



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2022
(Expressed in US dollars, except tables and otherwise noted) (Unaudited)

2022



NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

CERRADO GOLD INC.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of U.S. dollars) (Unaudited)

| As at | Note | March 31, 2022 | December 31, 2021 |
|-----------------------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 26,127 | \$ 1,726 |
| Restricted cash | 6 | - | 7,497 |
| Investments | | 29 | 29 |
| Trade and other receivables | 7 | 7,137 | 9,348 |
| Due from related party | 23 | 700 | 525 |
| Metal inventory | 8 | 4,075 | 6,224 |
| Supplies and consumables | 8 | 2,126 | 2,502 |
| Offtake receivable | 16 | 27,930 | 18,166 |
| | | 68,124 | 46,017 |
| Non-current assets | | | |
| Other receivables | 7 | 1,897 | 1,800 |
| Supplies and consumables | 8 | 2,967 | 2,961 |
| Property, plant and equipment | 9 | 30,455 | 31,685 |
| Exploration and evaluation assets | 10 | 34,422 | 26,692 |
| Investment in marketable securities | 23 | 620 | 658 |
| | | 70,361 | 63,796 |
| Total assets | | \$ 138,485 | \$ 109,813 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | \$ 20,116 | \$ 21,900 |
| Due to Monte Sinai | 10 | 359 | 312 |
| Future consideration payable | 6 | 2,000 | 10,000 |
| Lease obligations | 12 | 736 | 691 |
| Deferred revenue | 14 | 2,656 | 2,476 |
| Revolving prepayment facility | 15 | 7,507 | 6,015 |
| Offtake payable | 16 | 27,930 | 18,166 |
| | | 61,304 | 59,560 |
| Non-current liabilities | | | |
| Future consideration payable | 6 | 15,036 | 16,373 |
| Secured note payable | 17 | 20,000 | - |
| Other liabilities | 11 | 140 | 95 |
| Lease obligations | 12 | 1,115 | 1,295 |
| Provisions | 13 | 3,387 | 3,348 |
| Deferred revenue | 14 | 13,883 | 14,020 |
| | | 53,561 | 35,131 |
| Total liabilities | | \$ 114,865 | \$ 94,691 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 18 | \$ 40,583 | 40,367 |
| Warrants | 19 | 108 | 349 |
| Share-based payment reserve | 20 | 3,865 | 3,443 |
| Accumulated other comprehensive loss | | (800) | (5,364) |
| Accumulated deficit | | (20,136) | (23,673) |
| | | \$ 23,620 | \$ 15,122 |
| Total liabilities & shareholders' equity | | \$ 138,485 | \$ 109,813 |

Nature of Operations and Going Concern (Note 1), Commitments and Contingencies (Notes 12 & 24)

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

CERRADO GOLD INC.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars, except per share amounts) (Unaudited)

| | Note | Three months ended March 31, | |
|----------------------------------------------------------------------|------|------------------------------|------------|
| | | 2022 | 2021 |
| REVENUES | | | |
| Metal sales | | \$ 27,384 | \$ 11,163 |
| COST OF SALES | | | |
| Production costs | | 13,216 | 9,350 |
| Sales expenses and royalties | | 2,910 | 1,001 |
| Depreciation and depletion | | 2,084 | 780 |
| INCOME FROM MINING OPERATIONS | | | |
| | | 9,174 | 32 |
| General and administrative expenses | | 1,866 | 2,221 |
| Transaction costs | | 750 | 140 |
| Listing expense | 5 | - | 1,511 |
| Finance expense | 21 | 1,641 | 1,445 |
| Foreign exchange loss | | 733 | 179 |
| Other expense (income) | | 167 | (275) |
| OTHER EXPENSES | | | |
| | | 3,291 | 3,000 |
| INCOME/(LOSS) BEFORE INCOME TAXES | | | |
| | | \$ 4,017 | \$ (5,189) |
| Income and mining tax expense | | (665) | (483) |
| Net income (loss) for the period | | | |
| | | 3,352 | (5,672) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Translation adjustment | | \$ 4,564 | (1,153) |
| Other comprehensive income (loss) | | | |
| | | 4,564 | (1,153) |
| Total comprehensive income (loss) | | | |
| | | \$ 7,916 | \$ (6,825) |
| Basic and diluted income (loss) per share | | | |
| Basic | 18 | \$ 0.04 | \$ (0.10) |
| Diluted | 18 | \$ 0.04 | \$ (0.10) |
| Weighted average number of shares outstanding | | | |
| Basic | 18 | 76,485,596 | 58,460,651 |
| Diluted | 18 | 81,744,149 | 58,460,651 |

