 350,000 options forfeit.

(e) Restricted share units

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

Restricted share units	Number
Outstanding, December 31, 2023	1,635,416
Exercised	(435,416)
Forfeit	<u>(100,000)</u>
Outstanding, December 31, 2024	1,100,000
Exercised	<u>(400,000)</u>
Outstanding, June 30, 2025	700,000

The vesting profile of the RSUs outstanding as at June 30, 2025 is as follows:

Vesting date	Number of RSUs
October 20, 2026	700,000

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**9. SHAREHOLDERS' EQUITY (cont'd...)****(f) Share-based payments***Restricted Share Units*

As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be equal to the market price on the date of grant. The value is then expensed over the vesting term. During the period ended June 30, 2025, the Company recognized share-based payments expense of \$26,610 (2024 - \$50,983) with respect to RSUs.

Stock options

During the period ended June 30, 2025, the Company granted 5,725,000 (2024 – nil) options with an exercise price of \$0.22 (2024 - \$n/a). In the period ended June 30, 2025, the Company recognized share-based payments expense of \$559,184 (2024 - \$134,667) for options vesting, net of forfeitures, in the period.

The following weighted average assumptions were used for the valuation of stock options granted in the respective periods:

	2025	2024
Risk-free interest rate	2.96%	-
Expected life of options	5 years	-
Annualized volatility	87.10%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

10. 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**11. RELATED PARTY TRANSACTIONS****(a) Related party transactions**

For the periods ended June 30,	2025	2024
Management:		
Employment remuneration		
Alan Carter, CEO and President	\$ 125,000	\$ 75,000
Paul Hansed, former CFO	-	14,500
Consulting fees		
Samantha Shorter, CFO		
Red Fern Consulting Ltd.	72,000	-
Paul Hansed, former CFO		
Hornby Capital Corp.	-	70,867
P. Mark Smith, former director		
Geofin Consulting	-	64,062
Brian Arkell, VP Exploration	106,377	57,051
John Sestan, VP Development		
Salamander Business Services Pty Ltd.	136,013	-
Payroll related costs (employer taxes, health benefits)		
Alan Carter	5,939	6,111
Brian Arkell	11,575	5,986
Share-based payments, stock options	232,056	38,890
Share-based payments, RSUs	<u>2,661</u>	<u>14,988</u>
	691,621	332,467
Non-executive directors:		
Share-based payments, stock options	126,497	40,046
Share-based payments, RSUs	<u>19,767</u>	<u>22,073</u>
	146,264	62,119
	<u>\$ 837,885</u>	<u>\$ 394,586</u>

Management comprises the President and Chief Executive Officer, Chief Financial Officer, Vice President of Exploration and Vice President of Development.

With the exception of the term loan described in Note 11(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.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

11. RELATED PARTY TRANSACTIONS (cont'd...)

(b) Term loan

In May 2022, the Company entered into a loan agreement pursuant to which the Company's President and CEO 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 payable of US\$ 11,212 (\$14,828) 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)).

12. 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.

13. FINANCIAL INSTRUMENTS

(a) Carrying value and fair value

The Company's financial instruments comprise cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to related parties.

Financial instruments recognised at fair value on the condensed consolidated interim 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 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 and amounts due to related parties 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

13. FINANCIAL INSTRUMENTS (cont'd...)**(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 June 30, 2025 and December 31, 2024:

	June 30, 2025		December 31, 2024	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	\$ 4,375,922	\$ 463,518	\$ 393,256	\$ 7,925
Accounts payable	(5,410,741)	(93,278)	(1,637,077)	-
	(1,034,819)	370,241	(1,243,821)	7,925
Equivalent in Canadian dollars	(259,015)	505,120	(289,437)	11,404

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 12. For the six months ended June 30, 2025, the Company reported a net loss of \$6,516,006 (2024 – \$3,433,965), and as at that date had a net working capital balance of \$13,059,651 (December 31, 2024 - \$1,600,853). 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. The carrying value of the Company's financial assets recorded in the condensed consolidated interim financial statements represents its maximum exposure to credit risk.

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 June 30, 2025, the Company had no interest-bearing liabilities.

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

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

14. 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 June 30, 2025, 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.