Cabral Gold Inc.

An exploration stage company

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

NOTICE

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Cabral Gold Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	June 30, 2023	Dec. 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 2,108,198	$ 1,405,169
Accounts receivable		143,864	136,106
Prepaid expenses		30,469	6,305
Total Current assets		**2,282,531**	**1,547,580**
Non-current assets			
Fixed assets	6	1,672,929	1,888,029
Mineral properties	7	3,213,719	2,866,481
Total Assets		**$ 7,169,179**	**$ 6,302,090**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 1,513,524	$ 1,568,720
Due to related parties	14(b)	196,908	164,895
Term loan	14(c)	1,125,266	1,089,483
Total Current liabilities		**2,835,698**	**2,823,098**
Shareholders' equity			
Share capital	10(a)	36,602,576	33,867,019
Reserves	10(b), 10(c), 10(d)	6,841,878	6,688,672
Accumulated other comprehensive income		(284,571)	(485,080)
Accumulated deficit		(38,826,402)	(36,591,619)
Total Shareholders' equity		**4,333,481**	**3,478,992**
Total Liabilities and Shareholders' equity		**$ 7,169,179**	**$ 6,302,090**

Nature of operations and going concern (Note 1)
Subsequent events (Notes 7, 14(c) and 21)
Commitments and contingent liabilities (Note 18)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Approved by the Board of Directors

"Lawrence Lepard"
Lawrence Lepard, Director

"Alan Carter"
Alan Carter, Director

Cabral Gold Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars except number of shares)

	Notes	3 months ended June 30, 2023	3 months ended June 30, 2022	6 months ended June 30, 2023	6 months ended June 30, 2022
Expenses					
Exploration and development	11	$ 459,407	$ 3,230,381	$ 841,932	$ 5,995,145
Depreciation	6	165,140	164,607	326,110	312,082
Management	14(a)	111,111	109,145	223,123	223,338
Stock-based compensation	10(c), 10(	60,122	233,816	153,206	580,553
Marketing		21,164	77,420	62,032	149,797
Professional fees		21,170	24,422	40,391	36,377
Office and administrative		17,560	37,331	35,872	65,806
Listing expense		11,891	34,209	22,836	47,774
Travel		7,212	14,412	19,037	14,412
		874,777	3,925,743	1,724,539	7,425,284
Other income and expenses					
NSR transaction costs	19	285,604	-	381,504	-
Interest expense		82,769	26,392	180,728	26,392
Foreign exchange losses (gains)		(23,051)	6,756	(21,970)	9,715
Interest income		(18,599)	(8,714)	(30,018)	(31,740)
Net loss for the period		**$ 1,201,500**	**$ 3,950,177**	**$ 2,234,783**	**$ 7,429,651**
Other comprehensive income and loss					
Unrealised foreign currency translation items		(91,834)	188,172	(200,509)	(425,905)
Total comprehensive loss for the period		**$ 1,109,666**	**$ 4,138,349**	**$ 2,034,274**	**$ 7,003,746**
Loss per share, Basic and diluted		$ 0.01	$ 0.03	$ 0.01	$ 0.05
Weighted average shares outstanding, Basic and diluted		186,275,424	141,795,381	174,560,507	141,905,083

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Cabral Gold Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders’ Equity

(Expressed in Canadian Dollars)

	Issued common shares	Share capital	Subscription receipts	Reserves, Warrants	Reserves, Stock options	Reserves, RSUs	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance at December 31, 2021	**141,684,460**	**$ 30,891,884**	$ -	**$ 2,138,893**	**$ 2,737,895**	**$ 143,691**	**($ 1,045,855)**	**($ 26,244,986)**	**$ 8,621,522**
Shares issued for cash:									
Private placement (units)	10,038,358	2,509,589	-	501,918	-	-	-	-	**3,011,507**
Unit issuance costs	-	(454,457)	-	(49,037)	-	-	-	-	**(503,494)**
Subscription receipts	-	-	30,000	-	-	-	-	-	**30,000**
Stock-based compensation	-	-	-	-	505,756	74,797	-	-	**580,553**
Comprehensive loss	-	-	-	-	-	-	425,905	(7,429,651)	**(7,003,746)**
Balance at June 30, 2022	**151,722,818**	**$ 32,947,016**	**$ 30,000**	**$ 2,591,774**	**$ 3,243,651**	**$ 218,488**	**($ 619,950)**	**($ 33,674,637)**	**$ 4,736,342**
Balance at December 31, 2022	**158,375,424**	**33,867,019**	-	**2,965,232**	**3,488,291**	**235,149**	**(485,080)**	**(36,591,619)**	**$ 3,478,992**
Shares issued for cash:									
Private placement (units)	27,900,000	2,790,000	-	-	-	-	-	-	**2,790,000**
Unit issuance costs	-	(54,443)	-	-	-	-	-	-	**(54,443)**
Subscription receipts	-	-	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	100,042	53,164	-	-	**153,206**
Comprehensive loss	-	-	-	-	-	-	200,509	(2,234,783)	**(2,034,274)**
Balance at June 30, 2023	**186,275,424**	**$ 36,602,576**	**$ -**	**$ 2,965,232**	**$ 3,588,333**	**$ 288,313**	**($ 284,571)**	**($ 38,826,402)**	**$ 4,333,481**

