



Cabral Gold

Cabral Gold Inc.

(An Exploration Stage Company)

Interim MD&A – Quarterly Highlights

For the three months ended June 30, 2022

Dated: August 26, 2022

Cabral Gold Inc.

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Management Discussion and Analysis

The following Interim MD&A – Quarterly Highlights (“**MD&A**”) of Cabral Gold Inc. (“**Cabral**” or the “**Company**”) has been prepared as at August 26, 2022. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company as at and for the six months ended June 30, 2022.

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 are expressed in Canadian dollars unless otherwise noted.

Guillermo Hughes, P. Geo. MAusIMM and FAIG, 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 presented in this MD&A.

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 26, 2022.

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 and going concern’)
- 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
- The ability of the Company to complete planned programs and achieve specific objectives may be unfavorably impacted by rising diesel fuel costs, unfavorable appreciation of the Brazilian currency and general increases in inflation

Reference is made to the risk factors presented in the Annual Information Form for the year ended December 31, 2021 dated as of May 5, 2022 and the preliminary short form prospectus dated May 25, 2022 both of which are available on www.sedar.com.

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.

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 B.C. Inc. (“**CGBC**”) which in turn is a wholly owned subsidiary of the Company.

Highlights

The three months ended June 30, 2022 and the period ended August 26, 2022 were highlighted by the following activities and initiatives:

Exploration and development

- In late May 2022, management elected to temporarily reduce the Company’s drilling program due to adverse market conditions and focus its efforts and resources on advancing the Company’s short- to medium-term objectives of updating the resource estimate and demonstrating the economic potential of the gold-in-oxide mineralization at Cuiú Cuiú. As a result, the number of rigs on site were reduced from five to one with a corresponding reduction in staffing as follows:
 - The Company’s own RC rig, which has been drilling since September 2020, is focussed on infill drilling of the gold-in-oxide blankets at Central, PDM and MG and testing a series of predominately grass-roots targets. The rig continued in full operation as at August 26, 2022
 - A contracted diamond-drill rig arrived on site and had been drilling since February 2021. The rig was exclusively focussed on advancing the MG deposit. This rig was demobilised in mid-July 2022

- Two additional contracted diamond-drill rigs arrived on site and commenced drilling in early September 2021. These rigs had been focussed on drilling the high-grade portions of the Central and MG deposits and further testing other high-grade targets on the property. The rigs were demobilised in early June 2022
- A fourth contracted diamond-drill rig was added in early March 2022 for a short-term program directed to more advanced secondary targets. This rig was demobilised in late May 2022
- During Q2 2022, Cabral's drill program was focused largely on infill drilling at the MG and Central gold deposits with the objective of better defining higher-grade zones within both gold deposits. In addition, follow-up diamond drilling was conducted at the Machichie discovery with the objective of determining the size and geometry of the mineralized zones. Further drilling was conducted at the MG and PDM gold-in-oxide blankets while a third gold-in-oxide blanket was identified above the primary Central gold deposit. Reconnaissance diamond drilling was conducted at the Indio target located 1.5km southeast of the MG gold deposit
- A total of 9,903 metres of drilling was completed during Q2 2022, comprising 2,219 metres of RC drilling and 7,684 metres of diamond drilling. Drill results have been disclosed via news releases throughout the period under review (see 'Cuiú Cuiú – Q2 2022 and subsequent work programs'). Much of the diamond drilling comprised infill drilling at known deposits whereas much of the RC drilling was carried out for regional reconnaissance. As at June 30, 2022, there were at least 39 other gold targets to test on the 36,000 hectare Cuiú Cuiú property
- In May 2022, the Company announced plans to release an updated mineral resource estimate in Q4 2022 followed by an independent NI 43-101 technical report for the Cuiú Cuiú property. In June 2022, the Company announced that it intended to file an updated technical report, including updated mineral resource estimate, in connection with a review by applicable securities regulators of the preliminary short form prospectus filed on May 25, 2022; the report is expected to be filed in mid to late August 2022
- In May 2022, the Company announced that it will assess the economic viability regarding the gold-in-oxide blankets and oxidized saprolite basement at MG, PDM and Central, and may complete a preliminary economic assessment ("PEA") following the completion of the mineral resource estimate
- Metallurgical studies on mineralized samples from the gold-in-oxide blanket at MG were undertaken by Kappes, Cassidy & Associates in Nevada with results received in July 2022, indicating 82% gold recovery after 70 days. Concurrent metallurgical studies of oxidized and fresh mineralized rocks are being conducted in Brazil by Testwork Desenvolvimento do Processos Ltda based in Belo Horizonte and GSEM Engenharia Mineral with results expected in Q4 2022

Finance

- The balance of cash and cash equivalents as at June 30, 2022 was \$3,090,010 and the net working capital deficit as at this date was \$125,853. See extensive discussion regarding the Company's liquidity position under Liquidity and going concern'
- In May 2022, the Company announced that it had entered into an agreement with Paradigm Capital Inc. on behalf of a syndicate of investment dealers pursuant to which the agents have agreed to offer for sale on a 'best efforts' marketed basis, an aggregate of up to 16,310,000 units at a price of \$0.31 per unit for total gross proceeds of up to approximately \$5 million. The preliminary short form prospectus relating to this offering was filed on May 25, 2022. As a result of delays associated with the preparation and submission of the technical report, the preliminary short form prospectus expired on August 23, 2022 (see 'Liquidity and going concern - May 2022 'best efforts' prospectus offering (not closed)')
- In June 2022, the Company announced that it had closed a brokered private placement, consisting of 10,038,358 units at a price of \$0.30 per unit for gross proceeds of \$3,011,507 (see 'Liquidity and going concern – June 2022 'best efforts' brokered private placement')

- In May 2022, the Company announced that it had entered into an agreement with its President and CEO pursuant to which he would provide short-term financing to the Company by way of an unsecured term loan of up to \$1,500,000 (see ‘Liquidity and going concern - Term loan from President and CEO’)
- The value of the Brazilian real (“R\$”) relative to the Canadian dollar (“\$”) continued to be extremely volatile in Q2 2022 and subsequent thereto. The exchange rate was 3.75 on April 1, 2022 and 3.99 on August 12, 2022, and ranged from 3.69 to 4.26 during the period. The relative depreciation of the R\$ relative to the \$ serves to reduce R\$ denominated expenditures and liabilities when measured in \$.

