South Atlantic
GOLD

Management Discussion and Analysis

For the Three Months Ended May 31, 2026

The following management's discussion and analysis ("**MD&A**") has been prepared as of July 29, 2026 and should be read in conjunction with the un-audited condensed consolidated interim financial statements for the three months ended May 31, 2026, and comparative period May 31, 2025, and related notes which have been prepared in accordance with IFRS Accounting Standards. References throughout the report we refer to **South Atlantic**, the "**Company**", "**we**", "**us**", "**our**" or "**its**". All these terms are used in respect of South Atlantic Gold Inc. and/or its wholly owned subsidiaries. Further information on the Company is available on SEDAR at www.sedarplus.ca. Information is also available on the Company's website at www.southatlanticgold.com. Information on risks associated with investing in the Company's securities is contained in this MD&A.

All amounts stated are in Canadian dollars unless otherwise stated.

Cautionary Statement on Forward-Looking Information

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

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

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

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

Overview Performance and Operations

South Atlantic Gold Inc. (the "**Company**") was incorporated on October 17, 2006 under the laws of British Columbia, Canada and 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.

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

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

CORPORATE

Loan Payable

On July 30, 2025 the Company entered into a loan and unsecured 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 February 28, 2026, interest in connection with the Loan of $23,587 (2024 - $Nil) is included in finance costs. As at February 28, 2026 $523,587 (2024 - $Nil) in principal and interest was outstanding.

Proceeds from the Loan provided short term working capital and funds to continue to develop the Company's Pedra Branca project.

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**"). The Debt Shares issued pursuant to the Debt Settlement. The Company settled the interest of $24,964 as at March 12, 2026 by way of cash settlement. At the time the Loan was entered into the Lender was arm's length to the Company however, since the date of the Debt Settlement, the Lender has become an insider of the Company by virtue of its shareholdings in the Company.

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.

PROJECTS AND EXPLORATION

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

Pedra Branca - Brazil

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

An Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource, must not be converted to a Mineral Reserve, does not have demonstrated economic viability, and there is no certainty that all or any part of the Inferred Mineral Resource will be upgraded to a higher category. The project is situated within the Paleoproterozoic Troia Greenstone Belt.

Exploration & Outlook

On April 14, 2026 the Company commenced the mobilization of its fully funded 5,000-metre Phase III diamond drilling and induced polarization / resistivity ("IP") geophysical survey program at the Pedra Branca Gold Project. Preliminary IP data demonstrated chargeability zones in disseminated sulphide-zones that coincide with gold mineralization logged in the drill core, providing a clear path and new tool for future discoveries. Reported results as at June 30, 2026 highlight the following:

Highlights

1) **Induced Polarization & Resistivity (IP) Survey is providing rapid exploration method for gold discovery.** Preliminary data reveals chargeability responses that **appear spatially coincident with the sulphide-bearing zones (predominantly pyrrhotite)** logged in the drill core, extending along strike and remaining **open in all directions**. — As a result, the Company now has a proven exciting new method for mapping the mineral system.

    a) **New and never-before tested** additional areas for follow-up. *(See Figure 1. Chargeability reflects sub-surface sulphide content).* There are several chargeability zones to the east and parallel to the known mineralization zone that is totally novel to our exploration team. (See Figure 2)
    b) **The IP survey will also be expanded and used to test other targets.** Given this early success - the IP survey will be expanded at the current target of Queimadas and moved to test Igrejinha and Mirador targets.

2) **Program advancing — seven holes complete, an eighth in progress, with further sample batches to the laboratory.** Drilling has completed **seven holes with an eighth in progress for approximately 1,503 metres of HQ-diameter core**. The first sample batch (677 samples covering the first two completed holes) has been submitted to the laboratory and assayed with **further sample batches being prepared for dispatch.**

    a) **First hole assayed - Deepest gold intercept** identified at Queimadas – ever. The first hole (26DDQUE001) intersected gold mineralization at approximately 231 meters downhole — the deepest gold intercept identified at Queimadas to date, below the roughly 201-metre maximum depth of previous drilling — assaying 0.5 metres at 0.524 g/t Au from 231.0 metres (core length, not true width) (See Figure 1).
    b) **Drilling campaign is performing well.** Drill-core logging and working cross-sections interpret a folded, alteration-hosted, pinch-and-swell structure that remains open along strike to the northwest; its relationship, if any, to gold mineralization is potentially high. **(See drill core photos section**.) Assay results pending.

