Cabral Gold Inc.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND YEAR ENDED DECEMBER 31, 2024

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cabral Gold Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cabral Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2025 and December 31, 2024 and its financial performance and its cash flows for the periods then ended in accordance with IFRS Accounting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company's ability to continue as a going concern is dependent upon its ability to obtain funding to finance its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Mineral properties assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 4 – Critical judgements and significant estimates, note 3 – summary of material accounting policies: mineral properties and exploration and development expenditures and note 6: Mineral properties	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

Management assesses at each reporting period whether there is an indication that the carrying value of mineral property assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the mineral properties asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the mineral properties. • Assessed the reasonability of the Company's financial statement disclosure regarding their mineral property assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
January 27, 2026

Cabral Gold Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	September 30, 2025	December 31, 2024
ASSETS		
Current		
Cash and cash equivalents	$ 8,054,491	$ 1,773,203
Receivables	107,403	322,384
Prepaid expenses	475,903	87,861
	8,637,797	2,183,448
Non-current advances (Note 5)	1,034,220	-
Property and equipment (Note 5)	1,481,329	657,098
Mineral properties (Note 6)	3,952,548	3,241,518
Total assets	$ 15,105,894	$ 6,082,064
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 1,712,843	$ 576,585
Due to related parties (Note 11(a))	66,085	6,010
Total liabilities	1,778,928	582,595
Shareholders' equity		
Share capital (Note 9)	59,830,927	41,991,520
Reserves (Note 9)	8,219,729	7,011,280
Accumulated other comprehensive loss	(480,721)	(760,383)
Deficit	(54,242,969)	(42,742,948)
Total shareholders' equity	13,326,966	5,499,469
Total liabilities and shareholders' equity	$ 15,105,894	$ 6,082,064

Nature of operations and going concern (Note 1)
Contingent liabilities (Note 15)
Subsequent events (Notes 9 and 16)

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

Approved by the Board of Directors on January 27, 2026:

"Lawrence Lepard"
Lawrence Lepard, Director

"Alan Carter"
Alan Carter, Director

Cabral Gold Inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the nine months ended September 30, 2025	For the year ended December 31, 2024
EXPENSES		
Exploration and evaluation expenditures (Note 6)	$ 8,959,995	$ 5,113,207
Depreciation (Note 5)	96,698	578,432
Management and consulting	564,256	677,970
Marketing and shareholder communications	518,954	307,522
Office and administrative	73,210	60,966
Professional fees	338,268	167,801
Share-based payments (Note 9)	814,061	362,391
Transfer agent, listing and filing fees	152,230	35,320
Travel	121,950	81,221
	(11,639,622)	(7,384,830)
Recovery on input tax credits	-	120,445
Foreign exchange	(2,474)	(60,020)
Interest income	142,075	81,587
Write off of mineral properties (Note 6)	-	(33,192)
	139,601	108,820
Net loss for the period	(11,500,021)	(7,276,010)
Other comprehensive income (loss)		
Items that may be reclassified to net loss		
Cumulative translation adjustment	279,662	(416,745)
Comprehensive loss for the period	$ (11,220,359)	$ (7,692,755)
Basic and diluted loss per share	$ (0.05)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	251,667,339	199,474,939

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

Cabral Gold Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(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	22,876,415	4,256,564	103,676	-	-	-	-	4,360,240
Shares issued for debt	74,166	15,204	-	-	-	-	-	15,204
Share issuance costs	-	(140,291)	-	-	-	-	-	(140,291)
Restricted share units exercised	435,416	213,354	-	-	(213,354)	-	-	-
Warrants exercised	742,700	159,251	(111)	-	-	-	-	159,140
Stock options exercised	2,344,000	667,297	-	(289,117)	-	-	-	378,180
Share-based payments	-	-	-	282,908	79,483	-	-	362,391
Comprehensive loss for the period	-	-	-	-	-	(416,745)	(7,276,010)	(7,692,755)
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

