



Cabral Gold

Cabral Gold Inc.

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

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

Cabral Gold Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

AS AT

	December 31, 2025	September 30, 2025
ASSETS		
Current		
Cash and cash equivalents	\$ 50,421,798	\$ 8,054,491
Receivables	137,337	107,403
Prepaid expenses	<u>348,993</u>	<u>475,903</u>
	50,908,128	8,637,797
Non-current advances (Note 5)	3,516,526	1,034,220
Property and equipment (Note 5)	10,237,242	1,481,329
Gold deposits (Note 9)	6,790,148	-
Advance net smelter royalty payments (Note 5)	685,173	-
Exploration and evaluation assets (Note 6)	<u>80,825</u>	<u>3,952,548</u>
Total assets	<u>\$ 72,218,042</u>	<u>\$ 15,105,894</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 4,596,891	\$ 1,712,843
Due to related parties (Note 14)	<u>200,101</u>	<u>66,085</u>
	4,796,992	1,778,928
Decommissioning liability (Note 10)	421,012	-
Gold loan payable (Note 9)	<u>66,164,915</u>	<u>-</u>
Total liabilities	71,382,919	1,778,928
Shareholders' equity		
Share capital (Note 11)	60,054,785	59,830,927
Reserves (Note 11)	11,229,580	8,219,729
Accumulated other comprehensive loss	(594,719)	(480,721)
Deficit	<u>(69,854,523)</u>	<u>(54,242,969)</u>
Total shareholders' equity	<u>835,123</u>	<u>13,326,966</u>
Total liabilities and shareholders' equity	<u>\$ 72,218,042</u>	<u>\$ 15,105,894</u>

Commitments and contingent liabilities (Note 17)**Subsequent events** (Note 11)

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

Approved by the Board of Directors on February 25, 2026:

"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 DECEMBER 31,

	2025	2024
EXPENSES		
Exploration and evaluation expenditures (Note 6)	\$ 6,175,690	997,438
Depreciation (Note 5)	74,634	136,486
Management and consulting	281,033	181,748
Marketing and shareholder communications	140,292	88,646
Office and administrative	137,252	16,678
Professional fees	1,035,393	35,387
Share-based payments (Note 11)	205,002	67,972
Transfer agent, listing and filing fees	19,140	3,541
Travel	65,937	33,523
	<u>(8,134,373)</u>	<u>(1,561,419)</u>
OTHER INCOME AND EXPENSES		
Foreign exchange	624,494	(12,683)
Fair value adjustments on gold loan payable (Note 9)	(3,688,916)	-
Unrealized loss on gold deposits (Note 9)	(49,422)	-
Unrealized foreign exchange loss on gold loan payable (Note 9)	(1,077,224)	-
Unrealized foreign exchange loss on gold deposits (Note 9)	(47,059)	-
Finance expense (Note 9)	(3,511,038)	-
Interest income	271,984	8,292
Write-off of exploration and evaluation asset	-	(33,192)
	(7,477,181)	(37,583)
Net loss for the period	(15,611,554)	(1,599,002)
Other comprehensive income (loss)		
Items that may be reclassified to net loss		
Cumulative translation adjustment	(113,998)	(210,492)
Comprehensive loss for the period	<u>\$ (15,725,552)</u>	<u>\$ (1,809,494)</u>
Basic and diluted loss per share	\$ (0.06)	\$ (0.01)
Weighted average number of common shares outstanding		
– basic and diluted	276,596,881	208,031,234

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)