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Cabral Gold Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	6 months ended June 30, 2023	6 months ended June 30, 2022
OPERATING ACTIVITIES		
Net loss for the year	($ 2,234,783)	($ 7,429,651)
Adjustments for items not involving cash:		
Stock-based compensation	153,206	580,553
Depreciation	326,110	312,082
Unrealised foreign exchange	(119,762)	96,055
Accrued interest on term loan	61,398	-
	(1,813,831)	**(6,440,961)**
Net changes in non-cash working capital:		
Increase in accounts receivable	(7,758)	(7,505)
Decrease (increase) in prepaid expenses	(24,164)	119,193
Increase (decrease) in accounts payable	(55,196)	1,465,280
Increase in related party liabilities	32,013	55,229
Cash used in operating activities	**(1,868,936)**	**(4,808,764)**
INVESTING ACTIVITIES		
Additions to mineral properties	(165,924)	(251,089)
Additions to fixed assets	-	(304,140)
Cash used in investing activities	**(165,924)**	**(555,229)**
FINANCING ACTIVITIES		
Issuance of shares and units for cash	2,790,000	3,011,507
Share issuance costs	(54,443)	(503,494)
Subscription receipts	-	30,000
Term loan	-	979,336
Cash provided by financing activities	**2,735,557**	**3,517,349**
Effect of change in exchange rate on cash	**2,332**	**38,441**
Net decrease in cash and cash equivalents	**703,029**	**(1,808,203)**
Cash and cash equivalents, beginning of period	**1,405,169**	**4,898,213**
Cash and cash equivalents, end of period	**$ 2,108,198**	**$ 3,090,010**

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

1. NATURE OF OPERATIONS

Cabral Gold Inc. ("**Cabral Gold**" or the "**Company**"; formerly San Angelo Oil Limited) was incorporated on February 11, 2014 under the British Columbia Business Corporations Act.

The Company's registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

Going concern

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which assumes the Company will be able to realise its assets and settle its liabilities in the normal course of business. For the six months ended June 30, 2023, the Company reported a net loss of $2,234,783 (six months ended June 30, 2022: $7,429,651) and cash applied to operating activities of $1,868,936 (six months ended June 30, 2022: $4,808,764), and as at that date had a net working capital deficit of $553,167 (December 31, 2022: $1,275,518).

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding to finance its exploration programs and to cover administrative and overhead expenses. The Company plans to raise additional funding through the sale of equity or other instruments. Any financing solution could be highly dilutive to shareholders. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

There is no assurance that the Company will be successful in its initiatives to obtain additional funding. These material uncertainties cast 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.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In the event the Company is unable to arrange appropriate financing, the carrying value of its assets and liabilities could be subject to material adjustment, and the Company could be unable to meet its obligations as they become due in the normal course of business.

(Unaudited, Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

These financial statements include the accounts of Cabral Gold Inc. and its subsidiaries as follows:

	Location	Ownership	Functional currency
Cabral Gold B.C. Inc.	Canada	100%	$
Magellan Minerais Prospecção Geológica Ltda.	Brazil	100%	R$

The Company's interest in Magellan Minerais Prospecção Geológica Ltda. ("**Magellan Brazil**") is held through its wholly-owned subsidiary, Cabral Gold B.C. Inc. ("**CGBC**").

The Company's interest in Poconé Gold Mineração Ltda. ("**PGM**") was held through Magellan Brazil. The Company's interest in PGM was disposed of in September 2018.

