LAVRAS GOLD

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2026

INTRODUCTION

The following management's discussion and analysis ("MD&A") of Lavras Gold Corp. ("Lavras Gold", "Lavras" or the "Company"), is dated August 12, 2026, and relates to the financial condition and results of operations of Lavras Gold, together with its wholly owned subsidiaries, as at and for the six months ended June 30, 2026. This MD&A is intended to supplement and complement the above mentioned financial statements and notes thereto, which have been prepared according to IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. These accounting policies are consistent with IFRS Accounting Standards (IFRS) as issued by the IASB and the International Financial Reporting Interpretations Committee. This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws. See the section in this MD&A titled "Cautionary Note Regarding Forward-Looking Information" for further details. In addition, this MD&A has been prepared in accordance with the requirements of Canadian securities laws, which differ in certain material respects from the disclosure requirements of United States securities laws, particularly with respect to the disclosure of mineral reserves and mineral resources. See the section in this MD&A titled "Cautionary Note to United States Investors" for further details.

These documents, along with additional information about the Company, are available under the Company's SEDAR+ profile at sedarplus.ca and through Lavras Gold's website at lavrasgold.com.

ABOUT LAVRAS GOLD

Lavras Gold was incorporated under the name "Lavras Gold Corp." under the *Business Corporations Act (*British Columbia) on November 25, 2021. Lavras Gold's registered office is 1055 Dunsmuir Street, Suite 3000, Vancouver, British Columbia, V7X 1K8 and its head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, M5C 1P1. Its telephone number is (289) 624-1377, and its website address is www.lavrasgold.com. Lavras Gold is listed on the TSX Venture Exchange under the symbol LGC and on the OTCQX Best Market under the symbol LGCFF.

Lavras Gold is a mineral exploration and development company focused on the continued exploration, and development of its gold project known as the LDS Project located in southern Brazil in the state of Rio Grande do Sul near the town of Lavras do Sul ("LDS"). The LDS Project covers approximately 20,357 hectares across 31 mineral claims and comprises a district-scale portfolio of at least 34 known gold deposits, discoveries, exploration prospects, targets and prospective areas, centred largely on historic gold workings near the town of Lavras do Sul. The Company's corporate objective is to unlock the economic potential of the LDS Project through continuous exploration and sustainable development.

The Company's work at the LDS Project is organized around four principal areas: Fazenda- Butia, Caneleira, Cerrito and Matilde, and is advancing along two complementary paths:

Development: The LDS Project, comprising the planned LDS plant, and the Fazenda-Butia Resource is the Company's flagship asset and the focus of its permitting, engineering and metallurgical work.

Growth: The Caneleira, Cerrito and Matilde areas, as well as the Company's earlier-stage targets within the LDS Project share a common geological setting within the LDS Intrusive Complex and lie in close proximity to the LDS plant and the Fazenda-Butia Resource. These areas are being advanced with a view to extend potential future resources and mine life and providing flexibility in development sequencing.

Lavras Gold is pursuing a balanced strategy focused on maximizing the value of the LDS Project through responsible development and continued exploration success. The Company seeks to create value through:

- advancing Fazenda-Butia and Caneleira through permitting, engineering, environmental and metallurgical studies;
- expanding existing mineral resources and identifying additional deposits throughout the LDS Project;
- prioritizing exploration targets with the potential to contribute materially to future project development;
- maintaining strong relationships with local communities, government stakeholders and shareholders; and
- leveraging from the revenue-based gold royalty held by the Company on a large portfolio of exploration concessions surrounding the Mara Rosa gold mine in central Brazil, owned and operated by Hochschild Mining.

Management believes the district remains significantly underexplored relative to its size and geological potential. While development activities continue to advance the LDS plant and Fazenda-Butia and Caneleira, the Company remains committed to systematic exploration aimed at unlocking additional value across the broader property package.

GENERAL

Lavras Gold's vision is to outline and develop an economically feasible gold mine at the LDS Project, while continuing to explore highly prospective targets located therein. The longer-term goal is to demonstrate that the LDS Project has the potential to become a large and exceptionally prospective asset that has district-scale discovery potential for several gold deposits within the LDS Project area.

OUTLOOK

Short-term goals include:

- Permitting the LDS plant and the Fazenda-Butia and Caneleira resources towards development, which may incorporate other near-project targets and/or deposits creating a larger future mineral economic scenario.
- Completing a comprehensive metallurgical test program for Fazenda-Butia with the goal of understanding the metallurgical characteristics. This information will be used to consider potential processing options.
- Completing preliminary plant design, infrastructure engineering, and mine closure planning, along with resource model assessments, as part of the ongoing studies to transition Fazenda-Butia and Caneleira toward the development stage. It is anticipated that the plant and its ancillary infrastructure may serve the entire LDS Project as the Company grows its mineral inventory throughout the project.
- Completing an Environmental Impact Assessment ("EIA") focusing on the Fazenda-Butia and Caneleira resources, which together will form part of the application for the Preliminary License ("LP") for development. Complementary studies include:
    - Engineering – scoping studies;
    - Socioeconomic and environmental diagnoses;
    - Hydrological and biotic studies;
    - Resource update; and
    - Preliminary economic assessment ("PEA") or Preliminary Feasibility Study ("PFS")
- Leveraging technical insights gained from an exploration workshop held in April 2026, which will allow the Company to prioritize several key targets within the complex that exhibit characteristics of large-scale, near-surface, bulk-tonnage systems.
- Focusing drilling at Caneleira, Cerrito and Matilde with the goal of continuously building a district-scale mineral inventory; such inventory is expected to include the updated Fazenda-Butia integrated resource.
- Completing district-wide LiDAR survey, relogging of Cerrito and Matilde drill cores and undertaking geochemical surveys on these two areas.
- Leveraging good relationships with stakeholders as the Company begins the permitting process through on-going community outreach and engagement programs, interacting with local schools, churches, business associations, and on-going outreach to local, state and federal level government agencies and officials The Company's Rota do Ouro (Gold Trail) program and Projeto Viver are examples of the Company's good relationship building.
- Sustaining relationships with existing shareholders and attracting new shareholders by communicating the value proposition of Lavras Gold to the investing community through

marketing programs to institutional and retail investors including non-deal road shows, and industry and broker conferences.

HIGHLIGHTS

Operations

Drilling & Assaying – Lavras Gold completed 9,241 metres (“m”) of exploration drilling in H1 2026 from Caneleira (6,682m), Fazenda-Butia (1,307m), Aurora target within the Matilde area (944m) and Maria Hildara target within the Fazenda-Butia area (308m).

On January 5, 2026, the Company announced results from 17 diamond drill holes at Fazenda-Butia, which confirmed the strength and continuity of the alkaline intrusive-related gold system extending across the district.

Significant intersections from the January 5, 2026, announcement included:

- Hole 25BT068 intercepted **190m at 1.01 g/t gold (“Au”)** from surface, including **21m at 2.25 g/t Au**;
- Hole 25BT067 intercepted **65m at 0.88 g/t Au** from 23m, including **1m at 16.05 g/t Au** and **2m at 11.28 g/t Au**; and
- Hole 25BT063 intercepted **21m at 3.12 g/t Au** from 42m, including **1m at 47.73 g/t Au** and **1m at 5.11 g/t Au.**

On February 24, 2026, the Company announced results from its 2025 drilling campaign at Caneleira, located 2 km north of Fazenda-Butia. These results confirm management’s district-scale growth and development outlook, with Caneleira and vicinity emerging as an important new zone adding to Fazenda-Butia. Significant intersections at Caneleira included:

- Hole 25CN016 intercepted **21.66 g/t Au over 15m from 131m**, including **52.73 g/t Au over 6m from 135m** and including **132.93 g/t Au over 2m from 139m**; and
- Hole 24CN011 intercepted **0.58 g/t Au over 36m from 23m**, including **1.94 g/t Au over 6m from 33m**.

On May 19, 2026, the Company announced additional diamond drill results from Caneleira. The drill results confirmed the presence of a series of northwest-southeast trending mineralized vein structures, with at least six discrete zones identified to date. Notable highlights from this drilling program included:

- Hole 26CN019: Intercepted **33.72 g/t Au over a drilled width of 7m** from 107m, including **64.24 g/t Au over 4m** from 107m, and **178.16 g/t Au over 1m** from 110m;
- Hole 26CN026: Intercepted **2.53 g/t gold over 9m** from 194m, including **5.03 g/t Au over 4m** and **13.92 g/t Au over 1m** from 197m; and
- Hole 26CN025**:** Intercepted **1.84 g/t gold over 10m** from 106m, including **8.56 g/t gold over 2m** from 111m.

Assay results from 29 holes **(3,120m**) drilled at Caneleira are pending.

The Company has paused drilling as of June 15, 2026 and will resume drilling in mid-August, 2026. The two drill rigs remain at site as they undergo maintenance while awaiting drilling plans from the exploration team.

Following the specialist technical workshop mentioned above, the Company has embarked on the following:

- An extensive geochemical soil sampling at Cerrito North and Matilde. Preliminary assay results at Cerrito North have confirmed the previous geophysical and geochemical trends, mainly along the N60-70E direction.
- LiDAR survey over the LDS Project is almost complete. This survey will be used to identify recessive topography for potential drill targets and to assist in the siting of the planned LDS plant.

The geochemical and topographical analyses will be used to plan the upcoming drilling campaign. Lavras Gold plans to initially contract for 25,000m using 2 drills. These drills are initially targeted at Caneleira, Cerrito North and Matilde. Additional drills may be deployed subject to financing.

The LDS Plant and the Fazenda-Butia and Caneleira Resources Development – The Company is progressing well on its path towards submission of the LP application expected in December 2026. The main activities are as follows:

- **Metallurgical Work** – The Company has engaged SGS Laboratory in Belo Horizonte, Brazil to complete a comprehensive metallurgical test program. This program has advanced significantly since the first round of samples was sent to SGS Belo Horizonte for testing in September 2024. A further eleven 150-kilogram composite samples have been analyzed by SGS Lakefield, Ontario. This metallurgical work continues to move Lavras Gold toward its short-term goal of defining an economically feasible gold operation.
- **EIA -** The EIA on the potential polygon which will incorporate the LDS plant and the Fazenda-Butia pit started in August 2025 in anticipation of applying for the LP to operate the future LDS mine(s) within the polygon. Work is on schedule for completion in August 2026.
- **Resource Update –** In-fill drilling has been concluded with six holes in 2026 (1,307m) resulting in 64,480m having been drilled at Fazenda-Butia to date. This drilling has been considered sufficient to move towards a robust resource model. This resource model is expected to be completed in Q3 2026. See district-scale resource update below.
- **Geological Modelling** from the ongoing resource update is being used in scoping engineering work. These efforts will form the basis of a PEA to evaluate the potential economic viability of the LDS plant and the Fazenda-Butia resource.
- **Engineering** - In early February, 2026, the Company engaged Ausenco do Brasil Engenharia Ltda. (Ausenco) to lead the LDS plant design and infrastructure engineering. Simultaneously, Brazil-based GE21 Consultoria Mineral (GE 21) was appointed to initiate mine planning, and mine closure planning, along with resource model assessments.

District-Scale Resource -- While advancing Fazenda-Butia, Lavras Gold continues to pursue a broader district-growth strategy designed to demonstrate the full potential of the LDS Project. The Company believes the geological characteristics of the district support the existence of multiple mineralized systems capable of contributing to future resource growth. This consolidation of resources will include the following:

Fazenda-Butia (integrated) – this resource will build upon the existing 43-101 resource at Butia, incorporating the more than 64,000m of drilling completed to date.

Caneleira– This area is less than 2 kilometres ("km") north of Fazenda-Butia and is currently within the planned polygon for the EIA. To date there have been 6,682m of drilling from 45 holes with several holes showing high grades near surface.

Cerrito -- Cerrito lies approximately 8km east of the planned LDS plant. It currently has a 43-101 resource based on drilling conducted until 2012. There has been limited drilling done in this area except for 1,586m from 7 holes at the Vila Marieta target to the south. This resource will be updated using current information and will be incorporated into the district-scale resource update.

Matilde– Matilde lies approximately 3km to the southeast of the town of LDS and less than 10 kilometres from the LDS plant. Drilling was conducted mostly by Lavras Gold with 17,780m from 52 holes to date. A resource study is being conducted, and the results will also be included in the district-scale resource update.

Specialist technical workshop – During the week of April 20-24, 2026, the Company hosted a specialist technical workshop to review the geological model, exploration results, and targeting strategy at the LDS Project. The workshop comprised of the Lavras technical team, headed by Interim Vice President of Exploration, Jonathan Hill, and a team of leading geoscientists, mineral systems specialists, and exploration strategists with extensive experience working in major gold districts worldwide.

The group conducted detailed core and field reviews, evaluated existing geological models and data, and provided independent insights aimed at enhancing targeting methodologies across the LDS Project. This initiative is part of the Company's strategy to balance project development and permitting activities while leveraging its district scale exploration potential to expand existing mineral resources and to advance work over prioritized new targets.

The technical insights from this workshop which were disclosed in a news release on May 12, 2026, have allowed the Company to prioritize several key areas within the complex that exhibit characteristics of large-scale, bulk-tonnage systems.

Specific priority target areas and sequencing include:

- **Caneleira**: To date, high grade vein mineralization occurring near lower grade, potentially bulk mineable mineralization has been identified at Caneleira. Further exploration will be conducted based on widespread gold in soil anomalies, favourable alteration and structural vectors in drill core and its proximity to the mineral resource footprint at Fazenda-Butia.
- **Cerrito**, which hosts an existing mineral inventory and remains open along strike.
- **Matilde**, which remains open in multiple directions and shows potential for scale with associated copper and molybdenum credits.
- **Fazenda-Butia**, bottom of the planned pit, where additional potential may exist at depth.

In looking at these target areas, the Company intends to:

- refine structural and geological models;
- improve drill planning and 3D targeting methodologies;
- focus on bulk-tonnage mineralized systems (while evaluating shallow high-grade opportunities where present);
- expand integration of geochemical, geophysical and spectral datasets; and
- reassess earlier-stage targets to better understand their scale and structural controls.

Financial

- On January 29, 2026, the Company completed a bought deal public offering, issuing 2,942,000 common shares for gross proceeds of approximately $10 million at $3.40 per share.
- Cash position as of June 30, 2026, was approximately $6.6 million. These funds are sufficient to support the near term planned development and exploration programs at the LDS Project. Additional funding will be required for sustained activities.
- Lavras Gold has issued no warrants since its inception in April 2022.

Corporate

- **Stock option grants** – On April 8, 2026, the Company granted an aggregate of 470,000 incentive stock options to certain officers, directors, consultants, and employees of the Company. The options are exercisable at a price of $2.01 per share, 300,000 vest immediately, 170,000 vest over three years from the date of issue, and expire on April 8, 2031. Additionally, the Company issued 14,521 deferred share units ("DSUs") to an officer of the Company, which vest one year from the date of issue. On May 29, 2026, the Company granted 600,000 incentive stock options to Federico Velásquez, the newly appointed President & CEO of the Company. The options are exercisable at a price of $2.20 per share, vest over three years from the date of issue and expire on May 29, 2031.
- **Statement of claim –** On May 12, 2026, the Company was served with a Statement of Claim by the former President & CEO and director of the Company, alleging breach of contract, constructive dismissal, and wrongful dismissal arising from his resignation from the Company. The claim seeks damages, including compensation relating to salary, bonuses, equity-based compensation, stock options, and other relief.

  The Company believes the claims are without merit and intends to vigorously defend the action. At this preliminary stage, the outcome of the matter cannot be reasonably predicted, and no provision has been recorded in the interim consolidated financial statements. Management, after consultation with legal counsel, has determined that it is not probable that a liability has been incurred as of the reporting date. Accordingly, the matter has been disclosed as a contingent liability in the interim consolidated financial statements. The ultimate resolution of the litigation may differ from management's current assessment and could have a material effect on the Company's financial position, results of operations, or cash flows in a future reporting period.
- **CEO Appointment** – Federico Velásquez was appointed President and CEO of the Company effective June 1, 2026 at which time Hemdat Sawh stepped down from the role of Interim CEO and continued in the role of the Company's CFO. Following Lavras Gold's Annual & Special Meeting held on June 10, 2026, Federico Velásquez, was appointed as a director of the Company.
- **Annual General & Special Meeting** – At the Lavras Gold Annual & Special Meeting held on June 10, 2026 six directors were re-elected– David Birkett, Jonathan Hill, Lawrence Lepard, Michael Mutchler, Rostislav Raykov and Rowland Uloth. The composition of the board remains as it was for the previous year, and the board members elected Rowland Uloth to continue as Chairman of the Board.

PROJECT DEVELOPMENT –LDS PLANT, FAZENDA-BUTIA AND CANELEIRARESOURCE

The Company believes that Fazenda-Butia and Caneleira are sufficiently advanced to undertake an EIA which is the first phase of a commercial gold mining project. With more than 64,000m of drilling and 233 drill holes having been completed at Fazenda-Butia, the EIA commenced in August 2025. This is the first and most important step in positioning and de-risking the project as Lavras Gold begins the permitting process for a potential commercial gold mining project in Brazil following on from a Terms of Reference Study that was approved by Fundação Estadual de Proteção Ambiental (“FEPAM”), the Brazilian State environmental agency in Rio Grande do Sul.

Figure 1 shows the development process for a mine in Brazil. There are three licenses that are required: (1) Preliminary License (“LP”), (2) Installation License (“LI”) and (3) License to Operate (“LO”).

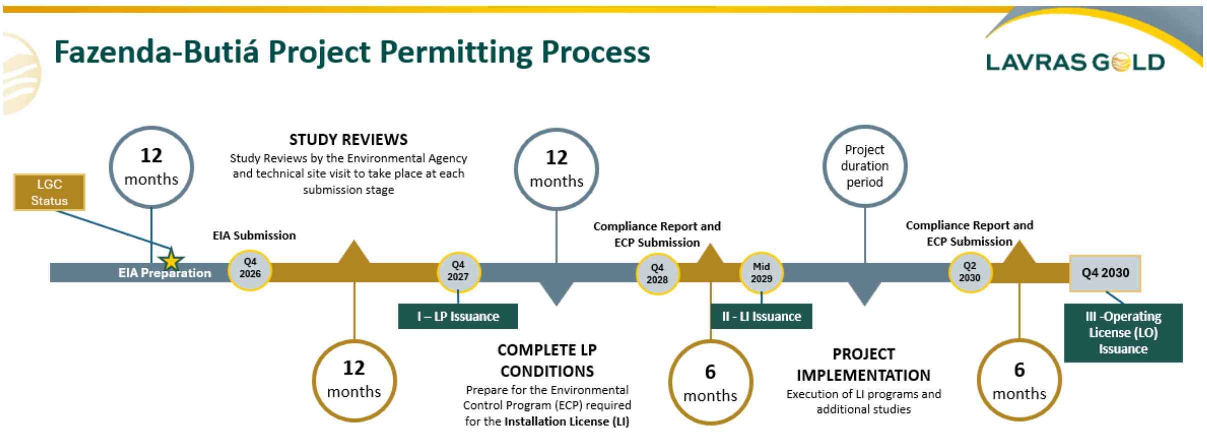

FIGURE 1: PERMITTING PROCESS TIMELINE IN BRAZIL

The Fazenda-Butia and Caneleira EIA is progressing well with completion of the first flora and fauna campaigns, initial hydrogeological analysis, noise and vibration analyses and preliminary metallurgical testing. The Company also continues to advance the socio-economic studies and engagement with the Quilombola communities and in early 2026, engaged the engineering firms that have initiated mine plan and sequence, mine closure, infrastructure, plus resource and reserve model assessment as Lavras Gold moves towards the PEA stage.

