SOUTH ATLANTIC GOLD INC.

(An Exploration Stage Company)

For the Years Ended February 28, 2026 and 2025

South Atlantic Gold Inc.
(An Exploration Stage Company)
(Expressed in Canadian Dollars)
February 28, 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOUTH ATLANTIC GOLD INC.

Opinion

We have audited the consolidated financial statements of South Atlantic Gold Inc. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at February 28, 2026 and 2025;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2026 and 2025, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $406,960 during the year ended February 28, 2026 and as of that date, an accumulated deficit of $5,873,839. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended February 28, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

SMYTHE LLP | smythecpa.com

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY
600–19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

SMYTHE LLP | **smythecpa.com**

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
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LANGLEY
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T: 604 282 3600
F: 604 357 1376

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Karen Ka Yee Cheng.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 25, 2026

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY
600–19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

SMYTHE LLP | **smythecpa.com**

South Atlantic Gold Inc.

(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at February 28
(Expressed in Canadian Dollars)

	Note	2026	2025
ASSETS			
Current			
Cash		$ **1,161,152**	$ 225,658
Prepaids and advances	13	**11,506**	15,927
Receivables	6	**15,186**	20,032
Total current assets		**1,187,844**	261,617
Non current			
Equipment	5	**1,015**	1,355
Reclamation bond	7	**-**	7,500
Prepaids and deposits	6	**8,276**	16,932
Exploration and evaluation assets	6	**3,531,581**	3,326,581
Total Assets		**4,728,716**	3,613,985
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8, 13	**131,398**	242,808
Loan payable	9, 20	**523,587**	-
Total current liabilities		**654,985**	**242,808**
Shareholders' Equity			
Share capital	10,20	**7,415,797**	7,413,162
Subscriptions	20	**1,105,000**	-
Contributed surplus	10,11	**1,426,773**	1,424,894
Deficit		**(5,873,839)**	(5,466,879)
Total Shareholders' Equity		**4,073,731**	3,371,177
Total Liabilities and Shareholders' Equity		$ **4,728,716**	$ 3,613,985

Signed on behalf of the Board of Directors by:

"Douglas Meirelles"	Director	*"William O'Hara"*	Director
Douglas Meirelles		William O'Hara	

South Atlantic Gold Inc.

(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended February 28
(Expressed in Canadian Dollars)

	Note	2026	2025
Expenses			
Administrative and general	12,13	$ **349,894**	$ 227,379
Corporate development		**9,500**	-
Wages & benefits	12,13	**17,977**	138,165
Depreciation	5	**340**	391
Foreign exchange		**44,911**	(57,774)
Share-based payments	11,13	**4,579**	6,749
Total expenses		**(427,201)**	(314,910)
Other income and expenses			
Interest income		**2,719**	5,784
Other income		**-**	70,000
Finance costs	9	**(23,587)**	-
Gain on derecognition of trade payables	8	**49,742**	-
Loss on sale of exploration and evaluation asset	6	**(8,633)**	(25,931)
Net loss and comprehensive loss for the year		$ **(406,960)**	$ (265,057)
Loss per share for the period basic and diluted	14	$ **(0.00)**	$ (0.00)

The accompanying notes are an integral part of these consolidated financial statements

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended November 30

Expressed in Canadian Dollars

	Note	Share Capital	Subscriptions Received	Contributed Surplus	Deficit	Total
Balance at February 29, 2024		$7,410,527	$-	$1,420,845	($5,201,822)	$3,629,550
Net loss for the year		-	-	-	(265,057)	(265,057)
Shares issued for RSU redemption	10	2,700	-	(2,700)	-	-
Share issue costs		(65)	-	-	-	(65)
Share-based payments	11	-	-	6,749	-	6,749
Balance at February 28, 2025		$7,413,162	-	$1,424,894	($5,466,879)	$3,371,177
Net loss for the year		**-**	**-**	**-**	**(406,960)**	**(406,960)**
Shares issued for RSU redemption	**10**	**2,700**	**-**	**(2,700)**	**-**	**-**
Subscriptions received	**10**	**-**	1,105,000	**-**	**-**	**1,105,000**
Share issue costs		**(65)**	**-**	**-**	**-**	**(65)**
Share-based payments	**11**	**-**	**-**	**4,579**	**-**	**4,579**
Balance at February 28, 2026		**$7,415,797**	**$1,105,000**	**$1,426,773**	**($5,873,839)**	**$4,073,731**