Magellan Brazil holds 100% of the Cuiú Cuiú property and several secondary properties.

Certain financial statement items presented in previous financial statements have been reclassified to conform with current presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB ("**International Accounting Standards Board**") applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34, 'Interim Financial Reporting'. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2022.

The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2022.

4. CRITICAL JUDGEMENTS AND SIGNIFICANT ESTIMATES

The preparation of the interim consolidated financial statements in conformity with IFRS requires the use of judgements and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the consolidated financial statements for the year ended December 31, 2022, and the key areas are summarised below.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding short and long-term financing, investing and operating activities, and management's strategic planning. Management has applied judgement in the assessment of the Company continuing as a going concern by taking into account all available information. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate, as discussed in Note 1.

Functional currency

Management is required to assess the functional currency of each entity of the Company. In concluding the functional currencies of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Impairment of mineral properties

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

Title to mineral properties

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

5. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to existing standards and interpretations, are not yet effective for the year ended December 31, 2023, and have not been applied in preparing these condensed interim 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 condensed interim consolidated financial statements.

(Unaudited, Expressed in Canadian Dollars)

6. FIXED ASSETS

	Land	Buildings	Vehicles	Equipment	Total
Cost:					
December 31, 2022	$ 646,006	$ 803,512	$ 313,524	$ 1,484,023	$ 3,247,065
Foreign exchange differences	46,676	65,435	27,105	88,841	228,057
June 30, 2023	692,682	868,947	340,629	1,572,864	3,475,122
Accumulated depreciation:					
December 31, 2022	-	(387,344)	(237,108)	(734,584)	(1,359,036)
Depreciation expense	-	(103,670)	(42,943)	(179,497)	(326,110)
Foreign exchange differences	-	(38,313)	(22,497)	(56,237)	(117,047)
June 30, 2023	-	(529,327)	(302,548)	(970,318)	(1,802,193)
Net book value:					
December 31, 2022	646,006	416,168	76,416	749,439	1,888,029
June 30, 2023	**$ 692,682**	**$ 339,620**	**$ 38,081**	**$ 602,546**	**$1,672,929**

	Land	Buildings	Vehicles	Equipment	Total
Cost:					
December 31, 2021	$ 556,296	$ 587,796	$ 350,973	$ 1,159,908	$ 2,654,973
Additions	15,141	111,177	-	182,183	308,501
Disposals	-	-	(80,752)	-	(80,752)
Foreign exchange differences	74,569	104,539	43,303	141,932	364,343
December 31, 2022	646,006	803,512	313,524	1,484,023	3,247,065
Accumulated depreciation:					
December 31, 2021	-	(145,958)	(157,556)	(320,622)	(624,136)
Depreciation expense	-	(193,245)	(94,763)	(341,859)	(629,867)
Disposals	-	-	45,739	-	45,739
Foreign exchange differences	-	(48,141)	(30,528)	(72,103)	(150,772)
December 31, 2022	-	(387,344)	(237,108)	(734,584)	(1,359,036)
Net book value:					
December 31, 2021	556,296	441,838	193,417	839,286	2,030,837
December 31, 2022	**$ 646,006**	**$ 416,168**	**$ 76,416**	**$ 749,439**	**$1,888,029**

(Unaudited, Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

6 months ended June 30, 2023				
	Jan. 1, 2023	**Additions**	**Foreign exchange**	**June 30, 2023**
Cuiú Cuiú	$ 2,635,612	$ 162,590	$ 164,076	$ 2,962,278
Bom Jardim	200,742	-	14,887	215,629
Other	30,127	3,334	2,351	35,812
	$ 2,866,481	**$ 165,924**	**$ 181,314**	**$ 3,213,719**

Year ended December 31, 2022				
	Jan. 1, 2022	**Additions**	**Foreign exchange**	**Dec. 31, 2022**
Cuiú Cuiú	$ 2,082,180	$ 348,516	$ 204,916	$ 2,635,612
Bom Jardim	169,914	9,252	21,576	200,742
Other	25,367	1,536	3,224	30,127
	$ 2,277,461	**$ 359,304**	**$ 229,716**	**$ 2,866,481**

The Company's primary mineral property is Cuiú Cuiú.

All of the Company's properties are located in Brazil.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be impaired in the future.