Other

- Ongoing corporate social responsibility activities continued during 2022 to date within the community of Cuiú Cuiú and surrounding areas including extensive assistance in connection with the COVID-19 outbreak as well as ongoing contributions to the community’s school, the provision of community garbage cleanup services, contribution to the community construction of a water tower, the sharing of the Company’s medical centre facilities and staff with the community and ongoing support of educational and health events related to COVID-19 treatment, testing and prevention. A new health clinic was built with the local community supplying funds and labour and the Company assisting with materials and the provision of internal furnishings, medical equipment and supplies. Ongoing logistical support is also provided to the regional police post at Cuiú Cuiú.

Cuiú Cuiú

The Company’s primary gold project is Cuiú Cuiú.

Cuiú Cuiú garimpeiro condominium payments

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 2006 agreement has since been amended and extended several times the most recent of which was on March 29, 2017. The current terms of the agreement require Magellan Brazil to pay R\$ 5,400 per year (equivalent of \$1,332 as at June 30, 2022) to each of the 20 majority stakeholders and R\$ 2,700 per year (\$666) to each of the 62 minority stakeholders.

Payments totalling approximately \$73,000 were made to the garimpeiros (both majority and minority stakeholders) in March and April 2022 in connection with the surface access fee in respect of the year ended March 2023.

Q2 2022 and subsequent work programs

Highlights of the Q2 2022 exploration program are as follows. Complete reported results of exploration programs are available on www.cabralgold.com and www.sedar.com.

MG Gold Deposit

The planned diamond-drill program that commenced in 2021, continued through mid June 2022. During Q2, 2022, 13 diamond-drill holes were completed at MG. The holes were designed to follow-up on 2021 RC drill results within the gold-in-oxide blanket and to test the underlying primary mineralization in both mineralized basement saprolite and fresh (unweathered) mineralized basement.

Results in both the oxide blanket and in the primary mineralization largely confirmed the 2021 interpretation of gold mineralization.

Highlights of Q2 2022 oxide mineralized drill results include:

- 36.0m @ 1.1 g/t
- 29.0m @ 1.2 g/t
- 22.3m @ 1.6 g/t.

Highlights of Q2 2022 unoxidized primary mineralization drill results include:

- 87.2m @ 1.3 g/t, including 14.5m @ 3.2g/t and 1m @ 17 g/t
- 39.4m @ 1.0 g/t including 2.0m @ 7.5 g/t
- 46.3m @ 2.2 g/t including 1.0m @ 82.4g/t.

Central Gold Deposit

An initial 5,500m diamond-drill program commenced at Central in late 2021. Historically, wide-spaced drilling was carried out in order to outline the extent of mineralization along strike and at depth. Due to wet overburden that covers much of the deposit, the historic collar locations were generally quite far from the core of the deposit. As a result, the historic program provided virtually no information about the potential blanket at Central and very limited information regarding highly weathered and oxidized basement-saprolite mineralization.

The ongoing program is designed to provide information to aid in defining the extent of oxide-blanket material, establishing the extent of basement saprolite mineralization and better understanding, defining and proving continuity of higher-grade gold zones within the primary unweathered basement mineralization.

A total of twelve holes were drilled during Q2 2022.

Highlights of 2022 oxide mineralization drill results include:

- 20.9m @ 4.2 g/t, including 2.0m @ 32.3 g/t
- 23.5m @ 1.7 g/t
- 38.0m @ 0.7 g/t
- 80m @ 0.5 g/t
- 49.2m @ 0.6 g/t.

Highlights of 2022 unoxidized primary mineralization drill results include:

- 35m @ 1.2 g/t including 1.7m @ 6,8 g/t
- 37.0m @ 1.1 g/t including 1.1m @ 15.0 g/t
- 55.0m @ 0.8 g/t including 0.7m @ 24.3 g/t
- 30.9m @ 2.4 g/t including 1.0m @ 38.7 g/t.

PDM Target

The first-phase 2021 PDM diamond-drill program was extended up to April 2022 (following which, the diamond rig was redeployed to test the main Machichie zone). A total of nine holes were drilled to further explore for primary gold mineralization within fresh basement rocks below the PDM gold-in-oxide blanket, eight of which were drilled in Q1 2022 and just one in Q2 2022. Results to date indicate two northwest-trending mineralized structure dipping steeply northeast.

Cabral's RC rig carried out a drill program to define the gold-in-oxide blanket. Thirty holes were drilled during Q2 2022, which defined a NW trending high grade zone in the blanket.

Highlights of 2022 oxide mineralization drill results include:

- 13.0m @ 4.6 g/t including 1.0m @ 49.2 g/t
- 17.0m @ 1.1 g/t

- 33.0m @ 0.4 g/t
- 27.0m @ 0.4 g/t.

Highlights of drill results in the primary mineralization include:

- 6.5m @ 3.2 g/t including 0.5m @ 39.5 g/t
- 5.8m @ 2.8 g/t including 2.5m @ 6.1 g/t
- 3.0m @ 4.7 g/t including 1.0m @ 13 g/t
- 8.0m @ 6.7 g/t including 2.0m @ 23.2 g/t
- 18.0m @ 2.5 g/t including 3.0m @ 10.5 g/t.

Machichie Main zone

A diamond-drill program commenced recently at Machichie Main zone using the diamond-drill rig that was redeployed from PDM. Fourteen holes have been completed and assays are pending.