	<u>Share Capital</u>		Reserves, warrants	Reserves, stock options	Reserves, RSUs	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
	Number	Amount						
Balance at September 30, 2024	205,575,805	\$ 40,000,994	\$ 2,965,232	\$ 3,711,782	\$ 164,469	\$ (549,891)	\$ (41,143,946)	\$ 5,148,639
Common shares issued for private placements	8,750,165	1,996,364	103,676	-	-	-	-	2,100,040
Share issuance costs	-	(70,029)	-	-	-	-	-	(7,029)
Warrants exercised	262,700	60,051	(111)	-	-	-	-	59,940
Stock options exercised	20,000	4,140	-	(1,740)	-	-	-	2,400
Share-based payments	-	-	-	53,722	14,250	-	-	67,972
Comprehensive loss for the period	-	-	-	-	-	(210,492)	(1,599,002)	(1,809,494)
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	19,392,500	3,900,200	-	-	-	-	-	3,900,200
Restricted share units exercised	400,000	48,000	-	-	(48,000)	-	-	-
Stock options exercised	2,520,000	1,168,204	-	(529,804)	-	-	-	638,400
Share-based payments	-	-	-	780,394	33,667	-	-	814,061
Comprehensive loss for the period	-	-	-	-	-	279,662	(11,500,021)	(11,220,359)
Balance at September 30, 2025	276,212,316	\$ 59,830,927	\$ 4,040,989	\$ 4,014,354	\$ 164,386	\$ (480,721)	\$ (54,242,969)	\$ 13,326,966
Common shares issued for private placements	-	-	-	-	-	-	-	-
Warrants to Gold loan lender	-	-	2,836,377	-	-	-	-	2,836,377
Warrants exercised	476,125	161,758	(5,428)	-	-	-	-	156,330
Stock options exercised	300,000	62,100	-	(26,100)	-	-	-	36,000
Share-based payments	-	-	-	197,944	7,058	-	-	205,002
Comprehensive loss for the period	-	-	-	-	-	(113,998)	(15,611,554)	(15,142,462)
Balance at December 31, 2025	276,988,441	\$ 60,054,785	\$ 6,871,938	\$ 4,186,198	\$ 171,444	\$ (594,719)	\$ (69,854,523)	\$ 835,123

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

Cabral Gold Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited -Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31,

	2025	2024
CASH FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (15,611,554)	\$ (1,599,002)
Items not affecting cash:		
Share-based payments	205,002	67,972
Depreciation	74,634	136,486
Finance expense	3,511,038	-
Fair value adjustment, Gold loan	3,688,916	-
Fair value adjustment, Gold deposits	49,422	-
Disposal of equipment	-	4,454
Write-off of mineral property	-	33,192
Unrealized foreign exchange	1,124,283	-
Changes in non-cash working capital items:		
Receivables	(30,321)	(17,945)
Prepaid expenses	119,817	(33,795)
Accounts payable and accrued liabilities	3,029,897	(208,385)
Advance net smelter royalty payments	(713,648)	-
Due to related parties	<u>134,016</u>	<u>6,010</u>
Net cash used in operating activities	<u>(4,418,498)</u>	<u>(1,611,013)</u>
CASH FROM INVESTING ACTIVITIES		
Additions to mineral properties	(115,557)	(95,714)
Purchases of property and equipment	(81,575)	(2,718)
Assets under construction	(4,611,864)	-
Gold deposits	(6,876,512)	-
Non-current advances	<u>(2,498,647)</u>	<u>-</u>
Net cash used in investing activities	<u>(14,184,155)</u>	<u>(98,432)</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds received from gold loan	63,639,691	-
Proceeds on issuance of common shares	-	2,100,040
Share issuance costs	-	(62,939)
Exercise of warrants	156,330	59,940
Exercise of stock options	<u>36,000</u>	<u>2,400</u>
Net cash provided by financing activities	<u>63,832,021</u>	<u>2,099,441</u>
Effects of foreign exchange on cash	(2,862,061)	(17,611)
Change in cash and cash equivalents during the period	42,367,307	372,386
Cash and cash equivalents, beginning of the period	<u>8,054,491</u>	<u>1,400,818</u>
Cash and cash equivalents, end of the period	<u>\$ 50,421,798</u>	<u>\$ 1,773,203</u>

Supplemental cash flow information (Note 12).

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 THREE MONTHS ENDED DECEMBER 31, 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.

The Company’s main property is the Cuiú Cuiú property in the State of Para, Brazil (Note 5). Concurrently with the execution of the gold loan during the three months ended December 31, 2025, the Company approved a decision to construct the Cuiú Cuiú Heap Leach gold starter project (the “Project”) (Note 9).

Going concern

The nature of the Company’s operations results in significant expenditures for the acquisition, exploration and development of mineral properties. To date, the Company has not generated any revenue from mining or other operations. 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 three months ended December 31, 2025, the Company reported a net loss of \$15,611,554 (2024 – \$1,599,002) and as at that date had a net working capital balance of \$46,111,136 (September 30, 2025 - \$6,858,869). These events and conditions indicate that a material uncertainty exists that may cast substantial doubt on the Company’s ability to continue as a going concern.