The Company is required to make statutory claim maintenance expenditures to the Brazilian authorities each year to maintain its properties in good standing.

Cuiú Cuiú surface access agreement, garimpeiro condominium

On February 19, 2006, Magellan Brazil entered into a surface access agreement with the holders of the traditional surface rights over the Cuiú Cuiú property. The owners are organised into a 'condominium' (which is similar to a cooperative) comprising minority stakeholders and majority stakeholders.

The February 19, 2006 agreement has since been amended and extended several times the most recent of which was on March 29, 2017. The current terms of the agreement require Magellan Brazil to pay R$ 5,400 per year (equivalent of $1,486 as at June 30, 2023) to each of the 20 majority stakeholders and R$ 2,700 per year ($743) to each of the 62 minority stakeholders.

Payments totalling approximately $64,000 were made to the garimpeiros (both majority and minority stakeholders other than Magellan Brazil) in March and April 2023 in connection with the surface access fee in respect of the year ended March 2024.

As at June 30, 2023, Magellan Brazil owned six majority interests and one minority interest in the Cuiú Cuiú condominium.

Transfer of peripheral tenements to a cooperative

In March 2023, the Company transferred 17,546 hectares of ground to a local cooperative (the "**Cooperative**") established by members of the Cuiú Cuiú condominium. The transferred tenements comprise two exploration licenses that had final reports due in March and April 2023. The exploration work undertaken was insufficient in both nature and extent to produce a final report, and in the absence of any action, the Company may have lost its title to the transferred ground on the final report due dates. The size of the Cuiú Cuiú property following the transfer to the Cooperative is 19,689 hectares.

The exploration work undertaken on this ground to date by the Company and its predecessor comprises air magnetics, steam-sediments and soil grids as well as limited shallow RC drilling. None of the Company's current mineral resource is located on or close to this transferred ground and no significant exploration results have been obtained to date thereon.

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

- Transfer of title of the tenements to the Cooperative
- Right for Magellan Brazil to continue exploration on the transferred tenements
- Change in status of the ground from exploration licenses to PLGs
- Transfer of title to each of the two transferred tenements back to Magellan Brazil at the Company's option in the future for a predefined payment amount
- The agreement respects the four surface access agreements that were established in 2020 and 2021.

Each of the two agreements include a purchase option pursuant to which Magellan Brazil may acquire the subject property by making a payment to the Cooperative based on the amount of gold defined on the applicable tenement at the time of activation and payment (as measured in accordance with provisions defined by the Brazilian National Department of Mineral Production now called the Brazilian National Mining Agency ("**ANM**")) and based on other surface access agreements that the Company has in the area.

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

Sale of NSR royalty

In July 2023, the Company sold a 1.0% NSR royalty on the Cuiú Cuiú project to Osisko Gold Royalties Ltd. for consideration of US$ 5,000,000 (see Note 19).

8. POCONÉ

The Company was a party to two sets of agreements with third parties pursuant to which mineral properties in the Poconé region of the state of Mato Grosso were to be identified, explored and developed. The first agreement was entered into between Magellan Minerals Ltd. ("**Magellan Minerals**") and ECI Exploration & Mining Inc. ("**ECI**") on October 17, 2011 effective December 2009 pursuant to which ECI and Magellan Minerals 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 Minerals, ECI and Brasil Central Engenharia Ltda. ("**Brasil Central**") pursuant to which Magellan Minerals, ECI, and Brasil Central would seek to identify, explore and develop mineral properties through a newly incorporated entity, PGM. Magellan Brazil held a 35% interest in PGM through September 26, 2018.

Magellan Mineral's rights and responsibilities associated with both the ECI Venture and PGM were transferred to CGBC effective April 15, 2016.

Virtually no exploration activity was undertaken on any of the Poconé properties since 2012. The Company has historically incurred various claim maintenance and other charges and realised proceeds on the liquidation of certain assets relating to both the ECI Venture and PGM.

In August 2015, ECI received notification that a former optionor of one of the property interests acquired by ECI on behalf of the ECI Venture had filed a claim against ECI and PGM in connection with an option agreement that had been entered into with the ECI Venture in December 2009. As of May 25, 2023, 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 28, 2023, 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 (see Note 18).

