CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in US dollars, except tables and otherwise noted)

2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cerrado Gold Inc.

Opinion

We have audited the consolidated financial statements of Cerrado Gold Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements of operations and comprehensive loss for the years ended December 31, 2020 and December 31, 2019
- the consolidated statements of changes in equity for the years ended December 31, 2020, and December 31, 2019
- the consolidated statements of cash flows for the years ended December 31, 2020 and December 31, 2019
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
April 29, 2021

CERRADO GOLD INC.

Consolidated Statements of Financial Position

(Expressed in thousands of U.S. dollars)

As at	Note		December 31, 2020		December 31, 2019
ASSETS					
Cash and cash equivalents		$	**6,638**	$	38
Short-term investments			**25**		-
Receivables and other assets	5		**8,581**		52
Due from related party	22		**186**		-
Metal inventory	6		**3,637**		-
Supplies and consumables	6		**2,358**		-
Current assets			**21,425**		90
Other receivables	5		**1,080**		-
Supplies and consumables	6		**3,638**		-
Property, plant and equipment	7		**27,366**		71
Exploration and evaluation assets	8		**13,747**		13,607
Investment in marketable securities	22		**354**		-
Non-current assets			**46,185**		13,678
Total assets		$	**67,610**	$	13,768
LIABILITIES					
Trade and other payables	9	$	**14,526**	$	2,287
Due to Monte Sinai	8		**245**		1,454
Due to related parties	22		**-**		648
Lease obligations	10		**408**		78
Deferred revenue	12		**1,836**		-
Revolving prepayment facility	13		**6,393**		-
Current liabilities			**23,408**		4,467
Future consideration payable	4		**23,547**		-
Other liabilities - non-current	9		**182**		160
Lease obligations - non-current	10		**228**		36
Provisions	11		**1,760**		-
Deferred revenue - non-current	12		**14,324**		-
Non-current liabilities			**40,041**		196
Total liabilities		$	**63,449**	$	4,663
SHAREHOLDERS' EQUITY					
Share capital	14		**17,310**		13,938
Shares to be issued	14		**6,250**		104
Warrants	15		**314**		60
Share-based payment reserve	16		**1,658**		1,422
Accumulated other comprehensive income			**(3,997)**		(1,614)
Accumulated deficit			**(17,374)**		(4,805)
Shareholders' equity		$	**4,161**	$	9,105
Total liabilities & shareholders' equity		$	**67,610**	$	13,768

Nature of Operations (*Note 1),* **Commitments and Contingencies** (*Note 23),* and **Subsequent Events** *(Note 26)*

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD:

Signed “Mark Brennan”
Director

Signed: “David Ball”
Director

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

CERRADO GOLD INC.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of U.S. dollars)

	Note		Year ended December 31, 2020		Year ended December 31, 2019
REVENUES					
Metal sales		**$**	**32,194**	$	-
COST OF SALES					
Production costs			**24,853**		-
Sales expenses and royalties			**4,094**		-
Depreciation and depletion			**2,504**		-
			31,451		**-**
INCOME FROM MINING OPERATIONS			**743**		-
GENERAL AND ADMINISTRATIVE EXPENSES	17		**7,699**		2,392
Finance items	18		**4,517**		6
Transaction costs			**849**		462
Foreign exchange			**643**		35
Other income and expense			**(1,086)**		-
OTHER EXPENSES			**4,923**		503
LOSS BEFORE INCOME TAXES		**$**	**(11,879)**	$	(2,895)
Income and mining tax expense	24		**(690)**		-
Net loss for the period			**(12,569)**		(2,895)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassifed subsequently to profit or loss					
Translation adjustment		**$**	**(2,383)**		(464)
Other comprehensive loss			**(2,383)**		(464)
Total comprehensive loss		**$**	**(14,952)**	$	(3,359)
Basic and diluted (loss) earnings per share					
Basic		**$**	**(0.28)**	$	(0.07)
Diluted		**$**	**(0.28)**	$	(0.07)
Weighted average number of shares outstanding					
Basic			**44,784,428**		39,550,097
Diluted			**44,784,428**		39,550,097

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

CERRADO GOLD INC.

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Note		Year ended December 31, 2020		Year ended December 31, 2019
OPERATING ACTIVITIES					
Net income (loss)		**$**	**(12,569)**	$	(2,895)
Adjustments for:					
Depreciation and depletion			**2,538**		34
Share-based payments	16		**2,345**		1,761
Initial Gold Stream Advance payment	12		**15,000**		-
Amortization of deferred revenue	12		**(888)**		-
Finance costs on deferred revenue	12		**2,048**		-
Accretion on future consideration payable	4		**2,122**		-
Investment income			**(155)**		-
Other			**485**		-
Cash flow from (used in) operating activities before changes in non-cash working capital items			**10,926**		(1,100)
Changes in non-cash working capital items:					
Receivables and other assets			**1,393**		(10)
Inventories			**1,883**		-
Trade and other payables			**1,994**		859
Net cash from (used in) operating activities		**$**	**16,196**	$	(251)
INVESTING ACTIVITIES					
Additions to property, plant and equipment	7		**(3,799)**		-
Additions to exploration and evaluation assets	8		**(4,825)**		(1,143)
Subscription of short-term investments			**(1,322)**		-
Redemption of short-term investments			**2,175**		-
Investment in marketable securities			**(200)**		-
Acquisition of Minera Don Nicolas, net of cash acquired	4		**(14,368)**		-
Other			**(50)**		-
Net cash used in investing activities		**$**	**(22,389)**	$	(1,143)
FINANCING ACTIVITIES					
Revolving prepayment facility borrowings	13		**17,500**		-
Revolving prepayment facility (repayments)	13		**(11,125)**		-
Shareholder loans received			**-**		546
Shareholder loans (repayments)			**(642)**		(15)
Advances to related party			**(186)**		-
Interest paid			**(14)**		-
Proceeds from private placements, net of share issue costs	14		**7,463**		927
Net cash from financing activities		**$**	**12,996**	$	1,458
Effect of exchange rates on cash and cash equivalents			**(203)**		(107)
Increase (decrease) in cash and cash equivalents			**6,600**		(43)
Cash and cash equivalents, beginning of period			**38**		81
Cash and cash equivalents, end of period		**$**	**6,638**	$	38

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

CERRADO GOLD INC.

Consolidated Statements of Changes in Equity

(Expressed in thousands of US dollars)

	Note	Number of shares	Issued Share Capital	Shares to be issued	Warrants	Share-based payments reserve	Acumumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 2018		37,502,705	$ 12,726	$ 50	$ 60	$ -	$ (1,150)	$ (1,910)	$ 9,776
Private placement		-	-	-	-	-	-	-	-
Share-based payments - Options issued and vested	16	-	-	-	-	1,000	-	-	1,000
Share-based payments - RSUs vested	16	-	-	-	-	655	-	-	655
RSUs redeemed	14, 16	753,335	339	-	-	(339)	-	-	(0)
Foreign currency translation adjustment		-	-	-	-	-	51	-	51
Private placement	14	1,895,331	873	54	-	-	-	-	927
Share-based payments - Options issued and vested		-	-	-	-	-	-	-	-
Share-based payments - RSUs vested	14, 16	-	-	-	-	106	-	-	106
RSUs redeemed		-	-	-	-	-	-	-	-
Foreign currency translation adjustment		-	-	-	-	-	(515)	-	(515)
Loss for the year		-	-	-	-	-	-	(2,895)	(2,895)
Balance, December 31, 2019		40,151,371	13,938	104	60	1,422	(1,614)	(4,805)	9,105
Private placement	14	2,000,000	1,000	-	-	-	-	-	1,000
Settlement of shares to be issued	14	370,000	104	(104)	-	-	-	-	-
Special Warrant financing	14	-	-	7,077	214	-	-	-	7,291
Special Warrant financing - issuance costs, cash	14	-	-	(513)	-	-	-	-	(513)
Special Warrant financing - issuance costs, Agent Options & Finder's Warrants	14, 15			(314)	-	-	-	-	(314)
Shares issued for deferred management compensation	14	400,000	200	-	-	-	-	-	200
Share-based payments - compensation	14	154,325	123	-	-	-	-	-	123
Extension of warrants	15	-	-	-	40	-	-	-	40
Share-based payments - RSUs vested	16	-	-	-	-	2,200	-	-	2,200
RSUS redeemed	14, 16	3,908,325	1,945	-	-	(1,945)	-	-	-
RSUs cancelled	16	-	-	-	-	(19)	-	-	(19)
Foreign currency translation adjustment		-	-	-	-	-	(2,383)	-	(2,383)
Loss for the year		-	-	-	-	-	-	$ (12,569)	(12,569)
Balance, December 31, 2020		46,984,021	17,310	6,250	314	1,658	(3,997)	(17,374)	4,161

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

1. NATURE OF OPERATIONS

Cerrado Gold Inc. ("Cerrado" or "the Company") through its 100%-owned Brazilian subsidiaries Templewood Mineração e Participações Societárias Ltda ("Templewood") and Serra Alta Mineração Ltda. ("Serra Alta") owns the Monte de Carmo Gold Project ("MDC") in the State of Tocantins, Brazil. On March 16, 2020, Cerrado closed the US$47 million acquisition of Minera Don Nicolas ("MDN") and its namesake mine in Santa Cruz, Argentina (see Note 4). Since acquiring MDN in March 2020, the Company is focused on increasing gold production and optimizing mine operations. The Company is also engaged in the evaluation of exploration and advanced development stage mineral resource opportunities, on an ongoing basis. On February 19, 2021, the Company completed a reverse takeover ("Cerrado RTO") transaction with BB1 Acquisition Corp. ("BB1") whereby Cerrado Gold Inc. amalgamated with a wholly owned subsidiary of BB1 and the shareholders of BB1 received corresponding securities of Cerrado on a 1:8.3 basis for the issuance of Cerrado shares and options. The Company continued under the name Cerrado Gold Inc. following the completion of the RTO (see Note 26) and began trading its common shares on the TSX Venture Exchange under the symbol CERT. The Company's head office, principal address and records office are located at 110 Yonge Street, Suite 501, Toronto, Ontario, Canada, M5C 1T4.