Machichie West zone

A trenching program testing on strike to the west of the main Machichie mineralized zone commenced in late 2021. Assay results indicate that the Machichie structure may extend 300m further to the west than previously thought.

Trenching on the western side of the Machichie Main zone has identified a NE trending sheeted vein zone which is currently estimated to cover an area of 500m x 300m. A total of 17 trenches totaling 911m were excavated, four of which were excavated during Q2 2022.

Trench result highlights include:

- 138m @ 0.5 g/t
- 96.5m @ 0.6 g/t
- 7.7m @ 5.8 g/t including 0.5m @ 77.3 g/t.

Other Targets

The fifth rig, which was contracted during Q1 2022, was assigned to test earlier stage regional targets. Five holes were drilled in 2022 at Indio in the same area previously drilled by Cabral's RC rig, which returned 5m @ 2.67 g/t. Assays are pending.

Exploration activity undertaken during 2021 and 2022 to date has resulted in the successful discovery of two new areas of significant bedrock gold mineralization at Machichie and PDM, and also the discovery of several new gold-in-oxide blanket mineralized zones. It has also improved the definition of higher grade bedrock mineralization at MG and Central and identified a number of high-grade basement targets for drill testing in other areas of the Cuiú Cuiú property.

Mineral resource estimate

Two principal gold deposits have been defined at Cuiú Cuiú and contain NI 43-101 compliant Indicated resources of 5.9Mt @ 0.90g/t (200,000 oz) and Inferred resources of 19.5Mt @ 1.24g/t (800,000 oz). The resource estimate is described in the technical report concerning the Cuiú Cuiú project dated March 25, 2021 (amended June 28, 2021), with an effective date of June 19, 2021, which is available on www.sedar.com.

The Company had initially planned to release an updated mineral resource estimate in Q4 2022, followed thereafter by an independent NI 43-101 technical report for the Cuiú Cuiú property. As a result of a request

from the BC Securities Commission received in connection with the filing of the preliminary short form prospectus in late May 2022, the NI 43-101 technical report is being updated sooner than originally anticipated with a revised estimate now expected in September 2022. A further update for the Central mineral resource estimate is anticipated in mid-2023.

The NI 43-101 report is expected to include a revised resource estimate for the MG gold deposit and maiden resource estimates for the MG and PDM gold-in-oxide blankets. In addition, the current Central resource estimate, which includes both oxide and basement resources, is expected to be updated using revised gold prices and cost estimates, as well as some revisions to existing wireframe models based on recent drilling. The drilling program at Central will not be sufficiently advanced to justify a fulsome new wireframe resource model, as drilling is scheduled to continue throughout 2022 and into 2023.

The Company may complete a PEA focussed on exploitation of the unconformable gold-in-oxide blankets and oxidized saprolite basement at MG, PDM and Central, utilizing revised and maiden resources.

The Company has retained SLR Consulting (Canada) Ltd. (“SLR”) of Toronto to prepare the NI 43-101 technical report.

The Company engaged Kappes, Cassiday & Associates of Reno, Nevada to complete heap-leach testing on mineralized oxidized basement and blanket materials. This work was well advanced as at August 26, 2022 and final reporting is expected in late Q3 2022.

Metallurgical studies are also being conducted in Brazil with Testwork Desenvolvimento do Processos Ltda based in Belo Horizonte together with GSEM Engenharia Mineral to better understand the potential process flowsheets of both the oxide and unweathered primary mineralization, as well as tailings characterisation. These studies will enable the Company to propose alternatives to traditional tailings dams with application of dewatering, filter press and dry-stacking technologies. It is expected that the removal of tailings dams from any proposed future mine will ultimately expedite the licensing approval process with both the ANM and SEMA. Results are expected in Q4 2022.

Exploration outlook

The 2021 Cabral drill campaign was initially primarily focused in and around the MG gold deposit, but has since expanded to test targets in and around the Central deposit. This drilling has resulted in the discovery of a gold-in-oxide blanket and an underlying zone of primary mineralization at PDM as well as a significant zone of primary gold mineralization at Machichie and now a sheeted vein array at Machichie West. Gold-in-oxide blankets were also identified above the existing MG and Central gold deposits.

The MG drilling program has been very successful and is expected to continue through Q3 2022. It has already resulted in the discovery of a new gold-in-oxide blanket mineralized zone and continues to refine and delimit both the near-surface oxide mineralization and the underlying primary fresh basement gold deposit. Emphasis continues to be placed on the definition of higher-grade zones.

The Company announced in November 2021, that it was turning its attention to the Central trend which has been traced along a northwest trend using magnetic data and soil and auger geochemical sampling for a distance of five kilometres. It extends from the Central Southeast target, through the Central gold deposit and northwest to the recently identified PDM gold-in-oxide blanket. This trend includes a number of excellent early-stage targets, notably the Central Southeast target, where historic drilling returned 27m @ 6.9 g/t gold, and the Mutum target, where surface trenching previously returned 32m @ 1 g/t gold. The initial 2021 and 2022 focus, however, has been PDM and Central.

Machichie infill and down-dip drilling has commenced in preparation for a maiden resource estimate but the limits of the mineralized zone at Machichie have not yet been established.

RC drilling will continue to focus on drilling gold-in-oxide blanket mineralization and mineralized saprolite. The RC rig recently completed a program of infill drilling at PDM and moved to complete follow-up drilling at the Indio and Medusa targets during Q3 2022.

