Unaudited Condensed Consolidated Interim Financial Statements of

SOUTH ATLANTIC GOLD INC.

(An Exploration Stage Company)

For the Three Months Ended May 31, 2026 and 2025

South Atlantic Gold Inc.
(An Exploration Stage Company)
(Expressed in Canadian Dollars)
May 31, 2026

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) the accompanying unaudited condensed consolidated interim financial statements of the Company for the three months ended May 31, 2026 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed consolidated interim financial reporting.

The Company's independent auditor has not audited or performed a review of these condensed consolidated interim financial statements, in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

For further information please contact:

Douglas Meirelles, CEO or

Terese Gieselman, CFO

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South Atlantic Gold Inc.

(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)
As at May 31, 2026, and February 28, 2026
(Expressed in Canadian Dollars)

	Note	May 31 2026	February 28 2026
ASSETS			
Current			
Cash		$ **3,858,388**	$ 1,161,152
Prepaids and advances	12	**2,827**	11,506
Receivables		**9,480**	15,186
Total current assets		**3,870,695**	1,187,844
Non current			
Equipment	5	**51,562**	1,015
Prepaids and deposits		**8,374**	8,276
Exploration and evaluation assets	6	**4,246,329**	3,531,581
Total Assets		**8,176,960**	4,728,716
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	7,12	**617,363**	131,398
Loan payable	8	**-**	523,587
		617,363	654,985
Shareholders' Equity			
Share Capital	9	**11,874,954**	7,415,797
Subscriptions	9	**-**	1,105,000
Contributed surplus	9.10	**2,597,795**	1,426,773
Deficit		**(6,913,152)**	(5,873,839)
Total Shareholders' Equity		**7,559,597**	4,073,731
Total Liabilities and Shareholders' Equity		$ **8,176,960**	$ 4,728,716

Signed on behalf of the Board of Directors by:

"Douglas Meirelles" Director — Douglas Meirelles

"William O'Hara" Director — William O'Hara

South Atlantic Gold Inc.

(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)
For the three months ended May 31
(Expressed in Canadian Dollars)

	Note	2026	2025
Expenses			
Administrative and general	11,12	$ **89,874**	$ 61,449
Corporate development		**-**	9,500
Wages & benefits		**11,974**	3,086
Director fees	12	**10,000**	-
Depreciation	5	**372**	98
Foreign exchange		**15,324**	2,755
Share-based payments	10,12	**938,925**	1,936
Total expenses		**(1,066,469)**	(78,824)
Other income and expenses			
Interest income		**12,969**	559
Finance costs	8	**(1,377)**	-
Gain on derecognition of trade payables	7	**15,564**	-
Loss on sale of exploration and evaluation asset		**-**	(1,133)
Net loss and comprehensive loss for the period		$ **(1,039,313)**	$ (79,398)
Loss per share for the period basic and diluted	13	$ **(0.01)**	$ (0.00)

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

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (un-audited)

For the three months ended May 31

Expressed in Canadian Dollars

	Note	Share Capital	Subscriptions Received	Contributed Surplus	Deficit	Total
Balance at February 28, 2025		$7,413,162	$-	$1,424,894	$(5,466,879)	$3,371,177
Net loss for the period		-	-	-	(79,398)	(79,398)
Shares issued for RSU redemption	9	2,700	-	(2,700)	-	-
Share issue costs	9	(65)	-	-	-	(65)
Share-based payments	10	-	-	1,936	-	1,936
Balance at May 31, 2025		$7,415,797	-	$1,424,130	$(5,546,277)	$3,293,650

	Note	Share Capital	Subscriptions Received	Contributed Surplus	Deficit	Total
Balance at February 28, 2026		**$7,415,797**	**$1,105,000**	**$1,426,773**	**$(5,873,839)**	**$4,073,731**
Net loss for the period		**-**	**-**	**-**	**(1,039,313)**	**(1,039,313)**
Shares issued for exercise of options	**9,10**	**63,800**	**-**	**-**	**-**	**63,800**
Shares issued for agents fees	**9**	**333,400**	**-**	**-**	**-**	**333,400**
Shares issued for RSU redemption	**9,10**	**2,700**	**-**	**(2,700)**	**-**	**-**
Subscriptions received	**9**	**-**	**(1,105,000)**	**-**	**-**	**(1,105,000)**
Shares issued for private placement	**9**	**4,200,000**	**-**	**-**	**-**	**4,200,000**
Share issue costs	**9**	**(689,417)**	**-**	**283,471**	**-**	**(405,946)**
Shares issued for debt	**8,9**	**500,000**	**-**	**-**	**-**	**500,000**
Share-based payments	**10**	**48,674**	**-**	**890,251**	**-**	**938,925**
Balance at May 31, 2026		**$11,874,954**	**$-**	**$2,597,795**	**$(6,913,152)**	**$7,559,597**

South Atlantic Gold Inc.