The business of exploring for gold involves a high degree of risk and there can be no assurance that current or future exploration programs will result in the discovery of mineral reserves and the establishment of profitable operations. The Company's continued existence is dependent upon the preservation of its interests in its underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to complete additional financings, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at December 31, 2020 the Company had a cash balance of $6,638. Our liquidity position is, however, sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting increased production targets, metal prices, foreign exchange rates, operational costs, and capital expenditures. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Cerrado. Management expects that the Company's existing cash at December 31, 2020 together with cash from MDN operations and additional financing secured in February 2021 (See Note 26) will be sufficient to fund cash requirements in the ordinary course of business for a period of at least twelve months.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Financial Statements were approved by the Company's Board of Directors on April 29, 2021.

The Financial Statements have been prepared on a historical cost basis except for financial instruments, as set out in the accounting policies in note 3.

(b) Functional and presentation currency

These financial statements are presented in thousands of U.S. dollars ("USD"). The functional currency of the Company is the USD, while the functional currency of the Company's Brazilian subsidiaries is the Brazilian Real ("BRL") and Argentine MDN is the USD.

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

The accounting policies set out in Note 3 have been applied consistently by the Company and its subsidiaries in preparing the consolidated financial statements for the years ended December 31, 2020 and 2019.

(d) Impact of COVID-19 Pandemic

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. During the year ended December 31, 2020, the Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. Incremental costs resulting from COVID-19 across all mine sites include community support, the acquisition of additional personal protective equipment, higher transportation costs, and overtime costs resulting from lower headcount levels on site

to accommodate social distancing. As the pandemic continues to progress and evolve, it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods. This uncertainty impacts judgements made by the Company, including those relating to determining the recoverable values of the Company's non-current assets as discussed in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and by all Company entities.

(a) Basis of consolidation

Subsidiaries

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries:

- Minera Don Nicolas ("MDN"), incorporated in Argentina;
- Templewood Mineração e Participações Societárias Ltda. ("Templewood"), incorporated in Brazil;
- Serra Alta Participações Imobiliarias SA ("Serra Alta SA), incorporated in Brazil; and
- Serra Alta Mineração Ltda. ("Serra Alta Mineração"), incorporated in Brazil

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Translation of foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which that entity operates (its functional currency). The functional currency of the Canadian parent company is the USD, the functional currency of the Argentine subsidiary is the USD and the functional currency of the Brazilian subsidiary companies is BRL.

Management determines the functional currency of each subsidiary as the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the respective functional currencies of the entity at exchange rates in effect at the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currency using the period end exchange rate. Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates that were in effect at the transaction dates. Foreign currency gains and losses arising on period-end revaluations are recognized in the consolidated statement of operations and comprehensive loss.

Operations with functional currency other than the USD

For the purpose of the consolidated financial statements, assets and liabilities of entities that have functional currencies other than the US dollar are translated to US dollars at the reporting date using the exchange rate on that date. Revenue and expenses are translated at monthly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in OCI and presented within equity in the foreign currency translation reserve. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the consolidated statement of operations and comprehensive loss as part of the profit or loss on disposal.

(c) Revenue

Revenue from the sale of goods to customers is measured at the fair value of the consideration received or receivable. Revenue from the sale of by-products is included in revenue.

Sales revenue is recognized when control of the goods sold has been transferred to the buyer. Control is deemed to have passed to the customer when significant risks and rewards of the product has passed to the buyer, and the Company has a present right to payment.

Sales of dore and certain other products are typically priced at the date of export. Under certain contracts, the sales prices may be subject to final adjustment up until the outturn at the refinery, based on quoted market prices during the period specified in the contract.

The Company only includes in the transaction price an amount which is not highly likely to be subject to significant subsequent revenue reversal. Within sales contracts with customers, separate performance obligations may arise pertaining to the shipping of goods sold. Where significant, costs and the transaction price are allocated on a relative stand-alone selling basis to any separate performance obligations and are recognized over the period of time the goods sold are shipped, on a gross basis.

(d) Deferred Revenue

Metal revenue subject to precious metal stream contracts

The Company entered into a streaming arrangement with a customer (the "Metals Streaming Agreement ") pursuant to which, the Company received advanced consideration against the delivery of a portion of future gold metal production in reference to the Company's MDN mine. In addition to the advance consideration, the Company will also receive a cash payment as metal is delivered to the customer. Refer to Note 12 for details on the Metals Streaming Agreement.

The Company recognized the advanced consideration as deferred revenue and recognizes the amounts in revenue as it satisfies its performance obligation to deliver metal to the customer over the life of the contract. In contracts for the delivery of gold and silver, the performance obligation is typically at the point in time when the metal is credited to the metal account for the customer. Following the crediting of gold and silver to the customer's metal account, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the metal, and therefore, the ability to direct the use of, and obtain substantially all of the remaining benefits, from the metal.

The Company determines the amortization of deferred revenue to the consolidated statements of operations on a per unit basis. In streaming arrangements, the estimated total quantity of metal expected to be delivered to the customer over the term of the contract is used. Subsequent changes to expected deliveries result in an adjustment to revenue in the year of change and is retroactively adjusted for the new number of ounces expected to be delivered under the contract.

Where consideration is received in advance of the Company's performance of its obligation, there is an inherent financing component in the transaction. When the period between the receipt of consideration and revenue recognition is greater than one year, the Company determines whether the financing component is significant to the contract.

Where a contract is determined to have a significant financing component, the transaction price is adjusted to reflect the financing. The discount rate used in adjusting the promised amount of consideration is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. This rate is not subsequently adjusted for any other changes over the contract term.

The accretion of the interest expense is recognized in the finance expense line in the consolidated statements of operations, unless capitalized to assets under construction in accordance with the Company's policy on capitalized borrowing costs.

The Company estimates the current portion of deferred revenue based on quantities anticipated to be delivered under the contract over the next twelve months.

(e) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents have maturities of three months or less at the date of acquisition. Interest earned is included in other income on the consolidated statement of operations and comprehensive loss.

Amounts that are restricted from being used for at least twelve months after the reporting date are classified as non-current assets and presented in restricted cash on the consolidated balance sheets. Changes in restricted cash balances are classified as investing activities on the consolidated statements of cash flows.

(f) Inventories

Inventories consist of stockpiles, in-process inventory, and supplies and consumables. Dore and all other saleable products are valued at the lower of cost and estimated net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where the net realizable value is less than cost, the difference is charged to the consolidated statement of operations and comprehensive loss as an impairment.

Cost of production of inventory is determined on a weighted average cost. The cost of production includes direct costs associated with conversion of production inventory: material, labour, contractor expenses, and an attributable portion of production overheads and depreciation of all property, plant and equipment involved with the mining and production process.

Materials and supplies include consumable stores and spare parts used in operations. Appropriate allowances for damage, obsolescence and slow-moving items are recorded based on an identification process. Spare parts include spares that are regularly replaced, usually as part of a replacement programme (circulating spares). However, major spare parts on hand to ensure the uninterrupted operation of the production equipment before an unexpected breakdown or equipment failure and stand-by equipment are accounted for as property, plant and equipment and depreciated over the same period as the component they are associated with.

Supplies and consumables are valued at the lower of average cost and net realizable value. A regular review is undertaken to determine the extent of any provision for obsolescence.

(g) Exploration and evaluationexpenditures

Exploration and evaluation (“E&E”) activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility, and the assessment of commercial viability of an identified resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company’s exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluations costs are capitalized. These costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to the evaluation of technical feasibility and commercial viability of extracting mineral resources. Cash flows associated with exploration and evaluation assets are classified as investing activities in the consolidated statements of cash flows.

Administrative and other general overhead costs associated with finding specific mineral resources are capitalized. Administrative and overhead costs are expensed if they do not qualify for capitalization as an E&E asset. The following costs may qualify for inclusion as an E&E asset:

- Payroll-related costs attributable to personnel working directly on a specific project, including the costs of employee benefits and share-based compensation for such personnel;
- Certain management costs if the management roles are specific to a project;
- Fees paid to contractors involved in a particular project;
- Legal or other professional costs specific to the project – i.e. costs in respect of obtaining certain permits and certifications; and
- General office overheads for an office that is set up specifically to support E&E activities.