The accompanying notes are an integral part of these consolidated financial statements

South Atlantic Gold Inc.

(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended February 28
(Expressed in Canadian Dollars)

	Note	2026	2025
OPERATING ACTIVITIES			
Loss for the year		**$ (406,960)**	$ (265,057)
Items not affecting cash			
Loss on the sale of exploration and evaluation assets	6	**8,633**	25,931
Depreciation	5	**340**	391
Share-based payments	11	**4,579**	6,749
Finance costs	9	**23,587**	-
Gain on derecognition of trade payables	8	**(49,742)**	-
Changes in non-cash working capital			
Receivables		**(3,787)**	4,355
Prepaids		**4,421**	(13,957)
Trade and other payables	8	**(101,132)**	(216,027)
Cash used in operating activities		**(520,061)**	(457,615)
INVESTING ACTIVITIES			
Prepaid exploration expenditure	6	**8,656**	(8,373)
Refund on reclamation bond	7	**7,500**	-
Proceeds from the sale of exploration and evaluation expenditures	6	**-**	567,500
Exploration and evaluation asset expenditures	6	**(165,536)**	(110,407)
Cash (used in) provided by investing activities		**(149,380)**	448,720
FINANCING ACTIVITIES			
Subscriptions received	10	**1,105,000**	-
Loan proceeds	9	**500,000**	-
Share issue costs	10	**(65)**	(65)
Net cash provided by (used in) financing activities		**1,604,935**	(65)
Increase (decrease) in cash during the year		**935,494**	(8,960)
Cash beginning of year		**225,658**	234,618
Cash end of year		**$ 1,161,152**	$ 225,658

Supplemental cash flow information – Note 17

The accompanying notes are an integral part of these consolidated financial statements

1. CORPORATION INFORMATION

South Atlantic Gold Inc. (the “Company” or “South Atlantic”) was incorporated on October 17, 2006 under the laws of British Columbia, Canada. The Company trades on the TSX Venture Exchange (the “Exchange”) under the symbol “SAO” as a Tier 2 issuer.

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

The Company is primarily engaged in the acquisition, exploration and development of mineral properties which during the period were 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 the Pedra Branca project in Brazil.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The consolidated financial statements were authorized for issue by the Board of Directors on June 25, 2026.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiary.

The preparation of consolidated financial statements in compliance with IFRS Accounting Standards requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Going Concern

The Company has not generated revenues from its operations to date. These consolidated 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 year ended February 28, 2026, the Company had a net loss of $406,960 (2025 - $265,057) and as of that date, an accumulated a deficit of $5,873,839 (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 and loans payable.

2. BASIS OF PREPARATION AND GOING CONCERN (cont'd)

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 may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements:

Basis of Consolidation

These consolidated financial statements include the accounts of:

	% of ownership	Jurisdiction	Principal Activity
South Atlantic Gold Brasil Exploação Mineral Ltda.	100	Brazil	Exploration

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Mineral Exploration and Evaluation Expenditures (cont'd)

Acquisition Costs (cont'd)

When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs and exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures and acquisition costs, in excess of estimated recoveries, are written off to profit or loss. Once the technical feasibility and commercial viability of extracting the mineral resource have been determined, the property will be considered to be a mine under development and will be classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Farm-Out Arrangements

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

Financial Instruments

The Company classified its financial instruments as follows:

Financial Assets	
Cash	Fair value through profit and loss
Receivables excluding GST	Amortized cost
Financial Liabilities	
Trade and other payables	Amortized cost
Loan payable	Amortized cost

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category.