During the three month period ended December 31, 2025, the Company’s wholly owned subsidiary, Magellan Brazil entered into a gold loan agreement (the “Gold Loan”) with Precious Metals Yield Fund (the “Lender”) for gross proceeds of US\$45.1 million to fund the Project (Note 9).

The Company anticipates that proceeds will be sufficient to fund its capital requirements up to the commencement of commercial production at the Project. In the event that the funds are insufficient to complete construction and commissioning of the mine, the Company will need to complete further financing. Further, the Company intends to continue exploring the Cuiú Cuiú property which has multiple exploration targets. The Company’s ability to continue as a going concern is dependent on its ability to obtain funding until such time it is able to operate profitably. The timing and certainty of profitable operations is subject to risk.

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.

Change of reporting period

During fiscal 2025, the Company changed its year end from December 31 to September 30. Accordingly, the comparative statement of financial position and associated disclosure throughout the condensed consolidated interim financial statements present results for the nine-month period ended September 30, 2025.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31, 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.

Comparative figures

Comparative figures of Property and equipment have been reclassified to conform to the current year's presentation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 consolidated financial statements for the period ended September 30, 2025 with the exception of newly adopted accounting policies as below.

The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's consolidated financial statements and the notes thereto for the period ended September 30, 2025.

Financial instruments

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets consist primarily of cash and cash equivalents, and gold deposits. Cash and cash equivalents are classified at amortized cost. Gold deposits is classified as FVTPL.

Financial liabilities comprise the Company's accounts payable, amounts due to related parties and gold loan payable. Financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expire. Accounts payable are recognized initially at fair value and subsequent are measured at amortized costs using the effective interest method, when materially different from the initial amount. The gold loan payable is classified as FVTPL. Fair value is determined based on the market price of gold plus accrued interest.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 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 condensed consolidated financial statements for the period ended September 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.

Decommissioning liabilities

The Company has obligations for decommissioning, restoring and other similar activities related to its mining properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations.

Because the obligations are dependent on the laws and regulations of the countries in which the mines operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of the obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions, including the future costs, the period over which they will be incurred, and the appropriate discount rate to be used.

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.

Development phase

Judgement is applied in determining whether a property has moved from exploration to development. The Company considers key development milestones such as obtaining sufficient financial resources, permits, and licences to develop the mineral property. The Company considers the Project to have reached the development phase as of November 30, 2025 (Note 5). The Company exercises judgement in allocating and capitalizing costs to development while exploration is ongoing.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES (cont'd...)*Valuation of equity instruments*

Share-based payments and equity-based finance expenses (warrants) are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's equity instruments have characteristics significantly different from those of traded equity instruments and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

5. PROPERTY AND EQUIPMENT

	Land	Buildings and equipment	Assets under construction	Cuiú Cuiú Project	Total
Cost					
Balance, December 31, 2024	\$ 517,757	\$ 619,991	\$ -	\$ -	\$ 1,137,748
Additions	45,055	761,906	-	-	806,961
Disposals and derecognition of fully depreciated assets	-	(274,779)	-	-	(274,779)
Foreign exchange	66,859	68,612	-	-	135,471
Balance, September 30, 2025	\$ 629,671	\$ 1,175,730	\$ -	\$ -	\$ 1,805,401
Transfer from exploration and evaluation assets	-	-	-	3,964,545	3,964,545
Additions	-	81,575	4,611,864	25,319	4,718,758
Decommissioning liability	-	-	-	412,012	421,012
Foreign exchange	(27,440)	(47,811)	(54,466)	(156,336)	(286,053)
Balance, December 31, 2025	\$ 602,231	\$ 1,209,494	\$ 4,557,398	\$ 4,254,540	\$ 10,623,663
Accumulated Depreciation					
Balance, December 31, 2024	\$ -	\$ 480,650	\$ -	\$ -	\$ 480,650
Additions	-	96,698	-	-	96,698
Disposals and derecognition of fully depreciated assets	-	(274,779)	-	-	(274,779)
Foreign exchange	-	21,503	-	-	21,503
Balance, September 30, 2025	\$ -	\$ 324,072	\$ -	\$ -	\$ 324,072
Additions	-	74,634	-	-	74,634
Foreign exchange	-	(12,285)	-	-	(12,285)
Balance, December 31, 2025	\$ -	\$ 386,421	\$ -	\$ -	\$ 386,421
Net Book Value					
September 30, 2025	\$ 629,671	\$ 851,658	\$ -	\$ -	\$ 1,481,329
December 31, 2025	\$ 602,231	\$ 823,073	\$ 4,557,397	\$ 4,254,540	\$ 10,237,242