The Company aims to complete the EIA by August 2026 and submit the LP application by December 2026. Development work will continue thereafter, including the PEA or possibly move towards a PFS, and in-fill and step-out drilling as the Company awaits the LP approval. Following the technical workshop in April 2026, it was concluded that the drilling density is sufficient to result in a robust resource including limited additional in-fill drilling for a PEA level study.

See Figure 2 for timeline of activities leading up to the LP application by Q4 2026.

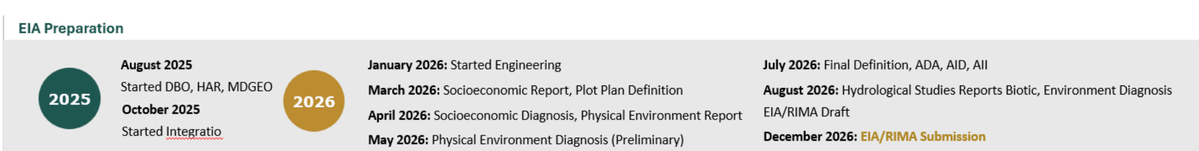

FIGURE 2: TIMELINE OF ACTIVITIES AT FAZENDA-BUTIA/CANELEIRA

THE LDS PROJECT

To best understand the following narrative on the history of the Company, its projects, and its properties, it is necessary to understand the Company's descriptive classification system. "Target" refers to a known or suspected area of gold mineralization. "Discovery" refers to an area proven by drilling to have significant gold mineralization, and "Deposit" refers to the description of the area of mineralization using the guidelines set out by Canadian National Instrument 43-101 (the document that governs a company's public disclosure of scientific and technical information about its mineral projects).The following **Table 1** illustrates the highlights of each target and **Figures 3** to **7** illustrates the locations of each of the primary targets.

The Company has categorized these targets into four areas as discussed earlier. These four areas will also be categorized into the current resource update on the entire LDS Project.

TABLE 1: SUMMARY OF LDS PROJECT

DISTRICT AREA	Claim description	Class	Resource*	Summary
FAZENDA-BUTIA	**Butia**	Gold Deposit	M&I = 377,000 oz, Inf = 115,000 oz	43-101 Resource Estimate Jan 25, 2022; amended Nov 27, 2024 Resource update in progress to be included in the district-scale resource expected in Q3 2026. 45,403m drilled (175 holes)
	Fazenda do Posto (adjoining Butia)	Discovery	In progress and will be combined with Butia resource update	Q3 2023 discovery, 340 m at 1.09 g/t Au including 160 m at 1.79 g/t Au including 68 m at 2.09 g/t Au. A globally significant gold discovery. This discovery adjoins Butia and is now included in the Fazenda-Butia resource. 19,076m drilled (58 holes)
	General Torgo	Exploration Prospect	Limited or no systematic modern exploration	Prospect identified from its favourable geological and structural setting south of the Fazenda-Butia resource, including historical gold workings, recessive topography and interpreted geophysical and structural features. The area remains insufficiently tested.
	Maria Hildara	Exploration Prospect	Drilled by Lavras Gold in 2026	308m (1 hole)
	Cerro Branco	Prospective Area	Limited or no systematic modern exploration	Early-stage prospective area located within or along the margins of the LDS Intrusive Complex. Its potential is based primarily on favourable geology and its position within the broader Fazenda-Butia district exploration corridor.

	Laco Velho	Prospective Area	Limited or no systematic modern exploration	Prospective area which occupies a favourable geological and structural position within the LDS Intrusive Complex but remains largely untested.
	Mata Grande	Prospective Area	Limited or no systematic modern exploration	Early-stage prospective area defined by its favourable regional geological setting within or adjacent to the LDS Intrusive Complex. Additional surface exploration is required to define specific drill targets.
	Jaguari	Prospective Area	Limited or no systematic modern exploration	Prospective area based on its geological position within or along the margins of the LDS Intrusive Complex.
CANELEIRA	**Caneleira**	Discovery	In progress and will be described as the Caneleira resource in the district-scale resource	Located 2 km to the northeast of Fazenda-Butia. 2025 drilling results including bonanza grades at hole CN016 suggesting an additional development front which could include the nearby Olaria, Zeca Souza and Galvão Discoveries, described below and included in Caneleira. Hole 25CN016 intercepted 21.66 g/t Au over 15m from 131m, including 52.73 g/t Au over 6m from 135m and including 132.93 g/t over 2m from 139m. The 2025 drilling campaign followed 2,300 m drilled (12 holes) drilled in 2007-2008 defining a SE-NW trending gold-bearing structure over a strike length of ~900m (open) and to a vertical depth of 200m (open to depth). 20,764m drilled (107 holes)
	Zeca Souza	Discovery	In progress and will be described as the Caneleira resource in the district-scale resource	Q3 2022 discovery returning 15m at 5.78 g/t Au from 103m, including 3.0m at 28.24 g/t Au from 115m, which in turn included 1.34m at 59.60 g/t Au from 115m. Results include 43.6 g/t gold over 4m starting near surface. Five of 20 holes intersected bonanza-style gold grades associated with visible gold within alkali feldspar quartz syenite. Located 3km to the northeast of Fazenda-Butia. 5,016m drilled (20 holes)
	Olaria	Discovery	In progress and will be described as the Caneleira resource in the	Q4 2024 discovery, 56m at 1.0 g/t Au including 4.5 g/t Au over 5m. Located 3km to the northeast of Fazenda-Butia.

			district-scale resource	
	Galvão	Discovery	In progress and will be described as the Caneleira resource	Q3/2023 discovery with 1,073m drilled (2 holes) showing long intervals of gold mineralization intermittently over 450m of strike length to a vertical depth of 461m. Highlights include 10m at 4.63 g/t Au from 532m down the drillhole, including 3.0m grading 11.70 g/t Au. Located 3km to the northeast of Fazenda-Butia.
	Taruman	Prospective Area	Early-stage exploration	Prospective area within the Caneleira district, interpreted to occur along the broader northwest-trending structural and mineralized corridor that hosts Caneleira, Zeca Souza, Olaria and Galvão. The area remains insufficiently tested.
	Paredao	Exploration Prospect	Gold mineralization intersected by drilling; no resource defined	Prospect defined by known gold-bearing drill intercepts and its position along a northwest-trending structural corridor comparable to the mineralized structures recognized at Caneleira. Additional drilling is required to determine continuity and scale.
	Pitangueira	Prospective Area	Early-stage exploration	Early-stage prospective area located within the Caneleira and the broader northwest-trending structural corridor. Its potential is based on favourable geology and proximity to multiple gold discoveries.
	Cabanha B	Exploration Target	Surface exploration in progress or planned	Target identified from favourable geology and structural interpretation, supported where applicable by surface geochemical, alteration or geophysical responses. The area remains untested or only partially tested by drilling.
	Trevo Meia Lua	Prospective Area		Prospective area forming part of the Caneleira exploration portfolio. The area is located in a favourable structural and geological setting near known gold discoveries but remains largely untested.
	Arroio Jacques	Prospective Area		Early-stage prospective area. Its potential is based on its position within the intrusive complex and proximity to interpreted mineralized structures and known discoveries.
	Cerrito	Gold Deposit	Ind = 188,000 oz, Inf = 293,000 oz	43-101 Resource Estimate May 31, 2022; amended Nov 27, 2024.

CERRITO				Resource update in progress to be included in the district-scale resource
	Vila Marieta	Discovery	Gold mineralization intersected by drilling; no resource defined	May 2023 announced discovery. 521m drilled (2 holes) with long intervals of significant gold grades. Results include: 28m of 1.30 g/t Au from surface, including: 4m at 2.42 g/t Au from 7m, 5m at 2.49 g/t Au from 16m and 53m at 0.68 g/t Au from 139m. 1,586m drilled (7 holes)
	Dourada	Target	13 holes drilled by Amarillo up to 2021 and 2 holes by Lavras Gold in 2022	3,556m drilled (15 holes)
	Hilario	Prospective Area	Limited or no systematic modern exploration	Prospective area within the Cerrito district, selected on the basis of favourable geological and structural setting and its proximity to the Cerrito mineralized system. Additional surface exploration is required.
	Lagoao	Exploration Target	Surface exploration in progress	Target identified from surface geochemical and geological evidence north of Cerrito, including anomalous gold results and hydrothermal alteration. The area is being evaluated as a potential extension or satellite zone of the Cerrito system.
	Cerro Feio	Prospective Area	Limited or no systematic modern exploration	Early-stage prospective area located within or along the margins of the LDS Intrusive Complex. Its potential is based on favourable regional geology and proximity to the Cerrito mineralized corridor.
	Mina Velha	Prospective Area	Historical workings and/or limited exploration	Prospect identified from historical mining or prospecting evidence, favourable geology and its location within the broader Cerrito exploration district. Modern systematic exploration remains limited.
	Matilde	Discovery	In progress and will be described as the Matilde resource in the district-scale resource	November 2022 announced discovery. 10,583m drilled (33 holes) with gold mineralization in 30 of 33 holes over a strike length of least 250m. Includes 0.69 g/t Au over 144.6m and including 27m grading 1.04 g/t Au. 11,301m drilled (35 holes).
	Matilde Extension	Discovery	In progress and will be described as the Matilde	January 2023 announced discovery. Mineralization associated with sulphides (bornite, chalcopyrite, pyrite). Results

			resource in the district-scale resource	include 10m grading 13.21 g/t Au, 22.94 g/t silver (Ag), and 0.22% copper (Cu). 5,332m drilled(13 holes).
MATILDE	**Matilde Central**	Discovery	4 holes drilled by Amarillo up to 2021	1,148m drilled (4 holes).
	Mato Feio	Exploration Target	12 holes drilled by Amarillo in 2021 and 2 holes by Lavras Gold in 2022	3,362m drilled (14 holes)
	Valdo Teixeira	Exploration Target	10 holes drilled by Amarillo in 2011	2,796m drilled (10 holes)
	Volta Grande	Exploration Prospect	Extensive historical workings; no systematic modern exploration completed	Early-stage exploration prospect characterized by extensive historical gold workings hosted within volcanic rocks. Despite the scale of the historical activity and the favourable geological setting along the margins of the LDS Intrusive Complex, no systematic modern exploration program has yet been completed across the area. Geological mapping, geochemical sampling and geophysical surveys are required before drill targets can be properly defined.
	Aurora	Exploration Prospect	5 holes drilled by Amarillo, totalling 542.2m, and 2 holes drilled by Lavras Gold, totalling 944.4m	Exploration prospect characterized by an extensive area of historical workings within a favourable geological setting. Drilling returned only limited and isolated gold intersections to date. Additional geological, structural and geochemical work is required to better define the controls on mineralization and identify higher-priority targets.
	Saraiva	Prospective Area	Limited or no systematic modern exploration	Early-stage prospective area within or along the margins of the LDS Intrusive Complex. Additional mapping, geochemical sampling and geophysical investigation are required to assess its potential.
	Cerro Rico	Exploration Prospect	7 holes drilled by Amarillo, totalling 1,468.24m	Early-stage exploration prospect located within the volcanic rocks along the margins of the LDS Intrusive Complex. Drilling returned several gold-bearing intersections, including 7.0m grading 0.98 g/t Au. The results confirm the presence of gold mineralization, although further geological

				interpretation and systematic exploration are required to assess its continuity and scale.

* See Resource Tables 2 and 3 in this report.

