



# Cabral Gold

## **Cabral Gold Inc.**

(An Exploration Stage Company)

Interim MD&A – Quarterly Highlights

For the six months ended June 30, 2019

Dated: August 27, 2019

## **Cabral Gold Inc.**

Interim MD&A – Quarterly Highlights  
For the six months ended June 30, 2019

---

### **Interim MD&A – Quarterly Highlights**

The following Interim MD&A – Quarterly Highlights (“MD&A”) of Cabral Gold Inc. (“Cabral” or the “Company”) has been prepared as at August 27, 2019. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company for the six months ended June 30, 2019.

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

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

All monetary amounts, including comparatives, are expressed in Canadian dollars unless otherwise noted.

Dr. Adrian McArthur, B.Sc. Hons, PhD. FAusIMM., a consultant to the Company as well as a Qualified Person as defined by National Instrument 43-101 (“NI 43-101”), approved the technical information in this MD&A.

### **Overview**

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

The Company holds its interest in Cuiú Cuiú through Magellan Minerais Prospecção Geológica Ltda. (“Magellan Brazil”). Magellan Brazil is a wholly owned subsidiary of Cabral Gold Ltd. (“CGL”) which in turn is a wholly owned subsidiary of the Company.

### **Highlights**

The three months ended June 30, 2019 and the period ended August 27, 2019 were highlighted by the following activities and initiatives:

#### ***Finance***

- The balance of cash and cash equivalents as at June 30, 2019 was \$138,230 and the net working capital deficit as at this date was \$106,598
- In July 2019, the Company announced that it had closed a non-brokered private placement financing comprising the issuance of 22,796,832 units at a price of \$0.15 per Unit for gross proceeds of \$3,419,525 (see ‘Liquidity and going concern’)

#### ***Exploration and evaluation***

- In January 2019, the Company announced the initiation of a 2,400 metre diamond drill program at nine separate locations at Cuiú. Eighteen diamond drill holes totalling 2,511 metres at ten different targets

were ultimately completed. Eight of these targets had never been previously drill tested. Drill results were announced through May 2019

- Follow-up programs of rock chip and channel sampling are continuing at several targets on the property. New auger and soil sample grids are being established in previously untested areas in the northeast portion of the property

## **Cuiú Cuiú**

The Company's primary project is Cuiú Cuiú.

### ***Work programs***

The Company pursued a two-phase program of exploration of the Cuiú Cuiú property:

- Phase 1 commenced in early 2018 and consisted of an aggressive program of soil sampling, surface channel and rock chip sampling, surface trenching and auger drilling which was undertaken over a number of high priority targets on the property which were considered to have significant potential for additional discoveries
- Phase 2 consisted of a program of infill auger drilling to refine the drill targets and continued through March 2019 in parallel with the diamond drill program which commenced in January 2019.

In January 2019, the Company announced the initiation of an initial diamond drill program at Cuiú Cuiú with the objective of testing several priority targets which had returned high grade gold values on surface identified during the 2018 exploration program. The program was initially directed towards drill testing nine different high-grade targets and completing 2,400 metres of drilling and twenty holes. Eighteen diamond drill holes totalling 2,511 metres at ten different targets were ultimately completed; eight of these targets had never been previously drill tested. A summary of significant drill results is as follows (see Company news releases for full details):

#### Machichie target:

- Drill hole **CC182-19** (552555E, 9343364N, Dip/Az: -50/315, end of hole ("EOH"): 65.5m) targeted a NE-trending structure, coincident with a NE trending magnetic low and returned 3.4m @ 36.9 g/t gold from 32.2m including 0.7m @ 162.7 g/t gold from 33.9m. The structure remains open along strike and at depth
- Drill hole **CC178-19** (553007E, 9343478N, Dip/Az: -62/000, EOH: 121.3m) returned 2.1m @ 15.3 g/t gold from 91.7m within the main E-W trending Machichie magnetic low target. The intersection formed part of a broader mineralized envelope that returned 62.8m @ 0.9 g/t gold from 31.6m
- Drill hole **CC177-19** (553007E, 9343478N, Dip/Az: -50/000, EOH: 87.3m) was drilled as a shallower hole along the same section as CC178-19 and returned 3.1m @ 7.3 g/t gold from 61.4m including 0.6m @ 24.7 g/t gold from 63.6m. These results confirm vertical continuity of high-grade mineralization from surface to 80m depth. The zone remains open at depth and along strike. The intersection formed part of a broader mineralized envelope that returned 45m @ 1.0 g/t gold from 37.5m
- Drill hole **CC179-19** (552835E, 9343504N, Dip/Az: -50/000, EOH: 94.64m) tested the main E-W target and returned 0.5m @ 20.2 g/t gold from 39.1m and was drilled 175m west of CC177-19 and CC178-19. The intersection formed part of a broader mineralized envelope that returned 16.3m @ 1.3 g/t gold from 33.9m
- Drill hole **CC181-19** (552733E, 9343584N, Dip/Az: -60/180, EOH: 149.6m) tested the main E-W target, 275m west of CC177-19 and returned 0.6m @ 10.0 g/t gold from 38.4m. The intersection formed part of a within a narrower lower grade interval of 6.6m @ 1.6 g/t gold from 38.4m.