Financial assets measured at amortized cost ("Amortized Cost")

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- The asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Financial assets measured at amortized cost ("Amortized Cost") (cont'd)

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade, other payables and loans payable are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation, and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. As at February 28, 2026, the Company had recognized $nil (2025 - $nil) for rehabilitation provisions.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

The Company has established a deferred share plan under which deferred share units ("DSUs") are granted to eligible directors, employees, and consultants of the Company as part of long-term incentive compensation. DSUs are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares at the grant date and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

The Company has established a restricted share plan under which restricted share units ("RSUs") are granted to eligible directors, employees, and consultants of the Company. The RSUs are considered equity-settled and are measured using the quoted market price of the Company's common shares at the grant date and recognized as share-based compensation over the vesting period, with a corresponding amount recognized as equity.

Contributed Surplus

Contributed surplus consists of the fair value of stock options, DSUs and RSUs, and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Escrow shares are excluded from the calculation. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

Share-based Payments

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the contributed surplus. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd)

Share-based Payments (cont'd)

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Dividend yield

Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars. For monetary assets and liabilities, these are translated at the rate of exchange in effect as at the reporting date, non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities, and revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

Recent and Future Accounting Pronouncements

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended February 28, 2026.

On April 9, 2024, the IASB issued a new standard – IFRS 18, "Presentation and Disclosure in Financial Statements" with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for the Company's reporting period beginning on March 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. The Company is currently assessing the impact the new standard will have on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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 these consolidated financial 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 assessments of impairment 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.

5. EQUIPMENT

	Furniture & Fixtures
Cost	
Balance at February 29, 2024, February 28, 2025, and February 28, 2026	**$10,192**
Depreciation and impairment losses	
Balance at February 29, 2024	8,446
Depreciation for the year	391
Balance February 28, 2025	8,837
Depreciation for the year	**340**
Balance at February 28, 2026	**9,178**
Carrying amounts	
Carrying value at February 28, 2025	$1,355
Carrying value at February 28, 2026	**$1,015**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Brazil Pedra Branca	Bid Kidd	Total
Balance at February 29, 2024	$3,222,960	$600,931	$3,823,891
Exploration costs	103,621	-	103,621
Sale of exploration and evaluation assets	-	(575,000)	(575,000)
Loss on sale of exploration and evaluation assets	-	(25,931)	(25,931)
Balance at February 28, 2025	3,326,581	-	3,326,581
Exploration costs	**205,000**	**-**	**205,000**
Balance at February 28, 2026	**$3,531,581**	**$-**	**$3,531,581**

Included in non-current prepaids is $8,276 (2025 - $16,932) of prepaid exploration and evaluation expenditures.

BRAZIL

Pedra Branca Property

The Company entered into a definitive agreement (the "**Option Agreement**") with Jaguar Mining Inc. ("**Jaguar**") effective July 29, 2020, to acquire up to a 100% interest in the Pedra Branca property (the "**Pedra Branca Property**") tenement package, located in Ceará State, North-eastern Brazil.

Pursuant to the Option Agreement the Company acquired a 100% interest in the Pedra Branca Property by completing exploration expenditures totalling a minimum of US$1 million and delivering a National Instrument 43-101 ("NI 43-101") technical report on the Pedra Branca Property (delivered) subject to underlying royalties to the original vendors which include:

i. Base Metal – 1.0% on gross revenues over any production for as long as there are effective production and sales; and
ii. Gold ("Au") Deposit:
   a. In the case of Measured and Indicated Resources of up to 200,000 Au oz = 0.5% royalty on gross revenues and a US$500,000 payment due within 3 months after commercial production; and
   b. In the case of Measured and Indicated Resources in excess 200,000 Au oz = 1.0% royalty on gross revenues and in this scenario 0.5% of the royalty may be purchased for US$750,000.