(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)
For the three months ended May 31
(Expressed in Canadian Dollars)

	Note	2026	2,025
OPERATING ACTIVITIES			
Loss for the period		$ **(1,039,313)**	(79,398)
Items not affecting cash			
Depreciation	5	**372**	98
Share-based payments	10	**938,925**	1,936
Finance costs	8	**1,377**	-
Gain on derecognition of trade payables	7	**(15,564)**	-
Changes in non-cash working capital			
Receivables		**5,706**	(9,320)
Prepaids		**8,679**	17,644
Trade and other payables		**40,002**	(33,418)
Cash used in operating activities		**(59,817)**	(102,458)
INVESTING ACTIVITIES			
Purchase of equipment	5	**(50,919)**	-
Prepaid exploration expenditure		**(98)**	7,387
Exploration and evaluation asset expenditures	6	**(253,221)**	(65,141)
Cash used in investing activities		**(304,238)**	(57,754)
FINANCING ACTIVITIES			
Subscriptions received	9	**(1,105,000)**	-
Loan proceeds	8	**(24,964)**	-
Exercise of options	9,10	**63,800**	-
Private Placement	9	**4,200,000**	-
Share issue costs	9	**(72,545)**	(65)
Net cash provided (used) by financing activities		**3,061,291**	(65)
Increase (decrease) in cash during the period		**2,697,236**	(160,277)
Cash beginning of period		**1,161,152**	225,658
Cash end of period		**$ 3,858,388**	65,381

Supplemental cash flow information – Note 15

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 St, 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 condensed consolidated interim financial statements for the three month period ended May 31, 2026 and 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements follow the same accounting policies and methods of application of the Company's most recent annual financial statements. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's February 28, 2026, annual financial statements which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**").

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on **July 29, 2026**.

These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of condensed consolidated interim 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 condensed consolidated interim financial statements, are disclosed in Note 4.

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 three months ended May 31, 2026, the Company had a net loss of $1,039,313 (May 31, 2025 - $79,398) and as of that date, an accumulated a deficit of $6,913,152 (February 28, 2026 - $5,873,839). As at May 31, 2026 the Company had working capital of $3,253,332 (February 28, 2026 - $532,859). The Company will continue to have to raise funds in order to continue the development of its exploration properties and general operations.

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

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.

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 condensed consolidated interim 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 material accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited financial statements for the year ended February 28, 2026. These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended February 28, 2026.

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.

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 condensed consolidated interim 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 expectations of future events that are believed to be reasonable under the circumstances.

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

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

	Field Equipment	Furniture & Fixtures	Total
Cost			
Balance at February 28, 2025 and February 28, 2026	$-	$10,192	$10,192
Additions	**50,919**	**-**	**$50,919**
Balance at May 31, 2026	**$50,919**	**$10,192**	**$61,111**
Depreciation and impairment losses			
Balance at February 28, 2025	$-	$8,837	$8,837
Depreciation for the period	-	340	$340
Balance February 28, 2026	-	9,177	$9,177
Depreciation for the period		**372**	**$372**
Balance at May 31, 2026	**$-**	**$9,549**	**$9,549**
Carrying amounts			
Carrying value at February 28, 2026	$-	$1,015	$1,015
Carrying value at May 31, 2026	**$50,919**	**$643**	**$51,562**

6. EXPLORATION AND EVALUATION ASSETS

	Brazil Pedra Branca
Balance at February 28, 2025	$3,326,581
Exploration costs	205,000
Balance at February 28, 2026	3,531,581
Exploration costs	**714,748**
Balance at May 31, 2026	**$4,246,329**

Included in non-current prepaids is $98 (February 28, 2026 - $8,276) 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 is 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.