Induced Polarisation Geophysical Survey

The IP geophysical survey across the Queimadas target area is underway, conducted by an experienced Brazilian geophysical contractor, with line preparation and data acquisition progressing on schedule. The survey is designed to image chargeability anomalies associated with the disseminated sulphide assemblages logged in the Queimadas host rocks.

Drill-core logging and cross-sections interpret these sulphide-bearing zones as occupying a folded, alteration-hosted, pinch-and-swell structure, of which gold is occurring with sulphides in many cases.

First results of the field data from the survey lines show chargeability responses that appear spatially coincident with the sulphide-bearing zones logged in Phase III drill core, and that extend along strike and **remain open toward the northwest** — suggesting additional areas for follow-up drilling. These observations are based on preliminary field data only; data processing and two- and three-dimensional inversion will follow on completion of acquisition, and the results, once reviewed by the Company's Qualified Person, will inform target refinement and the design of subsequent drilling. Chargeability reflects the sub-surface distribution of sulphide minerals, which are not necessarily gold-bearing; geophysical anomalies represent exploration targets only and require drill testing and laboratory assay to evaluate.

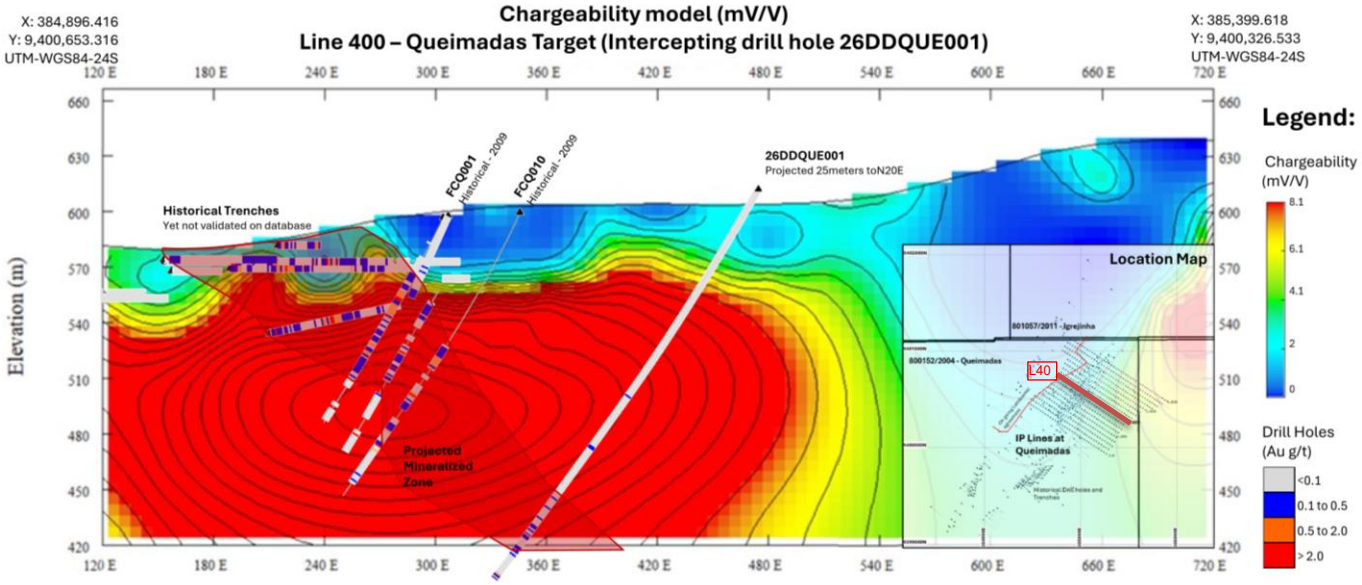


Figure 1: Chargeability (IP) inversion model along Line 400 at the Queimadas Target, intersecting the drill holes. The section demonstrates the close spatial correlation between the chargeability anomaly interpreted to maps hydrothermal alteration and disseminated sulphides in a hydrothermal system.