(Unaudited, Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	Dec. 31, 2022
Brazil:		
Interest	$ 294,543	$ 159,223
Drilling and assay	283,860	698,745
Payroll and related costs	105,072	76,306
Claims purchase	47,610	44,323
Poconé	44,247	36,343
NSR transaction costs	35,330	-
Security	18,524	59,476
Cuiú Cuiú condominium liability	11,810	17,737
Third party permitting and other studies	11,659	103,603
Freight and travel	203	8,134
Equipment rental	-	39,455
Other	54,447	71,166
Canada:		
NSR transaction costs	319,715	-
Exploration	261,603	173,884
Professional fees	16,231	33,552
Marketing	-	19,000
Other	8,670	27,773
	$ 1,513,524	**$ 1,568,720**

10. SHAREHOLDERS' EQUITY

(a) Share capital

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

March 2023 non-brokered private placement

On March 17, 2023, the Company closed a non-brokered private placement financing consisting of a total of 27,900,000 units at a price of $0.10 per unit for gross proceeds of $2,790,000.

Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20 per share until March 17, 2025.

The Company paid cash finder's fees of $12,000.

(Unaudited, Expressed in Canadian Dollars)

(b) Share purchase warrants

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

	Expiry date	Number of warrants	Weighted average exercise price
December 31, 2021		**11,835,320**	**0.77**
Issued:			
Warrants (June 2022 private placement)	June 27, 2024	10,038,358	0.50
Compensation options (June 2022 private placemer	June 27, 2024	476,170	0.30
Warrants (July 2022 private placement)	July 19, 2024	100,000	0.50
Warrants (Nov. 2022 private placement)	Nov 25, 2024	6,200,000	*
Finder warrants (Nov. 2022 private placement)	Nov 25, 2024	15,000	0.20
Expiration:			
Broker warrants (June 2020 private placement)	June 19, 2022	(144,000)	0.20
December 31, 2022		**28,520,848**	**0.57**
Warrants (March 2023 private placement)	March 17, 2025	27,900,000	0.20
June 30, 2023		**56,420,848**	**0.37**

* Exercise price of $0.205 in the first year following closing through November 25, 2023, or $0.30 in the second year following closing through November 25, 2024 (reduced from $0.30 and $0.40, respectively, in March 2023)

The Company had the following share purchase warrants outstanding as at June 30, 2023:

	Expiry date	Exercise price	Number of warrants
Warrants (July 2021 bought deal)	July 6, 2023	0.80	10,649,000
Underwriters' warrants (July 2021 bought deal)	July 6, 2023	0.54	1,042,320
Warrants (June 2022 private placement)	June 27, 2024	0.50	10,038,358
Compensation options (June 2022 private placement)	June 27, 2024	0.30	476,170
Warrants (July 2022 private placement)	July 19, 2024	0.50	100,000
Warrants (Nov. 2022 private placement)	Nov 25, 2024	*	6,200,000
Finder warrants (Nov. 2022 private placement)	Nov 25, 2024	0.20	15,000
Warrants (March 2023 private placement)	March 17, 2025	0.20	27,900,000
		0.37	**56,420,848**

(Unaudited, Expressed in Canadian Dollars)

* Exercise price of $0.205 in the first year following closing through November 25, 2023, or $0.30 in the second year following closing through November 25, 2024 (reduced from $0.30 and $0.40, respectively, in March 2023)

The weighted average remaining life of outstanding share purchase warrants as at June 30, 2023 was 14 months (December 31, 2022: 14 months).

10,649,000 warrants and 1,042,230 underwriters' warrants issued in connection with the July 2021 bought deal financing expired on July 6, 2023.

(c) Stock options

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

Expiry date	Number of options	Weighted average exercise price
December 31, 2021	**12,383,224**	**0.37**
Expired	(1,240,000)	0.45
December 31, 2022	**11,143,224**	**0.37**
Expired	(1,020,000)	0.34
June 30, 2023	**10,123,224**	**0.36**

The weighted average remaining life of outstanding stock options as at June 30, 2023 was 26 months (December 31, 2022: 31 months).

Stock-based compensation relating to stock options totalled $100,042 in the six months ended June 30, 2023 (six months ended June 30, 2022: $505,756).

No stock options were exercised subsequent to June 30, 2023 through August 28, 2023.