#### Machichie East target:

- Drill hole **CC183-19** (553330E, 9343700N, Dip/Az: -55/180, EOH: 250.5) targeted a coincident magnetic low, chargeability high and Au-Mo-Cu auger anomaly and returned 15.9m @ 1.73 g/t gold

from 79m, including 0.5m @ 21.3 g/t gold from 86.5m and 1.0m @ 10.3 g/t gold from 91.4m. The mineralization is located in a previously unknown structure which is open along strike and at depth. An interval of 6.9m @ 1.1g/t gold from 22.6m was encountered in transported cover at the top of the drill hole. Scheelite (CaWO<sub>4</sub>) and coarse molybdenite (MoS<sub>2</sub>) were observed in veins and alteration zones within the drill hole, suggesting the proximity to a concealed intrusive source.

Moreira Gomes (MG) target:

- Drill hole **CC185-19** (553705E, 9343014N, Dip/Az: -60/135, EOH: 144m) was one of three holes drilled at the MG target that were designed to test a structurally complex area where historic drilling previously encountered high grades (e.g. CC104-10 which cut 0.5m @ 264.9 g/t gold, CC69-10 which cut 0.5m @ 154.5 g/t gold and CC101-10 which cut 0.8m @ 20.6g/t gold. CC185-19 cut 40.9m @ 0.8 g/t gold from 101.4 to 142.3m, including 10.1m @ 1.3 g/t gold from 101.4 to 111.5m. The intercept occurs approximately 200m up-dip from a historic deeper intercept in hole CC101-10, which returned 25m @ 2.3 g/t Au from 396.0m to 421.0m, including; 1.5m @ 14.0 g/t gold, 0.8m @ 11.3 g/t gold, and 1m @ 9.3 g/t gold.

Seis Irmaos (Six Brothers) target:

- Drill hole **CC187-19** (553327E, 9342563N, Dip/Az: -50/000, EOH: 148.5m) tested an E-W magnetic low which is coincident with a number of high grade samples collected on surface with gold values ranging from 17 to 55 g/t gold. A coincident gold-in-auger saprolite anomaly is also evident on surface. CC187-19 is located less than 300m south of MG and intersected 0.7m @ 12.7 g/t gold in a pyritic quartz vein from 62.0-62.7m, within a broader alteration envelope.

Jerimum Cima target:

- Drill hole **CC189-19** (550795E, 9345948N, Dip/Az: -50/180, EOH: 195m) was drilled to test the western extension to the Jerimum Cima zone and returned 24m @ 0.7 g/t gold from surface to 24.0m including 0.7m @ 8.9 g/t gold.

Morro da Lua target:

- Drill hole **CC194-19** (550217E, 9346678N, Dip/Az: -55/310, EOH: 183m) was drilled at the previously untested Morro da Lua target and was designed to test a NE and E-W trending magnetic feature, and a moderate gold-in-soil anomaly which extends over an area of 1,500m E-W x 700m N-S. Surface grab samples at Morro da Lua returned results ranging from 5.5 to 162.4 g/t gold within an area of 220m E-W and 210m N-S. The hole returned 2.8m @ 19.5 g/t gold from 42.2 – 45.0m including 0.7m @ 70.3 g/t gold. In addition, the hole cut 0.5m @ 9.1g/t gold from 99.9m and 0.6m @ 14.8g/t gold from 130.9m, indicating the presence of at least three high grade veins.