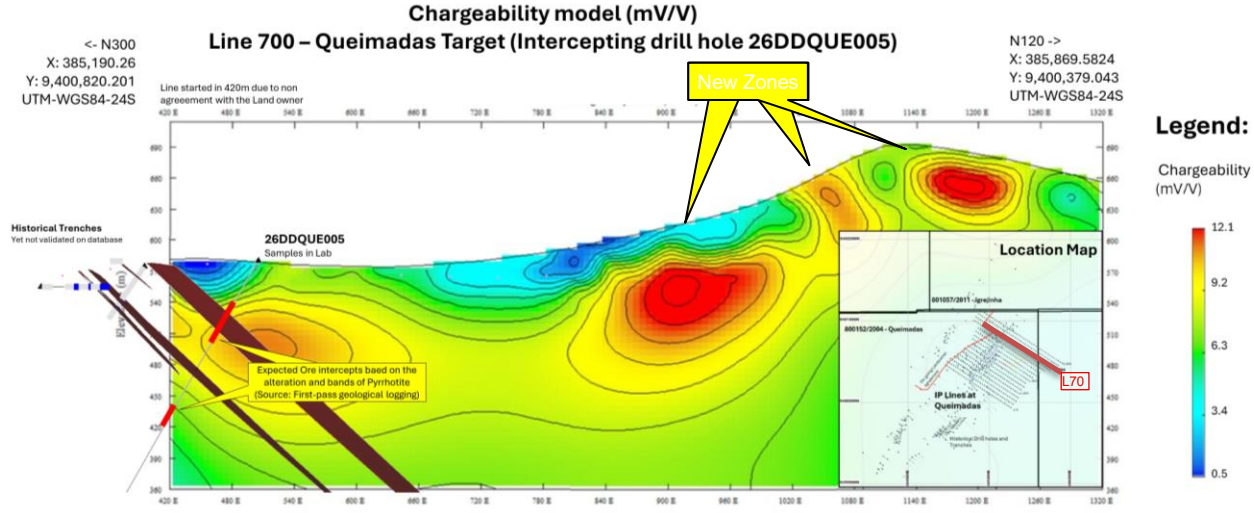
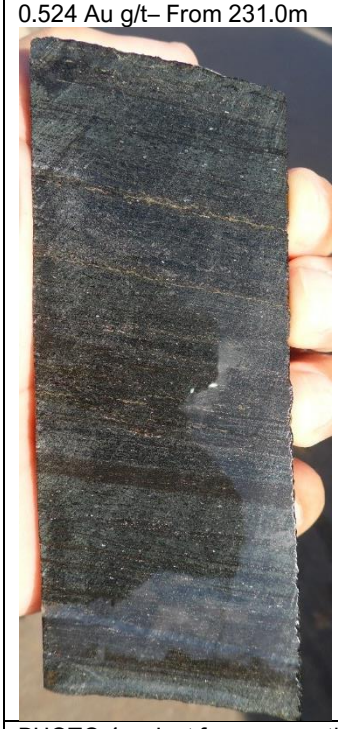
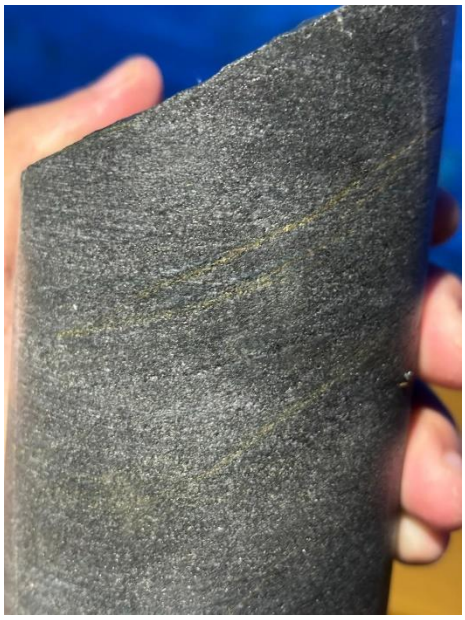


