Management Discussion and Analysis

For the Nine Months Ended November 30, 2025

The following management's discussion and analysis ("**MD&A**") has been prepared as of January 29, 2026 and should be read in conjunction with the un-audited condensed consolidated interim financial statements for the three and nine months ended November 30, 2025, and comparative period November 30, 2024, and related notes which have been prepared in accordance with IFRS Accounting Standards. References throughout the report we refer to **South Atlantic**, the "**Company**", "**we**", "**us**", "**our**" or "**its**". All these terms are used in respect of South Atlantic Gold Inc. and/or its wholly owned subsidiaries. Further information on the Company is available on SEDAR at www.sedarplus.ca. Information is also available on the Company's website at www.southatlanticgold.com. Information on risks associated with investing in the Company's securities is contained in this MD&A.

All amounts stated are in Canadian dollars unless otherwise stated.

Cautionary Statement on Forward-Looking Information

This report contains "forward-looking statements", including, the Company's expectations as to but not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward-looking information contained in this MD&A include without limitation the following: assumptions, risks and uncertainties associated with general economic conditions; adverse industry events; our approved budgets, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and South Atlantic assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Overview Performance and Operations

South Atlantic Gold Inc. (the "**Company**") was incorporated on October 17, 2006 under the laws of British Columbia, Canada under the laws of British Columbia, Canada. On November 19, 2020, the Company changed its name from Jiulian Resources Inc. to South Atlantic Gold Inc. Effective November 24, 2020, the Company commenced trading on the TSX Venture Exchange (the "**Exchange**") under the new symbol "**SAO**" as a Tier 2 issuer on November 24, 2020.

The Company's registered office is located at 301 – 1665 Ellis St, Kelowna, BC V1Y 2B3.

As at the date of this report South Atlantic Gold has the following wholly owned subsidiaries:

Name of Subsidiary	**Jurisdiction**
SOUTH ATLANTIC GOLD BRASIL EXPLORACAO MINERAL LTDA ("**SAG**")	Brazil

CORPORATE

Amalgamation

On June 27, 2025, the Company's shareholders did not approve its previously announced amalgamation (the **Transaction**") with ValOre Metals Corp. ("**Valore**") at the Company's shareholder meeting held on June 27, 2025 (the "**Meeting**"). Following the Meeting, Valore and the Company mutually agreed to terminate the amalgamation agreement and consequently the Transaction did not proceed. South Atlantic will continue to evaluate and review alternative opportunities to enhance shareholder value.

Loan Payable

On July 30, 2025 the Company entered into a loan and unsecured promissory note agreement (the "**Loan**") with a non-arms length party (the "**Lender"**) of the Company in the amount of $500,000. The Loan bears interest at 8% per annum and will mature 24 months from date of issue. As at November 30 2025, interest in connection with the Loan of $13,393 (2024 - $Nil) is included in finance costs. The Lender is a related party of the Company and as a result, the advance and repayment under the Loan constitutes a "Related Party Transaction". As at November 30, 2025 $513,393 (2024 - $Nil) in principal and interest was outstanding.

Proceeds from the Loan will provide short term working capital and funds to continue to develop the Company's Pedra Branca project. The Lender is a related party of the Company and as a result, the advance and repayment under the Loan constitutes a "Related Party Transaction" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying upon an exemption from the formal valuation and minority shareholder approval requirements under MI 61-101 in respect of the Related Party Transactions, in reliance on Sections 5.5(a) and 5.7(1) of MI 61-101, respectively, as the fair market value of the Related Party Transaction, collectively, does not exceed 25% of the Company's market capitalization, as determined in accordance with MI 61-101. The Company did not file a material change report related to the Loan more than 21 days before the expected closing of the Loan as required by MI 61-101, as the Company wished to organize the Loan on an expedited basis for sound business reasons. No finders' fees were paid in connection with the Loan.

PROJECTS AND EXPLORATION

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Brazil. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current properties include a 100% interest in the Pedra Branca project in Brazil.