Exploration and evaluation assets are transferred to assets under construction within property, plant and equipment once the Company determines that probable future economic benefits will be generated as a result of the expenditures. The Company’s determination of probable future economic benefit is based on management’s evaluation of the technical feasibility and commercial viability of the geological properties of a given ore body based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and the economic assessment of whether the ore body can be mined economically. Tools that may be used to determine this include a preliminary feasibility study, confidence in converting resources into reserves and the probability that the property could be developed into a mine site. At that time, the property is considered to enter the development phase, and subsequent development costs are capitalized.

(h) Mining interest

Mining interests represent capitalized expenditures related to the development of mining properties, related plant and equipment and expenditures arising from property acquisitions. Upon disposal or abandonment, the carrying amounts of mining interests are de-recognized and any associated gains or losses are recognized in profit or loss.

Mining properties

Purchased mining properties are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Property acquisition costs, longer term development, and costs incurred to expand ore reserves are capitalized if the criteria for recognition as an asset are met.

The carrying amounts of mining properties are depleted using the unit-of-production ('UOP') method over the estimated recoverable ounces, when the mine is capable of operating at levels intended by management. Under this method, depletable costs are multiplied by the number of ounces produced, and divided by the estimated recoverable ounces contained in proven and probable reserves and a portion of resources where it is considered highly probable that those resources will be economically extracted.

Management reviews the estimated total recoverable ounces contained in depletable reserves and resources at each financial year end, and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable ounces contained in depletable reserves and resources are accounted for prospectively.

Deferred Stripping Costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically, the process of which is referred to as stripping. Once an open pit mining operation (or pit) is determined to no longer be in the pre-production stage, costs are either capitalized to inventory or, if it qualifies as an open pit stripping activity that provides a future benefit, to deferred stripping costs within Mining Interests. Production phase stripping costs, which are those incurred during the production stage of a mine (or pit), are accounted for as costs of inventory produced during the period, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body. Production phase stripping costs generate a future economic benefit when the related stripping activity improves access to a component of the ore body to be mined in the future, increases the fair value of the mine (or pit) or increases its productive capacity. Production phase stripping costs that are expected to generate a future economic benefit are capitalized as deferred stripping costs within Mining Interest. Deferred stripping costs are depreciated on a UOP basis whereby the denominator is the estimated ore tonnes considered probable of economic extraction based on the current LOM plan that benefit from the stripping activity.

Property, plant and equipment

The Company measures items of property, plant and equipment at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an item of property, plant and equipment includes its purchase price or construction costs, including import duties and non-refundable purchase taxes, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The initial cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Capitalization of costs ceases once an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. At this time, depreciation commences. For a new mine, this occurs upon commencement of commercial production. Any revenue earned prior to commencement of commercial production is recognized in the consolidated statement of operations and comprehensive loss.

Carrying amounts of property, plant and equipment, including depreciated to their estimated residual value over the estimated useful lives of the assets or the estimated life of the related mine or plant, if shorter. Where components of an asset have different useful lives, depreciation is calculated on each separate component. Components may be physical or non-physical, including the cost of regular major inspections and overhauls required in order to continue operating an item of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Upon derecognition of an item of property, plant and equipment, the difference

between its carrying value and net sales proceeds, if any, is presented as a gain or loss in other operating income or expense in the consolidated statement of operations and comprehensive loss.

Right-of-use assets

Contracts that convey the right to the Company to control the use of an identified asset for a period of time in exchange for consideration is accounted for as a lease, resulting in the recognition of a right-of-use ('ROU') asset at the commencement of the lease. The ROU asset is measured at cost and includes the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement dates, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to restore the underlying asset, and any site upon which it is located, to the condition required by the terms and conditions of the lease.

ROU assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.
The accretion applied in establishing the net present value of provisions is charged to profit or loss in each accounting period and recorded as a financing cost.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to profit or loss.

(i) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of property, plant and equipment and exploration and evaluation assets to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss, if any. The Company generally assesses impairment at the level of CGUs, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of cash inflows from other assets.

The Company allocates exploration and evaluation assets to CGUs based on their operating segment, geographic location and management’s intended use for the property. Exploration and evaluation assets are allocated to CGUs separate from those containing producing or development-phase assets, except where exploration and evaluation assets have the potential to significantly affect the future production of producing or development-phase assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset or CGU is made. The recoverable amount is the higher of the fair value less costs of disposal and value in use:

i. Fair value less costs of disposal is the amount obtainable from the sale of the asset or CGU in an arm’s length transaction between knowledgeable, willing parties, less costs of disposal. Fair value for mineral assets is often determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to arrive at a net present value of the asset.
ii. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use calculations apply assumptions specific to the Company’s continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value, and consequently the value in use calculation is likely to give a different result to a fair value calculation.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss.

(j) Provisions

Provisions are recognized when the Company or its subsidiaries has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions

are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote.

Decommissioning and restoration provisions

The Company has provisions for decommissioning and restoration costs which include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning and restoration costs are a normal consequence of mining and the majority of decommissioning and restoration expenditures are incurred at the end of the life of mine. Although the ultimate cost to be incurred is uncertain, the Company estimates the respective costs based on engineering studies using current restoration standards and techniques.

Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs of the closure plan.

Provisions for decommissioning and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligation to reflect events, changes in circumstances and new information available. The principal factors that can cause expected cash flow to change are: changes in laws and regulations governing the protection of the environment, construction of new facilities, changes in estimated lives of operations, changes in the life-of-mine plan, and changing ore characteristics that impact required environmental protection measures. Monetary foreign currency-denominated obligations are translated at the exchange rates at the end of the reporting period.

The initial closure provision together with other movements in the provisions for decommissioning and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalized within property and equipment. These costs are then depreciated over the lives of the assets to which they relate.

(k) Financial Instruments

Non-derivative financial instruments are initially recognized at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, directly attributable transaction costs. Measurement in subsequent periods depends on the financial instrument's classification. The Company determines the classification of its financial instruments and non-financial derivatives at initial recognition.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The classification of financial assets is based on the results of the contractual characteristics test and the business model assessment which will result in the financial asset being classified as either: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

(i) ***Non-derivative financial instruments***

Amortized cost
Cash and Receivables other assets are classified as and measured at amortized cost and are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial liabilities
Accounts payable and due to Monte Sinai are initially recognised at FVTPL and subsequently accounted for at amortized cost, using the effective interest rate method.

(ii) ***Fair values of financial instruments***

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.
Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available.

For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models.

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques use significant observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), or valuations are based on quoted prices for similar instruments; and
- Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

An analysis of fair values of financial instruments is provided in note 20.

(iii) ***Derecognition of financial instruments***

The Company derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire or when its terms are modified and the cash flows of the modified liability are substantially different.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(l) Taxation

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The Company is subject to income taxes in multiple jurisdictions. The Company recognizes liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Deferred Tax

Deferred tax is recognized using the balance sheet method in respect of temporary differences at the balance sheet date between the tax basis of assets and liabilities, and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Judgement is required in determining whether deferred tax assets are recognized on the consolidated balance sheets. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable profit in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognized outside profit or loss (whether in other comprehensive income or directly in equity) are recognized outside profit or loss and not in the consolidated income statements. Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax.

(m) Loss per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which currently consist of stock options and RSUs granted to employees and warrants.

When calculating earnings per share for periods where the Company has a loss, the Company’s calculation of diluted earnings per share excludes any incremental shares from the assumed conversion of stock options, RSUs, and warrants as they would be anti-dilutive.

(n) Share Capital and Reserves

Transaction costs

Transaction costs directly attributable to equity transactions are recognized as a deduction from equity.

Share-based payment reserve

Share-based payment reserve is used for equity-settled share-based payments and includes amounts for stock options and RSUs granted, vested and not exercised.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. Exchange differences arising from the translation of the financial statements of foreign operations form part of the net investment in the foreign operation. Translation gains and losses remain in the reserve until disposal of all or a portion of the foreign operation.

(o) Share-based payments

The Company maintains a Restricted Share Unit (“RSU”) and stock option plan for employees, directors, and other qualified individuals.

Equity-settled transactions, which include RSUs, performance RSUs and stock options, are measured by reference to their fair value at the grant date. The fair value for RSUs is determined using the estimated fair value of the common shares at the grant date. The fair value for stock options is determined using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected average life of options. The Company believes this model adequately captures the substantive features of the option awards and are appropriate to calculate their fair values. The fair value determined for both RSUs and stock options at grant date is recognized over the vesting period in accordance with the vesting terms and conditions, with a corresponding increase to share-based payment reserve.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 16. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss over the vesting period in accordance with vesting terms and conditions, with a corresponding increase to share-based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

The fair value of the performance RSUs is determined by the performance requirements. When the performance requirements are linked to Market conditions, the length of the expected vesting period is estimated consistent with the same assumptions used in estimating the grant-date fair value of the equity instrument granted. Additionally a valuation technique is used to determine the fair value of the shares at the grant date.

(p) Leases

Leases recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then an asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purpose it will be used.

If a contract is assessed to contain a lease, a lease liability is recognized representing the present value of cash flows estimated to settle the contract, discounted using the discount rate implicit in the lease, or if that is not available, a discount rate which would be required if the underlying asset was acquired through a financing arrangement. The Company will also recognize a right-of-use asset ("ROU") that will generally be equal to the lease obligation at adoption. The ROU is subsequently amortized over the life of the contract.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors.