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

CERRADO GOLD INC.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Expressed in thousands of U.S. dollars) (Unaudited)

| | Note | Three months ended March 31, | |
|------------------------------------------------------------------|------|------------------------------|-------------------|
| | | 2022 | 2021 |
| OPERATING ACTIVITIES | | | |
| Net income (loss) | | \$ 3,352 | \$ (5,672) |
| Adjustments for: | | | |
| Depreciation and depletion | | 2,106 | 789 |
| Accretion on future consideration payable | 6 | 663 | 677 |
| Share-based payments | 19 | 422 | 178 |
| Amortization of deferred revenue | 14 | (612) | (359) |
| Finance costs on deferred revenue | 14 | 655 | 643 |
| Gain (loss) on short-term investments | | 38 | (34) |
| RTO listing expense | 5 | - | 1,511 |
| Change in provisions | | 34 | - |
| Other | | (166) | (4) |
| Operating cash flows before changes in working capital | | 6,492 | (2,271) |
| Changes in non-cash working capital items: | | | |
| Receivables and other assets | | (7,504) | 543 |
| Inventories | | 2,521 | 191 |
| Trade and other payables | | 7,271 | (711) |
| Net cash flows provided by (used in) operating activities | | \$ 8,780 | \$ (2,248) |
| INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (635) | (445) |
| Additions to exploration and evaluation assets | | (2,420) | (2,529) |
| Subscription of short-term investments | | 1,365 | - |
| Redemption of short-term investments | | (1,364) | - |
| Restricted cash | | 7,497 | - |
| Future consideration paid | | (10,000) | - |
| Cash acquired on acquisition of Minera Mariana | 4 | - | 60 |
| Cash acquired on listing transaction | 5 | - | 563 |
| Net cash flows used in investing activities | | \$ (5,557) | \$ (2,351) |
| FINANCING ACTIVITIES | | | |
| Revolving prepayment facility borrowings | 15 | 7,500 | 7,500 |
| Revolving prepayment facility repayments | 15 | (6,000) | (6,375) |
| Secured note payable | 17 | 20,000 | - |
| Advances to related party | | (174) | (73) |
| Interest paid | | (74) | (90) |
| Payments on leases | | (206) | - |
| Agent warrants exercised | 19 | 57 | - |
| Broker warrants exercised | 19 | 103 | - |
| Proceeds from private placements, net of share issue costs | 18 | - | 11,013 |
| Net cash flows provided by financing activities | | \$ 21,206 | \$ 11,975 |
| Effect of exchange rates on cash | | (27) | - |
| Increase in cash and cash equivalents | | 24,402 | 7,376 |
| Cash and cash equivalents, beginning of period | | 1,725 | 6,638 |
| Cash, end of period | | \$ 26,127 | \$ 14,014 |

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

CERRADO GOLD INC.