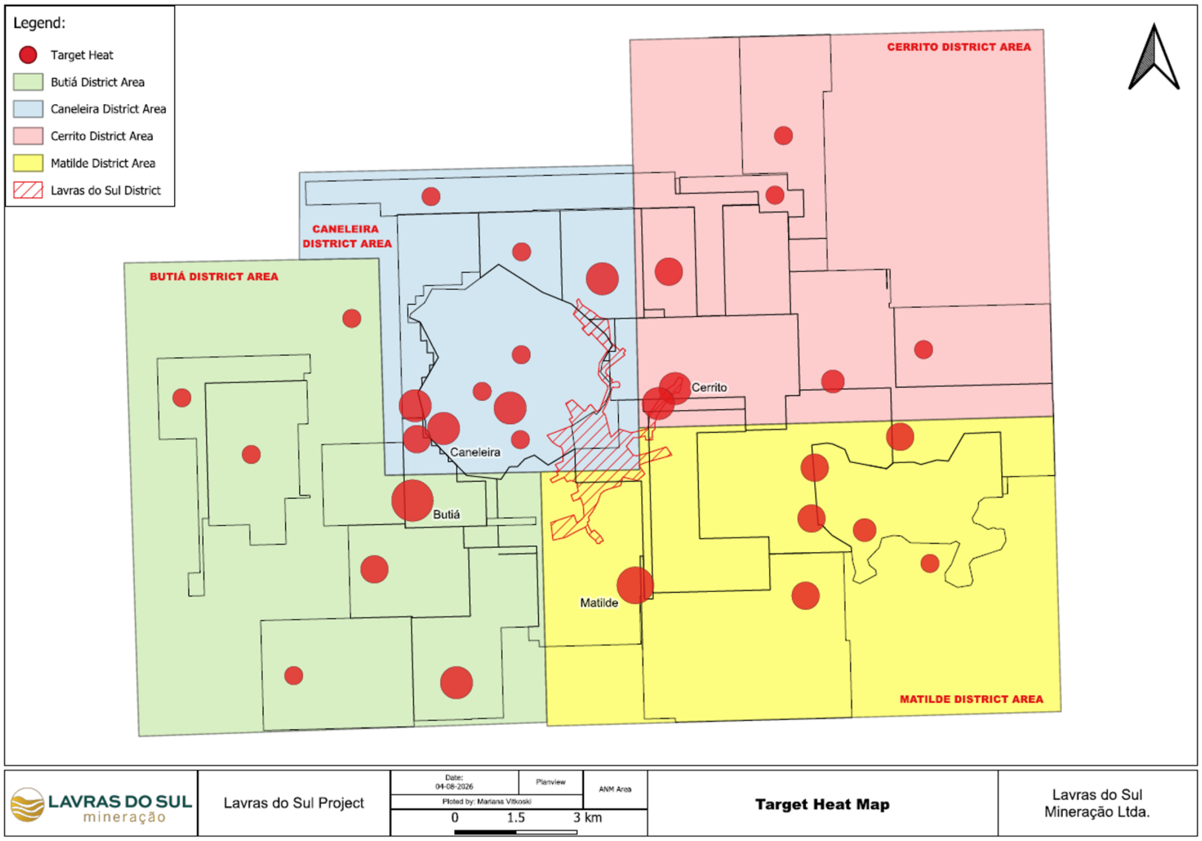

FIGURE 3: LDS PROJECT – TARGET LOCATION MAP

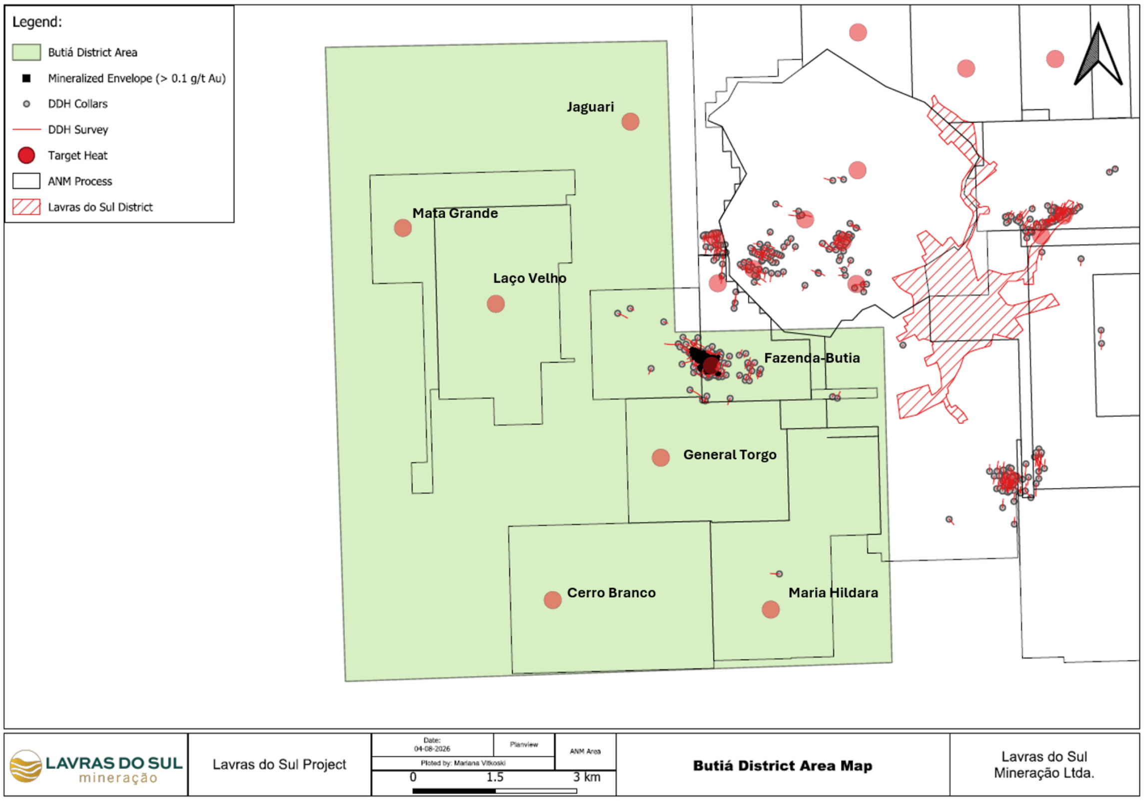

FIGURE 4: LDS PROJECT – TARGET LOCATION MAP – FAZENDA-BUTIA DISTRICT

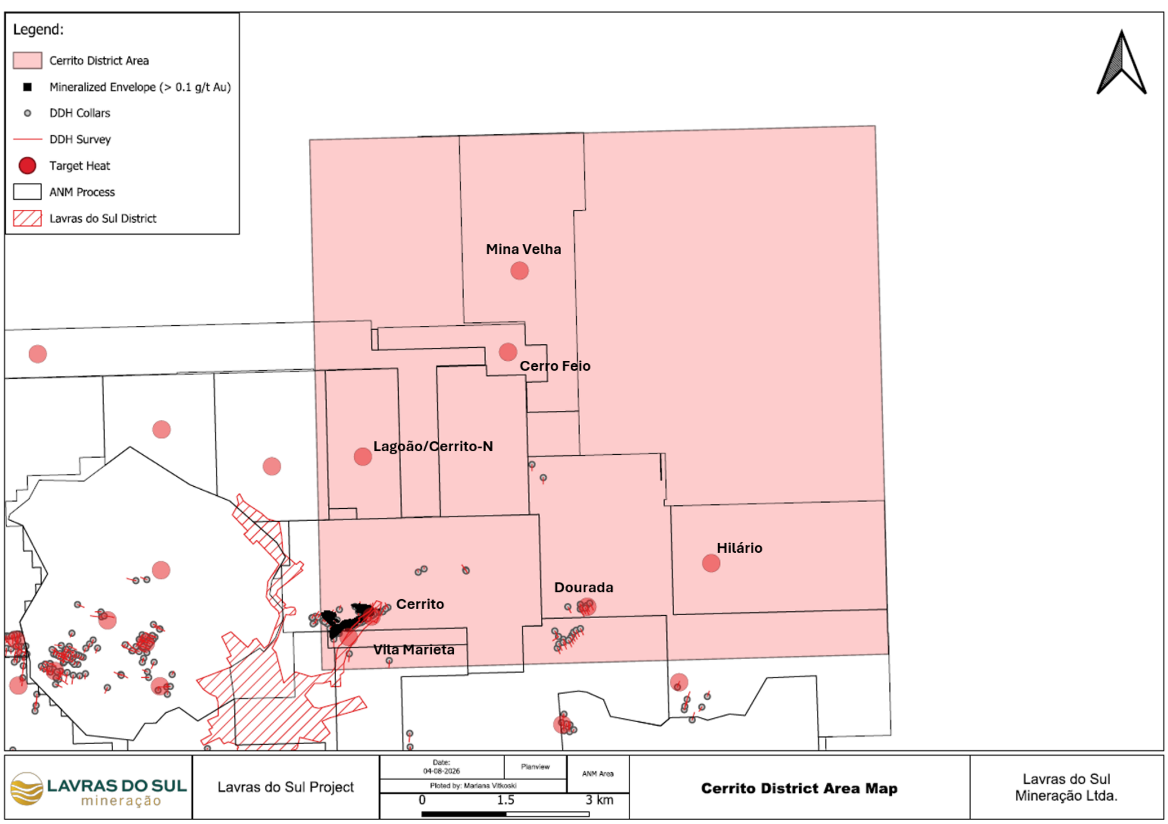

FIGURE 5: LDS PROJECT – TARGET LOCATION MAP – CERRITO DISTRICT

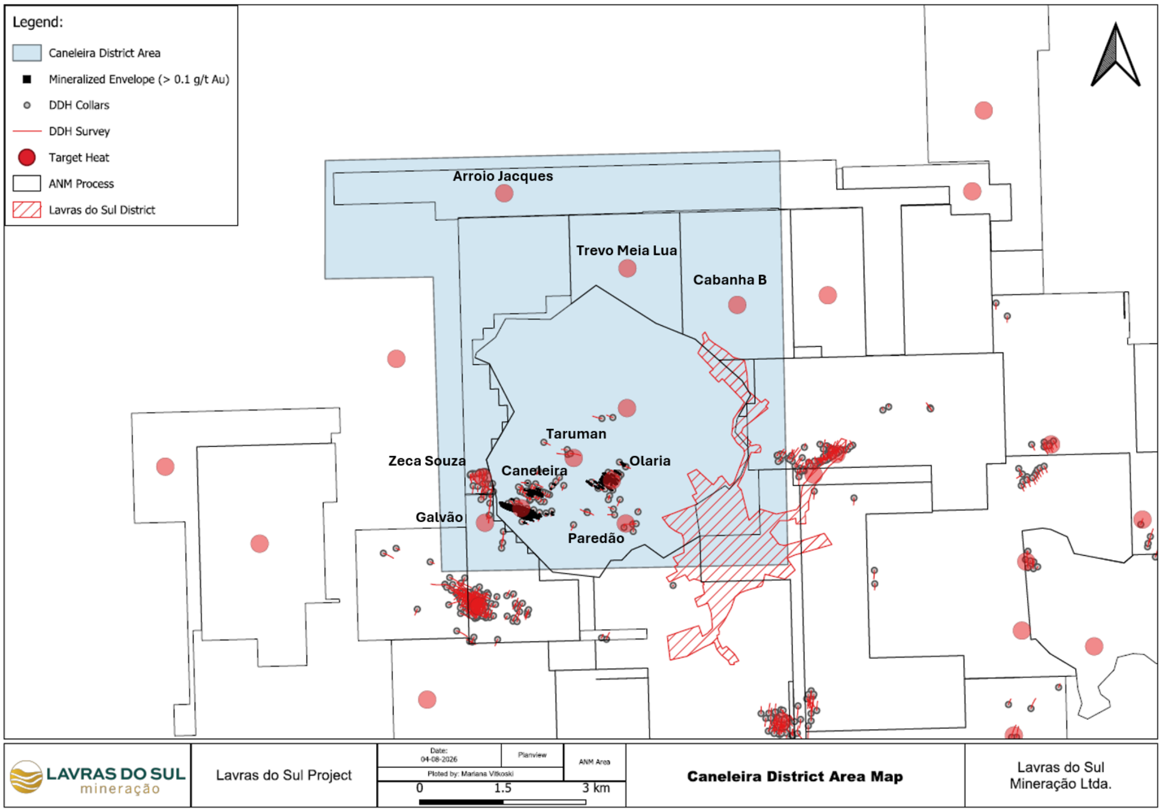

FIGURE 6: LDS PROJECT – TARGET LOCATION MAP – CANELEIRA DISTRICT

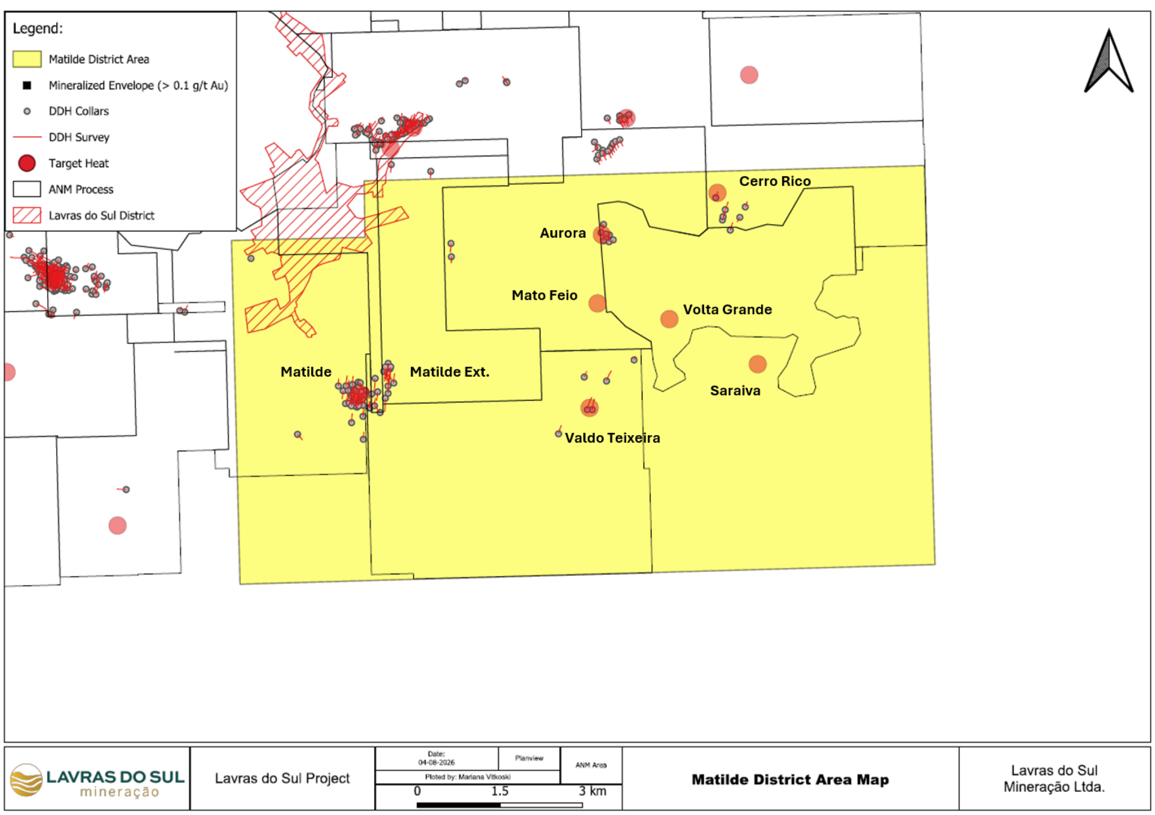

FIGURE 7: LDS PROJECT – TARGET LOCATION MAP – MATILDE DISTRICT

Overview

Exploration activities at the LDS Project were ongoing throughout 2026, with an aggregate of ~9,240m in 54 holes completed consisting of: Caneleira (6,682m in 45 holes), Fazenda-Butia (1,306m in 6 holes), Aurora (944m in 2 holes) and Maria Hildara (308m in 1 hole). The Company has wound down the drilling at Fazenda-Butia as it shifts towards a resource update and completion of the application for the LP. The two drills were focused on Caneleira given the promising drill results that were disclosed in late February 2026. Exploratory holes were drilled at Aurora and Maria Hildara to test centres proximal to previous artisanal workings.

Butia Gold

The Butia Gold Deposit covers ~363 ha, with a total of ~45,404m drilled as of June 30, 2026 -- ~22,864m (79 holes) drilled since 2022, and ~22,540m (96 holes) of non Lavras drilling contributing to the current model.

Once an integrated 43-101 report is completed for Fazenda and Butia, the deposit will be described as the Fazenda-Butia deposit.

The Fazenda-Butia resource hosts a near-surface, bulk-tonnage style gold system with excellent continuity in both grade and geology **(Figure 8).**

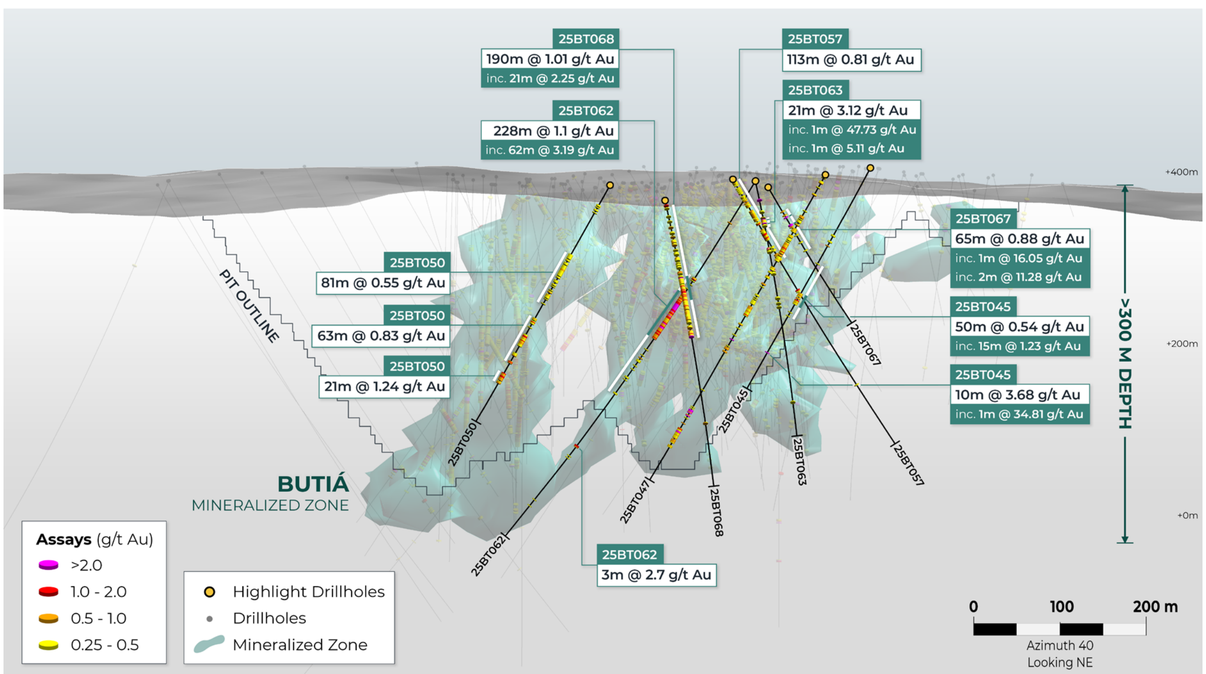

FIGURE 8: CROSS SECTION OF THE BUTIA GOLD DEPOSIT WITH HIGHLIGHT DRILL HOLES AND SIGNIFICANT GOLD INTERCEPTS

The Company is focused on using these drill results to update the Fazenda-Butia resource (converting the Inferred Resource into the Measured & Indicated categories – see **Table 2** for details) and to combine the adjacent Fazenda drill results into the updated resource model.

Results to date from Fazenda-Butia continue to demonstrate near-surface gold grades and continuity of the deposit. Long continuous intervals of gold mineralization reaching up to 371m depth and beginning at surface confirm the bulk-tonnage nature of Fazenda-Butia.

Fazenda Discovery – adjoining Butia

Fazenda is about 50m adjacent to the Butia deposit **(Figure 9)** and has been included in Butia-Fazenda as the Company moves towards licensing and development. A total of ~19,076m (58 holes) of drilling was completed at Fazenda do Posto as of June 30, 2026. At Fazenda do Posto, gold mineralization has been found beginning near surface and traced down to a vertical depth of about 400m and an aerial extent of about 200m at surface.

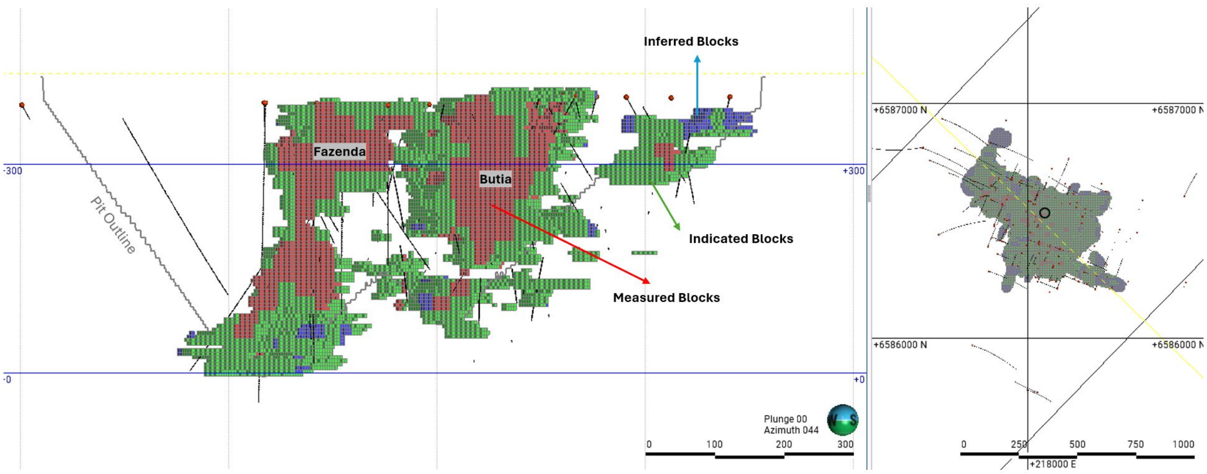

FIGURE 9: OUTLINE OF THE BUTIA GOLD DEPOSIT AND FAZENDA DISCOVERY (TOGETHER "FAZENDA-BUTIA")

Caneleira Exploration Activities

Caneleira **(Figures 9 and 10)** is located 3km to the northeast of Fazenda-Butia. Exploration throughout this concession by Lavras Gold and its predecessor company, Amarillo Gold, has resulted in several discoveries which include Caneleira, Zeca Souza, Olaria and Galvão.

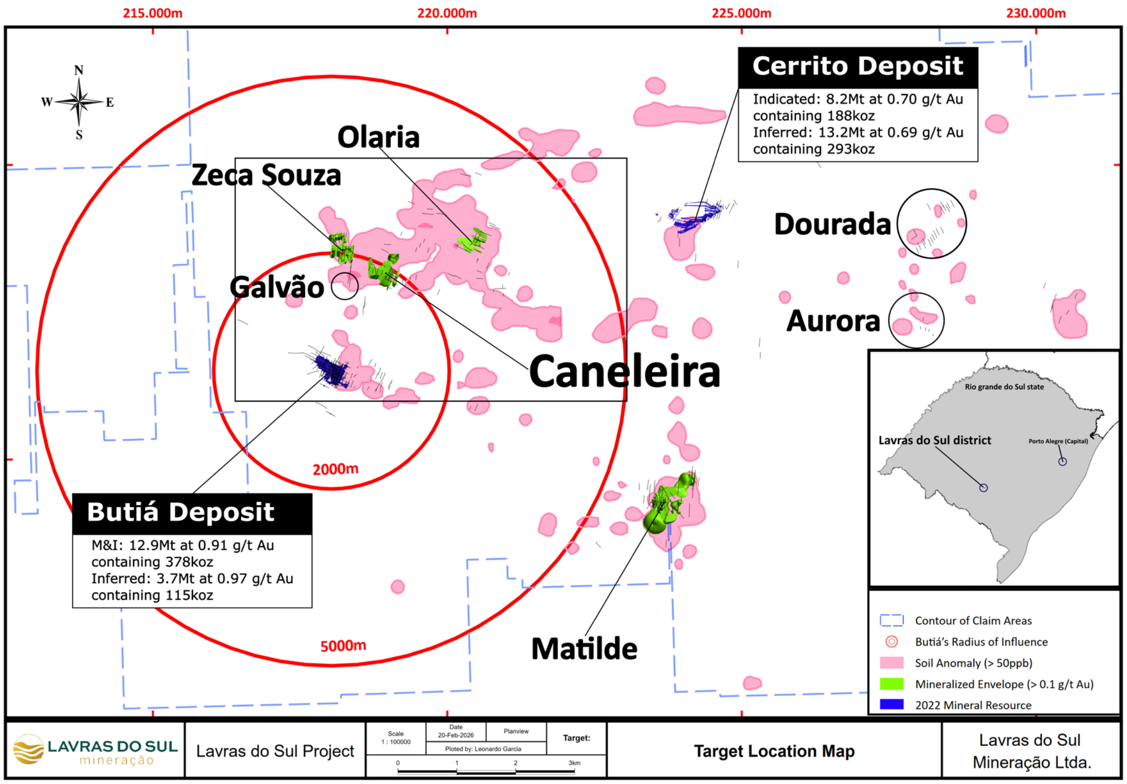

FIGURE 10 - TARGET LOCATION MAP

Showing Fazenda-Butia and nearby priority targets (Caneleira, Olaria, Zeca Souza, Galvão, Matilde, Cerrito, Dourada and Aurora) within the LDS Project. Extensive gold-in-soil anomalism (>50 ppb Au) is highlighted in pink, together with reported Mineral Resources (2022 Pre-Fazenda Discovery) and the 2 km and 5 km radii of influence around Fazenda-Butia, illustrating the strong spatial clustering and district-scale upside potential.