Figure 2: Inverted induced-polarization (IP) chargeability model along survey Line 700 at the Queimadas target. Chargeability zone to the east and parallel to the known mineralization zone that is totally novel to our exploration team Warm (red) colours denote higher chargeability, interpreted to reflect disseminated sulphides (predominantly pyrrhotite) logged in drill cores. Chargeability reflects sub-surface sulphide content.

Drill Core Photographs

PHOTO 1 — Hole ID: 26DDQUE001, interval from 231.10 to 231.15 m. Lithology: meta-amphibolite with centimetre-scale biotite schist interlayers and millimetre-scale pyrrhotite bands concordant with the foliation. Structure: strongly foliated. Assays of the Interval: 26DDQUE001: 0.5 meters @ 0.524 Au g/t– From 231.0m 	PHOTO 2 — Hole ID: 26DDQUE003, interval from 29.7 to 29.90 m. Lithology: Grey amphibole-quartz schist with biotite-rich foliation planes. and millimetre-scale pyrrhotite bands concordant to sub-concordant with the foliation. Assays pending. 	PHOTO 3— Hole ID: 26DDQUE006, interval from 143.00 to 143.10 m. Lithology: Dark grey biotite-amphibole-quartz schist hosting a 4 cm thick quartz vein with millimetre-scale pyrrhotite developed along the border of the vein. The quartz vein is recrystallized and subparallel to the strong foliation. Assays pending 
PHOTO 4— Just for comparation, Photo of Historical Drill hole. Hole ID: FCC001, interval from 46.25 to 46.45m m. Lithology: Dark grey biotite-amphibole-quartz schist with millimetric lamination of pirrotie in a strong foliation. Assays of the Interval: FCC001: 1.0 meters @ 2.86 Au g/t – From 46.25m	PHOTO 5— Just for comparation, Photo of Historical Drill hole. Hole ID: FCC002, interval from 50.6 to 50.7 m. Lithology: Dark grey biotite-amphibole-quartz schist with millimetric lamination of pirrotie in a strong foliation. Assays of the Interval: FCC002: 0.9 meters @ 11.52 Au g/t – From 50.3 m	PHOTO 6— Hole ID: FCC003, interval from 50 to 51 m. Lithology: Dark grey biotite-amphibole-quartz schist hosting a 1 cm thick quartz vein with millimetre-scale pyrrhotite developed along the border of the vein. The quartz vein is recrystallized and subparallel to the strong foliation. Assays of the Interval: FCC003: 1.0 meters @ 7.13 Au g/t – From 50.0 m





Qualified Person

The scientific and technical information that is included in this report was reviewed and approved by Marcelo Antonio Batelochi (P.Geo.), MAusIMM (CP), the Company's Senior Exploration Manager, who is a Qualified Person as defined by NI 43-101. For the purposes of this Report the Qualified Person reviewed and verified the data underlying the disclosure herein, including drill collar and downhole survey data, core-recovery records, geological logs, sampling and chain-of-custody records, and the preliminary geophysical field data.

Quality Assurance and Quality Control

The Company applies industry-standard QA/QC protocols to its Phase III drilling and sampling program. All holes are drilled with HQ-diameter equipment, with downhole surveys conducted at regular intervals. Core is logged, photographed, cut and sampled as half core by the Company's field team, and certified reference materials, blanks and field duplicates are routinely inserted into the sample stream — for the first sample batch, 23 certified reference standards, 22 field duplicates (quarter core) and 23 blanks accompanying 609 primary core samples. Samples are submitted under chain-of-custody to SGS Geosol, an independent and accredited laboratory, where gold is determined by fire assay with a gravimetric or atomic-absorption finish and multi-element analysis is undertaken. Assay results and associated quality-control data are reviewed and validated by the Company's Qualified Person prior to disclosure.