(d) Restricted share units

A continuity of the Company's restricted share units ("**RSUs**") is as follows:

(Unaudited, Expressed in Canadian Dollars)

	Number of RSUs
December 31, 2021	**1,051,041**
Vested	(352,606)
December 31, 2022	**698,435**
Forfeited	(22,916)
June 30, 2023	**675,519**

Stock-based compensation relating to RSUs totalled $53,164 in the six months ended June 30, 2023 (six months ended June 30, 2022: $74,797).

240,103 RSUs vested and a corresponding number of common shares were issued subsequent to June 30, 2023 through August 28, 2023.

11. EXPLORATION AND DEVELOPMENT

6 months ended June 30, 2023	Cuiú Cuiú	Other	Logistical support	Total
Payroll	$ 328,836	$ -	$ 19,149	$ 347,985
Field costs	262,443	5,032	-	267,475
Consulting, third parties	132,564	-	-	132,564
Freight and travel	27,736	-	9,617	37,353
Assay	6,329	-	-	6,329
Office and logistics	-	-	50,226	50,226
	$ 757,908	**$ 5,032**	**$ 78,992**	**$ 841,932**

(Unaudited, Expressed in Canadian Dollars)

6 months ended June 30, 2022	Cuiú Cuiú	Other	Logistical support	Total
Drilling	$ 2,241,568	$ -	$ -	$ 2,241,568
Field costs	1,542,424	7,707	-	1,550,131
Payroll	1,149,512	-	23,550	1,173,062
Freight and travel	458,630	-	10,968	469,598
Assay	277,886	-	-	277,886
Consulting, third parties	211,442	-	-	211,442
Office and logistics	-	-	71,458	71,458
	$ 5,881,462	**$ 7,707**	**$ 105,976**	**$ 5,995,145**

12. SALARY AND WAGES

Total payroll, consulting and related costs incurred in the six months ended June 30, 2023 amounted to $556,681 (six months ended June 30, 2022: $1,417,451).

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. The Company's assets are located in Canada and Brazil as follows:

	Canada	**Brazil**	**Total**
Non-current assets:			
June 30, 2023	$ 901	$ 4,885,747	4,886,648
December 31, 2022	$ 1,262	$ 4,753,248	4,754,510
Net loss:			
6 months ended June 30, 2023	908,855	1,325,928	2,234,783
6 months ended June 30, 2022	$ 904,420	$ 6,525,231	7,429,651

(Unaudited, Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS

(a) Related party transactions

	6 months ended June 30, 2023	6 months ended June 30, 2022
Management:		
Employment remuneration	$ 89,500	$ 89,500
Consulting fees	121,025	119,671
Payroll related costs	12,598	14,167
Stock-based compensation, stock options	32,367	144,288
Stock-based compensation, RSUs	22,570	24,195
	278,060	391,821
Directors (excluding management):		
Stock-based compensation, stock options	17,076	96,058
Stock-based compensation, RSUs	12,730	28,995
	29,806	125,053
	$ 307,866	**$ 516,874**

Management comprises the Executive Chairman, the President and Chief Executive Officer and the Chief Financial Officer. Employment remuneration is paid to the President and Chief Executive Officer and the Chief Financial Officer. Consulting fees are paid to Geofin Consulting and Hornby Capital Corp., companies controlled by the Executive Chairman and the Chief Financial Officer, respectively.

With the exception of the term loan described in Note 14(c), all transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

(b) Related party liabilities

As at June 30, 2023, the Company owed officers of the Company $9,475 (December 31, 2022: $38,371) for various expenses, including but not limited to marketing, travel, office and regulatory costs.

As at June 30, 2023, the Company owed officers of the Company $187,433 (December 31, 2022: $126,524) for unpaid remuneration.

With the exception of the term loan (see Note 14(c)), the amounts owing to officers are non-interest bearing, unsecured and have no set terms of repayment.

(c) Term loan

In May 2022, the Company entered into a loan agreement pursuant to which the Company's President and CEO would provide short-term financing to the Company by way of an unsecured term loan of up to $1,500,000.

The term-loan agreement provides for the funds to be advanced to the Company in either $ or US$. The lender elected to advance the funds in US$.

The proceeds of the term loan were used for the 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 December 31, 2022 amounted to US$ 804,403 ($1,089,483) comprising principle of US$ 760,000 ($1,029,344) and accrued interest of US$ 44,403 ($60,139) charged at a rate of 10% per annum.

In March 2023, the original term-loan agreement was replaced by a new term-loan agreement (the "**Loan Agreement**").