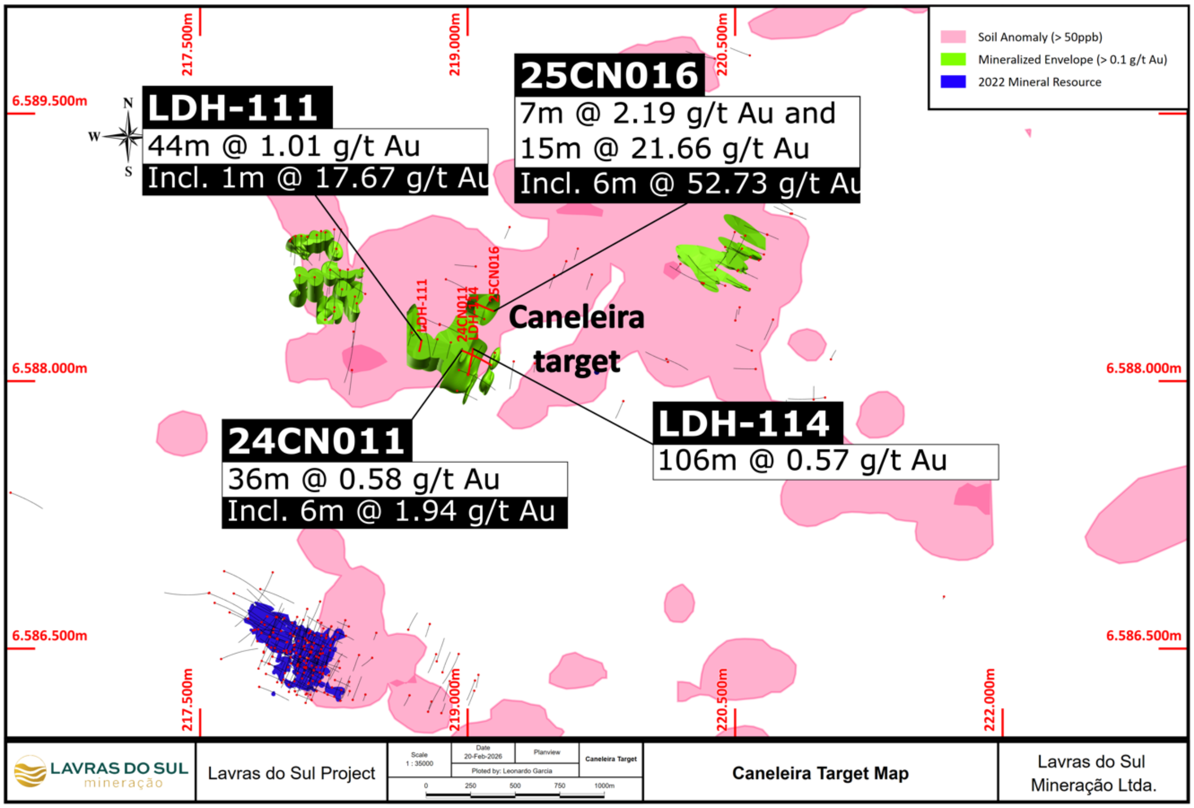

FIGURE 11 - ZOOMED VIEW OF FIGURE 10

Highlighting the proximity of Caneleira to Fazenda-Butia, showing drill hole traces and associated mineralized zones. Again, note the widespread gold in soil anomalism shown in pink which represents the >50 ppb gold in soil contour.

The Company and its predecessors have drilled as of June 30, 2026, a total of ~20,764m (107 holes) on Caneleira.

Caneleira Claim Block Discovery

In 2007-2008, a fence of 12 holes totalling 2,300m were drilled into Caneleira and defined a southeast-northwest trending gold-bearing structure associated with a magnetic low anomaly. The gold-bearing structure was defined over a strike length of about 900m and to a vertical depth of 200m where it remains open. Some of the better drill results from this discovery included 36.1m grading 1.42 g/t gold from 70.4m down the drill core.

The magnetic low signature trends northwest directly towards the Zeca Souza Discovery described later. The gold-bearing structure is hosted within hydrothermally altered monzogranites. The alteration is usually silica (quartz) flooding, sericite, chlorite, hematite and disseminated pyrite. Some higher-grade intervals are associated with visible gold.

Lavras Gold resumed drilling in 2024 and 2025.

On February 24, 2026, the Company reported results from Caneleira Discovery.

- Significant intersections at Caneleira include:
  - Hole 25CN016 intercepted **21.66 g/t Au over 15m** from 131m, **including 52.73 g/t Au over 6m** from 135m and **including 132.93 g/t over 2m** from 139m; and

- Hole 24CN011 intercepted **0.58 g/t Au over 36m** from 23m, **including 1.94 g/t Au over 6m** from 33m.

  Drilled width is described above; true width is unknown

Drilling at Caneleira confirms robust gold mineralization, including high-grade intervals with visible gold, hosted within laterally extensive and strongly hydrothermally altered structural zones that remain open along strike and at depth. To date, high grade vein mineralization occurring, near lower grade, potentially bulk mineable mineralization has been identified at Caneleira.

While geologically and geochemically distinct from the Fazenda-Butia system, the style of mineralization demonstrates strong continuity and scale potential. Caneleira holes were drilled in the area which has the largest and most coherent gold-in-soil anomalies within the LDS Project and includes within its extensive footprint previous discoveries at Zeca Souza, Galvão and Olaria.

The majority of the H1 2026 drilling was focused on Caneleira with 45 holes in 6,682m. The Company focused its drilling campaign in this area in 2026 through step out drilling using structural alteration and grade trends; as well as testing coincident soil geochemistry and recessive topography anomalies, which are known to be important mineralization vectors that the Company has applied with success on other targets to date.

The specialists' visit concluded that further exploration in this area is justified based on widespread gold in soil anomalism, favourable alteration and structural vectors in drill core and its proximity to the mineral resource footprint at Fazenda-Butia.

The exploration team is currently working on a drill plan for Caneleira. It is expected that the 2 drill rigs will alternate between Caneleira and Cerrito North based on results from the former or alternatively a third rig could be deployed at Caneleira based on the availability of financing.

BACKGROUND - LDS PROJECT

The LDS Project is centred on the town of Lavras do Sul in the state of Rio Grande do Sul, Brazil, containing approximately 20,357 hectares, and it is approximately 320km, or a 4.5-hour drive, from the state capital of Porto Alegre. It includes 31 mineral rights as detailed in **Figure 3** above.

Land Status

The Company operates the LDS Project through its Brazilian controlled subsidiary, Lavras do Sul Mineração Ltda ("LDSM). LDSM is a subsidiary that is controlled by the Company's Brazilian subsidiary, LDS Mineração do Brasil Ltda. (LDS) which has 49% of the voting rights in LDSM and Santo Antonio Participações Ltda. ("SAP") that has the remaining 51% voting rights in LDSM. In connection with these operations, the Company implemented this corporate structure to comply with Brazilian border law, including by ensuring that Brazilian nationals own a majority of the equity of LDSM. Within this structure, through various contractual arrangements, the Company's 100% subsidiary, LDS, has the right to receive all dividends and profits of LDSM, including 100% of the economic benefit arising from LDSM's interest in the LDS Project. In addition, LDS has the option and right to acquire, at any time, 100% of the equity of Santo Antonio Participações Ltda. for nominal consideration.

LDSM has 100% title to the mineral rights. Details of these mineral rights and their underlying agreements are found at Note 5 of Lavras Gold's unaudited consolidated financial statements for the six months ended June 30, 2026.

Geology

The LDS Project is a long-lived, intrusive hosted gold-silver-copper system with multiple phases. At its heart is the LDS Intrusive Complex (**Figure 12)**, a multiphase intrusive centre that is surrounded by coeval volcanic rocks to the east and older country rock to the west. Geologically, the LDS Project is in the far south of the Neoproterozoic Mantiqueira Province, a 2,700-km-long belt of tectonically and magmatically accreted terrains that stretch as far south as the coastline of central Uruguay and north into southern Bahia State in Brazil.

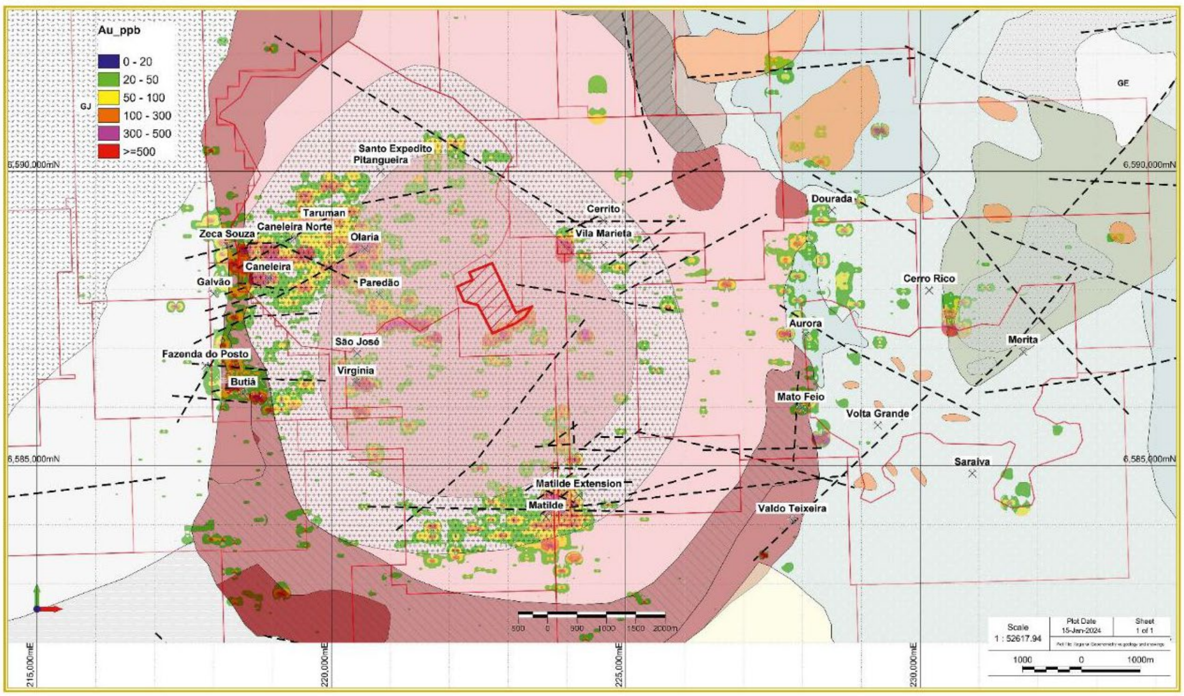

FIGURE 12: LDS INTRUSIVE COMPLEX INDICATING TARGETS AND GOLD-IN-SOIL ANOMALIES

Lavras do Sul mineralization is unique and does not fit neatly into any one deposit type or classification. As such, the Company's understanding of the system driving mineralization is continually evolving as it receives and interprets new results. However, there is significant evidence to suggest that LDS is a very large Neoproterozoic intrusive-hosted oxidized mineralized system of alkaline affinity. The LDS Intrusive comprises multiple intrusive bodies/stocks with varied compositions, mainly biotite-granodiorites and biotite-monzogranites, plus perthite granites, syenites, ultramafic rocks including lamprophyre bodies locally resembling kimberlites. The complex has experienced multiple hydrothermal alteration cycles (epithermal to mesothermal) along NNE-trending and potentially subsidiary lineaments/shear zones. These structures are clearly evident in the available magnetic and radiometric geophysical surveys and in places are also coincident with strong gold and associated pathfinder elements in soil anomalism. These processes formed mineralized bodies in favourable structural, lithological and or alteration zones, with the mineralization delineated at Fazenda-Butia, Cerrito and Caneleira the most advanced examples. Perthitic granites underwent progressive hydrothermal alteration to albitite and episyenite, which are the main hosts of gold mineralization.

Gold is commonly associated with galena and sphalerite at Fazenda-Butia.

In Caneleira and nearby discoveries (e.g. Olaria), drilling identified wide NNE-oriented cataclastic bands in biotite-monzogranites and biotite-granodiorites. These bands are variably hydrothermally altered (sericite, albite, hematite, phengite, chlorite, carbonate, minor tourmaline) and contain quartz veins/stockworks. Pyrite is the dominant sulfide, with galena, sphalerite, and chalcopyrite also present. Gold in Caneleira is typically associated with cataclastic, hydrothermally altered, sulfidized rocks and locally with episyenite intercalations. Geochemically, Caneleira rocks have lower Zr, La, Y, Th, and U than altered rocks in Fazenda-Butia and show a Bi-Cd-Ag-Pb-Te-Zn geochemical signature which is also distinct from the Fazenda-Butia signature. Drill hole 25CN016 discovered two strongly altered, gold-bearing horizons marked by intense albitization, phengitization, sulfidation, and visible gold. Ongoing drilling aims to define the extent and geometry of these promising mineralized zones.

The Matilde Extension area is characterized by copper sulphide mineralization including bornite and chalcopyrite characterized by elevated copper, gold and silver values in potassic altered granitoids.

There are at least 34 known major gold targets and showings at the LDS Project and many smaller old workings. However, most of the property had not been explored by modern methods until 2006 due to a fragmented land ownership dating to the late 1880s.

The most advanced targets are Fazenda-Butia and Cerrito, covered by old surface workings and previously drilled by Rio Tinto and Companha Brasileira do Cobre ("CBC"). Lavras Gold's predecessor, Amarillo Gold, completed diamond drilling programs from 2006 to 2012 when several targets were drill-tested including Fazenda-Butia, Cerrito, and Caneleira among others. Drilling resumed in 2019 by Amarillo Gold Corporation and has continued since Lavras Gold became a public company in April 2022. More than 70,000m of drilling has been completed by Lavras Gold and several targets have been tested including Caneleira, Zeca Souza, Galvão, Fazenda do Posto, Vila Marieta, Olaria, Paredão, Taruman and Dourada, Matilde, Matilde Extension and Sao Jose.

A ground geophysics IP (Induced Polarization) program was completed at Matilde and Matilde Extension in 2020. Regional drone geophysics across the LDS Project was completed in 2022. A soil-survey program was completed over approximately 65% of the property. In January 2024, a 25,000-metre drilling contract was signed and approximately 17,000m was completed in 2024. The remaining 8,000m of the drilling contract was completed towards the end of April 2025, and a new 25,000-metre contract was negotiated. Average drilling, assay and related costs per metre is approximately C$251.

Since becoming a public company in April 2022 with a resource at the Butia Gold Deposit of 377,000 ounces of gold in the Measured & Indicated categories and 115,000 ounces of gold in the Inferred category, Lavras Gold added another gold deposit, Cerrito, with 188,000 ounces of gold in the Indicated category and 293,000 ounces of gold in the Inferred category (see **Tables 2 and 3** below). In addition to the significant discovery at Fazenda do Posto in August 2023, the Company also reinterpreted the results from Caneleira, and made the following additional new gold discoveries on the property: Galvão, Matilde, Matilde Extension, Vila Marieta, Zeca Souza and Olaria.

Mineral Resources

The LDS Project hosts two mineral resources the Butia Gold Deposit and the Cerrito Gold Deposit (see resource estimates below), each supported by an NI 43-101 Technical Report.

Butia Gold Deposit

Historically, approximately 22,700m of drilling over 96 drill holes was completed at the Butia Gold Deposit, where mineralization begins at surface and has been confirmed to a vertical depth of 300m. This total includes approximately 20,000m of drilling over 78 holes completed by Amarillo Gold.

The gold occurs in a disseminated form along structures and within hydrothermally altered perthitic granite and mineralized episyenite. The deposit remains open for expansion at depth and in several directions. The geological team is reinterpreting historical drill core resulting in the identification of numerous favourable areas that require drill-testing, with the goal of expanding the gold-mineralized footprint. Follow-up drilling commenced during the third quarter of 2023.

The Butia Gold Deposit mineral resource estimate is set out in **Table 2** below.

TABLE 2: MINERAL RESOURCE ESTIMATE FOR BUTIA GOLD DEPOSIT

Category	**Tonnes t (000)**	**Gold grade (g/t)**	**Contained gold oz (000)**
Measured	4,643	0.88	132
Indicated	8,274	0.92	246
Total Measured and Indicated	12,917	0.91	377
Inferred	3,676	0.97	115

Notes

- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- Assumes a gold cut-off grade of 0.3 g/t.
- High grade samples were cut to a gold grade of 5.55 g/t.
- This estimate should be read in conjunction with the full report titled "*NI 43-101 Technical Report Mineral Resource for the Butia Gold Prospect,* Rio Grande do Sul, Brasil" amended as of November 15, 2024, and originally dated March 21, 2022, with an effective date of January 25, 2022. It was prepared for Lavras Gold Corp. by VMG Consultoria e Soluções Ltda and authored by Volodymyr Myadzel, MAIG, as the qualified person responsible for the entire Butia Technical Report. It is available www.sedarplus.ca under Lavras Gold's issuer profile.
- Tables may not add correctly due to rounding.

Cerrito Gold Deposit

Approximately 15,000m of drilling over 93 drill holes was completed at the Cerrito Gold Deposit, where mineralization occurs over a strike length of 1,300m and to a vertical distance of 425m.

The gold occurs along structures within hydrothermally altered monzogranites and the deposit remains open along strike and at depth.

The Cerrito Gold Deposit mineral resource estimate is set out in **Table 3** below.

TABLE 3: MINERAL RESOURCE ESTIMATE FOR CERRITO GOLD DEPOSIT

Category	**Tonnes t (000)**	**Gold grade (g/t)**	**Contained gold oz (000)**
Indicated	8,249	0.70	188
Inferred	13,157	0.69	293

Notes

- Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- Assumes a gold cut-off grade of 0.3 g/t.

- High grade samples were cut to a gold grade of 3.07 g/t.
- This estimate should be read in conjunction with the full report titled "NI 43-101 Technical Report – Mineral Resource for the Cerrito Gold Prospect, Rio Grande do Sul, Brasil" amended as of November 15, 2024, and originally dated May 31, 2022, with an effective date of May 31, 2022. It was prepared for Lavras Gold Corp. by VMG Consultoria e Soluções Ltda, and authored by Volodymyr Myadzel, MAIG, as the qualified person responsible for the entire Cerrito Technical Report. It is available on www.sedarplus.ca under Lavras Gold's issuer profile.

Gold Discoveries

In addition to the Butia Gold Deposit (and the Fazenda Discovery claim block adjoining Butia); and the Cerrito Gold Deposit, the LDS Project also hosts; three Matilde mineral discoveries (Matilde, Matilde Extension and Vila Marieta) to the southeast; and four Caneleira discoveries (Caneleira described earlier, Olaria, Zeca Souza, and Galvão).

The experts' visit has identified Cerrito/Vila Marieta and Matilde/Matilde Extension as high-priority targets which should be given closer attention.

Matilde Gold Discovery (Matilde)

Matilde is a significant discovery announced in November 2022. Located approximately 4.5km south of the town of LDS, it occurs within a portion of a 3.5-km long east-west trending gold-in-soil anomaly.

Drilling results from 33 holes totalling 10,583m have been disclosed to date, and gold mineralization occurs in 90% or 30 out of the 33 holes drilled. Highlights include:

- Gold mineralization extends over an east-west strike length of at least 250m;
- Long continuous intervals of gold mineralization in four holes; one hole was particularly noteworthy because it bottomed at 557m (483m vertical depth) still in gold mineralization suggesting that Matilde has deep roots, typical of intrusive-hosted magmatic-style mineral systems;
- Bonanza gold grades (greater than 10.0 g/t Au) are typically associated with zones of visible gold;
- A northeast-southwest structural trend is emerging – this trend leads directly to the Matilde Extension target about 675m to the northeast; and
- Gold targets associated with structures immediately south of Matilde east-west structural corridor have been identified and require follow-up – these targets are characterized by coincident magnetic low signatures overlying gold in soil anomalies.

These drilling results are being incorporated into the geological database for further interpretation and analysis.

See Lavras Gold Press Release November 3, 2022 .

Matilde Extension Gold Discovery (Matilde)

A gold discovery was made at **Matilde Extension** in early 2023 that showed that the LDS Project hosts extremely high-grade gold, silver, and copper in certain areas.

Located 675m northeast of the Matilde gold discovery, Matilde Extension is a blind discovery that was made by drill-testing a coincident gold in soil anomaly overlying the intersection of a northeast-southwest trending structure and an east-west trending structure. Seven holes totaling 3,123m were drilled, and all intersected multiple intervals of gold mineralization. Importantly, high-grade gold, silver, and copper mineralization was encountered in several holes, suggesting a metal zonation vector towards a higher-grade zone of mineralization within the Matilde/Matilde Extension corridor.