Condensed Consolidated Interim Statements of Changes in Equity

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of US dollars) (Unaudited)

| | Note | Number of shares | Issued Share Capital | Shares to be issued | Warrants | Share-based payment reserve | Acumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|------------------------------------------------|--------|-------------------|----------------------|---------------------|------------|-----------------------------|-------------------------------------|---------------------|---------------|
| Balance, December 31, 2019 | | 46,984,021 | 17,310 | 6,250 | 314 | 1,658 | (3,997) | (17,374) | 4,161 |
| Minera Mariana Acquisition | 18 | 1,666,667 | 1,769 | - | - | - | - | - | 1,769 |
| Private placement | 18 | 11,111,200 | 11,014 | - | - | - | - | - | 11,014 |
| Broker warrants issued | 18 | - | (306) | - | 306 | - | - | - | - |
| BB1 RTO share issuance | 18 | 1,937,416 | 2,074 | - | - | - | - | - | 2,074 |
| Share issuance on exercise of special warrants | 18, 19 | 8,845,750 | 6,250 | (6,250) | - | - | - | - | - |
| Share-based payments - RSU vesting | 18 | - | - | - | - | 178 | - | - | 178 |
| Foreign currency translation adjustment | 18, 20 | - | - | - | - | - | (1,153) | - | (1,153) |
| Loss for the year | | - | - | - | - | - | - | (5,672) | (5,672) |
| Balance, March 31, 2021 | | 70,545,054 | 38,111 | - | 620 | 1,836 | (5,150) | (23,046) | 12,371 |
| Balance, December 31, 2021 | | 76,480,739 | 40,367 | - | 349 | 3,443 | (5,364) | (23,673) | 15,122 |
| Agent warrants exercised | 18, 19 | 70,959 | 81 | - | (24) | - | - | - | 57 |
| Broker warrants exercised | 18, 19 | 96,087 | 135 | - | (32) | - | - | - | 103 |
| Warrants expired | 18, 19 | - | - | - | (185) | - | - | 185 | - |
| Share-based payments - Option vesting | 20 | - | - | - | - | 181 | - | - | 181 |
| Share-based payments - RSU vesting | 20 | - | - | - | - | 241 | - | - | 241 |
| Foreign currency translation adjustment | | - | - | - | - | - | 4,564 | - | 4,564 |
| Loss for the year | | - | - | - | - | - | - | 3,352 | 3,352 |
| Balance, March 31, 2022 | | 76,647,785 | 40,583 | - | 108 | 3,865 | (800) | (20,136) | 23,620 |

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

CERRADO GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 ("MDC") Project in the State of Tocantins, Brazil. On March 16, 2020, Cerrado closed the \$47 million acquisition of Minera Don Nicolas ("MDN") and its namesake mine in Santa Cruz, Argentina (see Note 6). 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 ("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. The Company continued under the name Cerrado Gold Inc. following the completion of the RTO (see Note 5) and began trading its common shares on the TSX Venture Exchange under the symbol CERT. The comparative figures presented are those of Cerrado. The Company's head office, principal address and records office are located at 200 Bay Street, Suite 3205, Toronto, Ontario, Canada, M5J 2J2.

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 March 31, 2022 the Company had a cash balance of \$26.1 million and working capital of \$6.8 million. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations as they become due, finance its operations and fund its capital investments. The future of the Company is dependent on its ability to attain profitable operations, generate sufficient funds from operations, and obtain new debt or equity financing. The Company's liquidity position is 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.

Accordingly, these conditions represent a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern. The condensed interim consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards board ("IASB"). These condensed interim consolidated financial statements do not contain all the required annual disclosures and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2021.

The Condensed Consolidated Interim Financial Statements have been prepared on a historical cost basis except for financial instruments, as set out in the accounting policies in Note 3 of the 2021 annual consolidated financial statements.

These Condensed Consolidated Interim Financial Statements were approved by the Company's Board of Directors on May 25, 2022.