CANADA

Big Kidd Property

On July 12, 2024, the Company entered a definitive purchase and sale agreement (the "**Purchase Agreement**") between the Company and TRR Services LLC ("**TRR**") (in consideration of a cash payment of $575,000 (received $567,600)) received during the year ended February 28, 2025 for the Company's 100% interest in the Big Kidd Property. The holdback of $7,500 in connection with the release of the reclamation bond was not recovered from TRR and as at February 28, 2026 the amount of $7,500 was written off. As at February 28, 2026, $nil was in receivables (2025 - $7,500).

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

***CANADA** (cont'd)*

Big Kidd Property (cont'd)

Additionally, pursuant to the Purchase Agreement the Company, TRR, and Quetzal Copper Limited ("**Quetzal**") entered into an assignment and assumption agreement wherein the Company assigned all its rights, title and interest in an option agreement between the Company and Quetzal to acquire the Company's interest in Big Kidd to TRR (the "**Assignment**"). The Company will retain a net smelter royalty of 2% over asset, of which 1% may be bought back by Quetzal for $2 million. In the event that there is a third party offer for such 1% royalty, Quetzal will retain a right of first refusal to purchase the royalty on terms no less favourable than the third party offer to South Atlantic. The remaining 1% royalty will be at South Atlantic's discretion.

Realization

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production or proceeds from the disposition thereof.

Title

Although the Company has taken steps to ensure the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

7. RECLAMATION BOND

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Big Kidd Property. The reclamation deposits are held with the Minister of Energy and Mines ("**MEM**") in British Columbia. Pursuant to the Purchase and Assignment Agreements as described in Note 6, the Company sold the Big Kid Property and Assigned the Quetzal Option and transferred the permits. The reclamation bond was released from MME and the Company received the refund from the bond release in the amount of $7,500.

(Expressed in Canadian Dollars)

8. TRADE AND OTHER PAYABLES

	February 28 2026	February 28 2025
Trade payables	**$131,398**	$230,326
Due to related parties - Note 13	**-**	12,482
Total	**$93,398**	$242,808

During the year ended February 28, 2026, the Company derecognized certain trade payables amounting to $49,742 (2025- $nil). The resulting gain has been recognized in the statement of loss and comprehensive loss under "Other income and expenses."

9. LOAN PAYABLE

On July 30, 2025, the Company entered into a loan and promissory note agreement (the "**Loan**") with a shareholder (the "**Lender"**) of the Company in the amount of $500,000. At the time the Loan was entered into, the Lender was not related party of the Company, as defined under IAS 24, Related Party Disclosures.

The Loan bears interest at 8% per annum and will mature 24 months from date of issue. As at February 28, 2026, interest in connection with the Loan of $23,587 (2025 - $nil) is included in finance costs. As at February 28, 2026, $523,587 (2025 - $nil) in principal and interest was outstanding

On March 13, 2026, the Company settled the Loan and has issued 10,000,000 Shares (the "**Debt Shares**") at a deemed price of $0.05 per Share (the "**Debt Settlement**"). The Debt Shares issued pursuant to the Debt Settlement are subject to a four-month and one day hold period under applicable Canadian securities laws expiring on July 14, 2026. The Company settled the interest of $24,964 as at March 12, 2026 by way of cash settlement.

10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value.