Non-current advances

As at December 31, 2025, the Company had advanced \$3,516,526 (September 30, 2025 - \$1,034,220) to suppliers toward the purchase of services, materials and fixed assets required to advance development of the Cuiú Cuiú Project.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

5. PROPERTY AND EQUIPMENT *(cont'd...)*

Cuiú Cuiú property

The Company recognized, pursuant to a decision to construct on completion of the Gold Loan, that the Cuiú Cuiú Project as having achieved the development milestone. Accordingly, the Company began capitalizing the development costs incurred on November 30, 2025. Depreciation will be recognized once the Company begins commercial production.

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.

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.

As at December 31, 2025, Magellan Brazil has purchased eight majority interests and three minority interests in the Cuiú Cuiú condominium.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

5. PROPERTY AND EQUIPMENT *(cont'd...)*

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 December 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.

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 *permissão 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.

Cabral Gold Inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024

5. PROPERTY AND EQUIPMENT (cont'd...)

Versamet NSR

Versamet Royalties Corporation (“Versamet”), a private company, has a 1.5% net smelter return (“NSR”) royalty. In the three months ended December 31, 2025, Company paid an advance royalty of US\$250,000 and is required to make a further advance royalty payment of US\$250,000 on each one-year anniversary of this date thereafter until the property enters commercial production. These advance payments will be credited against future royalty payments due under the royalty agreement.

As of September 30, 2025, Versamet’s interest was 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 property.

Osisko NSR

OR Royalties Inc. (formerly, 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.

The Company paid Osisko an advance royalty of US\$250,000 in the three months ended December 31, 2025, and is required to make a further advance royalty payment of US\$250,000 on each one-year anniversary of this date thereafter until the property enters commercial production. These advance payments will be credited against future royalty payments due under the royalty agreement.

Versamet maintains a second ranking pledge over production and mineral rights of the Cuiú Cuiú property with Osisko having a third ranking over the same. Osisko’s security also includes a second ranking 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, and Osisko (Note 9).

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

6. EXPLORATION AND EVALUATION ASSETS

	Cuiú Cuiú (Brazil)	Bom Jardim (Brazil)	Total
Balance, December 31, 2024	\$ 3,166,346	\$ 75,172	\$ 3,241,518
Additions	350,656	-	350,656
Foreign exchange	351,038	8,336	360,374
Balance, September 30, 2025	\$ 3,868,040	\$ 84,508	\$ 3,952,548
Additions	90,238	-	90,238
Foreign exchange	6,266	(3,683)	2,583
Transfer to property and equipment	(3,964,545)	-	(3,964,545)
Balance, December 31, 2025	\$ -	\$ 80,825	\$ 80,825

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.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Exploration and evaluation expenditures

The Company recognized the start of the development phase of the Cuiú Cuiú Project as of November 30, 2025 when it began to capitalize development costs. The Company continues to explore the Cuiú Cuiú property and expenses all costs not directly related to the development of the gold operations site.

Three months ended December 31, 2025		Cuiú Cuiú
Assaying		\$ 134,260
Camp costs		166,756
Community relations		27,584
Development, early works		2,049,200
Drilling		793,193
Engineering, early works		416,895
Equipment rental and maintenance		717,641
Field costs		379,380
Freight and travel		275,550
Fuel and electricity		284,561
Geology		50,280
Payroll		602,141
Third party consultants		278,249
		<u>\$ 6,175,690</u>

Three months ended December 31, 2024		Cuiú Cuiú	Other	Site costs and logistics	Total
Payroll	\$ 232,129	\$ -	\$ 21,764	\$ 253,893	
Field costs	218,772	8,868	29,890	257,530	
Consulting, third parties	410,669	-	-	410,669	
Drilling	26,441	-	-	26,441	
Freight and travel	49,429	-	(261)	49,168	
Assaying	(263)	-	-	(263)	
	<u>\$ 937,177</u>	<u>\$ 8,868</u>	<u>\$ 51,393</u>	<u>\$ 997,438</u>	

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, Poconé Gold Mineração Ltda. (“**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.