(r) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Company reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that the Company believes to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in any future periods affected.

The following are the significant judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Significant Judgments in Applying Accounting Policies

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company's Argentine and Brazilian subsidiaries is, respectively, the USD and Brazilian Real. Determination of functional currency involves judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Accounting Estimates and Assumptions

Determination or reserves and resources

The Company estimates mineral reserves and resources to determine future recoverable mine production based on assessment of geological, engineering and metallurgical analyses, estimates of future production costs, capital costs and reclamation costs, as well as long term commodity prices and foreign exchange rates. There are numerous uncertainties inherent in estimating mineral reserves and resources, including many factors beyond the Company's control. The estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and interpreting this data requires complex geological judgements. Changes in mineral reserve or resource estimates may impact the allocation of purchase price allocations, the carrying value of exploration and evaluation assets and depreciation and depletion.

Stockpile valuation

The Company accounts for its ore stockpiles and in-process precious metals inventory using a process flow for applicable costs appropriate to the physical transformation of ore through the mining, crushing, leaching from heap leach operations, milling and gold recovery process. The Company estimates the expected ultimate recovery based on laboratory tests and ongoing analysis of leach pad kinetics in order to estimate the recoverable metals at the end of each accounting period. If the Company determines at any time that the ultimate recovery should be adjusted downward, then the Company will adjust the average carrying value of a unit of metal content in the in-process inventory and adjust upward on a prospective basis the unit cost of subsequent production. Should an upward adjustment in the average carrying value of a unit of metal result in the carrying value exceeding the realizable value of the metal, the Company would write down the carrying value to the realizable value.

Tax provisions

Management makes estimates in determining the measurement and recognition of deferred tax assets and liabilities recorded on the consolidated balance sheets. The measurement of deferred tax assets and deferred tax liabilities is based on tax rates that are expected to apply in the period that the asset is realized or liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected. At the end of each reporting period, management reassesses the period that assets are expected to be realized or liabilities are settled and the likelihood of taxable income in future periods in order to support and adjust the deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheets.

Business combinations and asset acquisitions

When the Company makes an acquisition, it first determines whether the assets acquired and liabilities assumed constitute a business, in which case the acquisition requires accounting as a business combination. Management applies judgement in determining whether the acquiree is capable of being conducted and managed for the purpose of providing a return, considering the inputs of the acquiree and processes applied to those inputs that have the ability to create outputs.

Provision for Environmental Rehabilitation

Significant estimates and assumptions are made in determining the environmental rehabilitation costs as there are numerous factors that will affect the ultimate environmental rehabilitation provision. These factors include estimates of the timing and costs of rehabilitation activities, current changes in available technologies and regulations, and changes in discount rates. Those uncertainties may result in actual expenditures in the future being different from the amounts currently provided.

(r) Changes in accounting policy and disclosures

New and amended standards adopted by the Company

Amendment to IFRS 3 - Business Combinations

The amendment to IFRS 3 facilitates companies in assessing whether the activities and assets that they acquire under a transaction are the acquisition of a group of assets or a business. The amendment confirmed that a business must include inputs and process and clarified that the process must be substantive; and the inputs and process must together significantly

contribute to creating outputs. In addition, the amendment narrowed the definition of a business and added an optional concentration test that can be performed to conclude that a company has acquired a group of assets, rather than a business, of the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This amendment was adopted by the Company prospectively effective January 1, 2020 and was applied in relation to the MDN acquisition at March 16, 2020 and the transaction was determined to be the acquisition of a business.

Standards and amendments issued but not yet effective or adopted

IAS 1 Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity’s right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendment is not expected to materially affect the classification of liabilities on the Company's financial statements, however an assessment will be performed prior to the effective date of January 1, 2023.

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The extent of the impact of adoption of this standard has not yet been determined.

4. ACQUISITION OF MINERA DON NICOLAS S.A.

On March 16, 2020 (the “Closing Date”), the Company entered into an Agreement to acquire MDN and its namesake operating mine and surrounding properties in Argentina. The Company acquired the MDN mine in Argentina to add an operating asset that will complement the Company’s Monte do Carmo gold exploration project in Brazil. Under the terms of the agreement the Company paid the Compañia Inversora En Minas (“CIMINAS”) and Compañia Inversora Argentina Para La Exportacion S.A. (“CIAPEXSA”) (together the “Sellers”) an initial payment of $15,000 at closing, with future payments of $10,000 in 24 months, $2,000 in 36 months, $10,000 in 48 months and $10,000 in 60 months from the Closing Date and will be payable from a sinking fund, to be set up by the Company. The future consideration payable amount was initially recorded at fair value of $21,425. The payable amount is discounted using a rate of 12%, which was the Company’s estimated weighted-average cost of capital. During the year ended December 31, 2020, the discount was amortized by $2,122 which were included in finance costs.

In addition to the agreed upon payment of $47,000, the Sellers are entitled to the following “Initial Bonus” amounts, 48 months from closing date, provided the terms of agreement as described are met;

- $2,500 if Mineral Reserves in accordance with NI 43-101 technical report, exceed closing Mineral Reserves of 215,000 ounces of gold by between 250,000 and 499,999 ounces of gold

- $5,000 if Mineral Reserves in accordance with NI 43-101 technical report, exceed closing Mineral Reserves of 215,000 ounces of gold by at least 500,000 ounces of gold

In addition to the above, the Sellers are entitled to a “Final Bonus” of $5,000, 30 months from the final payment date, if Mineral reserves in accordance with NI 43-101 technical report, exceed closing Mineral Reserves of 215,000 ounces of gold by at least 750,000 ounces of gold.

The “Initial and Final Bonus” payment will not be payable to the Seller if the average LBMA gold price per ounce is below $1,250 in the six months preceding the payment date as described.

As described above the “Initial and Final Bonus” is contingent upon meeting several criteria, including the completion of the NI 43-101 report. These contingent payments have been valued at $nil and are not included in the purchase price calculation below.

With the completion of the transaction, MDN has become a wholly owned subsidiary of Cerrado, and the Company is now the owner and operator of MDN, an open-pit gold mine in the province of Santa Cruz, Argentina.

The Company determined that the transaction represents a business combination under IFRS 3 Business Combinations ("IFRS 3"), with Cerrado identified as the acquirer and as such, the transaction has been accounted for using the acquisition method of accounting in accordance with IFRS 3. The total purchase price consideration of the acquisition was $36,425.

Acquisition related transaction costs of $659 were recorded in the Company's consolidated statements of operation and comprehensive income in 2020.

The table below presents the purchase price consideration and the Company's valuation of the assets acquired and liabilities assumed, in line with the requirements of IFRS 3.

Purchase Price	
Cash paid	$ 15,000
Fair value of consideration payable	21,425
	$ 36,425

Purchase Price Allocation	
Cash and cash equivalents	$ 632
Short-term investments	871
Trade and other receivables	1,646
Fiscal credit receivable	4,346
Inventories - current	7,965
Inventories - non-current	4,264
Other receivables	4,440
Property, plant and equipment	24,136
Total identifiable assets acquired	**48,300**
Trade and other payables	(7,927)
Payroll obligations	(1,426)
Tax obligations - current	(44)
Finance lease obligations - current	(359)
Loans payable - current	(24)
Finance lease obligations - non-current	(510)
Other liabilities - non-current	(221)
Provisions	(1,364)
Total identifiable liabilities assumed	(11,875)
Total identifiable net assets	**$ 36,425**

In addition to the cash consideration paid and the deferred purchase price, the final purchase price is subject to a working capital adjustment. The working capital adjustment has not been finalized and is subject to further review and negotiation with the Sellers and, failing that, to a dispute resolution mechanism. Therefore, the Company is unable to estimate an amount for the working capital adjustment to be included in the final purchase price. Once finalized, the working capital adjustment will be recognized in the statement of operations.

The Company began consolidating the operating results, cash flows and net assets of MDN from March 16, 2020. As such, MDN contributed revenue of $32,893, income before income taxes of $1,415 to the Company's results in for the year ended December 31, 2020. If the acquisition of MDN had taken place on January 1, 2020, pro forma total consolidated revenue and loss before income taxes for the Company would have been approximately $41,165 and ($11,131), respectively for the year ended December 31, 2020.

As at the date of acquisition, MDN had approximately $66,000 of excess tax basis, the benefit of which has not been recognized in the purchase equation or these financial statements.

5. TRADE AND OTHER RECEIVABLES

	December 31 2020	December 31 2019
Current		
Trade receivables	$ 519	$ -
Sales tax and other statutory receivables	7,278	42
Other assets	784	10
	8,581	52
Non-current		
Sales tax and other statutory receivables	-	-
Other assets	1,080	-
	1,080	-
	$ 9,661	$ 52

Current taxes receivable relates to refundable Harmonized Sales Tax ("HST") paid in Canada and Value Added Tax in Argentina. Non-current other assets relate to the non-current portion of supplier advances in Argentina.