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

Cabral Gold Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the nine months ended September 30, 2025	For the year ended December 31, 2024
CASH FROM OPERATING ACTIVITIES		
Net loss for the period	$ (11,500,021)	$ (7,276,010)
Items not affecting cash:		
Share-based payments	814,061	362,391
Depreciation	96,698	578,432
Foreign exchange	-	376
Recovery of input tax credits	-	(120,445)
Disposal of equipment	-	4,454
Write-off of mineral property	-	33,192
Changes in non-cash working capital items:		
Receivables	216,990	(61,043)
Prepaid expenses	(388,042)	(6,237)
Accounts payable and accrued liabilities	1,041,592	86,359
Due to related parties	60,075	(1,092)
Net cash used in operating activities	(9,658,647)	(6,399,623)
CASH FROM INVESTING ACTIVITIES		
Additions to mineral properties	(350,656)	(536,923)
Purchases of property and equipment	(806,961)	(36,431)
Non-current advances	(1,034,220)	-
Net cash used in investing activities	(2,191,837)	(573,354)
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of common shares	14,930,635	4,360,240
Share issuance costs	(1,242,530)	(133,201)
Exercise of warrants	3,900,200	159,140
Exercise of stock options	638,400	378,180
Net cash provided by financing activities	18,226,705	4,764,359
Effects of foreign exchange on cash	(94,933)	86,055
Change in cash and cash equivalents during the period	6,281,288	(2,122,563)
Cash and cash equivalents, beginning of the period	1,773,203	3,895,766
Cash and cash equivalents, end of the period	$ 8,054,491	$ 1,773,203
Supplemental cash flow information:		
Change in share issuance costs included in accounts payable	$ (7,090)	$ 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 consolidated financial statements.

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 6). Subsequent to September 30, 2025, the Company approved a decision to construct for the Cuiú Cuiú Heap Leach gold starter project (the "Project") (Note 16).

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 consolidated 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 nine months ended September 30, 2025, the Company reported a net loss of $11,500,021 (Year ended December 31, 2024 – $7,276,010) and as at that date had a net working capital balance of $6,858,869 (December 31, 2024 - $1,600,853).

The Company's ability to continue as a going concern is dependent upon its ability to obtain funding to finance its operations. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for investment, the Company's track record and the experience and calibre of its management. 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.

Change of reporting period

During the year, the Company changed its fiscal year end from December 31 to September 30. Accordingly, the current financial statements present results for the nine-month period ended September 30, 2025. Comparative information related to the twelve-month period ended December 31, 2024 is therefore not directly comparable.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared using accounting policies consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are presented in Canadian Dollars unless otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the subsidiaries controlled by the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

These consolidated 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

Foreign currency translation

Functional currency

Items included in the financial statements of the Company's subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of loss (income).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Foreign currency translation *(cont'd…)*

Subsidiaries

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date
- Income and expenses are translated at average exchange rates for the period
- Equity is translated using historical rates

All resulting exchange differences are recognised in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign currency translation reserve (a component of other comprehensive loss). When a foreign operation is sold, such exchange differences are recognised in the statement of loss (income) as part of the gain or loss on sale.

Fixed assets

Fixed assets are recorded at cost. Depreciation of all depreciable fixed assets is provided on a straight-line basis over four years.

Fixed assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Mineral properties and exploration and development expenditures

Costs relating to the acquisition and claim maintenance of mineral properties (including option payments and annual fees to maintain the property in good standing) are capitalised and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company expenses all exploration, evaluation and development expenditures until management concludes that a future economic benefit is more likely than not to be realised. In evaluating if expenditures meet this criterion to be capitalised, management considers the following:

- The extent to which reserves or resources, as defined in National Instrument 43-101, have been identified in relation to the property in question;
- The conclusions of National Instrument 43-101 compliant preliminary economic assessment studies, preliminary feasibility studies and/or feasibility studies regarding the property in question;
- The status of environmental permits; and
- The status of mining leases or permits.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Mineral properties and exploration and development expenditures *(cont'd…)*

Once the Company considers that a future economic benefit is more likely than not of being realised, all subsequent costs directly relating to the advancement of the related area of interest are capitalised.

Capitalised mineral property costs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped into CGUs. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The net proceeds realised on the sale of royalties relating to the Company's mineral properties are recognized as an other income item with gross proceeds being offset by direct expenses relating to the sale of the royalties.

Decommissioning provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at September 30, 2025, the Company did not have any material decommissioning obligations.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and stock options are recognised as a deduction from equity, net of any related income tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

Stock-based compensation

The Company grants stock options to certain of its employees, directors and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest. This number is reviewed annually, with any change in estimate recognised immediately in compensation expense with a corresponding adjustment to reserves. Upon exercise of a stock option, consideration paid together with the stock-based compensation amount previously recognised in reserves is recorded as an increase to share capital.