Hole 21MT020 was the most significant drill hole encountering multiple zones of high-grade gold, silver and copper. The third intercept was the most important, as it was characterized by a thick interval of continuous sulphide-style mineralization (bornite, chalcopyrite, pyrite) featuring very high-grade gold, silver, and copper in pervasively hydrothermally altered granodiorite.

Assays included 10m grading 13.21 g/t Au, 22.94 g/t silver, and 0.22% copper from 345m, including 5m grading 23.15 g/t Au, 42.75 g/t silver, and 0.41% copper from 347m. It had a 1m sub-zone that yielded grades as high as 63.70 g/t, more than 100 g/t silver, and 0.63% copper from 347m.

Other key highlights included:

- multiple broad moderate to high-grade intercepts in hole 21MT018;
- multiple elevated gold, silver, and copper values in 22MT029, where in general, narrow millimetre to centimetre scale quartz-sulphide veinlets cross-cut relatively fresh granodiorite. This suggests that metal-bearing hydrothermal fluids travelled upward towards the surface through a network of small fractures in the host granodiorite where metals precipitated; and
- quartz-sulphide (chalcopyrite and trace pyrite) filling microfractures rimmed by strong potassic alteration selvedges in hole 22MT038. The current interpretation is hydrothermal fluids containing metals are precipitating out towards the surface through a network of relatively tight microfractures. However, there is more intense alteration and possibly larger accumulations of gold, silver, and copper areas associated with wider brecciated zones at depth. Further exploration work is required to better understand these relationships.

See Lavras Gold Press Release January 25, 2023 .

Vila Marieta Gold Discovery (Matilde)

During the second quarter of 2023, the Company announced the discovery of gold mineralization at **Vila Marieta**, which it believes is the southwest surface extension of the Cerrito Gold Deposit.

Two holes totalling 521 m were drilled at the Vila Marieta claim block, which is immediately south of Cerrito. The assay results feature significant gold grades that begin at surface and long intervals.

Highlights from 22VM001 are:

- **28.0 m at 1.30 g/t Au from surface** including:
  - 4.0m at 2.42 g/t Au from 7.0m
  - 5.0m at 2.49 g/t Au from 16.0m
- 53.0m at 0.68 g/t Au from 139.0m, including **several higher-grade intercepts**:
  - 7.72m at 1.04 g/t Au from 148.0m
  - 3.0m at 1.08 g/t Au from 170.0m
  - 4.0m at 2.02 g/t Au from 180.0m
  - 3.77m at 1.00 g/t Au from 188.23m

Highlights from 22VM002 are:

- **27.0m at 0.47 g/t Au from 0.0m,** including:
  - 11.0m grading 0.71 g/t Au from surface

At 1.30 g/t Au, the average gold grade from the surface mineralization is 85% higher than the average grade of Cerrito.

See Lavras Gold Press Release May 2, 2023

Olaria Gold Discovery (Caneleira)

The **Olaria Discovery** hole, announced in December 2024 returned results of 56m at 1.0g/t Au from 152m in drillhole 24CNO-002, making it the eighth new discovery made by Lavras Gold on the LDS Project since its inception on April 1, 2022. Olaria is characterized by historical artisanal workings and surface trenches. Historical drillhole LDH-105 completed in 2007 by Lavras Gold's predecessor company, Amarillo Gold, tested the Olaria target and returned multiple intervals of gold mineralization across an interpreted east-west trending structure. The best interval returned 12m grading 4.5 g/t Au from 26m depth. A reinterpretation suggests this hole clipped the edge of a northeast-southwest trending structure. (See Lavras Gold press release dated December 2, 2024).

Drilling continued on the Olaria Discovery during 2025.

Zeca Souza Gold Discovery (Caneleira)

The **Zeca Souza Discovery** is based on 21 holes totalling 5,291m.

Fourteen of these drillholes totalling 2,800m were announced in September 2022 following a drill program designed to test a gold-in-soil anomaly centred on historical gold workings spanning a 375m by 375m area.

All 14 drillholes in the September 2022 program encountered at least one but more typically multiple intercepts of gold mineralization starting at or near surface. Several holes bottomed in gold mineralization and requiring follow up work.

Two holes intersected bonanza-style gold grades associated with visible gold within silicified veinlets and associated disseminated sulphides including pyrite, and occasionally sphalerite and galena.

Highlights include:

- 15m grading 5.78 g/t Au from 103m, including **3m at 28.24 g/t Au from 115.0m,** which in turn included 1.34m at 59.60 g/t Au from 115m.
- **43.50 g/t Au over 0.76m from 170.24m**. Visible gold was observed in cross-cutting, stockwork-style silicified veinlets within altered perthitic granites. The estimated vertical depth of this intercept is 147.5m.

The results of a 2023 follow up drilling program were announced during the third quarter of 2023 when assay results were received from an additional seven drill holes totalling 2,497m. Highlights include:

- **Visible gold, near surface:** Hole 23BT004 returned **4m grading 43.59 g/t Au from 31m**
- Visible gold, at depth: Hole 23ZS018 intersected **5m grading 2.62 g/t Au from 264m** including **1m of visible Au grading 9.07 g/t Au from 267m**.
- **Visible gold encountered over vertical extent of 204m:** Visible gold has been found in five of 21 drill holes completed at Zeca Souza (24% of holes drilled) and over a vertical distance of 204.4m.

The discovery remains open in all directions and at depth.

The Company did not drill on this discovery in 2025. Drilling will be targeted on Caneleira as we produce more drill results and gather more geological data from this concession.

Galvão Gold Discovery (Caneleira)

The **Galvão Discovery** was discovered in 2023. It is located immediately south of the Zeca Souza Discovery, and approximately 1.4km north of Fazenda-Butia. The target was generated by following up on old surface workings, trenches, and a gold-in-soil anomaly. In 2023, 1,073m (2 holes) were drilled from north to south, and long intervals of gold mineralization were traced intermittently over 450m of strike length in a north-south direction. The mineralization, which has been found to a vertical depth of 461m, is hosted by perthitic granite in zones of hydrothermal breccia. Results from drilling returned long intervals of low-grade gold with very high-grade subintervals in some cases.

The highlight of the drilling in 2023 was a higher-grade interval from 22BT002 that returned sub-intervals of bonanza grade gold. This hole highlights the high-grade nature and vertical potential of the mineral system at depth, where it remains open. Assays included **10m at 4.63 g/t Au from 532m (vertical depth of 461m), including 3m at 11.70 g/t Au from 532m including 1m at 22.40 g/t Au from 534m**.

The Company also did not drill on this discovery in 2025. Drilling will be targeted on Caneleira as we produce more drill results and gather more geological data from this concession.

Additional exploration work and other targets

Lavras Gold will continue an exploration strategy to aggressively leverage its district scale portfolio of high-quality targets within the LDS Project covering the LDS Intrusive Suite in parallel with progressing the focused development of Fazenda-Butia. Extensive exploration program at the LDS Project includes a regional soil geochemical survey, a detailed review of the large historical database, geological mapping, airborne magnetics, rock geochemistry, ground geophysics, relogging of historical drilling, and trenching.

Approximately, 25,000m of diamond drilling is currently planned for the 12 months ending August 2027 with two drills targeting mineral resources growth at established targets and selected priority targets with potential to add material inventory in the near term. These two drills will initially be focused on Caneleira which has shown promising drill results close to surface, and at Cerrito North. Additional drilling at Matilde and other promising targets will be subject to available financial resources.

MARA ROSA ROYALTY

The Mara Rosa Royalty is a strategic asset that has the potential to create value in the near-term.

This 2% net smelter return royalty (NSR) is a revenue-based royalty that covers certain of Hochschild Mining's exploration properties outside the Posse resource and mine plan at the Mara Rosa property in Goiás State, Brazil. It applies to 6,000 hectares along the Posse structural trend, and 59,000 hectares of regional exploration.

Hochschild Mining spent US$205 million to build the Mara Rosa Gold Mine, which reached commercial production in May of 2024 and has a target production of 100,000 ounces of gold per year. However, the processing plant was temporarily suspended on June 23, 2025, pending a review by Hochschild. Mining activities continued as planned. Lavras Gold does not have a royalty on the Posse pit itself (current production), where Franco-Nevada Corporation has a 1% royalty and Royal Gold has a 2.75% royalty. However, these royalties do not extend to the exploration ground or the Posse trend that is covered by the Lavras Gold NSR royalty. This royalty has a no buy-back provision; however, Hochschild Mining has a right to match any offers.

Pastinho, an area of mineralization along the Posse trend and 3.1km northeast of the Posse pit was drilled by Lavras Gold's predecessor, Amarillo Gold Corporation, and is potentially a very important asset for this royalty. It is a structurally controlled orogenic gold discovery like the Posse Gold Deposit, where mineralization begins at surface and has been defined over strike length of 1.7 km and to a depth of 200 m. There are multiple parallel gold structures and good continuity of grade and width. Assay highlights include 4m at 2.42 g/t Au from 81m and 11m at 1.20 g/t Au from 222m.

QUALIFIED PERSON

Jonathan Hill, Interim V.P. Exploration. Of the Company, a qualified person as defined by NI 43-101, is responsible for and has reviewed and approved the scientific and technical information contained in this MD&A.

FINANCIAL RESULTS

The following **Table 4** summarizes the major operating expense categories for the three months ended June 30, 2026 (Q2 2026) and six months ended June 30, 2026 (YTD 2026). Capitalized expenditures are disclosed at **Table 8**.

TABLE 4: LAVRAS GOLD EXPENSES (INCOME) AND LOSS

	Three months ended		Six months ended	
		June 30		June 30
	2026	2025	**2026**	2025
Category	$	$	$	$
General and administrative (G&A)				
Consulting	**92,581**	60,033	**194,092**	104,078
Professional	**119,078**	54,260	**211,487**	95,635
Salaries and benefits	**288,300**	347,189	**462,161**	538,320
Directors' fees	**30,000**	20,500	**55,500**	38,500
Marketing and promotion	**104,321**	155,297	**279,483**	269,289
Filing and transfer agent	**12,813**	23,498	**111,428**	78,627
Travel	**8,454**	451	**8,454**	844
Information technology support	**93,278**	65,077	**142,216**	120,559
Other G&A	**49,225**	42,465	**81,884**	74,115
Total G&A	**798,050**	768,770	**1,546,705**	1,319,967
Share-based payments	**955,598**	800,478	**1,096,826**	995,003
Depreciation	**8,554**	7,941	**17,015**	15,888
Foreign exchange loss	**3,326**	12,541	**61,123**	70,860
Interest income	**(31,122)**	(98,000)	**(66,009)**	(134,930)
Interest and finance charges	**9,808**	10,837	**20,295**	22,239
Net loss and comprehensive loss	**1,744,214**	1,502,567	**2,675,955**	2,289,027

Q2 2026 Financial Review

For the three months ended June 30, 2026, Lavras Gold recorded a loss of $1,744,214 (Q2 2025: $1,502,567), due mainly to the items below.

Consulting fees of $92,581 in Q2 2026 (Q2 2025: $60,033) consisted mainly of $69,831 (Q2 2025: $56,283) for consulting fees to those based in Brazil and $22,750 in fees (Q2 2025: $3,750) to other consultants in Canada. Consulting fees in Canada increased in Q2 2026 compared to Q2 2025 due to the final payment for the engagement of a recruitment consultant who filled the CEO position effective June 1, 2026.

Professional fees (including legal, accounting, and advisory) of $119,078 (Q2 2025: $54,260) included $52,170 (Q2 2025: $28,263) incurred in Canada and $66,908 (Q2 2025: $25,637) incurred in Brazil. The fees paid in Canada were higher in Q2 2026 compared to Q2 2025 due to additional services by the Company's auditor to review the Q2 2026 interim condensed consolidated financial statements. The Brazil fees included amounts for legal services pertaining to corporate matters, property agreements and transfers, and other government related representations.

Salaries and benefits of $288,300 (Q2 2025: $347,189) consisted of $255,413 (Q2 2025: $326,157) in Canada and $32,887 (Q2 2025: $21,032) in Brazil. Salaries in Canada relate to the CFO salary and bonus aggregating $162,563 (Q2 2025: $47,917) who assumed the additional role of interim CEO on October 31, 2025 with an increase in compensation; the current CEO salary of $26,250 (Q2 2025: $nil) effective June 1, 2026; the former CEO salary of $nil (Q2 2025: $65,000) who resigned on October 31, 2025, and the former V.P. Investor Relations salary of $nil (Q2 2025: $46,667) who resigned effective November 30, 2025. Q2 2026 salaries also included $30,000 (Q2 2025: $nil) paid to Mike Mutchler for his role as interim Chief Operating Officer effective November 1, 2025, and $22,500 (Q2 2025: $nil) paid to Jonathan Hill for his role as interim V.P. Exploration effective November 1, 2025. Benefits in Q2 2026 were $14,100 (Q2 2025: $15,324).

Directors other than the CEO each earned an annual fee of $12,000 until May 2025 which was increased to $17,000 until March 2026 and then increased to $20,000 thereafter. Accordingly, six directors each earned $5,000 for a total of $30,000 in Q2 2026 (Q2 2025: $20,500).

Marketing, promotion and business development of $104,321 (Q2 2025: $155,297) include amounts for investor communications, attendance at conferences and non-deal roadshows, and business development activities. The decrease in Q2 2026 compared to Q2 2025 reflects decreased marketing activity at these various venues and decreases in the cost of attending.

Filing and transfer agent fees of $12,813 (Q2 2025: $23,498) include amounts for transfer agent services, regulatory filing fees, and maintenance fees paid for listings on the TSXV and OTCQX.

Information technology and support expenses of $93,278 (Q2 2025: $65,077) increased in Q2 2026 compared to Q2 2025 due to an upgrade in IT infrastructure in Brazil.

Other general and administrative expenses of $49,225 (Q2 2025: $42,465), which include $38,497 (Q2 2025: $31,473) in Brazil and $10,728 (Q2 2025: $10,992) in Canada, consist of general office expenses such as rent, telephone and various miscellaneous expenses.

Share-based payments of $955,598 (Q2 2025: $800,478) include $905,801 (Q2 2025: $712,696) relating to the amortized value of the Black-Scholes valuation of stock option grants; $49,797 (Q2 2025: $55,625) relating to deferred share units (DSUs); and $nil (Q2 2025: $32,157) relating to restricted share units (RSUs). The amounts relating to DSUs and RSUs resulted from the grant of 14,521 (Q2 2025: 189,362) DSUs and 97,242 RSUs in Q2 2024 to officers of the Company in lieu of bonuses.

Interest income of $31,122 (Q2 2025: $98,000) is earned at approximately 2% per annum (Q2 2025: 2%) on monthly cash balance. The decrease in Q2 2026 is due to lower cash balance compared to Q2 2025.

YTD 2026

For the six months ended June 30, 2026, Lavras Gold recorded a loss of $2,675,955 (YTD 2025: $2,289,027), due mainly to the following:

Consulting fees of $194,092 (YTD 2025: $104,078) consisted mainly of:

- $126,592 (YTD 2025: $97,328) consulting fees in Brazil.
- Fees of $67,500 (Q2 2025: $6,750) to other consultants in Canada.

Consulting fees in Canada increased in YTD 2026 compared to YTD 2025 due to the payment for the engagement of a recruitment consultant who filled the CEO position effective June 1, 2026.

Professional fees (including legal, accounting, and advisory) of $211,487 (YTD 2025: $95,635) included $95,732 (YTD 2025: $39,828) incurred in Canada and $115,755 (YTD 2025: $55,807) incurred in Brazil. The fees paid in Canada increased due to due to additional services by the Company’s auditor to review the Q2 2026 interim condensed consolidated financial statements and additional legal fees relating to newly incorporated subsidiaries. The Brazil fees included amounts for legal services pertaining to corporate matters, property agreements and transfers, and other government related representations.

Salaries and benefits of $462,161 (YTD 2025: $538,320) consisted of $402,254 (YTD 2025: $501,001) in Canada and $59,907 (YTD 2025: $37,319) in Brazil. Salaries in Canada relate to the

CFO salary and bonus aggregating $228,063 (YTD 2025: $140,417) who assumed the additional role of interim CEO on October 31, 2025 with an increase in compensation; the current CEO salary of $26,250 (YTD 2025: $nil) effective June 1, 2026; the former CEO salary and bonus of $nil (YTD 2025: $185,000) who resigned on October 31, 2025, and the former V.P. Investor Relations salary of $nil (YTD 2025: $136,667) who resigned effective November 30, 2025. YTD 2026 salaries also included $75,000 (YTD 2025: $nil) paid to Mike Mutchler for his role as interim Chief Operating Officer effective November 1, 2025, and $45,000 (YTD 2025: $nil) paid to Jonathan Hill for his role as interim V.P. Exploration effective November 1, 2025. Benefits in YTD 2026 were $27,941 (YTD 2025: $38,918).

Directors other than the CEO each earned an annual fee of $10,000 until the end of Q2 2024 which was increased to $12,000 until May 2025 and then increased to $17,000 thereafter. Accordingly, six directors each earned $9,250 (YTD 2025: $6,417) for a total of $55,500 in 2026 (YTD 2025: $38,500).

Marketing and promotion of $279,483 (YTD 2025: $269,289) include amounts for investor communications, attendance at conferences and non-deal roadshows.

Filing and transfer agent fees of $111,428 (YTD 2025: $78,627) include amounts for transfer agent services, regulatory filing fees, OTCQX listing fee, and significantly increased maintenance fees paid in 2026 for listing on the TSXV.

Information technology and support expenses of $142,216 (YTD 2025: $120,559) relate to IT support and security in Toronto and Brazil with increase in 2026 for infrastructure upgrade in Brazil.

Other general and administrative expenses of $81,884 (YTD 2025: $74,155), which include $64,824 (YTD 2025: $51,569) in Brazil and $17,060 (YTD 2025: $22,546) in Canada, consist of general office expenses such as rent, telephone and various miscellaneous expenses.

Share-based payments of $1,096,826 (YTD 2025: $995,003) include $962,030 (YTD 2025: $865,554) relating to the amortized value of the Black-Scholes valuation of stock option grants; $134,796 (YTD 2025: $55,625) relating to DSUs; and $nil (YTD 2025: $73,824) relating to RSUs. The amounts relating to DSUs and RSUs resulted from the grant of 14,521 DSUs in Q2 2026; 189,362 DSUs in Q2 2025 and 97,623 RSUs in Q2 2024 to officers of the Company in lieu of bonuses. The DSU and RSU fair values at the date of grant of $29,188, $445,000 and $165,313, respectively, are amortized over their vesting periods of one year. 44,681 DSUs granted in Q2 2025 did not vest on account of the resignations by two former officers of the Company.

Interest income of $66,009 (YTD 2025: $134,930) is earned at approximately 2% (2025: 2%) per annum on monthly cash balance. Interest income decreased due to progressively decreasing cash balances in YTD 2026 compared to YTD 2025.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

Table 5 presents information excerpted from the Company's unaudited quarterly financial position and results of operations for each of the last eight quarters.