Qualified Persons

*The scientific and technical information that forms the basis for parts of this MD&A with respect to the Pedra Branca project was reviewed and approved by Marcelo Antonio Batelochi (P.Geo.), MAUSIMM (CP), the Company's Exploration Manager who is a Qualified Person as defined by National Instrument 43-101 ("**QP**").*

Pedra Branca - Brazil

Pursuant to an option agreement the Company acquired a 100% interest (subject to certain underlying royalties to the original vendors) in the Pedra Branca Property by completing exploration expenditures totaling a minimum of US$1 million and by delivering a National Instrument ("**NI"**) 43-101 technical report dated April 25, 2021 and entitled "*Mineral Resource Estimation for the Pedra Branca Gold Project Ceará State – Brazil" authored by Rodrigo Mello, FAusIMM of RBM Consultoria Mineral Belo Horizonte, Brazil* (the "**2021 – NI 43-101 Report**") which is filed under the Company's profile on the SEDAR website at www.sedarplus.ca that outlined the Company's maiden inferred resource.

The inferred resource outlined in the 2021- NI 43-101 Report was completed by the consolidation of historical drilling and Phase 1 Reverse Circulation ("**RC**") drilling results with an average depth of 41.2 meters ("m").

Exploration & Outlook

The Company's principal tenements (Queimadas, Coelhos and Mirador), on April 30, 2024 SEMACE issued Terms of Reference setting out minimum requirements for environmental studies in the project area of influence. The Terms of Reference were stated to be valid for one year. The Company has sought additional time related to the sequencing of environmental studies in connection with its updated RRR (Resource Revaluation Report) submission to ANM. The Company intends to continue engagement with SEMACE as ANM's review progresses; however, there can be no assurance regarding the timing or outcome of regulatory reviews.

During 2025, the Company prepared and submitted an updated RRR to ANM. The Company anticipates that ANM's review of the updated RRR may require additional technical responses and may impact the timing and scope of future mine planning documentation, including updates to the Company's mine plan (Plano de Aproveitamento Econômico / "PAE"). As of the date of this MD&A, ANM has not provided a definitive review timeline.

The Company continues to complete actions required to maintain its mineral tenure in good standing, including payment of applicable annual fees and meeting filing and reporting requirements, as applicable. The Company believes it is in material compliance with applicable requirements; however, regulatory processes are ongoing and subject to change.

Additionally, on December 2, 2026 the Company announced the filing of two new mineral exploration tenement applications with ANM totaling approximately 3,970 hectares, which were identified from a consolidated review of the exploration data which generated new hotspot zones towards the northern areas.

Outlook

The Company expects to continue work required to maintain its mineral tenure and advance the project through additional permitting and technical stages, which may include further exploration programs and additional mine planning work. The Company will require additional financing to complete further exploration and development activities. There can be no assurance that regulatory approvals will be obtained or as to the timing thereof.

Expenditures for the nine months ended November 30, 2025, on Exploration and Evaluation Assets include:

	Brazil Pedra Branca
Balance as at February 28, 2025	$3,326,581
Exploration Costs	
Geologist	**3,449**
Survey	**46,250**
CSR/Permitting	**79,077**
Vehicle and equipment rental & fuel	**1,982**
Travel/Site	**76,297**
Total Exploration costs	**206,787**
Balance at November 30, 2025	**$3,533,368**

Expenditures for the year ended February 28, 2025, on Exploration and Evaluation Assets include:

	Brazil Pedra Branca	**Bid Kidd**	**Total**
Balance as at February 28, 2024	$ 3,222,960	$ 600,931	$ 3,823,891
Exploration Costs			
Field equipment and supplies	**59**	**-**	**59**
Camp/Site Costs	**1,857**	**-**	**1,857**
Community relations	**62,737**	**-**	**62,737**
GIS mapping	**15,062**	**-**	**15,062**
Travel/Site	**23,906**	**-**	**23,906**
Total Exploration costs	**103,621**	**-**	**103,621**
Sale of exploration and evaluation assets	**-**	**(575,000)**	**(575,000)**
Loss on sale of exploration evaluation assets		**(25,931)**	**(25,931)**
Balance at February 28, 2025	**$ 3,326,581**	**$ -**	**$ 3,326,581**

<u>Financial Results for the three months ended November 30, 2025, and November 30, 2024</u>

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities South Atlantic continues to incur annual net losses.