Cumulative exploration expenditures

Cumulative exploration spend incurred on the Cuiú Cuiú property through June 30, 2022 by the Company and a previous owner of the property amounts to approximately \$46.0m as follows:

	Previous owner (1)	Dec. 31, 2021 (2)	6 months ended June 30, 2022	Total
Drilling (direct costs)	\$ 12,252,193	\$ 3,833,020	\$ 2,241,568	\$ 18,326,781
Payroll	7,187,040	4,227,624	1,149,512	12,564,176
Field costs	1,255,833	4,110,707	1,542,424	6,908,964
Consulting, third parties	1,178,055	1,478,387	211,442	2,867,884
Freight and travel	931,739	1,490,712	458,630	2,881,081
Assay	832,789	525,225	277,886	1,635,900
Geophysics	772,114	-	-	772,114
	\$ 24,409,763	\$ 15,665,675	\$ 5,881,462	\$ 45,956,900

- (1) Relates to exploration expenditures incurred from the initial establishment of Magellan Brazil in 2005 through April 16, 2016 when Magellan Brazil was transferred from Magellan Minerals Ltd. to CGBC (formerly Cabral Gold Ltd.) through a series of transactions. CGBC became a wholly owned subsidiary of Cabral Gold Inc. on October 30, 2017
- (2) Relates to exploration expenditures incurred from October 30, 2017 through December 31, 2021. Virtually no exploration activity was undertaken from April 16, 2016 through October 30, 2017
- (3) Compiled based on previously reported annual financial statements denominated in Canadian dollars

Permitting process

On December 23, 2020, the EIA-RIMA (environmental background study) was submitted as part of the mining applications for 850.615/2004 and 850.047/2005 within the legally required timeframe.

At the same time, an application for six trial mining licenses (*Guias de Utilizacao*) covering an area of approximately 250 hectares was submitted for the Central, PDM, MG and Machichie areas of which two were granted by the ANM on February 3, 2021 (one for each tenement 850.615/2004 and 850.047/2005, on the MG and Machichie target areas).

Teams from the Para State Environmental Authority (*SEMA*) conducted a preliminary field visit in August 2021 and completed their field audit in early November 2021, both as part of the trial mining licence process. The environmental licensing for these trial mining licenses, with submission of a formal Environmental Management Report (*Relatório de controle ambiental* or RCA) / Environmental Management Plan (*Plano de controle ambiental* or PCA) report to the state SEMAS/PA in December 2020 and the Preliminary Licence (LP) and Installation Licence (LI) were approved and published on June 14, 2022.

An application for reconsideration of the trial mining licences to increase the total volume was submitted on April 15, 2022 and a positive technical analysis was approved on April 18, 2022. The request was voted on by the Directors of the ANM on May 25, 2022 and the increase in volume was approved and formally published on June 8, 2022. This increase expands the capacity of the two trial mining licenses to up to

200,000 tonnes per year on the western 850.615/2004 tenement which includes PDM, Central and the western portions of the Machichie and MG targets and a further 100,000 tonnes per year capacity on the eastern tenement, 850.047/2005, including the eastern portions of the Machichie and MG targets.

A request for analysis of the EIA-RIMA was made in Q2 2022 to help fast-track the environmental licensing process to receive the Preliminary License in mid to late 2023.

Corporate social responsibility

Corporate social responsibility activities within the surrounding community of Cuiú Cuiú continued in 2022 to date including the following:

- Ongoing contributions to the community's school
- Contribution to the construction of water tanks to better utilize the water bore previously supplied by the Company. Plans are in place to improve the water distribution in the community in the summer of 2022 and provide additional water bores, if necessary, to meet demand
- The provision of basic sanitation services in the village of Cuiú Cuiú through the maintenance of a garbage collection service three times a week, creation of a landfill, education programs and various other initiatives
- Sharing of the Company's medical centre facilities and related staff with the community with extensive assistance provided to the community in terms of both personnel and medical resources in connection with the COVID-19 pandemic
- Ongoing provision of space for the local police post and logistical support to the police
- Ongoing discussions are continuing to help facilitate the construction of a new school in July 2022, to be financed by the local government
- New radio tower infrastructure built by Cabral in partnership with Nova Net provided dramatically improved radio and internet communication for the project. Some of the excess bandwidth has been liberated to provide better communications for the Cuiú Cuiú community with third parties providing all-weather stable internet services for Cuiú Cuiú residents. Previously, internet access was provided by unstable satellite services.

The support of the local community is extremely important in the permitting process.

Camp and other construction

The Company continued the construction of the camp at Cuiú Cuiú in 2022 to date including the following:

- The process of recovering and transferring the historical core to the new core shed commenced in early 2021 and was completed in Q1 2022
- Construction of administrative office, warehouses with operational vehicle workshop, fuel depots (including the acquisition of fuel tank systems) and recreational areas (completed in Q2 2022).

The current phase of camp construction was completed in May 2022. There are no plans to incur any further expenditures on camp construction through the end of 2022.

Company response to COVID-19

In order to protect both staff and the local Cuiú Cuiú community from COVID-19, the Company introduced a number of COVID-19 protocols in 2020 that met and, in most cases, exceeded the requirements issued by federal, state and local governments. Testing of all personnel (both employees and contractors) before entering the project is obligatory and suspected cases onsite are isolated and removed from site immediately for treatment in Itaituba when necessary. These initiatives also include the ongoing testing of all employees and contractors and have continued in force.

All employees and third-party contractors are provided with medications and vitamin supplements to help enhance their immunity against COVID-19 and are regularly monitored by the Company's in-house nursing staff for any early signs of illness and treated accordingly. Health and safety protocols are reinforced on a daily basis with safe practices in place to reduce the risk of transmission.

In early and mid 2021, the vaccination of employees was provided both onsite and when on break in Itaituba where vaccinations were well advanced for the general population aged 18 and older. A register of all vaccinated employees is maintained and all employees are fully vaccinated

As part of its ongoing corporate social responsibility initiatives, the Company has provided extensive support to the town of Cuiú Cuiú during the current COVID-19 crisis through the provision of medical personnel and supplies (including masks and test-kits) to the community and the maintenance of a medical outpost in Cuiú Cuiú to serve not only the Company's own staff, but also local partners and the broader community. Visits by the Brazilian Health department to the Cuiú Cuiú community were sponsored by the Company. The majority of the Cuiú Cuiú community have now been vaccinated through these initiatives and COVID-19 cases are rare.