TABLE 5: SUMMARY QUARTERLY FINANCIAL RESULTS

Category	Q2 2026 $	Q1 2026 $	Q4 2025 $	Q3 2025 $
Loss	(1,744,214)	(931,740)	(390,955)	(995,926)
Total assets	45,381,006	46,707,346	37,471,417	38,288,431
Total non-current liabilities	44,369	44,369	43,342	115,382
Loss per share	(0.03)	(0.02)	(0.01)	(0.02)

Category	Q2 2025 $	Q1 2025 $	Q4 2024 $	Q3 2024 $
Loss	(1,502,567)	(786,460)	(835,074)	(721,158)
Total assets	38,846,432	39,610,195	25,940,472	26,430,499
Total non-current liabilities	110,543	110,543	102,637	105,172
Loss per share	(0.03)	(0.01)	(0.02)	(0.01)

Quarterly losses progressively increased, with exceptions noted hereafter, due to increased marketing and corporate development activity and IT costs as the Company increased security over its information. Q2 2026 and Q2 2025 losses were higher than normal due to the grants of stock options/DSUs/RSUs to employees and directors in these quarters. Q4 2025 loss was lower than normal due to the share-based payments recovery of $600,000 because of the reversal from contributed surplus for unvested stock options and DSUs that were forfeited due to resignations.

Total assets gradually declined in 2024 as the Company expended its existing cash with capitalization to the LDS Project of approximately $2.0 million per quarter and $0.6 million per quarter on operating activities. Total assets then increased by $13.7 million to $39.6 million at the end of Q1 2025 due to the successful completion of the prospectus financing for net proceeds of $13.9 million, which was concluded on February 6, 2025. Total assets subsequently declined gradually due to the continued capitalization to the LDS Project of approximately $2.0 million per quarter and $0.6 million per quarter on operating activities. Total assets then increased by $9.2 million to $46.7 million at the end of Q1 2026 due to the successful completion of the prospectus financing for net proceeds of $9.2 million, which was concluded on January 29, 2026. Total assets subsequently declined gradually due to the continued capitalization to the LDS Project of approximately $2.5 million per quarter and $0.7 million per quarter on operating activities.

Non-current liabilities are exclusively related to lease obligations on right-of-use assets at the LDS Project consisting of core sheds and office space rentals. The balances gradually decreased from $105,172 in Q3 2024 to $44,369 at the end of Q2 2026, reflecting repayment of these obligations.

LIQUIDITY AND CAPITAL RESOURCES

On November 26, 2024, the Company filed a final base shelf prospectus (the “Base Shelf Prospectus”) with securities regulatory authorities in all provinces of Canada, other than Quebec. The prospectus was filed to provide the Company with greater financial flexibility going forward.

Following the filing of the base shelf prospectus, on February 6, 2025, the Company completed a "best efforts" public offering, pursuant to which the Company issued an aggregate of 6,819,500 common shares of the Company at a price of C$2.20 per share for gross proceeds of $15,002,900 to the Company, which included the full exercise of the over-allotment option granted in connection therewith. The shares were issued and sold pursuant to the terms of an agency agreement dated February 3, 2025, between the Company, and Paradigm Capital Inc. and Canaccord Genuity, as co-lead agents, and Raymond James Ltd. and Research Capital Corporation (collectively, the "Agents").

Net proceeds were $13,932,159 after deducting Issue costs of $1,070,741.

The following **Table 6** provides details of the intended use of funds from the Offering and the actual amounts expended as of June 30, 2026.

TABLE 6: USES OF OFFERING

Principal uses of the Offering	Intended use of funds ($)	Use of funds to date ($)	(Over)/Under use of funds ($)
Drilling, assaying and related costs	5,286,000	6,427,584	(1,141,584)
Project development	3,027,000	2,153,495	873,505
Property taxes, rentals and acquisitions	1,436,000	1,076,065	359,935
Relogging cores	196,000	196,000	-
Consulting and professional fees	1,124,000	1,124,000	-
Salaries and benefits	790,000	790,000	-
Social programs	127,000	127,000	-
Marketing	427,000	427,000	-
General corporate and working capital purposes (1)	1,519,159	1,611,015	(91,856)
Total	**13,932,159**	**13,932,159**	**-**

(1) Funds set aside for working capital may be allocated to corporate expenses, business development, working capital, general administrative expenses and other purposes.

On January 23, 2026, the Company filed a prospectus supplement which together with the Base Shelf Prospectus, qualified the distribution of 2,942,000 common shares in the capital of the Company at a price of $3.40 per common Share. This offering was made on a "bought deal" basis pursuant to an underwriting agreement (the "Underwriting Agreement") dated January 23, 2026, among the Company, Canaccord Genuity Corp., as lead underwriter (the "Lead Underwriter"), Paradigm Capital Inc., Research Capital Corporation and Raymond James Ltd. (together with the Lead Underwriter, the "Underwriters"). On January 29, 2026, the Company completed the "bought deal" public offering, pursuant to which the Company issued an aggregate of 2,942,000 common shares of the Company (each, a "Share") at a price of $3.40 per Share for gross proceeds of $10,002,800 to the Company (the "Offering").

Net proceeds were $9,211,574 after deducting Issue costs of $791,226.

The following **Table 7** provides details of the intended use of funds from the Offering and the actual amounts expended as of June 30, 2026.

TABLE 7: USES OF OFFERING

Principal uses of the Offering	Intended use of funds ($)	Use of funds to date ($)	Reserve funds ($)
Drilling, assaying and related costs	3,529,475	1,259,550	2,269,925
Project development	2,675,055	469,146	2,205,909
Property taxes, rentals and acquisitions	738,123	-	738,123
Consulting and professional fees	592,094	231,184	360,910
Salaries and benefits	443,544	39,968	403,576
Social programs	180,104	15,009	165,095
Marketing	211,127	179,483	31,644
General corporate and working capital purposes (1)	842,052	458,400	383,652
Unspent cash from previous financing	-	-	
Total	**9,211,574**	2,652,739	**6,558,835**

(1) Funds set aside for working capital may be allocated to corporate expenses, business development, working capital, general administrative expenses and other purposes.

Cash on hand as of June 30, 2026, was $6,558,835 (reserve fund balance in **Table 7** above).

The Company has not earned any revenue from operations to date, as the focus is exploring and developing the properties. The Company relies on external sources of cash for short- and long-term working capital requirements, and to fund exploration programs and business development activities.

Without additional financing or other satisfactory arrangements, the Company's financial resources may not be enough to adequately maintain and/or further complete the exploration and development of its projects. Lavras Gold's ability to continue to explore, develop, and eventually produce is dependent on its ability to secure significant additional financing in the future.

Lavras Gold plans to pursue potential financial sources, however there can be no assurance that such sources of funding or initiatives will be available or that they will be available on terms that are acceptable to the Company.

INVESTOR RELATIONS ACTIVITIES

The Company entered into an investor relations Consulting Agreement with Target IR for investor relations and communication services. The Consulting Agreement has an initial term of six months, effective November 24, 2025, and the monthly fee payable to Target IR is $10,000 (plus all applicable taxes). Target IR, its employees and consultants are at an arm's length relationship with the Company and have no direct or indirect interest in the Company or its securities. The Company does not plan to issue any securities to Target IR as compensation. The Company expects to continue with this seamless and uninterrupted marketing, communication and investor relations program going forward.

SHARE CAPITAL

Lavras Gold had the following securities outstanding on August 12, 2026:

Security	#
Common shares issued	62,249,383
Common share purchase options	4,145,500
DSUs	159,202

TRANSACTIONS WITH RELATED PARTIES

TABLE 8: SUMMARY OF TRANSACTION WITH RELATED PARTIES

	Six months ended June 30	
	2026	2025
	$	$
Salaries paid to officers: • Federico Velásquez, CEO effective June 1, 2026 – $26,250 (2025: $nil) • Hemdat Sawh, Interim CEO & CFO – $228,063 (2025: $140,417) • Mike Mutchler, Interim COO – $75,000 (2025: $nil) • Mike Durose, former President and CEO – $nil (2025: $185,000) • Naomi Nemeth, VP Investor Relations $nil (2025: $136,666)	**329,313**	462,083
Directors' fees: • David Birkett – $9,250 (2025: $6,417) • Jonathan Hill – $9,250 (2025: $6,417) • Lawrence Lepard – $9,250 (2025: $6,417) • Mike Mutchler – $9,250 (2025: $6,417) • Rostislav Raykov – $9,250 (2025: $6,417) • Rowland Uloth – $9,250 (2025: $6,417)	**55,500**	38,500
Share-based payments to officers and directors	**970,018**	867,728
Consulting fees paid to Jonathan Hill	**48,000**	6,000
	1,402,831	1,374,311

These transactions were in the normal course of business and are measured at amounts representing normal commercial terms.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

TABLE 9: EXPLORATION AND EVALUATION PROPERTIES

	June 30, 2026 $	December 31, 2025 $
Acquisition costs		
Balance, beginning of year	**8,748,276**	8,430,074
Property payments	**868,171**	318,202
Balance, end of period/year	**9,616,447**	8,748,276
Exploration expenditures		
Balance, beginning of period/year	**23,948,796**	15,453,348
Expenditures during the period/year		
Drilling, exploration, and related costs	**2,373,862**	5,560,924
Project management for preliminary license application	**100,266**	45,614
Environmental impact assessment	**329,430**	352,528
Engineering	**460,187**	–
Metallurgical testing	**179,124**	80,352
Resource update	**40,898**	17,997
Consulting	**487,840**	799,662
Supplies	**54,255**	196,058
Salaries	**315,874**	577,807
Transportation	**61,027**	113,927
Travel and accommodation	**29,728**	22,285
Concession taxes	**142**	5,367
Software license renewal	**77,279**	263,444
Depreciation	**30,629**	83,957
Share-based payments	**29,349**	147,806
Other exploration and evaluation expenses	**256,619**	227,720
Total exploration expenditures for the period/year	**4,826,509**	8,495,448
Balance, end of period/year	**28,775,305**	23,948,796
Total exploration and evaluation expenditures	**38,391,752**	32,697,072

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Preparing financial statements that conform with IFRS requires management to make judgements, estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Significant judgements in applying accounting policies

- *Exploration and evaluation costs*

  Judgment is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable by future exploration and development, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

- *Provisions and contingent liabilities*

  The Company judges whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying this type of liability often involves judgments and estimations. These judgments are based on many factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

Sources of estimation uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities, relate to the following:

- *The recoverability of exploration and evaluation properties*

  The Company's management reviews the carrying values of its exploration and evaluation properties to determine whether there is impairment. The recovery of carrying amounts depends on confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition thereof.

- *Income taxes*

  Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The adequacy of these provisions is reviewed at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

- *Valuation of stock options*

The determination of the fair value of stock options is not based on historical cost but derived from subjective assumptions that are put into an option pricing model.

The model requires management to forecast future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation, future volatility of our share price during the expected hold period (using historical volatility as a reference), and the appropriate risk-free rate of interest.

Stock options incorporate an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates and is adjusted if the actual forfeiture rate differs from the expected rate. The resulting value is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options, and they are not transferable. Management believes the value derived is highly subjective and dependent entirely upon the input assumptions made.

OFF-BALANCE SHEET ARRANGEMENTS

Lavras Gold has no off-balance sheet arrangements.

CONTROLS AND PROCEDURES

Management's responsibility for financial information

Lavras Gold's financial statements are the responsibility of its management and have been approved by its Board of Directors.

The consolidated financial statements were prepared according to IFRS accounting principles. The consolidated financial statements include certain amounts based on the use of estimates and assumptions.

These amounts were established in a reasonable manner to ensure that the financial statements are presented fairly in all material respects.

Disclosure controls and procedures

Lavras Gold has evaluated the effectiveness of its disclosure controls and procedures. It was concluded that these controls and procedures are sufficiently effective as of June 30, 2026, to provide reasonable assurance that material information relating Lavras Gold and its consolidated subsidiaries is reported to management and disclosed according to applicable securities regulations.

Management's report on internal control over financial reporting

Pursuant to Multilateral Instrument 52-109 the effectiveness of the Lavras Gold's disclosure controls and procedures have been evaluated as of June 30, 2026, and found them to meet the required standards.

A system of internal control is maintained to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable.

The Board of Directors approves the financial statements and ensures that management discharges its financial responsibilities. This review is accomplished principally through the Audit Committee, which meets periodically with management and auditors to review financial reporting and control matters.

From time to time the Board may also form special sub-committees to investigate and report to the Board on specific topics.

CAPITAL RISK MANAGEMENT

Lavras Gold's capital structure is managed and adjusted as required, based on the funds available, to support the acquisition, exploration, and development of mineral properties.

Lavras Gold's Board of Directors does not establish quantitative return on capital criteria for management but rather relies on management's expertise to sustain the future development of the business.

The capital of Lavras Gold is considered to be equity, which comprises share capital, other components of equity, and accumulated deficit. On June 30, 2026, this total was $44,274,156.

The properties in which Lavras Gold has an interest are in the exploration stage and Lavras Gold depends on external financing to fund all activities. The Company will continue to assess new properties and may seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

Lavras Gold reviews its capital management approach on an ongoing basis and believes that this approach is appropriate to its relative size and stage of development. This approach did not change during the six months ended June 30, 2026. The Company and its subsidiaries are not subject to externally imposed capital requirements.

FINANCIAL RISK FACTORS

Lavras Gold is exposed to a variety of financial risks: credit risk, liquidity risk, and market risk including interest rate, foreign exchange rate, and commodity, specifically gold, price risk.

The management team oversees risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

TABLE 9: CATEGORIES OF FINANCIAL INSTRUMENTS

	June 30, 2026 $	December 31, 2025 $
Financial assets		
Amortized cost		
Cash	**6,558,835**	4,202,850
Accounts receivable, excludes HST/GST receivable	**5,152**	4,705
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**1,027,049**	1,323,633
Lease liabilities	**79,801**	115,384

The key risks of our financial instruments are as follows.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations.

Lavras Gold's credit risk is primarily attributable to cash of $6,558,835 as of June 30, 2026. Credit risk on cash is remote as it is held with reputable financial institutions and is closely monitored by management.

The Company believes that the credit risk with respect to financial instruments included in accounts receivable is remote as most of the receivables largely represent taxes receivable, therefore there was no amount applied for credit losses.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its short-term financial obligations. The goal in managing this risk is to make sure the Company can meet its liabilities when they are due. However, there can be no assurance that adequate financing will be obtained in the future or that the terms of the financing will be favourable.

On June 30, 2026, the Company had cash balance of $6,558,835 (December 31, 2025: $4,202,850) to settle current liabilities of $1,062,481 (December 31, 2025: $1,395,675).

Market risk

Market risk is the risk of loss from changes in market factors such as interest rates, foreign exchange rates, and commodity price.

a) Interest rate risk

Lavras Gold regularly monitors its cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as the cash is relatively unaffected by changes in short-term interest rates.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars and Brazilian reals. The Company maintains a Brazilian real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

c) Commodity price risk

Commodity price risk, specifically relating to the price of gold, could adversely affect Lavras Gold. In particular, future profitability and viability of development depends on the world market price of gold, which has fluctuated significantly in recent years.

Lavras Gold is not a gold producer as of June 30, 2026. However, gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options. This may also affect liquidity and the Company's ability to meet its ongoing obligations.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the following movements are reasonably possible over a twelve-month period.

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the six months ended June 30, 2026.

Lavras Gold is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, accounts receivable, accounts payable denominated in Brazilian reais, and cash denominated in U.S. dollars.

A plus or minus 5% change in the foreign exchange rate of the Brazilian real against the Canadian dollar would affect net loss for the six months ended June 30, 2026, by approximately $1,600 (June 30, 2025: $9,200).

A plus or minus 5% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect net loss for the six months ended June 30, 2026, by approximately $2,900 (June 30, 2025: $2,300).

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing and exploration and potential future, development, and operation of mining properties. The risk factors identified below could have a material adverse impact on the Company's business, operations, results of operations, financial condition, and prospects and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The risk factors identified below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties are discussed in the technical reports and other documents filed by the Company from time to time on SEDAR+. In addition, other risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the Company's business, operations, results of operations, financial condition, and prospects.

The following risk factors could materially affect the Company's future results, causing them to differ materially from what has been described in the forward-looking information. Investors and prospective investors should carefully consider all the information contained in this MD&A, including the following risk factors:

- Risks related to the Company's foreign operations;
- Risks related to the Company's business and industry; and
- Risks related to the ownership of common shares.

Risks related to the Company's foreign operations

The Company's operations in Brazil are subject to political, socioeconomic and other risks associated with operating in foreign jurisdictions.

The Company's main operations, including the Butia Prospect and the Cerrito Prospect, are in Brazil and depend upon the performance of the Brazilian economy, exposing the Company to political, socioeconomic, and other conditions in the country as well as governing laws, including the laws governing the mining industry. Inherent risks are associated with conducting foreign operations, over which the Company has no control. Such risks include: political, social, and labor unrest; negotiation, renegotiation, or nullification of concessions, licenses, approvals, permits, and contracts; expropriation and nationalization; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political norms, currency controls and governmental regulations that favor or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction; high inflation rates; extreme fluctuations in currency exchange rates; illegal mining; organized crime; hostage taking; terrorism; violent crime; military repression; and war or civil war.

The Company's results of operations and general financial condition depend in part on Brazilian markets for labor and certain services, materials, supplies, machinery, and equipment and on factors relating to Brazilian economic, social, and political stability generally, and may be materially and adversely affected by economic downturns, currency depreciation, inflation, interest rate fluctuation, government policies, regulation, taxation, social instability, civil unrest, terrorism and other developments in or affecting the country. In the past, Brazil has experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot provide assurance that such deterioration will not occur or that such a recurrence will not have a material and adverse effect on its business, financial condition, or results of operations.

A deterioration of the global economy or a sharp decrease in prices may adversely affect Brazil's economy. A global economic crisis could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Brazil. Such events could materially and adversely affect the Company's business, financial condition, results of operations, cash flows, and prospects.

The Company continues to monitor developments and policies in Brazil and their potential impacts on its operations. The Company's financial condition and results of operations may be adversely affected by changes in Brazil's political, regulatory and economic climate to the extent that such changes affect the nation's economic policies, growth, stability, outlook, or regulatory environment.

The Company's mining interests in Brazil may be affected, in varying degrees, by political instability, nationalization of resources, illegal mining, social and labour unrest, granting of licenses, infrastructure issues, economic downturns, issues relating to access to land, or changes to Brazilian laws affecting the ownership of assets, mining activities, taxation, royalties, rates of exchange, environmental regulations and labour relations.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. Historically, Brazilian politics have affected the performance of the Brazilian economy. Past political crises have affected the confidence of investors and the public, generally resulting in an economic slowdown. Changes, if any, in mining or investment policies or shifts in political attitude in Brazil (stemming from the recent changes to the Brazilian government or otherwise) may adversely affect the Company's ability to undertake exploration and development activities, currently contemplated or otherwise, as well as the Company's profitability. These events are beyond the Company's control and may adversely affect the Brazilian economy and the Company's business.

In terms of tax risks, the Brazilian tax regime is complex and subject to a variety of interpretations by governmental authorities. Such complexity may expose the Company to unpredicted challenges in day-to-day practices for bookkeeping, accounting, and payment of taxes. One such unknown is the future changes that may be made to Brazilian tax laws. Since taking office January 1, 2023, Brazilian president Luiz Inácio Lula da Silva has indicated that tax changes may be introduced to support economic recovery – the so-called "Tax Reform". As a first round of the Tax Reform, on December 20, 2023 the Brazilian Constitution has been amended to substantially change the way Brazil taxes goods and services, replacing several of the current "indirect taxes" (ICMS, IPI, ISS and PIS/Cofins) by nine new ones: the Goods and Services Tax (IBS), the Contribution on Goods and Services (CBS) and the Excise Tax (IS) – the Constitutional Amendment No. 132/2023.