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.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

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. TRADE AND OTHER PAYABLES

	May 31 2026	**February 28 2026**
Trade payables	**$607,363**	$131,398
Due to related parties - Note 12	**10,000**	-
Total	**$617,363**	$131,398

During the three months ended May 31, 2026, the Company derecognized certain trade payables amounting to $15,564 (February 28, 2026 - $49,742). The resulting gain has been recognized in the statement of loss and comprehensive loss under "Other income and expenses."

8. 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. The Loan bears interest at 8% per annum and will mature 24 months from date of issue. As at May 31, 2026, interest in connection with the Loan of $1,377 (2025 - $Nil) is included in finance costs.

On March 13, 2026 the Company settled the Loan of $500,000 and has issued 10,000,000 Shares (the "**Debt Shares**") at a deemed price of $0.05 per Share (the "**Debt Settlement**") (see Note 9). The Company settled the interest of $24,964 as at March 12, 2026 by way of cash settlement.

As at May 31, 2026, $Nil (February 28, 2026 - $523,587) in principal and interest was outstanding.

9. 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	Issue Price	Total
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
Shares issued for RSU redemption	**60,000**	**$0.045**	**2,700**
Shares issued for private placement	**84,000,000**	**$0.05**	**4,200,000**
Shares issued for agent fees	**4,167,500**	**$0.08**	**333,400**
Shares issued on exercise of options	**580,000**	**$0.05**	**29,000**
Shares issued on exercise of options	**580,000**	**$0.06**	**34,800**
Shares issued for debt	**10,000,000**	**$0.05**	**500,000**
Fair value of options transferred on exercise	**-**	**-**	**48,674**
Share issue costs	**-**	**-**	**(689,417)**
Balance at May 31, 2026	**209,073,166**		**$11,874,954**

The following is a summary of changes in share capital from March 1, 2026 May 31, 2026:

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 fair value of the non-cash share issuance costs of $283,473 for the Finder Warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: share price on issuance date of $0.08, exercise price of $0.065, risk-free interest rate of 2.89%, average projected volatility of 134.9%, dividend yield of nil, average expected life of the Finder Warrants of 2 years and the fair value of the Finder Warrants of $0.056.

Additional transfer agent and filing fees in the amount of $72,544 were incurred in connection with the Offering.

On March 13, 2026 the Company settled the Loan as described in Note 8 through the issuance of 10,000,000 common shares a deemed price of $0.05 per share.

On May 11, 2026, 60,000 Restricted Share Units ("**RSU's**") vested with a grant date fair value of $0.045 and were redeemed for 60,000 shares of the Company.

9. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

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 per share.

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 per share.

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 ("**RSU's**") 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, 2025, to May 31, 2026:

	Number of Agents Warrants	Weighted Average Exercise Price
Balance February 28, 2025	240,000	$0.060
Expired	(240,000)	$0.060
Balance at February 28, 2026	-	
Granted	**5,037,000**	**$0.065**
Balance at May 31, 2026	**5,037,000**	**$0.065**

As at May 31, 2026, 5,037,000 agent warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.8 years as follow:

Expiry Date	Exercise Price	Number of Warrants
March 13, 2028	$0.064	5,037,000

10. 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.

10. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

The following is the summary of changes in options from March 1, 2025, to May 31, 2026:

	Number of Options	Weighted Average Exercise Price
Balance, February 28, 2025	6,330,000	$0.08
Expired	(3,520,000)	$0.08
Balance February 28, 2026	2,810,000	$0.08
Exercised	**(1,160,000)**	$0.06
Granted	**14,750,000**	$0.14
Balance May 31, 2026	**16,400,000**	$0.13

As at May 31, 2026 the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
05-Jan-27	**$0.06**	**1,650,000**	**1,650,000**	**-**
14-May-28	**$0.14**	**14,750,000**	**7,375,000**	**7,375,000**
		16,400,000	**9,025,000**	**7,375,000**

b) Fair Value of Options Issued During the Period

During the three months ended May 31, 2026, the weighted average fair value of the 14,750,000 (May 31, 2025 - Nil) options granted was $0.088 (May 31, 2025 - $Nil) per option at grant date. The options granted vest 50% on grant date, and 50% thereafter on the first anniversary.

c) Expenses Arising from Share-based Payment Transactions

The total share-based payments recorded in the condensed consolidated interim statements of loss and comprehensive loss with a corresponding increase in contributed surplus for the period ended May 31, 2026 was $938,925 (2025 - $1,936) relating to options granted or vested during the period. The Black-Scholes option pricing model inputs for options granted during the period ended May 31, 2026 include:

Grant Date	Expiry Date	Share Price	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
14-May-26	**14-May-28**	**$0.14**	**$0.14**	**2.86%**	**2**	**124.40%**	**0**

Expected volatility is based on the historical volatility of the Company's market share price for a length of time equal to the expected life of the options. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. The expected dividend rate is estimated at 0.00% as the Company does not have a history of issuing and paying dividends.