	Number[1]	Issue Price	Total
Balance at February 29, 2024	109,565,666	-	$7,410,527
Shares issued for RSU redemption	60,000	$0.045	2,700
Share issue costs	-	-	(65)
Balance at February 28, 2025	109,625,666		$7,413,162
Shares issued for RSU redemption	**60,000**	**$0.045**	**2,700**
Share issue costs	**-**	**-**	**(65)**
Balance at February 28, 2026	**109,685,666**		**$7,415,797**

[1]See Note 20

The following is a summary of changes in share capital from March 1, 2025 to February 28, 2026:

On May 22, 2025, 60,000 Restricted Share Units ("**RSUs**") vested with a grant date fair value of $0.045 and were redeemed for 60,000 shares of the Company. The Company recorded share issue costs of $65 in connection with this RSU redemption.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

The following is a summary of changes in share capital from March 1, 2024 to February 28, 2025:

On October 18, 2024, 60,000 RSUs vested with a grant date fair value of $0.045 and were redeemed for 60,000 shares of the Company. The Company recorded share issue costs of $65 in connection with this RSU redemption.

b) Agents' Warrants

The following is a summary of changes in agents' warrants from March 1, 2024, to February 28, 2026:

	Number of Agents Warrants[1]	Weighted Average Exercise Price
Balance at February 29, 2024 and February 28, 2025	240,000	$0.060
Expired	(240,000)	$0.060
Balance at February 28, 2026	**-**	

[1]See Note 20

As at February 28, 2026, there were nil (February 28, 2025 - 240,000) agent warrants outstanding and exercisable.

As at February 28, 2025, 240,000 agent warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.06 years as follow:

Expiry Date	Exercise Price	Number of Warrants
March 21, 2025	$0.055	240,000

11. SHARE-BASED PAYMENTS

a) Option Plan Details

On July 9, 2020, the directors adopted a rolling 10% stock option plan further approved by shareholders on June 27, 2025 (the "**Option Plan**") to grant options to directors, senior officers, employees, and consultants of the Company ("**Eligible Persons**"). The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options shall vest as specified by the Board of Directors and in accordance with the policies of the Exchange.

The following is the summary of changes in options from March 1, 2024, to February 28, 2026:

	Number of Options[1]	Weighted Average Exercise Price
Balance, February 29, 2024	8,060,000	$0.09
Expired	(1,730,000)	$0.07
Balance February 28, 2025	6,330,000	$0.08
Expired	**(3,520,000)**	$0.08
Balance February 28, 2026	**2,810,000**	$0.08

[1]See Note 20

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

As at February 28, 2026, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
05-Jan-27	$0.06	2,230,000[1]	2,230,000	-
11-May-28	$0.05	580,000[1]	386,667	193,333
		2,810,000	2,616,667	193,333

[1]See Note 20

b) Fair Value of Options Issued During the Period

During the years ended February 28, 2026 and 2025, there were no options granted.

As at February 28, 2026, 2,810,000 (2025 - 6,330,000) options were outstanding of which 2,616,667 (2025 - 4,712,500) were exercisable under the Plan with a weighted average contractual life of 1.13 (2025 - 1.36) years.

c) Expenses Arising from Share-based Payment Transactions

The total share-based payments recorded in the consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus for the year ended February 28, 2026, was $4,579 (2025 - $6,749) relating to options that vested during the year.

d) RSUs and DSUs

On October 21, 2022, the Board of Directors adopted a restricted share units ("**RSUs**") and deferred share units ("**DSUs**") long-term incentive plan (the "**LTIP**") re-approved by shareholders on June 27, 2025.

Under the LTIP, RSUs and DSUs are granted to the Company's directors, officers, consultants, and employees as a part of compensation under the terms of the Company's restricted share units plan. Each RSU or DSU entitles the participant to receive the value of one Common Share. The maximum number of RSU or DSU awards and all other security-based compensation arrangements shall not exceed 9,433,166 common shares of the Company.

The number of RSUs or DSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. In accordance with the LTIP, upon each vesting date the Company shall decide, at its sole discretion, whether participants receive (a) the issuance of Common Shares equal to the number of RSUs or DSUs vesting; (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a Common Share, calculated as the closing price of the Common Shares on the TSX-V for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd)

d) RSUs and DSUs (cont'd)

On the grant date of RSUs or DSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs or DSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the Company has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, RSUs or DSUs are accounted for as equity settled share-based payments and are valued using the share price of the Common Share on grant date. Since the Company controls the settlement, the RSUs or DSUs are considered equity settled.