In addition to the drill program, a review of historic Cuiú Cuiú drill data from 2006 through 2012 was completed in April 2019. The review was designed to re-assess, review, and interpret the existing high-grade drill results from the Central and MG deposits with the goal of delimiting high-grade mineable zones within the low-grade resources. Drilling from 2006 through 2012 undertaken by Magellan Minerals Ltd. (the previous owner of the Cuiú Cuiú property) cut abundant high-grade gold intercepts displaying grades and widths typical of many operating underground deposits. Nearly 60 intercepts returning over 10 g/t gold occur at MG and Central; the highest grade intercepts at each deposit were 0.5m @ 264.9 g/t gold and 0.5m @ 155.3 g/t gold, respectively. Most of these intercepts occurred where drilling was wide-spaced.

***Camp construction***

During 2018 through Q2 2019, the Company re-established and updated its camp at Cuiú Cuiú including the following:

- Partial construction of a new core shed with laboratory, sample storage and core cutting facility

- Partial construction of living quarters for 26 employees including kitchen, office space and bathroom and laundry facilities
- Purchase of three trucks and four ATVs and delivery to Cuiú Cuiú for use by the Company's exploration staff and consultants.

### ***Outlook***

Follow-up programs of rock chip and channel sampling will continue at Machichie, as well as several other targets on the property in an effort to determine the strike extent of this discovery and other zones. New auger and soil sample grids are being established in previously untested areas in the northeast portion of the property (Cilmar area).

As at August 27, 2019, management was in the process of planning exploration activity for the remainder of 2019 including a new diamond drill program. Such activity is expected to include the following:

- Ongoing soil sampling and auger drilling focussed initially in the Cilmar area, a region of approximately 4,700 hectares approximately seven kilometres NNE of MG. The area contains extensive alluvial workings that were developed more recently in the history of the field that lack prior systematic exploration campaigns by historical operators. The soil and follow up auger campaign aims to define targets for the primary source areas to two extensive alluvial gold workings that have seen accelerated development in recent years. Three initial soil areas have been designed, with sampling completed over 27 line kilometers to date covering approximately one third of the campaign area. Assays are pending and options to extend soil grids over other structural targets in the southern part of the project area are being reviewed
- Reconnaissance soil sampling and auger drilling within the Tocantinzinho structural corridor, a prominent regional structure hosting the Tocantinzinho gold resource along strike to the southeast
- Continuation of third party studies relating to the permitting process. Applicable studies are on target to be submitted to the Brazilian Environmental authorities in the first quarter of 2020. Estimated environmental permitting costs still to be incurred totalled approximately \$250,000 as at June 30, 2019 (see 'Contractual commitments')
- Initiation of a new diamond drill program focussed on infill and extensional drilling of the Machichie and Machichie East targets, infill drilling to better define high-grade trends within the Central and MG resources areas and extensional drilling along newly confirmed structural trends emerging from the current program
- Completion of the core shed and living quarters as described above.

## Selected financial information

A summary of annual results in respect of the five quarters ended June 30, 2019 is as follows. This summary information has been derived from the audited consolidated financial statements and condensed interim consolidated financial statements (unaudited) of the Company.

### Statements of loss

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Revenue				-	-
Exploration and evaluation	655,115	727,053	605,200	918,719	511,988
Administration:					
Office and administration	56,424	53,533	123,300	65,356	105,821
Management	86,751	81,682	84,622	91,652	90,958
Stock-based compensation	17,550	17,415	17,415	138,928	73,394
Professional fees	59,266	63,192	23,228	13,516	26,997
Depreciation	17,133	19,544	21,064	23,592	25,580
Travel	35,660	11,254	32,532	24,173	17,510
Listing expense	4,447	1,048	2,414	5,675	6,358
	<u>277,231</u>	<u>247,668</u>	<u>304,575</u>	<u>362,892</u>	<u>346,618</u>
Foreign exchange loss (gain)	(4,895)	6,203	2,770	4,869	3,411
Interest income	(5,161)	(8,562)	1,646	(2,500)	(3,093)
Gain on disposal of PGM	-	(42,696)	(7,267)	(5,049)	-
Gain on tax restructuring	11,110	(41,327)	2,771	-	-
Interest and financing charges	93	(148)	(7)	-	-
Adjustment to provisions	26,766	(16,832)	(47,463)	-	-
	<u>277,231</u>	<u>247,668</u>	<u>304,575</u>	<u>362,892</u>	<u>346,618</u>
<b>Net loss</b>	<b>960,259</b>	<b>871,359</b>	<b>862,225</b>	<b>1,278,931</b>	<b>858,924</b>