Brazil suffered in 2021 from the much-publicised growth in the spread of COVID-19 including variants throughout the country. Brazil, however, now has one of the highest COVID-19 vaccination rates in the world and COVID-19 restrictions were revoked in much of the country in early 2022. Most restrictions of movement related to COVID-19 and day to day activities have now been removed apart from domestic and international travel.

Outlook

Subject to the availability of funding, the Company's exploration plans for the next three to six months is expected to be a continuation of the initiatives described above and summarised as follows:

- The Company plans to release an updated mineral resource estimate in September 2022 followed by an independent NI 43-101 technical report for the Cuiú Cuiú property
- RC drilling of regional targets and infill drilling of higher grade zones within the gold-in-oxide blankets is expected to continue through late Q3 2022
- The Company may complete an economic assessment and/or PEA focused on exploitation of the unconformable gold-in-oxide blankets and oxidized saprolite basement at MG, PDM and Central, utilizing revised and maiden resources.
- The Company will continue all necessary actions required to advance the permitting process
- Public audiences are expected to be conducted in late 2022 following analysis of the EIA-RIMA report which was submitted as part of the permitting process
- Environmental licensing for the six trial mining licenses is ongoing. Installation Licenses were published in Q2 2022, while the Operating Licenses are expected to be published in the second half of 2022
- A number of metallurgical studies on mineralized material from the gold-in-oxide blanket and fresh basement are ongoing. Results are expected during Q4 2022.

All expiry dates of licences were officially extended due to the COVID-19 pandemic for an additional 15 months from the original expiry dates.

Poconé properties

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 and ECI Exploration & Mining Inc. ("ECI") on October 17, 2011 effective December 2009 pursuant to which ECI and Magellan would share equally in the rights and

responsibilities associated with the identification, exploration and development of mineral properties (the “**ECI Venture**”). The second set of agreements was between Magellan, ECI and Brasil Central Engenharia Ltda. (“**Brasil Central**”) pursuant to which Magellan, ECI, and Brasil Central would seek to identify, explore and develop mineral properties through a newly incorporated entity, Poconé Gold Mineração Ltda. (“**PGM**”). Magellan Brazil held a 35% interest in PGM until September 26, 2018.

Magellan’s rights and responsibilities associated with both the ECI Venture and PGM were transferred to CGBC pursuant to an agreement dated April 15, 2016 between CGBC, Magellan and ECI.

While the Poconé properties have never had a carrying value in the books of the Company, Magellan Brazil’s share of various liabilities relating to the ECI Venture and PGM were recognised.

Virtually no exploration activity was undertaken on any of the Poconé properties since 2012, however, claim maintenance charges continued to be incurred and certain of these charges were restructured. In addition, the Company historically incurred various 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. As of April 29, 2022, no claim had been filed against the Company, however, the Company is responsible for 50% of costs of ECI pursuant to the ECI Venture agreement. The plaintiff is claiming an amount of US\$ 780,000 plus damages.

On September 26, 2018, an agreement was entered into pursuant to which the shares of PGM held by both Magellan Brazil and the Brazilian subsidiary of ECI were transferred to Brasil Central in exchange for Brasil Central taking over the debts of PGM and making nominal cash payments.

The disposal of PGM does not reduce the Company’s exposure relating to the aforementioned legal claim against ECI and PGM. Furthermore, as part of the sale of PGM, Magellan Brazil and the Brazilian subsidiary of ECI provided an indemnification to PGM relating to any losses resulting from the legal claim.

Recent decisions of the applicable courts have gone against the defendants in this case which increases the risk that the Company may ultimately incur a loss. As at August 26, 2022, however, the significant uncertainty present regarding the outcome of the case and related issues is 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.

Proposed transactions

As at June 30, 2022 and August 26, 2022, there were no material proposed asset or business acquisitions or dispositions being contemplated.

Summary of quarterly results

A summary of results in respect of the five quarters ended June 30, 2022 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 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenue	-	-	-	-	-
Exploration and development	1,525,638	2,575,258	2,699,055	2,764,764	3,230,381
<i>Diamond drill rigs (end of quarter)</i>	1	3	3	4	1
<i>RC rigs (end of quarter)</i>	2	2	1	1	1
Administration (cash):					
Management	104,234	137,743	109,857	114,193	109,145
Marketing	70,432	108,808	88,544	72,377	77,420
Office and administration	19,928	26,977	23,521	28,475	37,331
Listing expense	2,058	10,577	1,808	13,565	34,209
Professional fees	14,398	13,962	9,654	11,955	24,422
Travel	-	-	10,851	-	14,412
	<u>211,050</u>	<u>298,067</u>	<u>244,235</u>	<u>240,565</u>	<u>296,939</u>
Administration (non-cash):					
Stock-based compensation	305,918	568,879	443,933	346,737	233,816
Depreciation	75,734	102,609	125,452	147,475	164,607
	<u>381,652</u>	<u>671,488</u>	<u>569,385</u>	<u>494,212</u>	<u>398,423</u>
Foreign exchange loss (gain)	3,037	(3,746)	(790)	2,959	6,756
Interest income	(10,051)	(12,204)	(16,393)	(23,026)	(8,714)
Interest expense	-	-	-	-	26,392
Net loss	<u>2,111,326</u>	<u>3,528,863</u>	<u>3,495,492</u>	<u>3,479,474</u>	<u>3,950,177</u>