(b) Basis of consolidation

Subsidiaries

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

CERRADO GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

- Minera Don Nicolas (“MDN”), incorporated in Argentina;
- Minera Mariana Argentina S.A. (“Minera Mariana”), incorporated in Argentina;
- Templewood Mineração e Participações Societárias Ltda. (“Templewood”), incorporated in Brazil;
- Serra Alta Participações Imobiliárias 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 condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

(c) Functional and presentation currency

These financial statements are presented in thousands of United States 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 subsidiaries MDN and Minera Mariana is the USD.

(d) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires judgements and estimates that affect the amounts reported. It also requires management to exercise judgment in the process of applying the Company’s accounting policies. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2021 (except for those related to valuation of secured note described below in Note 3). Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as the those applied in the Company’s consolidated financial statements as at and for the year ended December 31, 2021.

Changes in accounting policies will also be reflected in the Company’s consolidated financial statements as at and for the year ending December 31, 2022.

Financial instruments

All financial liabilities (including liabilities designated at fair value through profit and loss “FVTPL”) are recognized initially at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The Company has elected to account for its secured note liability and all embedded derivatives as a single financial liability at fair value through profit or loss.

CERRADO GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

4. ACQUISITION OF MINERA MARIANA ARGENTINA

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”). Under the terms of the agreement, the Company paid the purchase price of \$1.8 million consisting of a nominal cash payment and \$1.8 million (CAD\$2.3 million) on the issuance of 1,666,667 common shares of the Company to Capella Minerals at a deemed share price of CAD\$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 arrangement between BB1 Acquisition Corp. and the Company (see Note 5).

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 \$1.8 million and has been allocated to the acquired identifiable assets and liabilities of Minera Mariana as follows:

| Purchase Price | Note | |
|----------------------------------------|------|-----------------|
| Cash Paid | | \$ 50 |
| Fair value of 1,666,667 shares issued | | 1,769 |
| | | \$ 1,819 |
| Purchase Price Allocation | | |
| Cash | | 60 |
| Fiscal credit receivables | | 212 |
| Prepays and other assets | | 27 |
| Exploration and evaluation assets | 10 | 1,654 |
| Total identifiable assets acquired | | 1,953 |
| Trade and other payables | | (75) |
| Payroll obligations | | (53) |
| Other payables | | (6) |
| Total identifiable liabilities assumed | | (134) |
| Total identifiable net assets | | \$ 1,819 |

CERRADO GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

5. REVERSE TAKEOVER TRANSACTION

On February 19, 2021, the Company completed a RTO transaction with BB1, whereby the shareholders of BB1 became shareholders of the Company. The RTO was structured as a three-cornered amalgamation, as a result of which the Company became a wholly-owned subsidiary of BB1, changing its name to "Cerrado Gold Corp.", and completed 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 under the symbol CERT.

In the accounting for the reverse acquisition, the consideration is determined by reference to the fair value of the number of shares of the legal subsidiary, being Cerrado, would have issued to the legal parent entity (BB1), to obtain the same ownership in the combined entity. As a result, the consideration is measured at the value of 1,937,416 shares on a post-consolidation basis that would have been issued by Cerrado.

The substance of the transaction is a reverse takeover 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. Therefore, BB1's share capital, equity reserve and deficit at the time of the RTO transaction were eliminated. Accordingly, there is no goodwill recognized, and the difference between the consideration and fair value of the net assets acquired results in an RTO listing expense of \$1.5 million. The Company considered the price of the shares post-closing of the transaction and the price per share of the Company's recent private placement completed in February 2021 of CAD\$1.35 each. RTO transaction costs inclusive of the listing expense incurred by the Company were \$1.6 million.