The Company grants restricted share units ("RSUs") to certain of its employees, directors and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant based on the market price of the Company's common shares as at that

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Stock-based compensation *(cont'd…)*

date. Upon exercise of a RSU, the stock-based compensation amount previously recognised in reserves is recorded as an increase to share capital.

Loss per share

Basic loss (income) per share is computed by dividing loss (income) attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss (income) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss (income) per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss (income) per share by the treasury stock method.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(cont'd…)*

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.

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES

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

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES (cont'd…)

Impairment of mineral properties

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

Title to mineral properties

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

5. PROPERTY AND EQUIPMENT

	Land	Buildings	Vehicles	Equipment	Total
Cost					
Balance, December 31, 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	(88,778)	(64,311)	(22,664)	(84,326)	(260,079)
Balance, December 31, 2024	$ 517,757	$ 99,861	$ -	$ 520,130	$ 1,137,748
Additions	45,055	364,354	49,491	348,061	806,961
Disposals and derecognition of fully depreciated assets	-	-	-	(274,779)	(274,779)
Foreign exchange	66,859	33,073	2,808	32,731	135,471
Balance, September 30, 2025	$ 629,671	$ 497,288	$ 52,299	$ 626,143	$ 1,805,401
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	-	(45,764)	(21,642)	(62,969)	(130,375)
Balance, December 31, 2024	$ -	$ 71,695	$ -	$ 408,955	$ 480,650
Additions	-	36,052	3,093	57,553	96,698
Disposals and derecognition of fully depreciated assets	-	-	-	(274,779)	(274,779)
Foreign exchange	-	10,949	175	10,379	21,503
Balance, September 30, 2025	$ -	$ 118,696	$ 3,268	$ 202,108	$ 324,072
Net Book Value					
December 31, 2024	$ 517,757	$ 28,166	$ -	$ 111,175	$ 657,098
September 30, 2025	$ 629,671	$ 378,592	$ 49,031	$ 424,035	$ 1,481,329

As at September 30, 2025, the Company had advanced $1,034,220 (December 31, 2024 - $Nil) to a supplier toward the purchase of fixed assets required to advance the Cuiú Cuiú Project.

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	(420,767)	(12,889)	(2,282)	(435,938)
Balance, December 31, 2024	$ 3,166,346	$ 75,172	$ -	$ 3,241,518
Additions	350,656	-	-	350,656
Foreign exchange	351,038	9,336	-	360,374
Balance, September 30, 2025	$ 3,868,040	$ 84,508	$ -	$ 3,952,548

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 September 30, 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 ending 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.

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.

Acquistion 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 $131,000)

As at September 30, 2025, Magellan Brazil owned eight majority interests and three minority interests in the Cuiú Cuiú condominium. Subsequent to September 30, 2025, an additional majority interest was purchased.

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 ($12,603) as at September 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.

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. All environmental licensing is now being conducted with the State Environmental Agency (SEMAS/PA).

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% net smelter return ("**NSR**") royalty. Company is required to pay Versamet an advance royalty of US$250,000 on or before December 31, 2025, 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. These advance payments will be credited against future royalty payments due under the royalty agreement. The Company is not currently advancing a feasibility study.

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 (Note16). Versamet has a right of first refusal on any future royalty or gold stream financing for the Cuiú Cuiú property. Subsequent to September 30, 2025, the Company made an advanced royalty payment of US$250,000 to Versamet (Note 16), to be credited against future royalty payments due under the royalty agreement.

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 was required to pay Osisko an advance royalty of US$250,000 on or before December 31, 2025, 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. These advance payments will be credited against future royalty payments due under the royalty agreement. Subsequent to September 30, 2025, the Company made an advanced royalty payment of US$250,000 to Osisko (Note 16), to be credited against future royalty payments due under the royalty agreement.

6. MINERAL PROPERTIES *(cont'd…)*

As of September 30, 2025, Osisko's interests were secured by pledges over production and mineral rights, both secondary to the same security held by Versamet. Osisko's security also included 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 (Note 16).