- Exploration and evaluation: See ‘Cuiú Cuiú – Q2 2022 and subsequent work programs’. Exploration spend increased steadily from quarter to quarter during the period under review. The initial RC drill program using the Company’s own RC drill rig commenced in Q3 2020; exploration spend continued to grow thereafter with the commencement of a second RC drill program (using a contracted RC drill rig) in Q4 2020 and the diamond-drill program in Q1 2021. Exploration activity ramped up significantly again in Q3 2021 following the closing of the July 2021 bought-deal financing including the introduction of two more diamond-drill rigs to the drill program. While exploration and development spend is primarily driven by the number of drill rigs operating (see number of rigs by quarter in the above table), other exploration and related initiatives such as soil sampling, trenching, stream-sediment sampling, permitting activity and the undertaking of various third party studies also influence costs. Volatility in the \$ to R\$ foreign exchange rate leads to a corresponding volatility in \$ denominated exploration and development spend, the vast majority of which is incurred in Brazil in R\$
- Management costs relate to compensation of the Company’s officers (Executive Chairman, President and CEO and CFO). In Q3 2021, a \$15,000 bonus was paid to each of the Executive Chairman and CFO, and the Executive Chairman received a remuneration increase
- Marketing expenditures relate to attendance at conferences (virtual until Q1 2022), various advisory services and other marketing related expenditures
- Office and administration relates to the costs of operating the Company’s Vancouver office. The increase in Q2 2022 was related to the 2022 AGM which took place in June 2022
- Listing fees increased in Q2 2022 due to various annual fees falling due in the quarter
- Professional fees relate to audit and legal fees. The increase in Q2 2022 was related to final 2021 audit fees being higher than accrued during the course of 2021
- Stock-based compensation relates to the amortisation of tranches of stock options and RSUs granted as follows:
 - September 2019: 266,666 RSUs issued vesting over 36 months

- September 2019: 2,575,000 stock options having a term of five years and an exercise price of \$0.15 and vesting over two years
- July 2020: 3,405,000 stock options having a term of five years and an exercise price of \$0.27 and vesting over two years
- August 2020: 575,000 RSUs issued vesting over 36 months
- November 2020: 1,150,000 stock options having a term of five years and an exercise price of \$0.60 and vesting over two years
- April 2021: 600,000 stock options having a term of five years and an exercise price of \$0.49 and vesting over two years
- April 2021: 85,938 RSUs issued vesting over 18 months and 498,437 RSUs issued vesting over 36 months
- August 2021: 4,050,000 stock options having a term of five years and an exercise price of \$0.51 and vesting over two years.

Statements of financial position

	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22
Cash and cash equivalents	1,528,437	8,545,505	4,898,213	2,041,562	3,090,010
Other current assets	222,896	404,773	323,849	228,472	212,161
Fixed assets	1,350,632	1,649,247	2,030,837	2,362,193	2,169,015
Mineral properties	1,921,272	2,061,357	2,277,461	2,795,840	2,693,162
<i>Total assets</i>	<i>5,023,237</i>	<i>12,660,882</i>	<i>9,530,360</i>	<i>7,428,067</i>	<i>8,164,348</i>
Liabilities	609,554	892,873	908,838	1,325,205	2,448,670
Term loan	-	-	-	-	979,336
Share capital	21,445,773	31,313,524	30,891,884	30,891,884	32,947,016
Reserves	2,930,132	4,150,586	5,020,479	5,367,216	6,053,913
Subscription receipts	-	-	-	-	30,000
Other comprehensive income	(741,591)	(946,607)	(1,045,855)	(431,778)	(619,950)
Accumulated deficit	(19,220,631)	(22,749,494)	(26,244,986)	(29,724,460)	(33,674,637)
<i>Total equity</i>	<i>4,413,683</i>	<i>11,768,009</i>	<i>8,621,522</i>	<i>6,102,862</i>	<i>4,736,342</i>
	-	-	-	-	-

- Other current assets include accounts receivable and prepaid expenses. The balance increased in Q3 2021 as a result of a significant deposit paid to the drill contractor in connection with the diamond-drill program which was drawn down in subsequent quarters
- Increases in the balance of fixed assets during the period under review relate primarily to camp construction and miscellaneous capital expenditures relating to the establishment of the exploration camp at Cuiú Cuiú, the purchase and refurbishment of the RC rig, the purchase and refurbishment of several used vehicles used at Cuiú Cuiú and the purchase of various other camp tools and equipment (see 'Cuiú Cuiú - Camp and other construction'). The balance also includes the cost of a 30 hectare plot of land in Cuiú Cuiú that was purchased by Magellan Brazil in early 2016 prior to its acquisition by Cabral. The cost of fixed asset additions have been offset by depreciation expense and the impact of the general deterioration in the value of the R\$ relative to the \$ in 2021
- The balance of mineral properties relates to capitalised mineral property acquisition and claim maintenance costs. Increases relate to claim maintenance expenditures comprising payments to both the Brazilian authorities (Q1 and Q3 of each year) and members of the Cuiú Cuiú garimpeiro condominium (Q1 and Q2 of each year) as well as various surface access payments and acquisition expenditures relating to other parts of the Cuiú Cuiú district (including both majority and minority interests in the Cuiú Cuiú garimpeiro condominium; see 'Cuiú Cuiú - Acquisition of garimpeiro interests'). As is the case with fixed assets, mineral property additions in 2021 were offset by decreases

associated with the general deterioration in the value of the R\$. With the exception of \$222,309, the June 30, 2022 balance related entirely to Cuiú Cuiú

- The balance of accounts payable and accrued liabilities increased significantly through the period under review due to the significant and steady increase in the scope of exploration activity with the initiation of the three drill programs growing to a total of five rigs in Q3 2021 as well as camp construction activity and seasonal issues impacting payroll liabilities. The significant growth in liabilities in Q2 2022 was attributable to the accumulation of liabilities in both Brazil and Canada many of which are overdue (see ‘Cuiú Cuiú – Q1 2022 and subsequent work program’ and ‘Liquidity and going concern – Growing trade liabilities’)
- The increases in share capital during the period under review relate to proceeds realised on the July 2021 and the June 2022 financings.