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7. **POCONÉ** (cont'd...)

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.

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. The plaintiff has started the execution phase against the defendants. The plaintiff has been awarded a claim of approximately BRL5,900,000. The Company's exposure under this award is limited to 50% of any damages suffered by ECI and Brasil Central under this execution phase which is limited by any assets available in those entities for settlement under the claim.

The significant uncertainty present in the execution phase 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 17).

8. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	December 31, 2025	September 30, 2025
Canada		
Accounts payable and accrued liabilities	\$ 799,845	\$ 280,121
Brazil		
Accounts payable and accrued liabilities	3,631,994	1,099,435
Payroll and related costs	87,383	248,130
Claim costs	8,667	13,011
Poconé	<u>69,002</u>	<u>72,146</u>
	<u>\$ 4,596,891</u>	<u>\$ 1,712,843</u>

Cabral Gold Inc.

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9. GOLD LOAN PAYABLE AND GOLD DEPOSITS

Gold Loan

On November 26, 2025, the Company closed on of an arm's length gold loan agreement and the receipt of the US\$45.1 million principal amount ("Gold Loan"). The Gold Loan has a term ending 39 months from the drawdown date with principal payments of 39 kgs of gold per quarter commencing March 31, 2027. The Gold Loan has an annual interest rate of 10% (in gold terms) with interest costs capitalized to loan principal until December 2026.

The Company entered into binding transaction agreements, including all necessary finance agreements and the intercreditor agreements and issued a draw down notice to the lender and received the principal amount under the Gold Loan equal to 345 kilograms of gold at a value of US\$45,121,732. No finder's fees were payable in connection with the Gold Loan and the terms of such Gold Loan.

The Company's obligations under the Gold Loan are secured by, among other things, corporate guarantees and first-ranking security from each of the Company and its subsidiaries. The borrower under the Gold Loan is Magellan Brazil. Pursuant to the terms of intercreditor agreements entered into with each of Osisko and Versamet, the priority of security interests previously granted to each of Osisko and Versamet were adjusted accordingly to grant the lender a senior security interest.

Concurrent with the receipt of the principal amount under the Gold Loan, the Company issued 10,000,000 non-transferrable common share purchase warrants of the Company to the lender. Each warrant entitles the lender to acquire one common share of the Company at a price of \$0.71 until November 26, 2027 (see Note 11). These warrants were valued at \$2,836,377 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk-free interest rate of 2.4%, expected dividend yield of 0% and expected volatility of 77.39%.

The Gold Loan was recorded at fair value at inception and is subsequently measured at fair value through profit or loss plus accrued interest at 10% per annum (in gold terms). Fair value is based on market price of gold at the end of each reporting period.

A summary of the movements of the Gold Loan is as follows:

	December 31, 2025	September 30, 2025
Gold Loan		
Balance, beginning of the period	\$ -	\$ -
Loan advanced	63,639,691	-
Interest accrued	674,661	-
Change in fair value through profit and loss	3,688,916	-
Foreign exchange and translation	(1,838,353)	-
Balance, end of period	\$ 66,164,915	\$ -

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9. GOLD LOAN PAYABLE AND GOLD DEPOSITS (cont'd...)

	Three months ended December 31, 2025	Three months ended December 31, 2024
Finance expense		
Warrants on Gold Loan	\$ 2,836,377	\$ -
Interest on Gold Loan	<u>674,661</u>	<u>-</u>
	<u>\$ 3,511,038</u>	<u>\$ -</u>

Gold deposits

On December 19, 2025, Magellan Brazil purchased 1,150 oz of gold credit for a total of US\$4,989,850.