6. INVENTORIES

	December 31 2020
Ore stockpiles	$ 1,001
In-circuit	2,636
Finished metal	-
Metal Inventories	**$ 3,637**

Inventories	December 31 2020
Supplies and consumables	$ 5,996
Less: non-current portion of supplies and consumables	(3,638)
	$ 2,358

Long-term supplies and consumables represent materials and supplies that are expected to be used beyond the next 12 months.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	Property, Plant and Equipment	Assets Under Construction	Land and Building	Total
Cost					
December 31, 2019		-	-	105	105
Acquisition through business combination	4	20,331	3,782	23	24,136
Additions		2,659	2,612	-	5,271
Change in provision for environmental rehabilitation		280	-	-	280
As at December 31, 2020		23,270	6,394	128	29,792
Accumulated depreciation and amortization					
December 31, 2019		-	-	34	34
Charge for the period		2,359	-	33	2,392
As at December 31, 2020		2,359	-	67	2,426
Net book value					
Balance, December 31, 2019		-	-	71	71
Balance, December 31, 2020		**$ 20,911**	**$ 6,394**	**$ 61**	**$ 27,366**

8. EXPLORATION AND EVALUATION ASSETS

Monte do Carmo (MDC) Gold Project – Brazil

The Monte do Carmo Gold Project is located in the state of Tocantins, Brazil, immediately east of the town of Monte do Carmo. The Serra Alta Deposit is the main focus of exploration at the Monte do Carmo project.

The MDC project was acquired from Monte Sinai Mineração Ltda. (“Monte Sinai”) in April 2018. Liabilities assumed on acquisition relate to expenses incurred by Monte Sinai prior to the acquisition, are payable directly to Monte Sinai, have no fixed terms of repayment and bear no interest. As at December 31, 2020 these liabilities have a balance of $245.

The terms of the acquisition provide for a 2% net smelter royalty granted to the former owners of the project. The royalty can be reacquired by the Company for US$2,000. The Company did not measure or recognize a contingent liability in relation to the net smelter royalty.

In December 2020, the Company exercised its option to buy back the 2% net smelter return (“NSR”) royalty for a total purchase price (aggregate cash consideration) of US$1,250, and recognized $100 advance as at December 31, 2020. The remaining payments are to be made as follows, $650 to be paid in March 2021, with the balance of $500 expected to be paid in May 2021 upon which the Company will obtain the rights to the NSR royalty.

As per the terms of the MDC Acquisition Agreement dated April 20, 2018 and the Royalty buyback agreement, the sellers of the project have the right to a payment US$1,500 if an aggregate of 2,500,000 oz of gold are identified in a mineral resource estimate in accordance with NI 43-101. The Company has not measured or recognized a contingent liability in relation to the above payments.

Las Calandrias and Los Cisnes Gold-Silver Projects - Argentina

On January 19, 2021 the Company completed an agreement with Capella Minerals Ltd. (“Capella Minerals”) to acquire 100% of its Argentine subsidiary Minera Mariana Argentina S.A. (“Minera Mariana”). Minera Mariana is the owner of the Las Calandrias and Los Cisnes gold-silver projects, in addition to a portfolio of exploration concessions located in the Eastern Deseado Massif, Santa Cruz Province, southern Argentina. See Note 26.

During the year ended December 31, 2020, the Company incurred $33 in costs related to the acquisition of Minera Mariana.

The following is a summary of the capitalized costs of the Monte do Carmo Project, Minera Don Nicolas Mine’s exploration and evaluation assets and Minera Mariana for the years ended December 31, 2020 and 2019:

	Monte do Carmo Gold Project	Minera Don Nicolas Mine	Minera Mariana	Total
Balance at January 1, 2020	$ 13,607	$ -	$ -	$ 13,607
Net additions	2,402	829	33	3,264
Effect of movements in exchange rates	(3,124)	-	-	(3,124)
Balance at December 31, 2020	$ 12,885	$ 829	$ 33	$ 13,747

9. TRADE AND OTHER PAYABLES

	December 31 2020	December 31 2019
Current		
Trade payables	**$ 7,013**	$ 1,377
Accrued liabilities	**5,560**	591
Payroll and government remitances	**1,891**	319
Other liabilities	**62**	-
	$ 14,526	$ 2,287
Non-current		
Other liabilities	**$ 182**	$ 160
	182	160
	$ 14,708	$ 2,447

Oher liabilities represent obligations to Company employees and principally include accrued year-end compensation costs.

10. LEASE OBLIGATIONS

	December 31 2020	December 31 2019
Total minimum lease payments	**$ 799**	$ 139
Effect of discounting	**(163)**	(25)
Present value of minimum lease payments	**636**	114
Less: current portion	**(408)**	(78)
	$ 228	$ 36
Minimum payments under leases		
Due no later than 1 year	**496**	88
Due later than 1 year less than 5 years	**303**	51
	$ 799	$ 139

The Company sub-leases an office space from a company with directors and officers in common (see Note 22). The total minimum lease payments related to the sub-lease were $52 and $139 for the years ended December 31, 2020 and 2019.

11. PROVISIONS

Decommissioning and restoration

The Company's provision for environmental rehabilitation consists of costs accrued based on the best estimate of mine closure and reclamation activities that will be required at the MDN mine site upon completion of mining activity. These costs will largely be incurred on mine closure. These activities include costs for earthworks, including land re-contouring and re-vegetation, water treatment and demolition.

12. DEFERRED REVENUE

On March 13, 2020, the Company entered into the Metals purchase and sale agreement with Sprott Private Resource Streaming and Royalty Corp. ("Sprott") whereby the Company received an Initial Advance Payment of $15,000 against delivery of 6.25% of payable gold and silver over the remainder of MDN's mine life (the "Metals Streaming Agreement").

In addition to the deposit payment, as gold and silver is delivered to Sprott, the Company receives cash payments of 20% of the daily gold and silver market price two days prior to the date of delivery.

This agreement includes a step-down option whereby the stream percentage will be reduced from 6.25% down to 2.5% upon delivery of 21,250 gold equivalent ounces. At any time within twelve months following the step-down, the Company has a one-time buy-down option by further reducing the stream percentage from 2.5% to 1.25% with repayment to Sprott of $2,500 in immediately available funds.

The Company recorded the Initial Advance Payment received as deferred revenue and recognizes amounts in revenue as gold and silver is delivered to Sprott. The Company determines the amortization of deferred revenue on a per unit basis using the estimated total number of gold and silver ounces expected to be delivered to Sprott over the life of MDN mine. The Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months based on the mine plan.

Deferred revenue consists of: 1) initial cash deposit received by the Company for future delivery of payable gold and silver under the terms of the Metals Purchase and Sale Agreement, and 2) a significant financing component of the Metals Purchase and Sale Agreement resulting from the difference in the timing of the upfront consideration received and the promised goods delivered. As such, the Company recognizes interest expense at each reporting period and will accrete the deferred revenue balance to recognize the significant financing element that is part of the Metals Streaming Agreement. The interest rate of 17.02% is determined based on the rate implicit in the Metals Streaming Agreement at the date of inception.

The initial consideration received from the Metals Streaming Agreement is considered variable, subject to changes in the total gold and silver ounces to be delivered in the future. Changes to variable consideration will be reflected in the consolidated statement of comprehensive income and loss.

The following table summarizes deferred revenue:

Initial Gold Stream Advance Payment	$	15,000
Amortization of derred revenue:		
Deferred revenue recognized		(888)
Finance costs on deferred revenue		2,048
Balance, December 31, 2020	$	16,160

		December 31, 2020
Current portion	$	1,836
Non-current portion		14,324
Total	$	16,160

13. REVOLVING PREPAYMENT FACILITY

On March 12, 2020, the Company entered into an advance sales transaction pursuant to which, the Company received advanced consideration of $5,000. On December 3, 2020 the Company increased the revolving credit facility by $2,500, for total advanced consideration of $7,500. The advanced consideration is accounted for as a financial liability to be repaid over four months. The facility may be immediately renewable upon full repayment. The final draw the Company may make is June 30, 2021 unless mutually agreed otherwise. In March 2021, the Company revised the repayment terms of the facility to six months with the final draw of the Company to be made on June 30, 2022 unless mutually agreed otherwise. See Note 26 Subsequent Events. At December 31, 2020, the Company had drawn down a total $17,500 and repaid a total $11,125 under the revolving prepayment facility. As at December 31, 2020 the $6,393 balance bears interest at the rate of 3 Month LIBOR + 5.85% until repaid.

14. SHARE CAPITAL

Authorized share capital of the Company is comprised of an unlimited number of common and preferred shares, without par value.

	Note	Number of shares		Issued Share Capital		Shares to be issued
Balance, December 31, 2018		**37,502,705**	**$**	**12,726**	**$**	**50**
Private placement	(i)	1,895,331		873		54
RSUs redeemed	16	753,335		339		-
Balance, December 31, 2019		**40,151,371**	**$**	**13,938**	**$**	**104**
Private placement	(ii)	2,000,000		1,000		-
Settlement of shares to be issued	(ii)	370,000		104		(104)
Special Warrant Financing	(v)	-		-		7,077
Special Warrant financing - issuance costs, cash	(v)	-		-		(513)
Special Warrant financing - issuance costs, Agent Options & Finder's Warrants	(v)	-		-		(314)
Shares issued for deferred management compensation	(iii)	400,000		200		-
Share-based payments - compensation	(iv)	154,325		123		-
RSUS redeemed	16	3,908,325		1,945		-
Balance, December 31, 2020		**46,984,021**	**$**	**17,310**	**$**	**6,250**

(i) In January 2019, the Company completed a non-brokered private placement financing, pursuant to which the Company issued 1,495,331 common shares at $0.45 per share and 400,000 commons shares at $0.50 per share for gross proceeds of US$873.

