CHARTER OF THE AUDIT COMMITTEE
OF CABRAL GOLD INC. (THE "COMPANY")

Mandate

The primary function of the audit committee ("**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements; (ii) review and appraise the performance of the Company's external auditors; (iii) provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors; and (iv) to ensure the highest standards of business conduct and ethics.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, each of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee are financially literate. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board of Directors, the members of the Committee may designate a chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The CEO and CFO or their designate shall be available to attend at all meetings of the Committee upon invitation by the Committee.

Any employees as appropriate shall be available to attend and/or to provide information to the Committee upon invitation by the Committee.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

a. Review and update this Charter annually.

b. Review the Company's financial statements, MD&A, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

c. Review changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

d. Review significant accruals, reserves or other estimates such as any calculations of impairment;

e. Review adjustments raised by external auditors, whether or not included in the financial statements;

f. Review disclosure requirements for any commitments and contingencies;

g. Review expenses incurred by the Chairman of the Board and the CEO of the Company. The Committee is to ensure that the CEO reviews and approves all expenses incurred by direct executive reports of the CEO; and

h. Review any other matters required by law, regulation or stock exchange that the Committee feels are important or have been delegated by the Board.

External Auditors

The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board and the Audit Committee. With respect to the activities of the external auditors, the Committee shall:

a. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.

b. Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.

c. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

d. Take or recommend that the full Board of Directors take appropriate action to oversee the independence of the external auditors.

e. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

f. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

g. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

h. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

i. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:

i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

a. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

b. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

e. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

f. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

g. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

h. Review certification process for certificates.

i. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

a. Review any related party transactions.

b. Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters ("Concerns") relating to the Company such that:

i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing, by telephone, or by e-mail;

ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and

iii. the Committee retains all records relating to any Concerns reported by an individual for a period the Committee judges to be appropriate.