For the three months ended November 30 , 2025, the Company reported a $86,058 net and comprehensive loss or $0.00 basic and diluted loss per share compared to a $68,687 or $0.00 loss per share for the same comparative period ended November 30, 2024. The primary components of the current three month loss was general and administration costs of $52,501 (2024 - $20,070), wages and benefits of $2,730 (2024 - $41,476) and share-based payments of $881 (2024 - $6,704) in connection with the vesting of stock options. Additionally, the Company recorded a loss of $21,033 on foreign exchange (2024 - $2,429). Further, the Company recorded interest income of $1,281 (2024 - $2,090) and finance costs of $10,105 (2024 - $Nil) in connection with the Loan as described hereinabove.

Financial Results for the nine months ended November 30, 2025, and November 30, 2024

For the nine months ended November 30, 2025, the Company reported a $203,360 net and comprehensive loss or $0.00 basic and diluted loss per share compared to a $199,492 or $0.00 loss per share for the same comparative period ended November 30, 2024. The primary components of the current nine month loss was general and administration costs of $189,196 (2024 - 51,984), wages and benefits of $9,712 (2024 - $136,879), corporate development costs of $9,500 (2024 - $Nil) and share-based payments of $3,708 (2024 - $23,474) in connection with the vesting of stock options. Additionally, the Company recorded a loss of $28,172 on foreign exchange (2024 - $35,022 gain). Further, the Company recorded interest income of $2,003 (2024 - $4,049) and finance costs of $13,393 (2024 - $Nil) in connection with the Loan as described hereinabove. Additionally the Company recorded a gain on derecognition of trade payables from prior years of $49,742 (2024 - $Nil). The Company further wrote off recovery of exploration and evaluation expenses of $1,133 (2024 - $Nil) in connection with an overpayment of a BC MET refund to the Company regarding the Big Kidd project. During the nine months ended November 30, 2024 the Company recorded a loss on the sale of exploration and evaluation assets of $25,931 in connection with the Big Kidd project.

General and Administrative Expenses

	2025 **$**	2024 $	**Variance** **$**
Accounting and legal	**57,685**	(33,116)	**90,801**
Consulting	**68,059**	25,465	**42,594**
Insurance	**10,326**	14,195	**(3,869)**
Office and administration fees	**28,669**	8,391	**20,278**
Regulatory fees	**4,974**	1,681	**3,293**
Rent	**600**	6,300	**(5,700)**
Transfer agent fees	**2,523**	2,587	**(64)**
Travel	**2,504**	22,141	**(19,637)**
Website, advertising, shareholder communication	**13,856**	4,340	**9,516**
	189,196	51,984	**137,212**

General and administrative expenses saw an increase in expenditures noting the following significant variances:

Accounting and legal – the increase in expenditures were in relation to legal and accounting costs incurred in connection with the Transaction with Valore as noted hereinabove compared to the prior year where the Company recorded a credit as a result of a negotiated discount of approximately $71,000 on legal fees incurred in the prior period regarding the due diligence work in connection with a prior transaction in Brazil that did not proceed;

Consulting – the increase in consulting fees primarily related to change of consulting fees from wages from the prior period see related party disclosure hereinbelow;

Office and administration – the increase in office and administration costs related primarily to in connection with the Transaction and increased activity to the termination of same as described hereinabove;

Website, advertising, shareholder communication – the increase in expenditures related to the timing difference of holding of the Company's annual general meeting from prior year and news release dissemination;

Insurance – the decrease in insurance relates to the decrease in insurance requirements for BC exploration liability;

Rent – the decrease in rent was in connection with the downsizing from the Company's corporate office during the current period; and

Travel – the Company did not incur any travel related to corporate activities as all travel was related to Pedra Branca site visits..