There were no options granted in the prior period ended May 31, 2025.

10. SHARE-BASED PAYMENTS (cont'd)

c) 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).

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

The following is the summary of changes in DSU's from March 1, 2025, to May 31, 2026:

	Number of DSU's	Weighted Average Grant Date Fair Value Per DSU
Balance, February 28, 2025 and February 2026	2,360,000	$0.045
Granted	**2,450,000**	$0.075
Balance May 31, 2026	**4,810,000**	$0.06

As at May 31, 2026, the following DSUs were outstanding:

Number of DSU's	Weighted average grant date fair value per DSU
4,810,000	$0.06

10. SHARE-BASED PAYMENTS (cont'd)

c) RSUs and DSUs (cont'd)

RSUs

The following is the summary of changes in RSU's from March 1, 2025, to May 31, 2026:

	Number of RSU's	Weighted Average Grant Date Fair Value Per RSU
Balance, February 28, 2025	120,000	$0.045
Redeemed	(60,000)	$0.045
Balance February 28, 2026	60,000	$0.045
Redeemed	(60,000)	$0.045
Granted	**500,000**	$0.14
Balance May 31, 2026	**500,000**	$0.14

At May 31, 2026, the following RSUs were outstanding:

Number of RSUs[1]	Weighted average grant date fair value per RSU
500,000	$0.14

11. ADMINISTRATIVE AND GENERAL EXPENSES

		For the Three Months Ended May 31	
	Note	2026	2025
Administrative and General Expenses			
Accounting and legal		**$ 10,718**	$ 29,640
Consulting	12	**47,611**	17,749
Insurance		**-**	3,442
Office and administration fees	12	**13,938**	5,847
Regulatory fees		**814**	-
Rent		**-**	600
Transfer agent fees		**1,762**	618
Travel		**12,642**	-
Website, advertising, shareholder communication		**2,389**	3,553
		$ 89,874	$ 61,449

12. 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 consists 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 three months ended May 31, 2026 and 2025, are as follows:

	May 31 2026	**May 31 2025**
Key management personnel compensation comprised:		
Consulting fees:	**$55,313**	$19,625
Administration	**7,140**	3,754
Director fees	**10,000**	-
Share based payments:	**845,348**	1,936
	$917,801	$25,315

Included in trade and other payables are amounts due to officers, directors and related parties for fees and expenses of $10,000 at May 31, 2026 (February 28, 2026 - $Nil).

Included in prepaid and advances is $Nil (February 28, 2026 - $11,081) for advances to an officer.

13. LOSS PER SHARE

	May 31 2026	**May 31 2025**
Net loss attributable to ordinary shareholders	**($1,039,313)**	($79,398)
Weighted average number of common shares	**109,732,150**	109,691,600
Basic and diluted loss per share	**($0.01)**	($0.00)

14. 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 $4,246,329 (February 28, 2026 - $3,531,581) is in Brazil.

15. 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 three months ended May 31, 2026 and 2025 the following transactions were excluded from the condensed consolidated interim statements of cash flows:

i) Included in accounts payable as at May 31, 2026 is $507,777 (2025 - $Nil) of exploration that are capitalized to exploration and evaluation assets;

15. SUPPLEMENTAL CASH FLOW INFORMATION (cont'd)

ii) A compensation charge of $283,473 (2025 - $Nil) associated with the grant of 5,037,000 (2025 - Nil) Finder Warrant was recorded as share issue costs (Note 9);
iii) A compensation charge of $333,400 (2025 - $Nil) associated with the issuance of 4,167,500 (2025 - Nil) Finder Shares was recorded as share issue costs as determined by their market prices when issued (Note 9); and
iv) The issuance of 10,000,000 common shares valued at $500,000 (2025 - $Nil) for the settlement of debt as determined by their market prices when issued (Notes 8 and 9).