DSUs

During the year ended February 28, 2026, there were no DSUs granted.

As at February 28, 2026, the following DSUs were outstanding:

Number of DSUs[1]	Weighted average grant date fair value per DSU
2,360,000	$0.045

[1]See Note 20

RSUs

During the year ended February 28, 2026, there were no RSUs granted. During the year ended February 28, 2026, 60,000 RSUs vested and were redeemed for common shares (Note 10).

At February 28, 2026, the following RSUs were outstanding:

Number of RSUs[1]	Weighted average grant date fair value per RSU
60,000	$0.045

[1]See Note 20

(Expressed in Canadian Dollars)

12. ADMINISTRATIVE AND GENERAL EXPENSES

		For the Years Ended February 28	
	Note	2026	2025
Administrative and General Expenses			
Accounting and legal		**$ 96,698**	$ 49,212
Consulting	13	**106,103**	96,963
Insurance		**12,621**	17,432
Office and administration fees	13	**33,007**	15,186
Regulatory fees		**10,957**	7,362
Rent		**600**	8,000
Transfer agent fees		**3,494**	3,658
Travel		**70,609**	22,520
Website, advertising, shareholder communication		**15,805**	7,046
		$ 349,894	$ 227,379

13. RELATED PARTY TRANSACTIONS

a) 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 years ended February 28, 2026 and 2025 are as follows:

	February 28 2026	February 28 2025
Key management personnel compensation comprised:		
Wages	**$-**	$127,830
Consulting fees:	**89,725**	56,616
Administration	**16,105**	19,013
Share based payments:	**4,579**	18,270
	$110,409	$221,729

Included in trade and other payables are amounts due to officers, directors and related parties for fees and expenses of $nil at February 28, 2026 (2025 - $12,482).

Included in prepaid and advances is $11,081 (2025 - $7,833) for advances to an officer.

(Expressed in Canadian Dollars)

14. LOSS PER SHARE

	February 28 2026	February 28 2025
Net loss attributable to ordinary shareholders	**($406,960)**	($265,057)
Weighted average number of common shares	**109,672,187**	109,587,469
Basic and diluted loss per share	**($0.00)**	($0.00)

15. INCOME TAXES

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended February 28, 2026 and February 28, 2025. The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	February 28 2026	February 28 2025
Loss before tax	**$ (406,960)**	$ (265,057)
Income tax recovery at local statutory rates - 27% (2025 - 27%)	**(109,879)**	71,565
Items not deductible for tax purposes	**4,579**	(1,822)
Change in timing differences	**(3,496)**	(59,940)
Impact of foreign tax rates	**405,450**	(17,266)
Under (over) provided in prior years	**(492,574)**	298,716
Unused tax losses and tax offsets not recognized	**195,920**	(291,253)
Income tax expense	**$ -**	$ -

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The tax effected items that give rise to significant portions of the deferred income tax liabilities at February 28, 2026 and February 28, 2025 are presented below:

	February 28 2026	February 28 2025
Deferred tax liability:		
Exploration and evaluation assets	**$ (427,526)**	$ (427,538)
Deferred tax asset:		
Non-capital losses carry-forwards	**427,526**	427,528
Deferred income tax expense	**$ -**	$ -

(Expressed in Canadian Dollars)

15. INCOME TAXES (cont'd)

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		February 28 2026		February 28 2025
Non-capital losses	**$**	**4,336,640**	$	3,256,879
Property and equipment		**24,216**		33,902
Share issue costs		**25,930**		35,831
Total	**$**	**4,396,786**	$	3,326,612

As at February 28, 2026, the Company has approximately $4,336,640 Canadian and Brazilian non-capital losses that may be carried forward to apply against future years' income for income tax purposes. These losses, if not utilized, will expire through 2046. Subject to certain restrictions, the Company also has foreign resource expenditures available to reduce taxable income in future years. Deferred tax benefits which may arise as a result of these losses, resource expenditures, and share issue costs have not been recognized in these consolidated financial statements.