- Exploration and evaluation: An aggressive exploration program commenced in early 2018 and a diamond drill program commenced in early 2019 (see ‘Cuiú Cuiú – Work programs’ and ‘Exploration and evaluation’)
- Office and administration relates to the costs of operating the Company’s Vancouver office. The higher amounts in each of Q4 2018 and Q2 2019 relate to various marketing initiatives including attendance at conferences. A significant component of the Q2 2019 marketing initiatives were directed to the non-brokered private placement that closed in July 2019; accordingly, office and administration charges are expected to decrease in Q3 2019
- Management costs relate to compensation of the Company’s officers (Executive Chairman, President and CEO and CFO). These amounts exclude stock-based compensation
- Stock-based compensation relates to the issuance of two tranches of stock options:
  - June 2018: 450,000 stock options having an exercise price of \$0.23 and vesting over two years
  - January 2019: 1,644,672 stock options having an exercise price of \$0.25 and vesting over two years
- Professional fees relate to audit fees, legal fees and advisory fees relating to the provision of marketing services
- Travel costs relate to attendance at conferences, other marketing activities and travel to Brazil.

## Exploration and evaluation

A summary of Q1 and Q2 2019 exploration and evaluation expenditures including indicative allocations of payroll, field (camp) costs and costs of freight and travel to drilling activity is as follows.

	Q1 2019	Q2 2019
Drilling, Cuiú Cuiú:		
Drill contactor	375,931	101,384
Payroll	158,475	78,736
Field costs	77,056	25,580
Freight and travel	49,466	16,394
Consulting, third parties	25,545	17,576
Assay	15,376	12,473
	<b>701,849</b>	<b>252,143</b>
Other, Cuiú Cuiú:		
Payroll	69,435	128,492
Field costs	67,807	61,441
Freight and travel	9,436	15,796
Consulting, third parties	8,515	5,858
Assay	5,145	5,210
	<b>160,338</b>	<b>216,797</b>
Logistical support	47,257	39,234
Poconé (net)	9,275	3,814
	<b>918,719</b>	<b>511,988</b>

## Statements of financial position

	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Cash and cash equivalents	1,785,582	880,893	1,684,630	554,655	138,230
Other current assets	166,598	170,035	109,191	148,632	176,939
Fixed assets	906,926	890,841	968,382	966,221	951,851
Mineral properties	1,318,405	1,293,693	1,373,387	1,460,518	1,504,469
<b>Total assets</b>	<b>4,177,511</b>	<b>3,235,462</b>	<b>4,135,590</b>	<b>3,130,026</b>	<b>2,771,489</b>
Accounts payable and accru	227,339	269,631	197,186	380,663	418,683
Other liabilities and provisio	119,652	67,294	4,053	3,229	3,084
Long-term liabilities	19,472	5,671	-	-	-
<b>Total liabilities</b>	<b>366,463</b>	<b>342,596</b>	<b>201,239</b>	<b>383,892</b>	<b>421,767</b>
Share capital	7,007,824	7,007,824	8,690,737	8,689,557	8,689,557
Reserves	1,443,220	1,460,635	1,543,930	1,682,858	1,756,252
Subscription receipts	-	-	-	-	404,000
Other comprehensive incom	(259,827)	(324,065)	(186,563)	(233,597)	(248,479)
Accumulated deficit	(4,380,169)	(5,251,528)	(6,113,753)	(7,392,684)	(8,251,608)
<b>Total equity</b>	<b>3,811,048</b>	<b>2,892,866</b>	<b>3,934,351</b>	<b>2,746,134</b>	<b>2,349,722</b>
	-	-	-	-	-

- Fixed assets relate primarily to a 30 hectare plot of land in Cuiú Cuiú that was purchased by Magellan Brazil in early 2016 prior to its acquisition by Cabral. Movements in the period under consideration relate primarily to camp construction, purchase of vehicles and miscellaneous other capital purchases