(ii) In January 2020, the Company completed a non-brokered private placement financing, pursuant to which the Company issued 2,000,000 common shares at $0.50 per share for gross proceeds of $1,000 and share issue costs of $100. Also, a total of 370,000 shares were issued in respect of $104 previously received in cash and recorded as shares to be issued.

(iii) In March 2020, the Company issued 400,000 common shares in lieu of management compensation accrued and unpaid since December 2018 to officers and directors of the Company for a value of $200. This amount is included as Management Compensation in Note 22.

(iv) In November 2020 and December 2020, the Company issued 154,325 common shares in lieu of compensation in relation to consulting, Finder's and termination fees.

(v) In connection with the announced RTO, on September 11, 2020 the Company completed a private placement (the "Concurrent Financing Transaction") of 8,845,750 special warrants at a price of $0.80 per Special Warrant, for aggregate gross proceeds of $7,077 (the "Concurrent Financing"). In connection with the Concurrent Financing Transaction, the Company incurred cash issuance costs of $513. Haywood Securities Inc. (the "Agent") was engaged to act as lead Agent in connection with the Concurrent Financing. The Company granted 505,115 Agent Options and 123,625 Finder's Warrants exercisable in whole or in part by the Agent at US$0.80 for a total value of $314 (See Note 15). The net proceeds from the Concurrent Financing will be used to complete an Initial Preliminary Economic Assessment prepared in accordance with NI 43-101 based upon the current defined resources at MDC, complete an updated NI 43-101 mineral resource report for MDN, to undertake a new exploration drill program and associated metallurgical test work aimed at expanding the current resource and for general working capital purposes.

The determination of weighted average number of common shares for the purpose of diluted loss per Share excludes the following shares relating to warrants, options that were anti-dilutive for the periods below noted:

	December 31, 2020	December 31, 2019
Anti-dilutive warrants	2,628,740	2,000,000
Anti-dilutive options	4,000,000	4,000,000
Anti-dilutive RSUs	6,780,007	1,506,665

15. WARRANTS

As at December 31, 2020 and December 31, 2019, warrants outstanding were as follows:

	December 31, 2020			December 31, 2019		
Expiry Date	Exercise Price (US$)	Number of Warrants	Exercisable	Exercise Price (US$)	Number of Warrants	Exercisable
October 3, 2021	$0.20	2,000,000	2,000,000	$0.20	2,000,000	2,000,000
September 11, 2022	$0.80	628,740	628,740	-	-	-
	$0.34	2,628,740	2,628,740	$0.20	2,000,000	2,000,000

At December 31, 2020, the weighted average remaining contractual life of the warrants expiring on October 3, 2021 was 0.76 years (December 31, 2019 – 0.76 years). At December 31, 2020, the weighted average remaining contractual life of the warrants expiring on September 11, 2022 was 1.70 years.

Warrants transactions are summarized as follows:

	December 31, 2020			December 31, 2019		
	Number of Warrants	Exercise Price (US$)	Warrants	Number of Warrants	Exercise Price (US$)	Warrants
Balance, beginning of period	2,000,000	$0.20	$ 60	2,000,000	$0.20	$ 60
Agent and Finder's warrants granted	628,740	$0.80	214	-	-	-
Warrants extended	-	-	40	-	-	-
Balance, end of period	2,628,740	$0.34	$ 314	2,000,000	$0.20	$ 60

On October 3, 2017, the Company issued an aggregate of 2,000,000 warrants to officers and directors of the Company. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of US$0.20 per share on or before October 3, 2019. The estimated fair value of the warrants was deemed to be $Nil. The value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 65%, a risk-free rate of 1.52% and an expected life of 1 year.

On September 11, 2018, the Company extended these warrants until October 3, 2020. The Company used the Black-Scholes option pricing model to fair value the warrant extension, which was estimated to be $60. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 60%, and risk-free rate of 2.28%.

On June 24, 2020, the Company further extended these warrants until October 3, 2021. The Company used the Black-Scholes option pricing model to fair value the warrant extension, which was estimated to be $40. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 80%, and risk-free rate of 0.26%.

On September 11, 2020, the Company granted 505,115 Agent Options and 123,625 Finder's Warrants exercisable in whole or in part by the Agent at US$0.80 in relation to the Concurrent financing transaction. The estimated fair value of the warrants was $214. The value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 80%, a risk-fee rate of 0.25% and an expected life of 2 years.

16. SHARE-BASED PAYMENT RESERVE

	December 31, 2020			December 31, 2019		
	Stock Options	Restricted share units	Share-based payment reserve	Stock Options	Restricted share units	Share-based payment reserve
Balance, beginning of period	$ 1,000	$ 422	$ 1,422	$ -	$ -	$ -
Options vested	-	-	-	1,000	-	1,000
RSU vesting expense	-	2,200	2,200	-	761	761
RSUs redeemed	-	(1,945)	(1,945)	-	(339)	(339)
RSUs cancelled	-	(19)	(19)			
Balance, end of period	$ 1,000	$ 658	$ 1,658	$ 1,000	$ 422	$ 1,422

Options

On February 27, 2019, the Company's shareholders approved the Stock Option Plan ("the Option Plan") whereby the Company can grant to directors, officers, employees and consultants options to purchase common shares of the Company. The Option Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The

Option Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

As at December 31, 2020 the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	December 31, 2020			December 31, 2019		
Expiry Date	Exercise Price (US$)	Number of Stock Options	Exercisable	Exercise Price (US$)	Number of Stock Options	Exercisable
October 3, 2024	$0.45	4,000,000	4,000,000	$0.45	4,000,000	4,000,000
	$0.45	4,000,000	4,000,000	$0.45	4,000,000	4,000,000

At December 31, 2020, the weighted average remaining contractual life of the stock options was 3.76 years (December 31, 2019 – 4.76 years).

Stock option transactions are summarized as follows:

	December 31, 2020			December 31, 2019		
	Number of Stock Options	Exercise Price/Option (US$)	Share-based payment reserve	Number of Stock Options	Exercise Price/Option (US$)	Share-based payment reserve
Balance, beginning of period	4,000,000	$0.45	$ 1,000	-	-	$ -
Options granted	-	-	-	4,000,000	$0.45	1,000
Balance, end of period	4,000,000	$0.45	$ 1,000	4,000,000	$0.45	$ 1,000

Restricted Share Units ("RSUs")

As at December 31, 2020 and December 31, 2019 the Company had restricted share units enabling the holders to redeem common shares as follows:

	December 31, 2020			December 31, 2019		
	Number of RSUs Granted	Grant date fair value/RSU (US$)	Number of RSUs Outstanding	Number of RSUs Granted	Grant date fair value/RSU (US$)	Number of RSUs Outstanding
February 27, 2019	2,260,000	$0.45	686,669	2,260,000	$0.45	1,506,665
June 24, 2020	9,000,000	$0.50	5,650,004	-	-	-
September 14, 2020	350,000	$0.45	233,334	-	-	-
November 13, 2020	315,000	$0.80	210,000	-	-	-
	11,925,000	$0.50	6,780,007	2,260,000	$0.45	1,506,665

Restricted share unit vesting transactions are summarized as follows:

	December 31, 2020			December 31, 2019		
	Number of RSUs Outstanding	Grant date fair value/RSU (US$)	Share-based payment reserve	Number of RSUs Outstanding	Grant date fair value/RSU (US$)	Share-based payment reserve
Balance, beginning of period	1,506,665	$0.45	$ 422	-	$0.00	-
RSUs granted	9,665,000	$0.51	-	2,260,000	$0.45	-
RSUs vesting expense	-	$0.51	2,200	-	$0.45	761
RSUs Redeemed	(3,908,325)	$0.50	(1,945)	(753,335)	$0.45	(339)
RSUs Forfeited/Cancelled	(483,333)	$0.49	(19)	-	$0.45	-
Balance, end of period	6,780,007	$0.50	$ 658	1,506,665	$0.45	422

As of December 31, 2020, there were 6,780,007 RSUs outstanding (December 31, 2019 – 1,506,665).

For the year ended December 31, 2020, the Company recognized share-based payment expense relating to the vesting of RSUs of $3,313 (December 31, 2019 - $761).

On February 27, 2019, the Company's shareholders approved the Restricted Share Unit Plan (the "RSU Plan"), whereby RSUs may be granted to directors, officers, consultants or employees at the discretion of the Board of Directors. The RSU Plan provides for share unit awards (the "RSUs") to be granted by the Board of Directors to employees of the Company. An RSU is a unit representing the right to receive one common share issued from treasury. The RSU Plan provides for the issuance of RSUs to acquire up to 10% of the Company's issued and outstanding capital. The RSU Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of RSUs will increase as the Company's issued and outstanding share capital increases.

(i) On February 27, 2019, the Company granted 2,260,000 RSUs, subject to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees. The 2,260,000 RSUs granted will vest in accordance with the following schedule: (i) 33 1/3% immediately; (ii) 33 1/3% one year from the date of the grant; and (iii) 33 1/3% two years from the date of the grant.