Summary of quarterly results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	For the quarters ended			
	November 30 2025	**August 31 2025**	**May 31 2025**	**February 28 2025**
Total interest income	**$1,287**	$157	$559	$1,735
Net loss	**($86,058)**	($37,904)	($79,398)	($65,643)
Basic and diluted loss per share	**($0.00)**	($0.00)	($0.00)	($0.00)

	For the quarters ended			
	November 30 2024	**August 31 2024**	**May 31 2024**	**February 29 2024**
Total interest income	$2,090	$812	$1,147	$1,424
Net loss	($68,687)	($54,921)	($75,806)	($602,652)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.01)

Significant variances to note for prior quarters:

During the fourth quarter February 28, 2025, the Company reported a loss of $65,6431 or $0.00 per share. The primary component was general and administrative cost of $164,563 which was offset primarily by other income of $70,000 in connection with an exclusivity fee as described hereinabove.

During the fourth quarter February 29, 2024, the Company reported a loss of $602,652 or $0.01 loss per share. The primary component of the current loss included the reclassification of costs related to the proposed Tucano Transaction of $471,000 to property evaluation costs that were capitalized to Pedra Branca and general and administrative costs of wages of $43,735 and share-based payment expense for vested options of $15,683 during the year.

Liquidity and capital resources

	November 30 2025	February 28 2025
Financial position:		
Cash	**$213,514**	$225,658
Working capital	**$134,890**	$18,809
Total Assets	**$3,786,877**	$3,613,985
Shareholders' equity	**$3,171,460**	$3,371,177

As at November 30, 2025, the Company had a working capital of $213,514 (February 28, 2025 – $18,809).

Capital expenditures primarily included exploration expenditures of $208,019 in relation to the Company's Pedra Branca project. Proceeds from financing activities included $500,000 provided by the unsecured Loan as described hereinabove.

During the period ended November 30, 2025, the Company derecognized trade payables amounting to $49,742 (2024 - $Nil) that had exceeded the statutory limitation period of six years and were no longer considered due or payable. The resulting gain has been recognized in the statement of loss and comprehensive loss under "Other income and expenses. Additional working capital will be required to complete further exploration programs at Pedra Branca.

The Company has not yet generated revenue to date and the Company's activities have been funded through equity financing and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations for the advancement of exploration and development of its exploration assets.

There can be no assurance that the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

Off balance-sheet arrangements

There are currently no off-balance sheet arrangements and no new information to report since the annual management's discussion and analysis.

Transactions with related parties

Key Management Compensation

The Company's related parties include key management personnel and directors. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Direct remuneration paid to the Company's directors and key management personnel during the six months ended November 30, 2025, and November 30, 2024, are as follows:

	November 30 2025	**November 30 2024**
Key management personnel compensation comprised:		
Wages[1]	**$-**	$97,500
Consulting fees[2]	**60,675**	24,453
Administration[3]	**12,610**	14,479
Share-based payments	**3,708**	23,473
	$76,993	$159,905

[1]Wages include amounts paid to the CEO of $Nil (2024 - $97,500);
[2]Consulting fees include amounts paid or accrued to a company[1] controlled by the CEO in the amount of $37,000 (2024 - $Nil);
[2] Consulting fees include amounts paid or accrued to a company controlled by the CFO in the amount of $23,675 (2024 - $23,375);
[2]Consuling fees includes amounts paid or accrued to a director in the amount of $Nil (2024- $1,078) for project evaluation services.
[3] Administration fees include amount paid or accrued to a company controlled by the CFO of $1,349 (2024 - $14,479) for accounting and personnel services; and
[3]Administration fees include amount paid or accrued to a company controlled by a family member of the CFO of $11,261 (2024 - $Nil) for accounting and personnel services.

Related Party Liabilities

Included in trade and other payables are amounts due to officers, directors and related parties for fees and expenses of $Nil at November 30, 2025 (February 28, 2025 - $12,482) as follows.

Amounts due to:	Service for:	November 30 2025	February 28 2025
Minco	Consulting Fees	$-	6,842
Golden Ridge Resources Ltd.[1]	Rent & Expenses	-	6,000
Total related party payables		$-	$12,482

Related Party Prepaids and Advances

Included in prepaid and advances is $Nil (February 28, 2025 - $7,833) for advances to the CEO.