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

Exploration and evaluation expenditures

Nine months ended September 30, 2025	**Cuiú Cuiú**	**Other**	**Site costs and logistics**	**Total**
Payroll	$ 1,252,829	$ -	$ 65,446	$ 1,318,275
Field costs, fuel, camp	2,128,462	-	147,205	2,275,667
Consulting, third parties	1,360,609	-	-	1,360,609
Drilling	1,534,955	-	-	1,534,955
Freight and travel	717,002	-	31,688	748,690
Assay	189,568	-	-	189,568
Community relations	226,448	-	-	226,448
Engineering, early works	1,305,783	-	-	1,305,783
	$ 8,715,656	$ -	$ 244,339	$ 8,959,995

Year ended December 31, 2024	**Cuiú Cuiú**	**Other**	**Site costs and logistics**	**Total**
Payroll	$ 851,605	$ -	$ 59,133	$ 910,738
Field costs	1,270,482	13,672	107,227	1,391,381
Consulting, third parties	1,895,708	-	-	1,895,708
Drilling	393,338	-	-	393,338
Freight and travel	367,876	-	27,342	395,218
Assay	126,824	-	-	126,824
	$ 4,905,833	$ 13,672	$ 193,702	$ 5,113,207

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.

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 15).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2025	December 31, 2024
Canada		
Accounts payable and accrued liabilities	$ 280,121	$ 187,501
Brazil		
Accounts payable and accrued liabilities	1,099,435	221,109
Payroll and related costs	248,130	102,393
Claim costs	13,011	9,542
Poconé	72,146	56,040
	$ 1,712,843	$ 576,585

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.

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	(16,776,828)		0.42
Outstanding, December 31, 2024	38,648,211	$	0.23
Issued	22,003,038		0.54
Exercised	(19,392,500)		0.20
Expired	(8,500,000)		0.20
Outstanding and exercisable, September 30, 2025	32,758,749	$	0.46

9. SHAREHOLDERS' EQUITY *(cont'd…)*

(b) Share purchase warrants *(cont'd…)*

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

Share purchase warrants	Expiry date	Exercise price	Number of warrants
Warrants (April 2024 private placement)[1]	April 18, 2026	$ 0.24	5,351,875
Warrants (April 2024 private placement) [2]	April 22, 2026	0.24	628,750
Warrants (April 2024 private placement) [3]	April 26, 2026	0.24	400,000
Warrants (December 2024 private placement)[4]	December 2, 2026	0.36	3,176,585
Warrants (December 2024 private placement) [5]	December 20, 2026	0.36	1,198,501
Warrants (May 2025 private placement)[6]	May 6, 2027	0.56	19,645,570
Warrants (May 2025 Compensation Warrants)	May 6, 2027	0.38	2,357,468
		$ 0.46	32,758,749

(1) Subsequent to September 30, 2025, 170,625 warrants exercised.
(2) Subsequent to September 30, 2025, 197,500 warrants exercised.
(3) Subsequent to September 30, 2025, 300,000 warrants exercised.
(4) Subsequent to September 30, 2025, 31,250 warrants exercised.
(5) Subsequent to September 30, 2025, 31,250 warrants exercised.
(6) Subsequent to September 30, 2025, 448,000 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.

9. SHAREHOLDERS' EQUITY *(cont'd…)*

(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	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
Exercisable, September 30, 2025	8,885,000	$	0.28

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

Stock options (by expiry date)		**Exercise price**	**Number of Options**
November 12, 2025[1]		0.60	300,000
August 30, 2026		0.51	2,350,000
October 20, 2028 [2]		0.12	4,070,000
July 6, 2029		0.28	750,000
January 6, 2030 [3]		0.22	5,405,000
September 9, 2030		0.45	1,475,000
	$	0.27	14,350,000

[1] Subsequent to September 30, 2025, expired unexercised.
[2] Subsequent to September 30, 2025, 300,000 options exercised.
[3] Subsequent to September 30, 2025, 75,000 options forfeit.

9. SHAREHOLDERS' EQUITY *(cont'd…)*

(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	(100,000)
Outstanding, December 31, 2024	1,100,000
Exercised	(400,000)
Outstanding, September 30, 2025	700,000

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

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

(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 September 30, 2025, the Company recognized share-based payments expense of $33,667 (Year ended December 31, 2024 - $79,483) with respect to RSUs.

Stock options

During the period ended September 30, 2025, the Company granted 7,200,000 (Year ended December 31, 2024 – 750,000) options with a weighted average exercise price of $0.27 (Year ended December 31, 2024 - $0.28). In the period ended September 30, 2025, the Company recognized share-based payments expense of $780,394 (Year ended December 31, 2024 - $282,908) 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:

	Nine months ended September 30, 2025	Year ended December 31, 2024
Risk-free interest rate	2.93%	3.47%
Expected life of options	5 years	5 years
Annualized volatility	85.15%	90.06%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	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.