The regulations of Constitutional Amendment No. 132/2023 have been discussed at the Brazilian National Congress during 2024, approved in December 2024 and sanctioned by Brazilian president Luiz Inácio Lula da Silva in January 2025.

The new system will begin to be implemented in 2026 and both the current and the new system will coexist until 2032 to ensure a smooth transition of tax regimes.

The rate of the IBS and CBS is yet to be defined by the Brazilian National Congress but to the extent such rate should be defined based on the average tax revenues of 2012 to 2021 to ensure tax neutrality during the transition of the tax regimes, the risk of material adverse effects to the Company's operations and financial conditions are mitigated but not eliminated.

Although the IS created by the Tax Reform shall be levied on certain mineral goods, the regulations passed by the Brazilian National Congress and in December 2024 and sanctioned in January 2025 exempt gold projects from such taxation. The natural resources currently taxed by IS are iron ore, coal, petroleum derivatives, and natural gas. There is a risk the regulations are amended to include gold in the list of minerals subject to IS. In case such risk materializes, the Company may to subject to up a 1% tax on its revenue.

The perception of higher risk in other emerging economies may materially and adversely affect the Brazilian economy and the Company's business.

Financial turmoil in any emerging market country may materially and adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Brazil and materially and adversely affect the Brazilian economy in general. The Company cannot provide assurances that an investors' interest in Brazil will not be materially and adversely affected by events in other emerging markets or the global economy in general.

The Company's mineral rights in Brazil may be terminated or not renewed by governmental authorities, and the Company may be negatively impacted by changes to mining laws and regulations in this foreign jurisdiction.

The Company's business is subject to extensive laws and regulation in Brazil, including regulations related to mining, environmental, labor, health and safety, and tax matters. Under applicable law in Brazil, the Company is required to obtain authorizations, permits, concessions, and/or licenses from the relevant governmental regulatory bodies (including environmental and mining agencies). The Company has obtained, or is in the process of obtaining, all material authorizations, permits, concessions, and licenses required to conduct our mining and mining-related operations. In the future, additional requirements for authorizations, permits, concessions, and licenses (including environmental ones) could be implemented, which are subject to the Company's compliance with conditions imposed and regulations promulgated by the relevant governmental authorities. While the Company anticipates that all required authorizations, permits, concessions, and environmental licenses or their renewals will be granted as and when sought, there is no assurance that these items will be granted as a matter of course, and there is no assurance that new conditions will not be imposed in connection with such renewals.

If the Company were to violate any of the foregoing laws and regulations or the conditions of the Company's concessions, authorizations, and environmental licenses, it may be subjected to substantial fines or criminal sanctions, revocations of operating permits or licenses, and possible closings of certain of the Company's facilities. In addition, any changes in the interpretation of any of the foregoing laws and regulations may increase compliance, operational, or other costs and could potentially require the Company to materially alter its operations.

Additionally, the Company’s Brazilian business may be adversely affected by changes to 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 safety. The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the Company’s operations or profitability. It is important to bear in mind this state of continuous change, and that new laws, regulations and requirements may be applicable regardless of the stage of a given procedure to obtain certain authorizations, permits, concessions and/or licenses. The environmental regulation in Brazil is carried out concurrently, allowing regulatory acts to be issued by municipalities, states and the federal government. Therefore, the Company’s operations may or may not be subject to new regulations in any of these jurisdictions. The Brazilian government has also frequently implemented changes to tax laws, tax treaties and other regulations, including modifications to tax rates. Any such changes, as well as changes in the interpretation of such tax laws and regulations, may result in increases to the Company’s overall tax burden, which would negatively affect its profitability.

Under Brazilian law, mineral resources belong to the federal government and governmental concessions are required to explore for, and exploit, mineral reserves. Any mining, exploration or other related concessions that the Company holds in respect to its operations, development projects and prospects in Brazil may be terminated under very specific circumstances. Termination of any one or more of the Company’s mining, exploration or other concessions could have an adverse effect on the Company’s financial condition or results of operations. However, it is noteworthy a recent movement from authorities towards a friendlier environment for mining projects, specifically those related to the exploitation of critical minerals.

The courts of the jurisdictions in which the Company operates or might operate in the future may offer uncertainty as to the judicial outcome, or less effective forms of redress, or a more protracted judicial process.

The courts and legal systems in the jurisdictions in which the Company operates or might operate in the future may offer uncertainty as to judicial outcome and less effective forms of redress. Accordingly, the Company could face risks from: (i) a higher degree of discretion on the part of governmental authorities; (ii) a lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iii) inconsistencies or conflicts between and with various laws, regulations, decrees, orders, and resolutions; (iv) relative inexperience of the judiciary and courts in such matters; (v) the inability to enforce its contractual rights with respect to its interests in the LDS Project, including with respect to the transfer of mineral rights, and the continued right to control its Butia Prospect, Cerrito Prospect and other properties comprising the LDS Project; and (vi) a more protracted judicial process, resulting in delays in reaching a judicial outcome. Similarly, there may be less certainty that government officials and agencies will abide by legal requirements, licenses, permits, and negotiated agreements. There can be no assurance that the foregoing would not have an adverse effect on the validity or enforceability of the joint ventures, licenses, permits, or other legal arrangements entered into by the Company or the application or enforcement of laws and regulations to which the Company is subject.

Additionally, the legal system in Brazil have inherent uncertainties that could limit the legal protections available to the Company, which include: (i) inconsistencies among and within laws; (ii) limited judicial and administrative guidance on interpreting Brazilian legislation, particularly that relating to business, corporate, and securities laws; (iii) substantial gaps in regulatory structures due to a delay or absence of enabling regulations; (iv) a lack of judicial independence from political, social, and commercial forces; (v) corruption; and (vi) bankruptcy procedures that are subject to abuse, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects. Furthermore, it may be difficult to obtain swift and equitable enforcement of Brazilian judgements, or enforcement of a judgement by a court of another jurisdiction, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

As the Company is a holding company, all of its subsidiaries and the majority of its assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise.

Some of the directors and officers of the Company reside outside of Canada. Some or all of the assets of those persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

The Company has subsidiaries incorporated in Brazil. It may be difficult for an investor or any other person or entity to assert Canadian securities law or other legal claims or otherwise in original actions instituted in these countries. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

The Company may be responsible for corruption and anti-bribery law violations.

There are additional business and financial risks inherent in doing business in Brazil as compared to Canada, including with respect to corruption.

Since 1996, Transparency International has published the Corruption Perceptions Index ("CPI"), which annually ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt). Anything below 50 indicates governments are failing to tackle corruption and it represents a challenge in those countries requiring extra attention by those who conduct business there. The 2024 survey ranked 180 countries from around the world. Canada was ranked 15th with a CPI score of 75, and the United States was ranked 28th with a CPI score of 65. Sixty-six per cent of the countries covered by the CPI have scores under 50. The average score on the 2024 CPI was 43. In 2024, Brazil was ranked 107th (2023: 104th) with a CPI score of 34 (2023: 36).

The Company's business is subject to the United States *Foreign Corrupt Practices Act of 1977* (the "FCPA") and the Corruption of Foreign Public Officials Act (Canada), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The FCPA also requires companies to maintain accurate books and records and internal controls, including at foreign-controlled subsidiaries.

Since all of the Company's presently held operating interests are located in Brazil, there is a risk of potential FCPA violations. In addition, the Company is subject to the anti-bribery laws of Brazil and of any other countries in which it conducts business in the future. Further, Brazilian markets have historically experienced heightened volatility due to the uncertainties generated by corruption and bribery allegations and investigations of certain prominent politicians. In addition, certain media posts and reports of corruption, or allegations of corruption, in Brazil may have an adverse effect on the public perception and reputation of Brazilian companies or other companies conducting business in Brazil and may adversely affect the trading price of the Common Shares. The Company's value and share price could also be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Company in illegal activities.

The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and the FCPA, the CFPOA or other anti-bribery laws for which the Company may be held responsible. The Code of Ethics and the Company's Anti-Bribery Policy mandate compliance with these anti-corruption and anti-bribery laws and the Company has implemented training programs, internal monitoring and controls, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by its affiliates, employees, directors, officers, partners, contractors, agents and service providers. Any violations or alleged violations of anti-corruption and anti-bribery laws or sanctions regulations could result in the Company suffering severe penalties and other consequences that may have a material adverse effect on its business, reputation, financial condition and results of operations.

Any further downgrading of Brazil's credit rating could adversely impact the Brazilian economy and the Company's operations.

Credit ratings affect investors' perceptions of risk and, as a result, the trading value of securities and yields required on future debt issuance in the capital markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors, including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the prospect of changes in any of these factors.

Brazil's long-term foreign and local currency debt is rated sub-investment grade. Rating agencies began the classification review of Brazil's sovereign credit rating in September 2015. As a result of credit rating downgrades in 2018, Brazil's sovereign debt lost its investment grade status with the six major rating agencies, S&P, Moody's and Fitch Ratings Inc., and, consequently, the trading prices of securities of the Brazilian debt and equity markets were negatively affected. Since 2023, the major rating agencies shifted their outlook on Brazil's sovereign credit rating to increase the country's ratings. In October 2024, credit rating agency Moody's upgraded Brazil's sovereign credit rating from Ba2 to Ba1, while maintaining a "positive" outlook for the country, reinforcing the trend of improving Brazil's ratings.

Brazil remains subject to downshifts in its credit ratings, which could heighten investors' perception of risk and, as result, adversely affect the Brazilian economy and the Company's operations.

Inflation and efforts by the Brazilian government to combat inflation may contribute significantly to economic uncertainty in Brazil and could have an adverse effect on the Company.

Brazil has historically experienced periods of high inflation. Inflation, as well as governmental measures put in place to combat inflation, have had a material adverse effect on the Brazilian economy. Inflationary pressures persist, and actions taken in an effort to curb inflation, coupled with public speculation about possible future governmental actions, have in the past contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market. The inflation rate in Brazil, as reflected by the Broad Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo) published by the Brazilian Institute of Geography and Statistics or IBGE (Instituto Brasileiro de Geografia e Estatística), was 4.83% in 2024, 4.62% in 2023, 5.79% in 2022, and 10.06% in 2021.

As a result of inflationary pressures and macroeconomic instability, the Brazilian government has historically adopted monetary policies that have resulted in Brazil's interest rates being historically among the highest in the world. The Central Bank of Brazil sets the base interest rates (*Sistema Especial de Liquidação e Custódia*) (the "SELIC rate") generally available to the Brazilian banking system, based on the expansion or contraction of the Brazilian economy, inflation rates and other economic indicators. The SELIC rate was 12.25% on December 31, 2024 (2023:11.75%; 2022: 13.75%; 2021:9.25%). Any future increase in interest rates could negatively affect the Company's results of operations in Brazil and could increase the costs associated with financing such operations.

Measures to control inflation have often and historically included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and limiting economic growth. Despite this intention, these policies may be incapable of preventing increases in inflation rates. Furthermore, the absence of such policies may trigger increases in inflation rates and thereby adversely affect economic stability. In the event of an increase in inflation, the Company may not be able to adjust customer prices accordingly to offset the effects of inflation on its cost structure, which may result in further adverse effects.

Risks related to the Company's business and industry

The Company may fail to comply with the law or may fail to obtain necessary permits and licenses or renew them.

The Company's operations in Brazil are subject to extensive laws and regulations governing such matters as environmental protection, management and use of toxic substances, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, safety and labor, taxation and royalties, maintenance of mineral tenure, expropriation of property, and protection of Indigenous property and rights. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations, and more stringent enforcement of current laws and regulations by governmental authorities could cause additional expenses, capital expenditures, restrictions on or suspensions of Company operations, and delays in the development of its properties. There is no assurance that any future changes in such laws and regulations will not adversely affect Company operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health, and safety practices of the Company's past and current operations or possibly even the actions of former property owners and could lead to the imposition of substantial fines, penalties, or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such noncompliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.

The Company is required to obtain or renew further government permits and licenses for the Company's current and contemplated operations, including the further exploration of the Butia Prospect, the Cerrito Prospect and elsewhere within the LDS Project. Obtaining, amending, or renewing the necessary governmental permits and licenses can be a time-consuming process, potentially involving numerous regulatory agencies, public hearings, and costly undertakings on the Company's part.

Pursuant to current regulations in Brazil, all exploration activities that the Company undertakes must be carried out on valid exploration licenses or prospecting permits issued by the ANM based on an approved plan for a period up to four years, subject to a further extension of up to an additional four-year period, provided that certain conditions are met. Once the exploration plan is completed, the licensee must submit a final exploration report and if the report is approved, they have up to one year to apply for a mining concession. The request for a mining concession describes the details of an economic analysis of the project including environmental impacts, methods of operation and a plan for mine closure. Once approved by the ANM, mining concession are granted. Royalties are then payable to the government, and landowners, depending on the contractual bond established with the owner of the surface rights, on products mined.

The Company may encounter delays in obtaining environmental and other operating licenses or may not be able to obtain and/or renew an authorization, permit and/or license. These events and additional costs may have a negative impact on the exploration of the LDS Project or other operations and have an adverse effect on the Company's financial performance in Brazil. Additionally, mining activities in Brazil are subject to public consents and licenses related to the environment, waste management and health from various governmental authorities.

Social and environmental activism can negatively impact exploration, and any future development and mining activities.

There is an increasing level of public concern relating to the effects of mining on the natural landscape, communities, and the environment. Certain non-governmental organizations, public interest groups, and reporting organizations who oppose resource exploration and development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which has resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with stakeholders in the districts in which it operates, non-governmental or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company with respect to one or more of its properties, regardless of its compliance with social and environmental best practices. As of the date of this MD&A, the Company continues to execute on its stakeholder and local community engagement efforts as described elsewhere in this MD&A.

The Company is subject to substantial environmental laws and regulations that may increase its costs and restrict its operations.

All phases of the Company's current and planned future operations are or will be subject to environmental regulations in the jurisdictions where it operates. These laws address emissions into the air, discharges into water, management of waste and hazardous substances, protection of natural resources and reclamation of lands disturbed by mining operations.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees.

Compliance with environmental laws and regulations may require significant capital outlays and may cause material changes or delays in, or the cancellation of, the Company's intended activities. There can be no assurance that future changes in environmental regulation, if any, will not be materially adverse to the Company's operations. Specifically, new laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a materially adverse impact on the Company, increase costs, cause a reduction in levels of production, and/or delay or prevent the development of new mining properties.

The properties in which the Company holds interests may contain environmental hazards presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties. If the Company's properties do contain such hazards, this could lead to the Company being unable to use the properties or may cause the Company to incur remediation costs. In addition, the Company could become subject to litigation should such hazards result in injury to any persons.

Land reclamation requirements for the Company's exploration properties may be burdensome.

Land reclamation requirements are generally imposed on companies engaged in mining operations and mineral exploration activities to minimize long-term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance landforms and vegetation. To carry out reclamation obligations imposed on the Company in connection with its exploration activities, the Company must allocate financial resources that might otherwise be spent on further exploration and development programs. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

The Company's properties may be subject to title challenges or claims in the future.

Although the Company has received title opinions for the mineral rights comprising the LDS Project, there is no guarantee that title to properties of the Company will not be challenged or impugned. The Company's mineral rights may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified or unknown defects. The Company has conducted an investigation on the title of mineral rights that it has acquired to confirm that there are no claims or agreements that could affect its title or right to the assignment of title, as applicable, to its mineral tenure or surface rights. Regardless, there is no guarantee that such title, or assignments will not be challenged or impaired. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property or rights, which may affect the economic viability of the Company. Further, title insurance is generally not available for mineral tenure or surface rights, which constrains the Company's ability to ensure that it has obtained secure claim to title.

The mineral rights underlying the Butia Prospect, the Cerrito Prospect, and certain other properties within the LDS Project, were acquired by LDSM through the exercise of rights under an option agreement entered by a third party with the prior titleholder, which was subsequently replaced by an asset purchase agreement that was assigned to the Company pursuant to the Contribution Agreement. In accordance with the ANM's procedures, a formal transfer of mineral rights requires the submission of a request for the assignment of the mineral rights, followed by the ANM's and National Defense Council ("CDN") assessment of the request to determine whether it meets the requirements of applicable laws and regulations. The formal transfer to LDSM of mineral rights assigned to it pursuant to the asset purchase agreement (including the mineral rights underlying its material properties, the Butia Prospect and the Cerrito Prospect), together certain other mineral rights within the LDS Project assigned to it pursuant to other contractual arrangements was approved by the ANM in accordance with this process, and the final recording of these assignments to LDSM has been completed.

In addition, pursuant to the Contribution Agreement, LDSM also acquired contractual rights with respect to certain other mineral properties that form part of the LDS Project held by third parties. For all mineral rights comprising the LDS Project that are not registered in the name of LDSM as at the date of this MD&A, there is a risk that any required approvals and the formal recording of the formal transfers of these rights to LDSM will not be obtained or occur.

Further, there is no guarantee that title to properties relating to the LDS Project will not be challenged or impugned in the future, and the Company may need to obtain ownership of additional surface rights and property interests to advance exploration and, if warranted, future development activities within the LDS Project. Furthermore, there can be no assurances that the Company, should it require, will successfully acquire these additional property interests and surface rights, or that such interests and rights may be obtained at market price without incurring significant premiums.

Moreover, where the Company's interest in a property is less than 100%, or a third party holds a form of profit sharing interest, the Company's entitlement to, and obligations in respect of, the property are subject to the terms of the agreement relating to that property, or in the absence of an agreement subject to provincial or federal laws and regulations, which in certain circumstances may be the subject of differing interpretations between the parties.

Risks related to permitting.

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses according to the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Company in a timely manner, or at all, or, if they are issued, that they will be renewed, or that the Company will be able to comply with or afford to comply with all conditions that may be imposed.

The Company is subject to risks related to restrictions on foreign investment in the Border Area.

The Brazilian Federal Constitution defines the border area (the "Border Area") as an area within 150 kilometers of Brazil's border with other countries. This area is considered of special interest for national defense, and, for this reason, legislation may establish special conditions for the occupation and use of the Border Area. In as much as mining is concerned, the Constitution also expressly authorizes legislation to create special conditions for exploration and mining activities within the Border Area.

Federal Law No. 6634/79, together with the Regulations passed by Decree No. 85064/1980 (collectively the "Border Law"), establish restrictions to foreign investment in exploration and mining in the Border Area and provide that companies that perform mining activities within the Border Area must have at least the majority of the corporate capital belonging to Brazilian citizens; a majority of the members of the management of such companies must be Brazilian citizens who shall have predominant management powers over the Company; and two thirds of its workforce must be composed of Brazilian nationals.

The LDS Project is in the Border Area. Accordingly, the Company has implemented a corporate structure to comply with the Border Law, including by ensuring that Brazilian nationals own a majority of the equity of LDSM. Such corporate structure has been approved by CDN in 2021. While the Company intends to maintain an ownership structure of LDSM that formally complies with the Border Law and notwithstanding the fact that such structure has been approved by CDN, there is a risk that this structure could later be challenged by Brazilian authorities as being non-compliant with the Border Law. If any such challenge occurs, this could adversely impact the LDSM's ability to retain the mineral rights held by it or obtain any required approvals for the formal transfer and recording of other mineral rights underlying the LDS Project to which it is contractually entitled, unless a suitable alternative structure for doing so is implemented.

The Company's exploration efforts are highly uncertain in nature and may be unsuccessful.

The exploration process generally begins with the identification and appraisal of mineral prospects. Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements.