A summary of the movements of gold deposits is as follows

Gold deposits	Ounces	December 31, 2025	September 30, 2025
Balance, beginning of the period		\$ -	\$ -
Purchase	1,150	6,876,512	-
Change in fair value through profit and loss		(49,422)	-
Foreign exchange and translation		<u>(36,942)</u>	<u>-</u>
Balance, end of period	1,150	<u>\$ 6,790,148</u>	<u>\$ -</u>

10. DECOMMISSIONING LIABILITY

The Company has recognized a decommissioning liability in connection with certain possible environmental and reclamation liabilities resulting from work done at the Cuiú Cuiú Project.

Decommissioning liability	
Balance, September 30, 2025	\$ -
Addition	<u>421,012</u>
Balance, December 31, 2025	<u>\$ 421,012</u>

The total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is \$833,447 (2024 - \$nil) which has been discounted using a pre-tax risk-free rate of 15% (2024 - nil) with discount period of 7 years and inflation rate of 3.85% (2024 - nil). The present value of the decommissioning liabilities may be subject to change based on management's current estimates, changes in remediation technology, or changes to the applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur.

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11. SHAREHOLDERS' EQUITY

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.

Share purchase warrants

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

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2024	38,648,211	\$ 0.23
Issued	22,003,038	0.54
Exercised	(19,392,500)	0.20
Expired	<u>(8,500,000)</u>	<u>0.20</u>
Outstanding, September 30, 2025	32,758,749	\$ 0.46
Issued	10,000,000	0.71
Exercised	<u>(476,125)</u>	<u>0.33</u>
Outstanding and exercisable, December 31, 2025	<u>42,282,624</u>	<u>\$ 0.52</u>

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11. SHAREHOLDERS' EQUITY (cont'd...)

Share purchase warrants (cont'd...)

The Company had the following share purchase warrants outstanding as at December 31, 2025:

Share purchase warrants	Expiry date	Exercise price	Number of warrants
Warrants (April 2024 private placement) ⁽¹⁾	April 18, 2026	\$ 0.24	5,243,750
Warrants (April 2024 private placement)	April 22, 2026	0.24	431,250
Warrants (April 2024 private placement) ⁽²⁾	April 26, 2026	0.24	400,000
Warrants (December 2024 private placement) ⁽³⁾	December 2, 2026	0.36	3,145,335
Warrants (December 2024 private placement)	December 20, 2026	0.36	1,167,251
Warrants (May 2025 private placement) ⁽⁴⁾	May 6, 2027	0.56	19,537,570
Warrants (May 2025 compensation warrants)	May 6, 2027	0.38	2,357,468
Warrants (November 2025 Gold Loan warrants)	November 26, 2027	0.71	10,000,000
		\$ 0.52	42,282,624

(1) Subsequent to December 31, 2025, 312,500 warrants exercised.

(2) Subsequent to December 31, 2025, 400,000 warrants exercised.

(3) Subsequent to December 31, 2025, 50,000 warrants exercised.

(4) Subsequent to December 31, 2025, 340,000 warrants exercised.

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.

Stock options

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

	Number	Weighted Average Exercise Price
Outstanding, December 31, 2024	10,890,000	\$ 0.29
Granted	7,200,000	0.27
Exercised	(2,520,000)	0.25
Expired / forfeit	(1,220,000)	0.40
Outstanding, September 30, 2025	14,350,000	\$ 0.27
Exercised	(300,000)	0.12
Expired / forfeit	(375,000)	0.52
Outstanding, December 31, 2025	13,675,000	\$ 0.27
Exercisable, December 31, 2025	9,075,000	\$ 0.26

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11. SHAREHOLDERS' EQUITY *(cont'd...)***Stock options** *(cont'd...)*

The Company had the following stock options outstanding as at December 31, 2025:

Stock options (by expiry date)	Exercise price	Number of Options
August 30, 2026	0.51	2,350,000
October 20, 2028	0.12	3,770,000
July 6, 2029	0.28	750,000
January 6, 2030	0.22	5,330,000
September 9, 2030	<u>0.45</u>	<u>1,475,000</u>
	\$ 0.27	13,675,000

Subsequent to December 31, 2025, the Company granted 7,685,000 stock options at an exercise price of \$0.75 for a period of five years.