Outlook

The Company's exploration program continues to advance across its three NI 43-101 resource targets — Queimadas, Igrejinha and Mirador. Following the initial phase of diamond drilling and completion of the induced polarization survey, work continues across all three targets in parallel, with the drill rig now being sequenced toward Mirador, where structural mapping and trenching will be completed ahead of drill testing. Assay results from the current program remain pending and will guide subsequent work. We look forward to providing shareholders with updates as we advance the program.

Expenditures for the three months ended May 31,2026, on Exploration and Evaluation Assets include:

	Brazil Pedra Branca
Balance as at February 28, 2026	$3,531,581
Exploration Costs	
Assaying	**366,262**
Field equipment and supplies	**10,379**
Fieldwork	**158,359**
Camp/Site Costs	**19,292**
IP Survey & Geophysics	**4,800**
Vehicle and equipment rental & fuel	**910**
Permitting and licensing	**53,599**
Travel/Site	**101,148**
Total Exploration costs	**714,748**
Balance at May 31, 2026	**$4,246,329**

Expenditures for the year ended February 28, 2026, on Exploration and Evaluation Assets include:

	Brazil Pedra Branca
Balance as at February 28, 2025	$3,326,581
Exploration Costs	
Field equipment and supplies	**79**
Fieldwork	**30,866**
Geologist	**3,032**
Permitting and licensing	**56,817**
IP Survey & Geophysics	**51,112**
Vehicle and equipment rental & fuel	**1,457**
Travel/Site	**61,638**
Total Exploration costs	**205,000**
Balance at February 28, 2026	**$ 3,531,581**

Financial Results for the three months ended May 31, 2026 and 2025

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

For the three months ended May 31, 2026 the Company reported a $1,039,313 net and comprehensive loss or $0.01 basic and diluted loss per share compared to a $79,398 or $0.00 loss per share for the same comparative period ended May 31, 2025. The primary components of the current period loss was general and administration costs of $89,874 (2025 - $61,449), wages and benefits of $11,974 (2025 - $3,086), directors fees of $10,000 (2025 - $Nil) and share-based payments of $938,925 (2025 - $1,936) in connection with the grant of options, RSU's and DSU's and vesting of stock options. Additionally, the Company recorded a loss of $15,324 on foreign exchange (2025 - $2,755). Further, the Company recorded interest income of $12,969 (2025 - $559), gain on derecognition of accounts payable of $15,324 (2025 - $Nil).

	2026 $	2025 $	Variance $
Accounting and legal	**10,718**	29,640	**(18,922)**
Consulting	**47,611**	17,749	**29,862**
Insurance	**-**	3,442	**(3,442)**
Office and administration fees	**13,938**	5,847	**8,091**
Regulatory fees	**814**	-	**814**
Rent	**-**	600	**(600)**
Transfer agent fees	**1,762**	618	**1,144**
Travel	**12,642**	-	**12,642**
Website, advertising, shareholder communication	**2,389**	3,553	**(1,164)**
	89,874	61,449	**28,425**

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

Accounting and legal – the decrease in expenditures were in relation to additional legal and accounting costs incurred in connection with a transaction that did not proceed in the prior period;

Consulting – the increase in consulting fees primarily related to increase in consulting fees for related parties from the prior period see related party disclosure hereinbelow;

Office and administration – the increase in office and administration costs related primarily to the increased exploration activity;

Travel – the increase in travel related to site visits to the Company's project.

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

Travel – the increase in travel related to the increase in site visits at Pedra Branca for corporate personnel and various consultants.

Summary of quarterly results

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

	For the quarters ended			
	May 31 2026	**February 28 2026**	**November 30 2025**	**August 31 2025**
Total interest income	**$12,969**	$716	$1,287	$157
Net loss	**($1,039,313)**	($203,600)	($86,058)	($37,904)
Basic and diluted loss per share	**($0.01)**	($0.00)	($0.00)	($0.00)

	May 31 2025	**February 28 2025**	**November 30 2024**	**August 31 2024**
Total interest income	$559	$1,735	$2,090	$812
Net loss	($79,398)	($65,643)	($68,687)	($54,921)
Basic and diluted loss per share	($0.00)	($0.00)	($0.00)	($0.00)

Significant variances to note for quarters ended include:

During the fourth quarter February 28, 2026, the Company reported a loss of $203,600 or $0.00 per share. The primary component was general and administrative cost of $160,698, finance costs of $10,194, loss on the sale of exploration and evaluation assets of $7,500 and foreign exchange loss of 16,739.