Critical Accounting Policies and Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of the condensed consolidated interim statements are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Recent and Future Accounting Pronouncements

There have been no accounting pronouncements with significant impact on the Company's consolidated financial statements.

Financial instruments and other instruments

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates.

Credit Risk

The Company, as at November 30, 2025 had borrowings of $500,000 at an interest rate of 8% per annum and is not subject to a floating interest rate. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be not significant.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar, United States dollar and Brazil Real and other foreign currencies will affect the Company's operations and financial results.

The functional currency of the parent and its subsidiaries is Canadian dollars. A portion of the Company`s operating expenses are in Brazilian Real.

As at November 30, 2025, the Company has not entered into contracts to manage foreign exchange risk.

The Company is exposed to foreign exchange risk through the following assets and liabilities:

	November 30 2025	**February 28 2025**
Cash	**$20,000**	$107
Accounts payable and accrued liabilities	**(33,187)**	(40,717)
	$(13,187)	$(40,610)

As at November 30, 2025, with other variables unchanged, a 5% increase or decrease in value of the Brazilian Real against the currencies to which the Company is normally exposed to Canadian dollars would result in an increase or decrease of approximately $659 (February 28, 2025 - $2,030) to the net loss for the nine months ended November 30, 2025.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours to not maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for trade and other payables and provision approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

CAPITAL MANAGEMENT

The Company monitors its common shares, warrants and stock options as capital. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the nine months ended November 30, 2025.

Outstanding Share Data

South Atlantic's authorized capital is unlimited common shares without par value. As at the date of this report 109,685,666 common shares as issued and outstanding as of the date hereof. Additionally, the Company as at the date of this report had the following outstanding options, share purchase warrants and agent warrants as follows:

Stock Options

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
05-Jan-27	$0.06	2,230,000	2,230,000	-
11-May-28	$0.05	580,000	386,667	193,333
		2,810,000	2,616,667	193,333

DSU's

Number of DSUs	Weighted average grant date fair value per DSU
2,360,000	$0.045

RSU's

Number of RSUs	Weighted average grant date fair value per RSU
60,000	$0.045

Shares in Escrow

As at the date of this report hereof there were no shares held in escrow.

Risks and uncertainties

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The industry is capital intensive and is subject to fluctuations in market sentiment, metal prices, foreign exchange and interest rates. There is no certainty that properties which the Company has described as assets on its balance sheet will be realized at the amounts recorded. The only sources of future funds for further exploration programs or, if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the farm-out, of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in accessing the equity market during the past years, there is no assurance that such sources of financing will be available on acceptable terms, if at all. The Company will require additional funding in order to maintain it current tenements related to its Pedra Branca Project (*See Pedra Branca "Outlook")*

The Company currently has one employee and the Company's subsidiary currently has no employees. All other work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project. In certain cases where consultants are unable to carry their own insurance the Company includes such individuals under its coverage.

The Company is subject to additional risk factors in relation to operating in a foreign jurisdiction in relation to its Pedra Branca Property located in Brazil which initially include but are not limited to:

<u>Global Economy Risk</u>

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business

<u>Political stability and government regulations in Brazil</u>

The Company's interests in Brazil that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Brazil. Any changes in regulations or shifts in political conditions are beyond Company's control and may adversely affect its business. Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. The Company's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

<u>Environmental Compliance.</u>

The Company is currently taking all necessary technical and administrative steps to remain compliant with all licensing and permits required during its current Pedra Branca Project Exploration Licenses development stage. In addition, the Company is now required to conduct an Environmental Impact Study specifically to ANM Process 800.334/1995, moving forward into the mining concession stage.

ANM has issued Ordinance 55/2021 suspending all processual deadlines for mineral processes until June 30th, 2021. Time count restarts from July 1st, 2021.

Going Concern

The Company has not generated revenues from its operations to date. These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the nine months ended November 30, 2025, the Company had a net loss of $203,360 (November 30, 2024 - $199,492) and as of that date, an accumulated a deficit of $5,670,239 (February 28, 2025 - $5,466,879). The Company will continue to have to raise funds in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company's accompanying financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained under the Company's profile on SEDAR at www.sedarplus.ca.