- relating to the establishment of the exploration camp at Cuiú Cuiú offset by depreciation expense and the impact of the general deterioration in the value of the Brazilian reais relative to the Canadian dollar
- The balance of mineral properties relates to capitalised acquisition and claim maintenance costs. Increases relate to claim maintenance expenditures comprising payments to both the Brazilian authorities (Q1 and Q3) and the Cuiú Cuiú garimpiero condominium (Q2). As is the case with fixed assets, increases are offset by decreases associated with the general deterioration in the value of the Brazilian reais. With the exception of \$72,388, the June 30, 2019 balance related entirely to Cuiú Cuiú
  - Accounts payable and accrued liabilities:
    - The balance of accounts payable and accrued liabilities remained relatively stable as at June 30, 2018 and September 30, 2018 during which reductions associated with the deterioration of the reais and elimination of both Brazilian tax liabilities through restructuring and restructured claim maintenance liabilities were offset by increases associated with the general ramp up in exploration activities
    - The decline in the December 31, 2018 balance was attributable to the holiday shut-down of the Cuiú Cuiú camp prior to which much of the applicable liabilities (camp costs, payroll and related charges, freight and travel, etc.) were settled
    - The increase in the March 31, 2019 balance was attributable to the initiation of the drill program in January 2019. Liabilities associated with direct drilling and assay costs as at this date totalled \$108,102; in addition, liabilities associated with incremental support costs (such as camp costs, fuel, freight and travel, etc.) associated with the drill program were also higher
    - The increase in the June 30, 2019 balance was attributable to increases in amounts due to management (unreimbursed expenditures and unpaid remuneration); these increases were offset by reductions in liabilities associated with the drill program which was completed in Q2 2019
  - Other liabilities and provisions relate to management’s best estimate of expenditures required to settle present contingent obligations relating to various legal, tax and regulatory matters that the Company is subject to. The declines in 2018 were attributable to litigation initiated by three former employees of Magellan Brazil initiated in 2017 that was successfully resolved in 2018 at a cost that was significantly less than the original provision established in 2017
  - Long-term liabilities relate to restructured Poconé claim maintenance charges that were addressed in Q3 2018 with the sale of PGM with remaining non-PGM balances being repaid in full in Q4 2018.
  - The increase in share capital in Q4 2018 relates to the \$1,862,500 private placement that closed in November 2018.

## **Liquidity and going concern**

As at June 30, 2019, the Company had a cash balance of \$138,230, and net working capital deficiency of \$106,598.

### ***July 2019 private placement***

In July 2019, the Company announced that it had closed a non-brokered private placement financing comprising the issuance of 22,796,832 units (“Units”) at a price of \$0.15 per Unit for gross proceeds of \$3,419,525. Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each common share purchase warrant (“Warrant”) entitles the holder to acquire one common share at a purchase price of \$0.20 for a period of 12 months following closing of the private placement.

Officers and directors of Cabral and their spouses subscribed for a total of 1,966,667 Units for gross proceeds of \$345,000 representing 10.1% of the total raised.

The Company paid aggregate cash finder’s fees of \$158,846 and issued an aggregate of 1,058,972 share purchase warrants (“Finder’s Warrants”) to certain finders in connection with the private placement. Each



Finder's Warrant entitles the holder to purchase one common share of the Company at a purchase price of \$0.20 for a period of 12 months following closing of the private placement.

All securities issued in connection with the private placement are subject to a statutory hold period of four months plus a day from the date of issuance.

### ***Going concern***

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

As at August 27, 2019, the Company did not have sufficient working capital to meet its planned objectives and property obligations for the twelve month period through June 30, 2020.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from equity financings and/or loans provided by the Company's existing shareholders and/or new shareholders and/or through other arrangements. There is no assurance that the Company will be successful in its funding efforts.

In addition, the recoverability of the amounts shown as non-current assets is dependent upon the Company achieving its operational targets, the ability of the Company to obtain financing to maintain properties in good standing, the ability of the Company to obtain financing to continue exploration of the properties, or alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain.

The financial statements for the six months ended June 30, 2019 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.

### ***Operating activities***

Cash used in operating activities in the six months ended June 30, 2019 amounted to \$1,736,841 as follows:

- The net loss for the period of \$2,137,855
- Non-cash items totalling \$256,443 including stock-based compensation and depreciation expense
- Net reduction in non-cash working capital items of \$144,571 primarily as a result of increased liabilities due to management and accrued Brazilian payroll obligations.

### ***Investing activities***

Cash used in investing activities in the six months ended June 30, 2019 amounted to \$209,424 as follows:

- Additions to mineral properties of \$149,423 relating to capitalised mineral claim maintenance costs (primarily the annual payment to the Cuiú Cuiú garimpiero condominium)
- Additions to fixed assets of \$60,001 relating to construction of camp buildings and purchase of exploration equipment at Cuiú Cuiú.

### ***Financing activities***

Cash provided by financing activities in the six months ended June 30, 2019 amounted to \$402,820 and related primarily to subscription receipts received in connection with the non-brokered private placement that closed in July 2019.