The new agreement acknowledges the total of US$ 760,000 that the lender had advanced to the Company through January 31, 2023 (the "**Loan Amount**") and US$ 50,858 of unpaid interest that had accrued on these advances through this date. Pursuant to the Loan Agreement, the Company will pay the lender an initial payment of the Loan Amount equal to 15% of the gross proceeds of the private placement that closed in March 2023 (see Note 10(a)) on or before the tenth business day following the date on which the Company has determined that it has net working capital in the amount of not less than $3,000,000; as the Company's working capital had not reached this minimum threshold, no repayment of the Loan Payment had been made to the lender through June 30, 2023. With the closing of the second and final tranche of the Osisko royalty agreement in late July 2023 (see Note 19), the balance of net working capital increased beyond $3,000,000 and a payment of US$ 317,599 (equivalent of $418,500 being 15% of the gross proceeds of the March 2023 private placement of $2,790,000) was made to the lender.

The Loan Agreement requires the remainder of the Loan Amount and all interest thereon to be paid in full by December 31, 2023.

Interest will be charged on the unpaid balance of the Loan Amount at a rate of 12.5% per annum from February 1, 2023 through December 31, 2023. If the Company has not paid the Loan Amount and all interest thereon in full on or before December 31, 2023, the Company will be considered to be in default and the rate of interest charged on the unpaid balance of the Loan Amount will increase from 12.5% to 15.0% per annum.

The parties intend that interest on the Loan Amount be repayable in common shares (subject to TSX Venture Exchange approval).

No interest has been paid on the loan since being advanced and no further funds were advanced by the lender subsequent to June 2022.

The outstanding balance of the term loan as at June 30, 2023 amounted to US$ 849,899 ($1,125,266) comprising principle of US$ 760,000 ($1,006,240) and accrued interest of US$ 89,899 ($119,026).

15. CAPITAL MANAGEMENT

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

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

Given the current exploration stage of its projects, the Company's primary source of capital has historically been derived from equity issuances. Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

The Company attempts to set the amount of capital in proportion to the risks. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

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

16. FINANCIAL INSTRUMENTS

(a) Carrying value and fair value

The Company's financial instruments comprise cash and cash equivalents, accounts receivable (excluding sales taxes), accounts payable and accrued liabilities, amounts due to related parties and the term loan.

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

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

Cash and cash equivalents and accounts receivable are classified as subsequently measured at amortised cost. Amortised cost approximates fair market value due to the short-term nature of the balances.

Accounts payable and accrued liabilities, due to related parties and the term loan are classified as subsequently measured at amortised cost and are recorded in the financial statements at amortised cost. The fair value of accounts payable and accrued liabilities may be less than the carrying value as a result of the Company's credit and liquidity risk.

(b) Financial risks

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, liquidity risk, credit risk and interest rate risk.

Foreign exchange risk

The Company operates primarily in Brazil and is therefore exposed to foreign exchange risk arising from transactions denominated in Brazilian reais ("**R$**"). Other than Canadian dollar balances, the Company's cash and cash equivalents, receivables and accounts payable and accrued liabilities are denominated in R$ and US$. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

The Company held the following foreign currency denominated balances as at June 30, 2023 and December 31, 2022:

	June 30, 2023		December 31, 2022	
	R$	US$	R$	US$
Cash and cash equivalents	316,220	46,586	36,018	(5,974)
Receivables and prepaid expenses	40,662	-	34,895	-
Accounts payable and accrued liabilities	(3,296,896)	(76,700)	(5,130,801)	(73,750)
Term loan	-	(849,899)	-	(804,403)
	(2,940,014)	(880,013)	(5,059,888)	(884,127)
Equivalent in Canadian dollars	(784,396)	(1,190,922)	(1,296,343)	(1,197,462)

Based on the balances held as at June 30, 2023, a 10% decrease in the $ per R$ and $ per US$ exchange rates on this date would have resulted in an increase in the net loss for the year then ended of approximately $197,532.

Liquidity risk

Liquidity risk encompasses the risk that an entity cannot meet its financial obligations in full as they become due. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 15. For the six months ended June 30, 2023, the Company reported a net loss of $2,234,783 (six months ended June 30, 2022: net loss of $7,429,651), and as at that date had a net working capital deficit of $553,167 (December 31, 2022: $1,275,518). The continuation of the Company depends up on the support of equity and other investors, which cannot be assured. See Note 1.