Restricted share units

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

Restricted share units	Number
Outstanding, December 31, 2024	1,100,000
Exercised	<u>(400,000)</u>
Outstanding, September 30, 2025 and December 31, 2025	<u>700,000</u>

The vesting profile of the RSUs outstanding as at December 31, 2025 is as follows:

Vesting date	Number of RSUs
October 20, 2026	<u>700,000</u>

Subsequent to December 31, 2025, the Company granted 1,786,593 RSUs vesting on January 23, 2027.

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11. SHAREHOLDERS' EQUITY (cont'd...)

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 December 31, 2025, the Company recognized share-based payments expense of \$7,058 (2024 - \$14,250) with respect to RSUs.

Stock options

In the period ended December 31, 2025, the Company recognized share-based payments expense of \$197,944 (2024 - \$53,722) for options vesting, net of forfeitures, in the period.

12. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended December 31,	2025	2024
Change in share issuance costs included in accounts payable	\$ -	\$ 7,090
Change in property included in accounts payable	-	14,674
Recognition of decommissioning liability to property asset	421,012	-

13. 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.

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14. RELATED PARTY TRANSACTIONS

Related party compensation

For the three months ended December 31,	2025	2024
Management:		
Employment remuneration		
Alan Carter, CEO and President	\$ 128,125	\$ 62,500
Consulting fees		
Samantha Shorter, CFO		
Red Fern Consulting Ltd.	69,169	36,000
Brian Arkell, VP Exploration	71,082	51,420
John Sestan, VP Development		
Salamander Business Services Pty Ltd.	69,397	-
Payroll related costs (employer taxes, health benefits)		
Alan Carter	-	5,973
Share-based payments, stock options	44,079	36,619
Share-based payments, RSUs	882	2,750
	382,734	195,262
Non-executive directors:		
Share-based payments, stock options	46,627	8,125
Share-based payments, RSUs	4,789	9,750
	51,416	17,875
	\$ 434,150	\$ 213,137

Management comprises the President and Chief Executive Officer, Chief Financial Officer, Vice President of Exploration and Vice President of Development. In addition, the Company paid \$13,000 (2024 - \$nil) to a company beneficially owned by the CFO for accounting services.

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.

15. 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.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. 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.

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16. FINANCIAL INSTRUMENTS

Carrying value and fair value

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

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.

The Gold Loan and gold deposits is measured at FVTPL, initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the Gold Loan and gold deposits held at FVTPL are recognized in profit or loss.

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).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Gold deposits	-	6,790,148	-	6,790,148
Gold Loan	-	66,186,143	-	66,186,143

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.

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16. FINANCIAL INSTRUMENTS (cont'd...)

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 December 31, 2025 and September 30, 2025:

	December 31, 2025		September 30, 2025	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	\$ 167,764,401	\$ 5,407,891	\$ 1,040,751	\$ 863,140
Gold deposits	-	4,954,143	-	-
Accounts payable	(15,176,044)	(46,282)	(5,476,765)	(38,846)
Gold Loan	-	(48,274,416)	-	-
	152,588,357	(37,958,664)	(4,436,014)	824,294
Equivalent in Canadian dollars	38,177,607	(52,026,146)	(1,160,461)	1,147,500

A fluctuation of 10% of the R\$ against the Canadian dollar would impact comprehensive loss by approximately \$3.8 million. A fluctuation of 10% of the US\$ against the Canadian dollar would impact net loss and comprehensive loss by approximately \$735,000 and \$2.1 million respectively.

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 three months ended December 31, 2025, the Company reported a net loss of \$15,611,554 (2024 – \$1,599,002), and as at that date had a net working capital balance of \$46,111,136 (September 30, 2025 - \$6,858,869).

The Company has not achieved profitable operations as described in 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. The Gold Loan is not exposed to interest rate risk because it is at a fixed interest rate.

As at December 31, 2025, the Company has not entered into any contracts to manage interest rate risk.

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16. FINANCIAL INSTRUMENTS (cont'd...)

Commodity price risk

The ability of the Company to execute on its business objectives and the future profitability of the Company are directly related to the market price of gold. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company. Equity price risk is defined as the potential adverse impact on the Company's performance due to movements in individual equity prices or general movements in the level of the stock market. The Company is exposed to commodity risk with respect to the Gold Loan and gold deposits which significantly impact the value of those instruments.

A 10% change in the commodity price would change the Company's comprehensive loss by approximately \$5.9 million.

17. 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 December 31, 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.