## Dividends

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

## Contractual commitments

The Company had no significant medium- or long-term contractual commitments in place as at June 30, 2019 or August 27, 2019 beyond its stated liabilities and the following:

- Magellan Brazil entered into an agreement in January 2018 with Terra Ambiente Ltda–ME relating to the provision of the EIA-RIMA environmental study for an estimated fee of R\$ 1,576,684 (\$538,438 applying the Bank of Canada exchange rate as at June 30, 2019). As at June 30, 2019, approximately R\$ 560,000 (\$192,000) of the contract was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Senior Geologia e Mineracao Ltda relating to the tailings dam study for an estimated fee of R\$ 156,658 (\$53,499). As at June 30, 2019, approximately R\$ 50,000 (\$17,000) of the contract was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Hidrovia Hidrogeologia e Meio Ambiente Ltda relating to the hydrogeological study for an estimated fee of R\$ 144,800 (\$49,449). As at June 30, 2019, approximately R\$ 96,000 (\$33,000) of the contract was outstanding
- The surface access agreement with the Cuiú Cuiú garimpieros pursuant to which R\$ 255,000 (approximately \$87,000) was paid to the garimpieros in Q2 2019 in connection with the surface access fee in respect of the year ended March 2020. As at August 27, 2019, all but \$16,428 had been paid
- The Company is committed to sharing in net costs and commitments associated with the Poconé venture including its share of any losses relating to current litigation against PGM and a venture partner.

## Transactions with related parties

The Company incurred the following costs of management remuneration:

	<b>6 months ended June 30, 2019</b>	<b>Year ended Dec. 31, 2018</b>
Management:		
Employment and consulting remuneration	\$ 170,000	\$ 292,500
Payroll related costs	12,610	18,532
Stock-based compensation	130,169	52,380
Consulting fees (1)	-	28,000
	<u>312,779</u>	<u>391,412</u>
Directors (excluding management):		
Stock-based compensation	47,857	-
	<u>47,857</u>	<u>-</u>
	<u><b>\$ 360,636</b></u>	<u><b>\$ 391,412</b></u>

- (1) 2018 consulting fees relate to \$28,000 paid to a company controlled by an individual who joined the Company's Board of Directors as Executive Chairman in May 2018 in respect of advisory services provided during the period February through April 2018, inclusive

Management comprises the Company's Executive Chairman, President and Chief Executive Officer and Chief Financial Officer.

As at June 30, 2019, the Company owed a total of \$131,012 to management in connection with unreimbursed expenditures incurred on behalf of the Company and deferred remuneration. Virtually all of this balance was paid in August 2019. Amounts owing to management are non-interest bearing, unsecured and have no set terms of repayment.

Officers and directors of Cabral and their spouses subscribed for a total of 1,966,667 Units in the July 2019 private placement for gross proceeds of \$345,000 representing 10.1% of the total raised.

## Outstanding share data

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

The Company had the following common shares, unit and share purchase warrants and stock options outstanding as at June 30, 2019 and August 27, 2019:

	June 30, 2019	August 27, 2019
Issued and outstanding common shares	38,862,418	61,659,250
Fully diluted	47,266,757	93,708,954
Unit purchase warrants:		
October 30, 2019 (\$0.60)	400,878	400,878
Share purchase warrants:		
October 30, 2019 (\$0.333)	264,826	264,826
October 30, 2019 (\$0.90)	3,465,664	3,465,664
July 25, 2020 (\$0.20)	-	22,796,832
July 25, 2020 (\$0.20)	-	1,058,972
November 28, 2020 (\$0.25)	366,000	366,000
May 26, 2021 (\$0.25)	600,000	600,000
	4,696,490	28,552,294
Stock options	2,906,093	2,896,093

## Cautionary Statement on Forward-Looking Information

This MD&A document contains ‘forward-looking information’ and ‘forward-looking statements’ (together, the “forward-looking statements”) within the meaning of applicable securities laws. Such forward-looking statements concern the Company’s anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of August 27, 2019.

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

not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to the exploration and development of natural resource properties
- Risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimations
- Risks related to fluctuations in future metal prices (particularly gold prices)
- Risks related to market events and conditions
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Risks related to delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Risks related to uncertainty associated with the Company's ability to obtain funding in the future
- Risks related to the Company's inability to meet its financial obligations under agreements to which it is a party (see 'Liquidity')
- Risks related to competition from larger companies with greater financial and technical resources, and
- Risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interest.

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