(ii) On June 24, 2020, the Company granted 9,000,000 Performance RSUs, subject to certain eligible participants under the Company's RSU Plan, including certain officers, directors, employees and a related party (See Note 22). The 9,000,000 Performance RSUs granted will vest in accordance with the following schedule: (i) 33 1/3% immediately; (ii) 33 1/3% one year from the date of the grant only if the value of Cerrado's shares in the market remain at US$1.00 for a period of 30 consecutive days prior to the vesting date; and (iii) 33 1/3% two years from the date of the grant only if the value of Cerrado's shares in the market remain at US$1.00 for a period of 30 consecutive days prior to the vesting date.

These Performance RSUs are accounted for as equity awards. The fair value of the Performance RSUs, based on the condition that the Company's shares trade at US$1.00 for a period of 30 consecutive dates prior to the vesting date, was estimated by the application of a Monte Carlo simulation model to simulate future share prices of Cerrado.

The relative weighted average assumptions used for this fair value estimate is set out as follows:

Assumption	Note	Monte Carlo simulation
Risk-free interest rate		2.09%
Expected volatility	1	82%
Dividend yield		0%
Expected life (in years)		4.15 years
Weighted average fair value of Performance RSU award granted		$0.36

1. The expected volatility of Cerrado is based on the historical volatility of the shares of a comparative peer group of companies.

The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the performance stock awards, to calculate the fair value of the awards. Expected volatilities used in the model were estimated using historical volatility of the shares of a comparative peer group of companies over a look-back term generally equivalent to the expected life of the award from the grant date. The risk-free interest rate was based on the Government of Canada Marketable Bonds measured over a term commensurate with the expected term for each annual performance period of the awards. The expected term is based on the time between the valuation date and the end of each annual performance period of the awards. The valuation model assumes no dividends.

(iii) On September 14, 2020, the Company granted 350,000 RSUs, subject to certain eligible participants under the Company's RSU Plan. The 350,000 RSUs granted will vest in accordance with the following schedule: (i) 33 1/3% immediately; (ii) 33 1/3% one year from the date of the grant; and (iii) 33 1/3% two years from the date of the grant.

(iv) On November 13, 2020, the company granted 315,000 RSUs, subsect to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees. The 315,000 RSUs will vest in accordance with the following schedule: (i) 33 1/3% immediately; (ii) 33 1/3% one year from the date of the grant; and (iii) 33 1/3% two years from the date of the grant.

17. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and benefits	**$ 2,936**	$ 288
General and administrative	**174**	49
Professional fees	**1,146**	124
Consulting fees	**573**	136
Office and other	**491**	-
Share-based compensation	**2,345**	1,761
Depreciation	**34**	34
	$ 7,699	$ 2,392

18. FINANCE ITEMS

			Year ended December 31, 2020		Year ended December 31, 2019
Finance income					
Interest income		**$**	**(188)**	$	-
			(188)		-
Finance costs					
Accretion of future consideration payable		**$**	**2,122**	$	-
Accretion of deferred revenue	12		**2,048**		-
Interest on revolving prepayment facility			**211**		-
Finance fees and bank charges			**314**		6
Interest on finance lease			**10**		-
			4,705		6
Net finance cost		**$**	**4,517**	$	6

19. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company defines capital as total equity plus debt. Total equity is comprised of issued capital stock, warrants, share-based payments reserve and accumulated deficit. Total debt is comprised of credit and revolving prepayment facilities. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and pay for administrative costs. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company believes it has sufficient funds to finance its current operating, development and exploration expenditures. Longer term, the Company may pursue opportunities to raise additional capital through equity and or debt markets as it progresses with its properties and projects. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020 and year ended December 31, 2019.

	December 31 2020	December 31 2019
Equity	**$ 4,161**	$ 9,105
Debt	**6,393**	-
	$ 10,554	$ 9,105

20. FINANCIAL INSTRUMENTS

Fair value and carrying value of financial instruments:

The following represents the carrying value and fair value of the Company's financial instruments and non-financial derivatives:

Recurring measurements			**December 31 2020**		December 31 2019
Financial assets					
Amortised cost					
Cash	(i)		**6,638**		38
Short-term investments	(i)		**25**		-
Receivables and other assets	(i)(ii)		**8,581**		52
Fair value through profit or loss					
Investment in marketable securities	(iii)		**354**		-
Total financial assets		**$**	**15,598**	$	90
Financial liabilities					
Amortised cost					
Trade and other payables	(i)(ii)	**$**	**14,526**	$	2,287
Shareholder loans			**-**		648
Revolving prepayment facility			**6,393**		-
Total financial liabilities			**20,919**		2,935
Net financial asset (liability)		**$**	**(5,321)**	$	(2,845)

(i) Cash, short-term investments, receivables and other assets, and trade and other payables are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
(ii) Excludes tax and other statutory amounts.
(iii) Investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed entities.

Fair value hierarchy

The Company's financial assets and liabilities are recorded and measured as follows:

a) The fair values for cash, receivables and other assets, trade and other payables, and other liabilities approximate carrying values due to the immediate or short-term maturities of these financial instruments and are classified as Level 1 in accordance with their fair value hierarchy.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels of the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2020 and year ended December 31, 2019, the Company did not make any transfers.

21. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its risk management objectives. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below. There have been no changes in the risks, objectives, policies and procedures during the year ended December 31, 2020 and year ended December 31, 2019.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.
At December 31, 2020, the Company had a cash balance of $6,638 (December 31, 2019 - $38 to settle current liabilities of $23,408 (December 31, 2019 - $4,467). The Company has working capital deficit of $1,983 at December 31, 2020 (December 31, 2019 – working capital deficit of $4,377) See Note 2 Basis of Presentation and Going Concern and Note 26 Subsequent Events

The contractual cash flow obligations of the Company as at December 31, 2020 are as follows:

		Payments due by period			
		<1 years	1-5 years	5> years	Total
Trade and other payables	$	14,526	-	-	14,526
Operating commitments (i)	$	226	56	-	282
Lease obligations (i)	$	496	303	-	799
MDN acquisition payments (i)	$	-	32,000	-	32,000
Revolving prepayment facility (i)	$	6,393	-	-	6,393
Environmental rehabilitation provision (i)	$	175	-	2,970	3,145
	$	21,816	32,359	2,970	57,145

(i) Reported on an undiscounted basis

Foreign Currency Risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the functional currency of U.S. dollar, being the Argentine Peso, Brazilian Real or Canadian dollar.

	CAD	BRL	ARS
Closing US dollar exchange rate at December 31, 2020	**1.2732**	**5.1961**	**84.1450**
Average US dollar exchange rate during the year ended December 31, 2020	**1.3415**	**5.1552**	**70.5941**
Closing US dollar exchange rate at December 31, 2019	1.2988	4.0200	59.8900
Average US dollar exchange rate during the year ended December 31, 2019	1.3269	3.9457	49.1300

As at December 31, 2020 and 2019, the Company had net monetary assets (liabilities) denominated in currencies other than USD as follows:

		CAD		BRL		ARS
Net monetary assets (liabilities) at December 31, 2020	**$**	**(275)**	**$**	**(298)**	**$**	**(23,431)**
Net monetary assets (liabilities) at December 31, 2019	$	(1,278)	$	(2,644)	$	-

There is no impact on net loss from the Brazilian Real exchange rate. The Company's sensitivity analysis suggests that for the year ended a change in the absolute rate of exchange in the Canadian dollar and Argentine Peso by 10% would increase or decrease net loss as follows:

		CAD		ARS
Increase/decrease in net loss at December 31, 2020	**$**	**20**	**$**	**1,222**
Increase/decrease in net loss at December 31, 2019	$	90	$	-

The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in U.S. dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Interest Rate Risk

The Company has interest-bearing debt (See Note 13). The Company has minimal short-term investments as at December 31, 2020 and December 31, 2019 and is not subject to any significant impact on the cash balance as a result of changes in interest rates.

Credit Risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentrating with respect to cash and amounts receivable is remote.

22. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

(a) Compensation of key management personnel

During the year ended December 31, 2020 and 2019 compensation of key management personnel is summarized as follows:

	December 31 2020	December 31 2019
Management compensation	**$ 2,550**	$ 359
Share-based payments	**1,916**	497
Termination benefits	**226**	-
	$ 4,692	$ 856

(b) Due to and from related parties

During the year ended December 31, 2020 and 2019, Directors and Officers of the Company had extended loans to financing the working capital of the Company. The loans have no fixed terms of repayment, bear interest of 4.75% and are due on demand. As at December 31, 2020 amounts due to related parties in reference to these loans is $nil (December 31, 2019 - $648).

In addition to the transactions detailed elsewhere in profit or loss, the Company shares administrative services and office space with Ascendant Resources Inc. (“Ascendant’), a related company by virtue of common directors and officers, and from time to time will incur third party costs on behalf of related parties. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are due on demand, unsecured and settlement occurs in cash. As at December 31, 2020, the amount payable from Ascendant for lease obligations was $119.

During the year ended December 31, 2020, Cerrado paid $194 in shared services owed from Ascendant (December 31, 2019 - $Nil). As at December 31, 2020 amounts owed from Ascendant in relation to shared services are $186 (December 31, 2019 - $Nil).