11. RELATED PARTY TRANSACTIONS

(a) Related party transactions

	Nine months ended September 30, 2025	Year ended December 31, 2024
Management:		
Employment remuneration		
Alan Carter, CEO and President	$ 187,500	$ 200,000
Paul Hansed, former CFO	-	14,500
Consulting fees		
Samantha Shorter, CFO		
Red Fern Consulting Ltd.	108,000	76,000
Paul Hansed, former CFO		
Hornby Capital Corp.	-	67,167
P. Mark Smith, former director		
Geofin Consulting	-	62,500
Brian Arkell, VP Exploration	158,051	156,831
John Sestan, VP Development		
Salamander Business Services Pty Ltd.	208,463	-
Payroll related costs (employer taxes, health benefits)		
Alan Carter	5,939	5,524
Paul Hansed	-	7,125
Brian Arkell	17,342	11,719
Share-based payments, stock options	281,162	141,765
Share-based payments, RSUs	3,367	20,488
	969,824	763,619
Non-executive directors:		
Share-based payments, stock options	179,475	60,984
Share-based payments, RSUs	25,010	41,573
	204,485	102,557
	$ 1,174,309	$ 866,176

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.

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. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (Year ended December 31, 2024 – 27%) to income before income taxes. The reasons for differences are as follows:

	Nine months ended September 30, 2025	Year ended December 31, 2024
Net income (loss) before income taxes	$ (11,500,021)	$ (7,276,010)
Statutory income tax rate	27.00%	27.00%
Expected income tax (recovery)	(3,105,000)	(1,965,000)
Impact of foreign statutory tax rates and foreign exchange	(1,722,000)	1,241,000
Permanent difference and other	227,000	312,000
Share issue costs	(335,000)	(38,000)
Adjustment to prior year provision versus statutory tax returns	2,754,000	647,000
Unrecognized benefit of non-capital losses	2,181,000	(197,000)
Income tax expense (recovery)	$ -	$ -

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

	September 30, 2025	December 31, 2024
Non-capital losses	$ 49,481,000	$ 42,634,000
Mineral properties	(2,539,000)	(2,258,000)
Fixed assets	(223,000)	(252,000)
Share issue costs	1,205,000	552,000
	$ 47,924,000	$ 40,676,000

The Company has non-capital losses of approximately $15,248,000 in its Canadian operations and $34,233,000 in its Brazilian operations for income tax purposes which are available to reduce future taxable income.

13. CAPITAL MANAGEMENT

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

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

The Company's primary source of capital has historically been derived from equity issuances (although significant funding was realised in the year ended December 31, 2023 through the sale of an NSR royalty to Osisko). Capital consists of equity attributable to common shareholders. Subsequent to September 30, 2025, the Company executed loan financing (Note 16).

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.

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

14. FINANCIAL INSTRUMENTS

(a) Carrying value and fair value

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

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

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

Cash and cash equivalents 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.

14. 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 September 30, 2025 and December 31, 2024:

	September 30, 2025		December 31, 2024	
	R$	US$	R$	US$
Cash and cash equivalents	$ 1,040,751	$ 863,140	$ 393,256	$ 7,925
Accounts payable	(5,476,765)	(38,846)	(1,637,077)	-
	(4,436,014)	824,294	(1,243,821)	7,925
Equivalent in Canadian dollars	(1,160,461)	1,147,500	(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 13. For the nine months ended September 30, 2025, the Company reported a net loss of $11,500,021 (Year ended December 31, 2024 – $7,276,010), and as at that date had a net working capital balance of $6,858,869 (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 consolidated 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 September 30, 2025, the Company had no interest-bearing liabilities.

15. CONTINGENT LIABILITY

Litigation

Various legal, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations and the Company is therefore subject to litigation in the counties in which it operates. As at September 30, 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.

16. SUBSEQUENT EVENTS

Subsequent to September 30, 2025, the Company executed and 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 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.

Additionally, the Company made advanced royalty payments of US$250,000 to each of Osisko and Versamet to be credited against future royalty payments due under each royalty agreement.

With the execution of the Gold Loan, the Company approved the decision to construct the Cuiú Cuiú Heap Leach gold starter project (the "Project").

Subsequent to September 30, 2025, the Company granted 7,685,000 stock options at an exercise price of $0.75 per common share for a period of 5 years to directors, consultants and employees of the Company. The stock options vest over two years. The Company also granted 1,786,593 RSUs vesting over the period of one year.