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that there will be sufficient future taxable profit to utilize the deferred tax assets.

16. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Brazil. The Company has exploration and evaluation assets of which $3,531,581 (February 28, 2025 - $3,326,581) is in Brazil.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the years ended February 28, 2026 and February 28, 2025 the following transactions were excluded from the consolidated statements of cash flows:

i) Included in accounts payable as at February 28, 2026 is $46,250 (2025 - $6,786) of exploration that are capitalized to exploration and evaluation assets; and
ii) Included in accounts receivable as at February 28, 2026 is $nil (2025 - $7,500) of sales proceeds relating to disposal of exploration and evaluation assets.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:
- Market Risk
- Credit Risk
- Liquidity Risk

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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 loans. 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. Relating loans, 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.

Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. Cash is held with a major Canadian chartered bank, which management believes minimizes credit risk. Receivables consist primarily of GST receivables and other receivables. Management believes the credit risk associated with these receivables is low.

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.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

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 February 28, 2026 and 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 denominated in foreign currencies:

	February 28 2026	**February 28 2025**
Cash	**$20,000**	$107
Accounts payable and accrued liabilities	**(17,804)**	(40,717)
	$2,196	($40,610)

As at February 28, 2026, 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 $109 to the net loss for the year ended February 28, 2026 (2025 - $2,030).

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.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

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.

19. CAPITAL MANAGEMENT

The Company monitors its common shares, loans, 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 or issue debt. 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. The Company, as at February 28, 2026, had borrowings of $500,000 (2025 - $nil). Subsequent to February 28, 2026, the Loan was settled in full issuing shares.

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 year ended February 28, 2026.

20. EVENTS AFTER THE REPORTING DATE

Private Placement

On March 13, 2026, the Company closed the non-brokered private placement offering (the "**Offering**") for gross proceeds of $4,200,000. The Offering consisted of the issuance of 84,000,000 common shares of the Company (the "**Shares**") at a price of $0.05 per Share.

In connection with the Offering the Company paid aggregate finders' fees on externally sourced funds of $43,475 cash, issued 4,167,500 Shares (the "**Finder Shares**") at a deemed price of $0.05 and issued 5,037,000 non-transferrable finders warrants ("**Finder Warrant**"). Each Finder Warrant will entitle the holder to acquire one Share at a price of $0.065 until March 13, 2028.

The Shares issued pursuant to the Offering, Finder Warrants and Finder Shares are subject to a four-month and one day hold period under applicable Canadian securities laws expiring on July 14, 2026.

As at February 28, 2026, the Company had received subscription receipts of $1,105,000 in connection with the Offering.

20. EVENTS AFTER THE REPORTING DATE (cont'd)

Share-based Payments

Options

On May 14, 2026 the Company granted 14,750,000 stock options at an exercise price of $0.14, for a period of two years to Eligible Persons.

On May 19, 2026 the Company issued 580,000 common shares pursuant to the exercise of 290,000 stock options at an exercise price of $0.05 and 290,000 stock options at an exercise price of $0.06

On May 26, 2026 the Company issued 580,000 common shares pursuant to the exercise of 290,000 stock options at an exercise price of $0.05 and 290,000 stock options at an exercise price of $0.06

DSUs

On March 19, 2026, the Company granted 2,450,000 DSUs to Eligible Persons in accordance with the terms and conditions of the Company's LTIP.

RSUs

On May 11, 2026, 60,000 RSUs vested with a grant date fair value of $0.045 and were redeemed for 60,000 shares of the Company.

On May 15, 2026, the Company granted 500,000 RSUs to an Eligible Person in accordance with the terms and conditions of the LTIP.