On June 24, 2020, Ascendant was granted a total of 200,000 RSUs in the capital of Cerrado in exchange for administrative services provided. During the year ended December 31, 2020 Ascendant received 66,667 common shares of Cerrado in accordance with the vesting terms of the 200,000 RSUs granted on June 24, 2020.

On October 5, 2020, Cerrado subscribed for a total of 2,650,000 units of Ascendant at a cost of Cdn$0.10 per unit for a total cost of Cdn $265. Cerrado accounts for this investment at FVTPL, with a fair value at December 31, 2020 of $354 (Cdn$450).

23. COMMITMENTS AND CONTINGENCIES

(a) Commitments

There are three royalty agreements that apply to the Company's Don Nicolás Mine, described as follows:

(i) A royalty payable to the province of Santa Cruz in the amount up to 3% of the metal value extracted from the mine. The value of the royalty is calculated based on the market value of metals contained in the commercial production from the mine, less the direct and/or operating costs required to commercialize the metals, not including any financial costs, amortization expense or any profit distribution.

(ii) A 2% royalty on the refined product, payable to Royal Gold Inc. based on a royalty agreement enacted and updated on August 16, 2013. The royalty is applicable to all areas of the Company and its properties which are currently under production. The obligations under this royalty agreement are backed by a first mortgage granted to Royal Gold on a number of the Company's mineral properties owned in the province of Santa Cruz, named as follows: Syrah, La Paloma I, Micro I, Micro II, Mar III, Mar IV, Gol I, Gol II, Armadillo, Dorcón 3, Dorcón 4, Estrella I and Estrella II.

(iii) A royalty of $3 per gold ounce, to a maximum of $2,000 payable to Sandstorm Gold Limited based on an agreement executed on February 28, 2006. This royalty is applicable to all areas of the Company and its properties which are currently under production.

(a) Contingencies

By their nature, contingencies will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. The assessment of contingencies inherently involves the exercise of significant judgments and estimates of the outcome of future events.

The Company operates in countries where it may be subject to assessments by the regulatory authorities in each of those countries, which can be complex and subject to interpretation. Assessments may relate to matters such as income and other taxes, duties and environmental matters. The Company is diligent, and exercises informed judgment to interpret the provisions of applicable laws and regulations as well as their application and administration by regulatory authorities to reasonably determine and pay the amounts due. From time to time, the Company may undergo a review by the regulatory authorities and in connection with such reviews, disputes may arise with respect to the Company's interpretations about the amounts due and paid.

The Company may also be subject to various litigation actions. In-house counsel, outside legal advisors, and other subject matter experts assess the potential outcome of litigation and regulatory assessments. Accordingly, the Company establishes provisions for future disbursements considered probable.

As at December 31, 2020, the Company did not have any material provisions for litigation claims or regulatory assessments. Further, the Company does not believe claims or regulatory assessments, for which no provision has been recorded, will have a material impact on the financial position of the Company.

24. INCOME TAXES

(a) Tax rate reconciliation

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (December 31, 2019 – 26.5%) were as follows:

	December 31, 2020	December 31, 2019
Income (loss) before income taxes	$ (11,879)	$ (2,895)
Tax expense/recovery at statutory rates	(3,148)	(767)
Foreign tax rate differential	(26)	(1)
Share-based compensation	622	467
Other non-deductible expenses/(non-taxable) income	4,336	118
Unrecognized/(recognized) temporary differences	(1,784)	183
Provincial royalty	690	-
Current income tax expense	$ 690	$ -

(b) Deferred income tax balances

The Company has tax losses in the following countries:

	December 31, 2020	December 31, 2019
Canada expiring in 2037-2039	$ 3,874	$ 1,182
Argentina expiring in 2023-2024	26,949	-
Brazil (no expiry)	2,173	1,507
Other deductible temporary differences as follows:		
Canada	720	63
Argentina	18,011	-
Brazil	4,980	7,956

Deferred tax losses have not been recognized in these financial statements, as management does not consider their utilization in the foreseeable future to be probable.

25. SEGMENT REPORTING

Cerrado Gold Inc. is a mining and minerals production and exploration company focused on precious metals in Brazil and Argentina. The Company's chief operating decision maker ("CODM") reviews the operating results, assesses performance and makes decisions about allocation of resources to these segments at the geographic region level or mine/project where the economic characteristics of the individual mines or projects within a geographic region are not alike. As a result, these operating segments also represent the Company's reportable segments. Other includes corporate office, elimination of intercompany transactions, and other items necessary to reconcile to consolidated amounts.

The CODM reviews segment income or loss, defined as gold and silver sales less production costs applicable to sales, depreciation and depletion, projects, and exploration costs, for all segments. Gold and silver sales and production costs applicable to sales for the reportable segments are reported net of intercompany transactions. The assessment of exploration activities is dependent principally on non-financial date.

Significant information relating to the Company's reportable operating segments for the periods presented is summarized in the tables below:

Year ended December 31, 2020	**Argentina**	**Brazil**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Corporate	
Revenue from gold and silver sales	32,194	-	-	32,194
Production costs applicable to sales	(24,853)	-	-	(24,853)
Sales expenses and royalties	(4,094)	-	-	(4,094)
Depreciation and depletion	(2,504)	-	-	(2,504)
Income (loss) from mining operations	743	-	-	743
General and admnistrative expenses	(412)	(14)	(7,273)	(7,699)
Other expenses	451	(56)	(5,318)	(4,923)
Income (loss) before income taxes	782	(70)	(12,591)	(11,879)
Income taxes	(690)	-	-	(690)
Net income (loss)	**92**	**(70)**	**(12,591)**	**(12,569)**

As at December 31, 2020		**Argentina**	**Brazil**	**Other**	**Total**
		Don Nicolas Mine	Monte do Carmo Project	Corporate	
Total assets	(i)	50,958	13,075	3,577	67,610
Total liabilities		13,808	1,693	47,948	63,449

(i) Segment assets include receivables, inventories, property, plant and equipment and exploration and evaluation assets.

26. SUBSEQUENT EVENTS

Acquisition of Minera Mariana Argentina S.A.

On January 22, 2021 the Company completed an agreement with Capella Minerals Ltd. ("Capella Minerals") to acquire 100% of its Argentine subsidiary Minera Mariana Argentina S.A. ("Minera Mariana") (the "Transaction"). Under the terms of the agreement, the Company paid the purchase price consisting of an initial payment of US$50 thousand and US$1,769 (Cdn$2,250) by the issuance of 1,666,667 common shares of the Company to Capella Minerals at a deemed share price of Cdn$1.35, based on the price of the Company's shares in the concurrent financing associated with listing on the TSX Venture Exchange via the announced business combination between BB1 Acquisition Corp and the Company (see below).

After evaluating all the facts surrounding this transaction, Management determined that the transaction does not constitute a business combination, as Minera Mariana does not meet the definition of a business under IFRS 3, *Business Combinations* and was recorded as an asset acquisition.

The acquisition cost, consisting of the initial cash paid and fair value of the consideration shares, totalled $1,819 and has been allocated to the acquired identifiable assets and liabilities of Minera Mariana.

Private Placement and Reverse takeover transaction ("RTO")

On February 17, 2021, the Company completed a private placement of 11,111,200 common shares at a price of Cdn$1.35 per common share for aggregate gross proceeds of Cdn$15,000 (the "Offering"). The Company granted 666,672 Broker warrants exercisable at $1.35 until February 17, 2022. The closing of the Offering was a key step towards completion of the previously announced reverse take-over ("RTO") transaction of BB1 Acquisition Corp. ("BB1"). The net proceeds of the Offering will be used to advance the Company's Monte de Carmo project in Brazil, for advancing the Company's Minera Don Nicolas mine in Argentina, and for general corporate purposes.

On February 19, 2021, the Company and BB1 completed the previously announced RTO transaction. The RTO was structured as a three-cornered amalgamation, as a result of which the Company has become a wholly-owned subsidiary of BB1, changing its name to "Cerrado Gold Corp.", with intention to complete a vertical short-form amalgamation to amalgamate itself with the Company and carry on under the corporate name "Cerrado Gold Inc." prior to the resumption of trading on the TSXV.

Pursuant to the RTO, all securities of the Company were exchanged for securities of BB1 at an exchange ratio of one (1) security of BB1 for each equivalent security of the Company. Following completion of the RTO, there are 70,545,054 Common Shares, 2,000,000 Warrants, 4,000,000 Options and 6,780,003 RSUs and 1,295,412 Broker Warrants issued and outstanding of Cerrado Gold Inc.

The substance of the transaction is a reverse takeover ("RTO") of a non-operating company. After evaluating all the facts surrounding this transaction, Management determined that the transaction does not constitute a business combination, as BB1 does not meet the definition of a business under IFRS 3, *Business Combinations*. As a result, the transaction is accounted for as an asset acquisition with Cerrado Gold Inc. being identified as the acquirer and the equity consideration accounted for in accordance with IFRS 2, *Share-based payments*, measured at fair value. Thus, there is no goodwill recognized, and the difference between the consideration and fair value of the net assets acquired results in a listing expense of $655.

Revolving Prepayment Facility

In March 2021, the Company revised the repayment terms of the $7,500 facility to six months with the final draw of the Company to be made on June 30, 2022 unless mutually agreed otherwise.