Liquidity and going concern

As at June 30, 2022, the Company had a cash balance of \$3,090,010, and net working deficit of \$125,835.

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.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding through equity financing provided by the Company’s existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard. These material uncertainties may 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 and the discovery of economically recoverable reserves.

The Company’s 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, the Company may be required to significantly curtail exploration and other activity such that the objectives described under ‘Cuiú Cuiú – Outlook’ may not be achieved or may be achieved with delay, and/or the Company may not be able to meet its obligations (including those associated with the Term Loan) as they become due in the normal course of business.

Growing trade liabilities

The Company has sought to preserve cash (including the proceeds of the June 2022 private placement described below) through the deferral of payment to certain significant suppliers in both Brazil and Canada. Certain of these payment deferrals have been initiated unilaterally by the Company. Penalty interest charges associated with delays in payment have been incurred by the Company and such charges are expected to continue and may increase.

In addition to trade liabilities, amounts owing to management in respect of remuneration also began being deferred in late Q2 2022 and continue to be deferred as at August 26, 2022.

May 2022 'best efforts' prospectus offering (not closed)

In May 2022, the Company announced that it had entered into an agreement with Paradigm Capital Inc. on behalf of a syndicate of investment dealers pursuant to which the agents have agreed to offer for sale on a 'best efforts' marketed basis, an aggregate of up to 16,130,000 units from the treasury of the Company, at a price of \$0.31 per unit for total gross proceeds to the Company of up to approximately \$5 million. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant of the Company. Each full warrant entitled the holder thereof to acquire one common share from the Company at a price of \$0.50 per share for a period of 24 months after closing.

The 'best efforts' financing was announced on May 25, 2022. A preliminary short form prospectus was filed on the same date. The regulatory authorities subsequently responded with a comment letter that required the Company to file a NI 43-101 compliant technical report on the Cuiú Cuiú project; this report is expected to be filed in September 2022 (see 'Cuiú Cuiú - Mineral resource estimates'). As a result of delays associated with the preparation and submission of the technical report, the preliminary short form prospectus expired on August 23, 2022.

June 2022 'best efforts' brokered private placement

Given the delays associated with the best efforts' prospectus offering announced in May 2022, the Company announced an alternate 'best efforts' private placement offering in June 2022. The Company entered into an agreement with Paradigm Capital Inc. to act as lead agent and sole book runner in connection with the private placement of up to 10,000,000 units of the Company at a price of \$0.30 per unit for total proceeds of up to \$3,000,000. Each unit consisted of one common share in the capital of the Company (a and one common share purchase warrant of the Company. Each warrant entitles the holder thereof to acquire one common share at an exercise price of \$0.50 per common share for a period of 24 months after the closing of the offering.

The Company granted a 15% over allotment option to the lead agent exercisable in whole or in part at the sole discretion of the lead agent.

The agents were paid a cash commission equal to 6.0% of the gross proceeds of the offering (including on the exercise of the over-allotment option), subject to a reduced cash commission equal to 3.0% in respect of any sales of units to purchasers on a president's list provided by the Company to the lead agent. The Company also issued to the agents that number of compensation options that is equal to 6.0% of the units issued under the offering (including on any exercise of the over-allotment option), subject to a reduced number of compensation options equal to 3.0% in respect of any sales of units to purchasers on the president's list, each exercisable for one common share at \$0.30 for a period of 24 months after closing.

In late June 2022, the Company announced the closing of the 'best efforts' brokered private placement consisting of a total of 10,038,358 units of the Company at a price of \$0.30 per unit for aggregate gross proceeds to the Company of approximately \$3,011,507 (including over-allotment option).

The Company paid a cash commission of \$142,851 and issued an aggregate of 476,170 compensation options in connection with the closing.

Total share issuance costs amounted to \$503,494 (excluding the estimated value of the compensation options of \$41,855).

In July 2022, the Company announced a second closing of the private placement consisting of 100,000 additional units on a non-brokered basis at a price of \$0.30 per unit for gross proceeds of \$30,000.

All securities issued in connection with the private placement are subject to a statutory hold period of four months from the date of issuance in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

Officers and directors of the Company subscribed for a total of 480,000 units for gross proceeds of \$144,000.

Term loan from the President and CEO

In May 2022, the Company announced that it had entered into an agreement for a term loan with Alan Carter, President and CEO of the Company, pursuant to which Dr. Carter would provide short-term financing to the Company by way of an unsecured term loan of up to \$1,500,000 (the “**Term Loan**”). The Term Loan will be advanced to the Company as required and will bear interest at a rate of 10% per annum. The parties intend that subject to TSX Venture Exchange approval, interest on the Term Loan will be repayable in common shares. A total of \$250,000 of the Term Loan will be repayable within 90 days following advance of funds and the balance plus applicable interest will be repayable on or before December 31, 2022. If the Company repays the \$250,000 contemplated above plus an additional \$250,000 prior to December 31, 2022, the maturity date of the Term Loan may be extended from December 31, 2022 until March 31, 2023 at the option of the Company. If the maturity date is so extended, the interest rate will increase to 12.5% retroactively to the date of initial advance on any amount not repaid by December 31, 2022. The proceeds received from the Term Loan will be used for advancement of the Company’s Cuiú Cuiú project and for working capital and general corporate purposes.

The outstanding balance of the Term Loan as at both June 30, 2022 and August 26, 2022 amounted to \$979,366 (excluding accrued interest of \$9,089).