(Unaudited, Expressed in Canadian Dollars)

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and receivables. The carrying value of the Company's financial assets recorded in the consolidated financial statements represents its maximum exposure to credit risk.

All accounts receivable balances are collectable and no valuation allowance or provision was applied or required as at June 30, 2023.

Interest rate risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have a corresponding impact on interest income realised on such assets.

As at June 30, 2023, the Company had two interest bearing liabilities. In May 2022, the Company's President and CEO provided the Company with a short-term, unsecured term loan of up to $1,500,000 bearing interest at a rate of 10% per annum; the amount ultimately advanced was US$ 760,000 and the rate of interest was increased to 12.5% per annum effective February 1, 2023 pursuant to a replacement loan agreement (see Note 14(c)). Also, the Company is incurring penalty interest of 3% per month on an overdue trade balance in Brazil of approximately R$ 880,000 ($242,123) as at June 30, 2023.

Otherwise, the Company did not have any interest-bearing liabilities outstanding as at June 30, 2023.

17. SUPPLEMENTARY CASH FLOW INFORMATION

The consolidated statements of cash flows exclude the following items that do not require the use of cash:

	6 months ended June 30, 2023	6 months ended June 30, 2022
Accounts payable relating to mineral properties (net change)	$ -	($ 19,323)

18. CONTINGENT LIABILITIES

Various legal, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations and the Company is therefore subject to litigation in the counties in which it operates. As at June 30, 2023 and August 28, 2023, there were two legal cases outstanding.

In respect of one legal case, the Company is not a defendant in the litigation, however, it does have a potential exposure pursuant to the terms of a historic joint venture agreement and a related indemnification provided to a third party in connection with the sale of its 35% interest in a company in 2018. Management is monitoring the progress of this case in the Brazilian courts and is continuing to support the defendants in their vigorous defence against this claim. Recent decisions of the applicable courts have gone against the defendants which increases the risk that the Company may ultimately incur a loss. As at August 28, 2023, however, the significant uncertainty present regarding the outcome of the case and related issues are such that at this time, management is unable to estimate the likelihood of a loss ultimately being realised by the Company or the quantum and timing of any such loss should it occur. No provision has been made in the financial statements for any amount associated with the claim.

The second legal case relates to a claim for R$ 1,068,255 (approximately $294,000) from a former employee that arose in June 2023. The issue has yet to be resolved through the courts or a labour tribunal. The Company believes the claim to be frivolous and without merit. The Company will be vigorously defending against the claim and, where possible, seeking reimbursement of legal costs from the plaintiff. As there is no current obligation and a reliable estimate can not be made of possible damages, no provision for the claim has been recognised in the financial statements.

19. SUBSEQUENT EVENT

Sale of NSR Royalty

In July 2023, the Company announced that it had entered into a royalty agreement with Osisko Gold Royalties Ltd. ("**Osisko**") pursuant to which Osisko agreed to purchase a 1% net smelter return ("**NSR**") royalty on the Cuiú Cuiú gold project for total cash consideration of US$ 5 million.

The consideration was paid in two tranches comprising US$ 2.5 million on closing (July 11, 2023) and US$ 2.5 million following the registration of certain security pledges (July 26, 2023).

The Osisko NSR royalty applies to the area containing the existing resources at Cuiú Cuiú as well as the surrounding land package.

Cabral is required to pay Osisko US$ 250,000 on the date of completion of a Feasibility Study and each subsequent anniversary of said completion by way of an advance payment until the commencement of commercial production. These advance payments will be credited against future royalty payments due under the royalty agreement.

The terms of the transaction allow Cabral to use up to US$ 800,000 of the proceeds for general working capital purposes including the repayment of any debts but excluding any part of the term loan owing to the President and CEO (see Note 14(c)).

Osisko's interests are secured by pledges over production and mineral rights, both secondary to the same security held by Sandbox Royalties Corp. ("**Sandbox**"), which holds a pre-existing 1.5% NSR. Osisko's security also includes a first ranked registered pledge over the shares and quotas, respectively, of both CGBC and Magellan Brazil. Also, there are in place promises to pledge certain material fixed assets of Magellan Brazil in favor of both Sandbox, as primary security holder, and Osisko, as secondary security holder.

The transaction also provides Osisko with certain additional rights regarding future royalty and stream financings.