Mining projects frequently require many years and significant expenditures during the mine development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits, acquiring title to prospects and the receipt of adequate financing.

The economic feasibility of development projects is based on many factors such as: estimation of reserves; anticipated metallurgical recoveries; environmental considerations and permitting; estimates of future gold prices; and anticipated capital and operating costs of such projects.

Exploration and development of mineral deposits thus involve significant financial risks which a combination of careful evaluation, experience and knowledge may not eliminate.

The discovery of an ore body may result in substantial rewards, however, few properties that are explored are ultimately developed into producing mines. A mine must generate sufficient revenues to offset operating and development costs such as the costs required to establish reserves by drilling, to develop metallurgical processes, to construct facilities and to extract and process metals from the ore.

Once in production, it is impossible to determine whether current exploration and development programs at any given mine will result in the establishment of new reserves.

The only material property interests of the Company are its interests in the Butia Prospect and the Cerrito Prospect, both of which form part of the LDS Project, located in Brazil. As a result, unless the Company acquires additional property interests, any adverse developments affecting these properties could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance, and results of operations of the Company.

While the Company may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Company will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all.

Mineral resources are estimates and do not have demonstrated economic viability.

Mineral resources are based on estimates of mineral content and quantity derived from limited information acquired through drilling and other sampling methods and requires judgmental interpretations of geology, structure, grade distributions and trends, and other factors. No assurance can be given that the estimates are accurate or that the indicated level of metal will be produced. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral reserves or mineral resources are mined and processed, the quantity of mineral reserves or mineral resources and grades must be considered as estimates only.

Any material changes in mineral reserves, mineral resources, grade, or stripping ratio at the Company's properties may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

There is a risk that inferred mineral resources referred to in this MD&A cannot be converted into measured or indicated mineral resources. Due to the uncertainty relating to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological and grade continuity to constitute measured and indicated resources as a result of continued exploration.

Currency fluctuations may result in unanticipated losses.

Currency fluctuations may affect the Company's capital costs and the costs it incurs at its operations. The appreciation of the Brazilian real relative to the Canadian dollar could increase the cost of operating the LDS Project, which could materially adversely affect the Company's financial condition.

In particular, the Brazilian currency has been historically volatile and has been devalued frequently over the past six decades. Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are substantial reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. The Company cannot predict whether the Central Bank of Brazil or the Brazilian government will continue to let the Brazilian real float freely or intervene in the exchange rate market. The Company cannot assure that measures will not be taken by the Brazilian government in the future.

The loss of the services of key personnel could have a material adverse effect on the Company.

The Company is dependent on certain key management personnel and, more generally, its employees and contractors, to carry out its current and planned business operations, including its exploration, and financing activities. Changes in the relationship between the Company and its management personnel, employees or contractors could impact or even have a material adverse effect on the Company's business.

In particular, the loss of the services of one or more key management personnel could have a material harmful influence on the Company's business or prospects. The Company faces significant competition for qualified personnel, and the Company may not be able to attract and retain such personnel.

A failure to maintain satisfactory labour relations can adversely impact the Company.

The Company's operations in Brazil depend on the efforts of its employees and contractors the Company's relations with its employees and contractors. Company operations would be adversely affected if it failed to maintain satisfactory labour relations. Further, labour litigation in Brazil is an ongoing exposure for all companies working in Brazil, especially in the mining sector. Brazilian labour law is a complex system of statutes and regulations, which is generally favourable to employees. As such, corporate labour compliance is a key success factor in Brazilian-based operations to minimize the impact of labour claims. Taking these matters into consideration, the Company may be subject to unfair labor practice charges, complaints, and other legal, administrative, and arbitral proceedings, which could divert management attention from Company operations, resulting in an adverse impact on the Company's operating results.

The Company depends on outside parties.

The Company has relied upon third parties, including consultants, geologists, and others, and intends to rely on these parties for exploration and operating expertise. The Company may need to engage additional third parties to explore continue to explore the LDS Project and develop new projects, establish further mineral resources and any potential future reserves through drilling, carry out environmental and social impact assessments, develop metallurgical processes and otherwise.

The directors and officers may have conflicts of interest with the Company.

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have either other full-time employment or other business or time restrictions and accordingly, the Company will not be their only business enterprise. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

Because of the risks involved in the Company's operations, the Company may incur liability or damages while conducting its business.

The Company's operations are subject to risks normally inherent in the mining industry, including potential liability resulting from, among other circumstances, personal injury, environmental claims, or property damage. The Company maintains insurance policies for general, director and officer, and fiduciary liability. The availability of and ability to collect on insurance coverage is subject to factors beyond Company control. In addition, the Company may become subject to liability hazards in circumstances where it cannot or may elect not to insure (due to high premium costs or other reasons) or for occurrences that exceed maximum coverage under its policies. The Company also provides group employee health and dental insurance coverage to its employees. The Company has no control over changing conditions and pricing in the insurance marketplace; the cost or availability of various types of insurance may change dramatically in the future. In addition, the Company's costs of providing group health coverage may increase based on its claims experience. Furthermore, the inability to obtain insurance in the future for certain types of losses may require the Company to limit the services it provides or the areas in which it operates, thereby reducing the Company's revenue. Furthermore, the occurrence of a significant uninsured loss could have a material adverse effect on the Company. Due to the variable condition of the insurance market, the Company may experience future increases in self-insurance levels as a result of increased retention levels and premiums. If the Company elects to assume more risk for self-insurance through higher retention levels, the Company may experience more variability in self-insurance reserves and expense.

Future acquisitions may require significant expenditures and may result in inadequate returns.

The Company may seek to expand through future acquisitions. However, there can be no assurance that the Company will locate attractive acquisition candidates, that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employee attention from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds, and combining different corporate cultures.

Any future acquisition involves potential risks, including: (i) mistaken assumptions and incorrect expectations about mineral properties, mineral resources, mineral reserves, and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train, or retain qualified personnel to manage and operate the acquired operations; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project.

Failures of information systems or information security threats can be costly.

The Company has entered into agreements with third parties for hardware, software, telecommunications, and other information technology services in connection with its operations. Such operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology systems, and software against damage from threats, including cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism, and theft. The Company's operations also depend on the timely maintenance, upgrade, and replacement of networks, equipment, information technology systems, and software as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures or delays and/or higher capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation, results of operations, cash flows, and financial condition.

To date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, but there can be no assurance that it will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber-security and the continued development and enhancement of controls, processes, and practices to protect systems, computers, software, data, and networks from attack, damage, or unauthorized access remain a priority. As cyber-threats continue to evolve, the Company may need to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate security vulnerabilities.

Any of these factors could have a material adverse effect on the Company's results of operations, cash flows, and financial position.

The Company may be subject to costly legal proceedings.

The Company may be subject to regulatory investigations, civil claims, lawsuits, and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to: (i) the uncertainty inherent in regulatory actions and litigation; (ii) the difficulty of predicting decisions of regulators, judges, and juries, and (iii) the possibility that decisions may be reversed on appeal. However, the defense and settlement costs of legal disputes can be substantial, even for claims with no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

Changes in climate conditions and resulting legislation may affect the Company's operations.

Several governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial, and local levels. Regulations related to emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, this may increase costs at the Company's operations. In addition, the physical risks of climate change may have an adverse effect on Company operations. These risks include:

- changes in sea levels that affect ocean transportation and shipping facilities used to transport supplies, equipment, workforce, and products;

- extreme weather events (such as prolonged drought) that disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate their impact; and
- climate change or extreme weather events that disrupt the delivery of essential consumables (e.g., fuel, tires, reagents) may reduce production levels at Company operations.

There can be no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risks of climate change will not have an adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

Changes in climate conditions and resulting legislation may affect the Company's operations. The Company cannot quantify the likelihood of weather events occurring. The Company does not have a formal risk mitigation strategy for weather incidents.

The Company's business requires substantial capital and operational expenditure and is subject to financing risks.

The Company's business is capital intensive, particularly the exploration for gold and other precious metals at the LDS Project and any future exploitation thereof, machinery and equipment maintenance, and compliance with applicable laws and regulations, all require substantial capital expenditures. The Company will need to continue to invest capital to expand its mineral resources and potentially establish mineral reserves and production. The Company depends on the remaining proceeds raised in connection with the 2023 Offering and on future external financing from time to time for maintaining and carrying out its future operation of the LDS Project.

No assurance can be given that the Company will be able to have access to sufficient equity, debt, or other financing alternatives to finance the Company's exploration expenditure program at a level necessary to continue exploration and potential future exploitation activities at appropriate levels. Any equity or debt financing, if available, may not be on terms that are favorable to the Company, and the issuance of additional equity may be subject to approval by the Company's shareholders or board of directors. If the Company's access to external financing is limited, it may not be able to execute management's growth and operational strategy, which could adversely affect the Company's business, financial condition, and results of operations. In addition, there are no assurances that the LDS Project or future projects will continue to be advanced or approved or, if executed and approved, that such execution will be completed on schedule, completed within budget, or achieve an adequate return on investment.

The Company is exposed to the possibility that applicable taxing authorities could take actions that result in increased tax or other costs that might affect the Company's financial results and condition.

The Company pays a variety of taxes, fees, and other governmental charges in connection with the operation of its business, including federal, provincial, and local income taxes, ad valorem property taxes, sales and use taxes, inventory taxes, social security contributions, and various assessments in Canada and foreign jurisdictions. These taxes, fees, and other governmental charges are assessed by the Canada Revenue Agency and other taxing authorities pursuant to applicable laws, regulations, and rules. Although the Company believes, subject to ongoing compliance with existing laws, that it has made appropriate provisions for such taxes, fees, and other governmental charges in the jurisdictions in which it operates, its position could be impacted as a result of changes in the applicable tax laws and principles, including increased tax rates, new tax laws, changes in taxing jurisdiction administrative interpretations, decisions, and policies, and changes in accounting principles. Any of the foregoing changes could have an adverse impact on the Company's results of operations, and financial condition.

The Brazilian tax regime is complex and subject to a variety of interpretations by government authorities. Such complexity may expose the Company to unpredicted challenges to day-to-day practices in bookkeeping, accounting, and payment of taxes, including, without limitation, liability for any indirect capital gain taxes. From time to time, the Company may enter into specific agreements with such taxing authorities that provide for the reduction, abatement, or deferral of such taxes, fees, or charges in exchange for certain payments or undertakings on the Company's part. If the Company enters into any such arrangements, the Company can give no assurance that any such reduction, abatement, or deferral arrangements will be honored or that the applicable taxing authorities will not take actions that materially increase the amount of such taxes, fees, or other governmental charges that the Company is required to pay. In addition, the Company may incur additional and unanticipated costs and expenses in connection with its efforts to resist any proposed increases in such taxes, fees, or other charges or in connection with its efforts to enforce any reduction, abatement, or deferral arrangements that the Company has previously put in place.

In Brazil, as governments in emerging markets continue to struggle with deficits and concerns over the effects of depressed economies (mainly after the pandemic), the mining sector has been targeted to raise revenue. Although it is difficult to predict how the matter will be dealt with in practice, it is undeniable that the current president of Brazil was elected in October 2022 and took office on January 1, 2023, based on campaign promises aimed at tax reform. Any future adverse changes in government policies or tax legislation may adversely affect the Company's viability and profitability. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have on the Company.

On December 20, 2023 the Brazilian Constitution has been amended to substantially change the way Brazil taxes goods and services, replacing several of the current "indirect taxes" (ICMS, IPI, ISS and PIS/Cofins) by six new ones: the Goods and Services Tax (IBS), the Contribution on Goods and Services (CBS) and the Excise Tax (IS) – the Constitutional Amendment No. 132/2023 – the so-called Tax Reform. The second round of the Tax Reform will be the regulation of Constitutional Amendment No. 132/2023 by intraconstitutional legislation (complementary and ordinary laws, which are currently under discussion at the Brazilian National Congress).

The mineral exploration business is subject to inherent risks, some of which are not insured or insurable.

The Company's business is subject to several risks and hazards (as further described in this MD&A). Such risks and hazards include those often associated with the preparation of camps, work sites and drill pads, as well as those specific to the operation of drill rigs, especially in remote exploration environments. Hazards associated with mining exploration involve those with respect to working with machinery, hazardous substances and dangerous goods, dust, noise, and other conditions resulting from exploration activities, such as drilling, removing, and processing material, and risks include and workplace accidents.

Such occurrences could result in: (i) damage to or destruction of the Company's properties or production facilities; (ii) damage to or destruction of third-party property; (iii) human exposure to pollution; (iv) personal injury or death; (v) environmental and natural resource damage or contamination; (vi) delays in operations; (vii) monetary losses; and (viii) legal liability. In addition, any such occurrences could damage the Company's reputation, which could result in additional environmental and health and safety legal oversight, and the imposition by authorities of more stringent conditions in connection with the licensing process of the Company's LDS Project.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable given its stage of development, its insurance may not cover all the potential risks associated with a mineral exploration company's operation. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance against certain risks (including certain liabilities for environmental contamination and other hazards because of exploration) is not generally available or is unaffordable. Losses from these and other uninsured events may cause the Company to incur significant costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, or prospects.

The Company may be subject to misconduct by our employees or third-party contractors.

The Company may be subject to misconduct by its employees or third-party contractors, such as theft, bribery, sabotage, fraud, insider trading, violation of laws, slander, or other illegal actions. Any such misconduct may lead to fines or other penalties, slowdowns in production, increased costs, increased liabilities to third parties, or impairment of assets or harmed reputation, any of which may have a material adverse effect on the Company's business, results of operations, or financial condition.

Risks related to pandemic and infectious disease.

An outbreak of pandemic, infectious disease or a similar health threat such as the COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact the Company's business and future results of operations and financial condition.

To the extent that the fallout from a pandemic and possible emergence of new disease outbreaks adversely affect the Company's business and financial results, they may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Risks related to the ownership of common shares

Dilution from equity financing could have a negative impact on holders of Common Shares.

The Company may from time to time raise funds through the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size or price of future issuances of Common Shares, the size, or terms of future issuances of debt instruments or other securities convertible into Common Shares, or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares or the perception that such sales or issuances could occur may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares or securities convertible into Common Shares, investors will suffer dilution to their voting power, and the Company may experience increases in its losses per share during the Company current exploration stage and thereafter.

The Company is subject to risks and expenses associated with public company obligations and compliance, including that the Common Shares may be suspended from trading or delisted.

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could adversely impact the Company's share price. The Company is subject to changing rules and regulations promulgated by governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSXV, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with such legislation could result in increased general and administration expenses and a diversion of management time and attention from growth-generating activities to compliance activities.

In the future, the Company's securities may fail to meet the requirements to continue to be listed on the TSXV. The TSXV could delist the Company's securities from its exchange as a result or for other reasons, which could limit investors' ability to make transactions in the Company's securities and subject the Company to additional trading restrictions.

If the TSXV delists the Common Shares from trading on its exchange, the Company could face significant material adverse consequences, including: (i) limited availability of market quotations for the Common Shares; (ii) a limited amount of news and analyst coverage for the Company, or none; and (iii) a decreased ability to issue additional securities or obtain additional financing in the future.

Equity securities are subject to trading and volatility risks.

The securities of publicly traded companies can experience high price and volume volatility. The value of the Company's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Company and its operating performance, underlying asset values, or prospects. These include risks described elsewhere in this MD&A. Factors that may influence the price of the Company's securities, including the Common Shares, include: worldwide economic conditions; changes in government policies; investor perceptions; movements in global interest rates and global stock markets; variations in operating costs; the cost of capital that the Company may require in the future; metals prices; the price of commodities necessary for the Company's operations; recommendations by securities research analysts; issuances of equity or debt securities by the

Company; operating performance and, if applicable, the share price performance of the Company's competitors; the addition or departure of key management and other personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving the Company or its competitors; news reports relating to trends, concerns, technological or competitive developments, regulatory changes, and other related industry and market issues affecting the mining sector; litigation; publicity about the Company, the Company's personnel or others operating in the industry; loss of a major funding source; and all market conditions that are specific to the mining industry.

There can be no assurance that such fluctuations will not affect the price of the Company's securities; consequently, purchasers of Common Shares may not be able to sell Common Shares at prices equal to or greater than the price or value at which they purchased such Common Shares or acquired them by way of the secondary market.

Commodity prices can reduce share prices.

The price of the Company's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious and base metals and, particularly the price of gold.

Precious metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors continue to adversely affect the price of gold, the market price of the Company's securities may decline.

Dividends

The Company has no plans to pay dividends on its Common Shares.

Sales by existing shareholders can reduce share prices.

Sales of a substantial number of the Common Shares in the public market could occur at any time. These sales or the market perception that the holders of a large number of Common Shares intend to sell their holdings could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

Claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company's articles provide that the Company will indemnify its directors and officers. The Company must indemnify each of its officers and directors and his or her heirs and legal personal representatives against all judgments, penalties or fines awarded or imposed in, or an amount paid in settlement of, an eligible proceeding (as defined therein) to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding to the fullest extent permitted by the Business Corporations Act (British Columbia).

The Company's articles provide that, unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate courts therefrom, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to the Company; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Business Corporations Act (British Columbia) or the Company's articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the Company's business or the business of such affiliates. The forum selection provision also provides that the Company's security holders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

The forum selection provision under the Company's articles seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to the Company's affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws/articles are becoming more commonplace for public companies, a recent decision of the Supreme Court of Canada has cast some uncertainty as to whether forum selection clauses would be upheld in Canada. Accordingly, it is possible that the validity of the Company's forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable with respect to, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions and the Company may not obtain the benefits of limiting jurisdiction to the courts selected.

Public companies are subject to securities class action litigation risk.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If the Company faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm its business.

The forward-looking statements contained in this MD&A may prove to be incorrect.

The forward-looking statements in this MD&A are based on opinions, assumptions and estimates made by the Company's management considering their experience and perception of historical trends, current conditions and expected future developments as well as other factors the management believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company or its management that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this MD&A. See the following section titled "*Cautionary Note Regarding Forward-Looking Information."*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to Lavras Gold that are based on its beliefs as well as assumptions made by the information currently available.

Words like anticipate, believe, estimate, expect, and similar expressions are used in this document in relation to:

- Lavras Gold
- Lavras Gold's management
- regulatory compliance
- the sufficiency of working capital
- the estimated cost and availability of funding for the continued exploration and development of the company
- future events.

These are forward-looking statements, and are subject to certain risks, uncertainties, and assumptions.

Lavras Gold has attempted to identify the important risk factors in this document but caution that many factors could cause the actual results, performance, and achievements of Lavras Gold to be materially different from any future results, performance, or achievements that may be expressly implied by such forward looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada which differ from the requirements of United States securities laws. In particular, disclosure regarding mineral resource estimates included in this MD&A were prepared in accordance with NI 43-101. This MD&A uses the terms "mineral resource", "inferred mineral resource", "indicated mineral resource", "measured mineral resource" and "mineral reserve" in connection with the presentation of mineral resources, as each of these terms is defined in accordance with the CIM Definition Standards on Mineral Resources and Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council (the "CIM Definition Standards"), as required by NI 43-101.

Unless otherwise indicated, all mineral reserve and resource estimates contained in this MD&A have been prepared in accordance with the CIM Definition Standards, as required by NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators.

Administrators that establish standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs from the disclosure requirements of the United States Securities and Exchange Commission ("SEC") generally applicable to United States companies. For example, the terms "mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this MD&A will not be comparable to similar information made public by United States companies reporting pursuant to SEC disclosure requirements.