Entering into the Term Loan marks the first time the Company has taken on debt and introduces risks to the Company that it was not previously subject to as follows:

- The Company may be required to repay \$250,000 (minimum payment) to the lender in Q3 or Q4 2022 pursuant to the loan agreement. If the Company fails to make this payment and such failure continues for 45 business days, the Company would be in default.
- The Company will be required to repay a further \$250,000 (minimum payment) to the lender on or before December 31, 2022 pursuant to the loan agreement. The Company hopes to fund this payment from the proceeds of an equity financing to take place in Q3 or Q4 2022. If the Company fails to make this payment and such failure continues for 45 business days, the Company would be in default.
- If the Company makes both payments of \$250,000 pursuant to the loan agreement, the remaining balance of the term loan is due on March 31, 2023. The Company hopes to fund this payment from the proceeds of an equity financing to take place in Q3 or Q4 2022. If the Company fails to make this payment and such failure continues for 45 business days, the Company will be in default.

The Company’s ability to repay the Term Loan pursuant to the terms of the loan agreement and avoid an event of default will be dependent on the success of equity financings in 2022.

If an event of default should occur, the lender may demand immediate payment of all amounts owing from the Company and could initiate legal action against the Company.

COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations or the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Operating activities

Cash used in operating activities in the six months ended June 30, 2022 amounted to \$4,808,764 as follows:

- The net loss for the period of \$7,429,651
- Net non-cash items totalling \$988,690 including stock-based compensation and depreciation
- Cash derived from the net reduction in non-cash working capital assets of \$1,632,197 relating primarily to an increase in accounts payable (see 'Growing trade liabilities', above).

Investing activities

Cash used in investing activities in the six months ended June 30, 2022 amounted to \$555,229 as follows:

- Additions to mineral properties of \$251,089 relating to capitalised acquisition and claim maintenance costs including the January claim maintenance payment to the Brazilian authorities, the purchase of the interest of a majority stakeholder in the Cuiú Cuiú garimpeiro condominium and the annual payment to the Cuiú Cuiú garimpeiro condominium
- Additions to fixed assets of \$304,140 relating primarily to the purchase of equipment and camp construction.

Financing activities

Cash used in investing activities in the six months ended June 30, 2022 amounted to \$3,517,349 as follows:

- Net proceeds of the June 2022 'best efforts' brokered private placement of \$2,538,013 comprising gross proceeds of \$3,011,507 and subscription receipts of \$30,000 relating to a second closing that took place in July 2022 less unit issuance costs of \$503,494 (excluding the estimated value of compensation options paid to agents of \$41,855)
- Proceeds of the term loan from the Company's President and CEO of \$979,336.

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-term or long-term contractual commitments in place as at June 30, 2022 or August 26, 2022 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; the agreement was subsequently amended. As at June 30, 2022, approximately R\$ 160,000 (\$39,000) of the contract (as amended) was outstanding

- The Company is committed to sharing in net costs and commitments associated with its Poconé venture including its share of any losses relating to current litigation against PGM and a venture partner.

Capital commitments

The Company had no capital expenditure commitments as at either June 30, 2022 or August 26, 2022.

Transactions with related parties

The Company incurred the following costs of management remuneration in the six months ended June 30, 2022:

	6 months ended June 30, 2022	6 months ended June 30, 2021
Management:		
Employment remuneration	\$ 89,500	\$ 89,500
Consulting fees	119,671	98,000
Payroll related costs	14,167	13,825
Stock-based compensation, stock options	144,288	79,678
Stock-based compensation, RSUs	24,195	21,999
	<u>391,821</u>	<u>303,002</u>
Directors (excluding management):		
Stock-based compensation, stock options	96,058	130,918
Stock-based compensation, RSUs	28,995	34,924
	<u>125,053</u>	<u>165,842</u>
	<u>\$ 516,874</u>	<u>\$ 468,844</u>

Management comprises the Company's Executive Chairman, President and CEO and CFO.

As at June 30, 2022, the Company owed a total of \$63,675 to management in connection with unreimbursed expenditures incurred on behalf of the Company and deferred remuneration. This liability remained outstanding as at August 26, 2022. Amounts owing to management are non-interest bearing, unsecured and have no set terms of repayment.

In May 2022, the Company announced that it had entered into an agreement for a term loan with Alan Carter, President and CEO of the Company (see 'Liquidity and going concern - Term loan from the President and CEO').

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 both June 30, 2022 and August 26, 2022:

Issued and outstanding common shares		151,822,818	151,722,818
Share purchase warrants (expiration date):			
July 6, 2023 (July 2021 bought deal)	\$ 0.80	10,649,000	10,649,000
July 6, 2023 (underwriters, July 2021 bought deal)	\$ 0.54	1,042,320	1,042,320
June 27, 2024 (June 2022 private placement)	\$ 0.50	10,038,358	10,038,358
June 27, 2024 (compensation options, June 2022 private placement)	\$ 0.30	476,170	476,170
		<u>22,205,848</u>	<u>22,205,848</u>
Stock options (expiration date):			
June 19, 2023	\$ 0.23	450,000	450,000
January 22, 2024	\$ 0.25	1,323,224	1,323,224
September 6, 2024	\$ 0.15	2,045,000	2,045,000
July 21, 2025	\$ 0.27	2,765,000	2,765,000
November 13, 2025	\$ 0.60	1,150,000	1,150,000
April 11, 2026	\$ 0.49	600,000	600,000
August 30, 2026	\$ 0.51	4,050,000	4,050,000
		<u>12,383,224</u>	<u>12,383,224</u>
RSUs (vesting date):			
January 30, 2022		200,000	200,000
September 6, 2022		66,667	66,667
October 12, 2022		85,939	85,939
July 30, 2023		200,000	200,000
April 12, 2024		498,435	498,435
		<u>1,051,041</u>	<u>1,051,041</u>
Fully diluted		187,462,931	187,362,931

The RSUs that were to have vested as at January 30, 2022 did not vest as at this date due to the black-out in effect relating to the ongoing May 2022 ‘best efforts’ prospectus offering.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these consolidated financial statements.

The Company has determined that these new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or will not have a significant impact on the Company’s consolidated financial statements.