Liquidity and capital resources

	May 31 2026	February 28 2026
Financial position:		
Cash	**$3,858,388**	$1,161,152
Working capital	**$3,253,332**	$532,859
Total Assets	**$8,176,960**	$4,728,716
Shareholders' equity	**$7,559,597**	$4,073,731

As at May 31, 2026, the Company had a working capital of $3,253,332 (February 28, 2026 – $532,859).

Capital expenditures primarily included exploration expenditures of $714,748 and equipment purchase of $50,919 in relation to the Company's Pedra Branca project. Proceeds from financing activities included $4,200,000 provided by the recently completed placement and exercise of options of $63,800.

During the three months ended May 31, 2026, the Company derecognized 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. Additional working capital will be required to complete further significant exploration programs at Pedra Branca.

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

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

Off balance-sheet arrangements

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

Transactions with related parties

Key Management Compensation

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

Direct remuneration paid to the Company's directors and key management personnel during the three months ended May 31, 2026 and 2025, are as follows:

	May 31 2026	May 31 2025
Key management personnel compensation comprised:		
Consulting fees[1,2]	**$55,313**	$19,625
Administration[3]	**7,140**	3,754
Director fees[4]	**10,000**	-
Share based payments[5]	**845,348**	1,936
	$917,801	$25,315

[1]Consulting fees include amounts paid or accrued to a company controlled by the CEO in the amount of $43,688 (2025 - $9,000);
[2] Consulting fees include amounts paid or accrued to a company controlled by the CFO in the amount of $11,625 (2025 - $10,625);
[3]Administration fees include amount paid or accrued to a company controlled by a family member of the CFO of $7,140 (2025 - $3,725) for accounting and personnel services;
[4]Directors fees include amounts accrued to a director for quarterly fees of $15,000 per quarter (effective April 1, 2026); and
[5]Share-based payments included options, DSU's and RSU's grants to key management personnel;

Related Party Liabilities

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) as follows.

Amounts due to:	Service for:	May 31 2026	February 28 2026
William O'Hara	Directors Fees	**$10,000**	$-

Related Party Prepaids and Advances

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

Critical Accounting Policies and Estimates

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

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

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

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other

factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

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

Valuation of Share-based Payments

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

Recent and Future Accounting Pronouncements

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

Financial instruments and other instruments

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

General Objectives, Policies and Processes

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

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

Market Risk

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

Interest Rate Risk

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

Credit Risk

The Company'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.

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 May 31, 2026, 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:

	May 31 2026	**February 28 2026**
Cash	**$23,785**	$20,000
Accounts payable and accrued liabilities	**(514,948)**	(17,804)
	$ (491,163)	$ 2,196

As at May 31, 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 $24,558 (February 28, 2026 - $110) to the net loss for the three months ended May 31, 2026.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses

or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

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

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

Determination of Fair Value

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

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

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

CAPITAL MANAGEMENT

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

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended May 31, 2026.

Outstanding Share Data

South Atlantic's authorized capital is unlimited common shares without par value. As at the date of this report 209,073,166 common shares as issued and outstanding as of the date hereof. Additionally, the Company as at the date of this report had the following outstanding options, share purchase warrants and agent warrants as follows:

Stock Options

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
05-Jan-27	$0.06	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

DSU's

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

RSU's

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

Shares in Escrow

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

Risks and uncertainties

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

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

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

Global Economy Risk

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

Political stability and government regulations in Brazil

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

Environmental Compliance.

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

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

Going Concern

The Company has not generated revenues from its operations to date. These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the 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.

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

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

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations.

With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

Other Requirements

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