The fair value of the consideration is as follows:

| | | |
|-----------------------------------------------|----|-------|
| Fair value of 1,937,416 Cerrado common shares | \$ | 2,074 |
|-----------------------------------------------|----|-------|

The consideration has been allocated as follows:

| | | |
|----------------------------------|-------|-------|
| Cash | 574 | |
| Trade and other payables | (11) | |
| Reverse takeover listing expense | 1,511 | |
| | \$ | 2,074 |

6. FUTURE CONSIDERATION PAYABLE

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 Compañía Inversora En Minas S.A. ("CIMINAS") and Compañía Inversora Argentina Para La Exportacion S.A. ("CIAPEXSA") (together the "Sellers") an initial payment of \$15 million at closing, with future payments due of \$10 million in 24 months, \$2 million in 36 months, \$10 million in 48 months and \$10 million in 60 months from the Closing Date and will be payable from a sinking fund set up by the Company. The future consideration payable amount was initially recorded at a fair value of \$21.4 million. The payable amount is discounted using a rate of 12%, which was the Company's estimated weighted-average cost of capital at the closing date. For the three months ended March 31, 2022, the discount was accreted by \$0.7 million which is included in finance expense. As at December 31, 2021, the amount held in restricted cash of \$7.5 million related to the sinking fund set up by the Company for future payment obligations and has been paid to the Sellers in accordance to the repayment schedule during the first quarter of 2022. The total amount paid to the Sellers for the three months ended March 31, 2022 was \$10 million.

CERRADO GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

7. TRADE AND OTHER RECEIVABLES

| | March 31 | December 31 |
|-------------------------------------------|-----------------|-------------|
| | 2022 | 2021 |
| Current | | |
| Trade receivables | \$ 1,450 | \$ 1,217 |
| Sales tax and other statutory receivables | 5,513 | 7,949 |
| Other assets | 174 | 182 |
| | 7,137 | 9,348 |
| Non-current | | |
| Other assets | 1,897 | 1,800 |
| | \$ 9,034 | \$ 11,148 |

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

8. INVENTORIES

| | March 31 | December 31 |
|--------------------------|-----------------|-------------|
| | 2022 | 2021 |
| Ore stockpiles | \$ 2,662 | \$ 2,762 |
| In-circuit | 1,032 | 910 |
| Finished metal | 381 | 2,552 |
| Metal Inventories | \$ 4,075 | \$ 6,224 |

| | March 31 | December 31 |
|-------------------------------------------------------|-----------------|-------------|
| | 2022 | 2021 |
| Supplies and consumables | \$ 5,093 | \$ 5,463 |
| Less: non-current portion of supplies and consumables | (2,967) | (2,961) |
| Current Supplies and Consumables | \$ 2,126 | \$ 2,502 |

Long-term supplies and consumables represent critical spares not likely to be used in the next year.

CERRADO GOLD INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2022 and 2021
(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

9. PROPERTY, PLANT AND EQUIPMENT

| | Mining Property, Plant and Equipment | Assets Under Construction | Land and Buildings | Total |
|------------------------------------------------------|-----------------------------------------------------|--------------------------------------|-------------------------------|------------------|
| Cost | | | | |
| December 31, 2020 | 23,270 | 6,394 | 128 | 29,792 |
| Acquisition through business combination | - | - | - | - |
| Additions | 4,724 | 1,054 | 482 | 6,260 |
| Reclassifications | 9,428 | (6,652) | - | 2,776 |
| Change in provision for environmental rehabilitation | 1,050 | - | - | 1,050 |
| As at December 31, 2021 | 38,472 | 796 | 610 | 39,878 |
| Additions | 991 | 112 | 21 | 1,124 |
| Reclassifications | 25 | (25) | - | - |
| Change in provision for environmental rehabilitation | (247) | - | - | (247) |
| As at March 31, 2022 | 39,241 | 883 | 631 | 40,755 |
| Accumulated depreciation and amortization | | | | |
| December 31, 2020 | 2,359 | - | 67 | 2,426 |
| Charge for the period | 5,722 | - | 45 | 5,767 |
| As at December 31, 2021 | 8,081 | - | 112 | 8,193 |
| Charge for the period | 2,079 | - | 28 | 2,107 |
| As at March 31, 2022 | 10,160 | - | 140 | 10,300 |
| Net book value | | | | |
| Balance, December 31, 2021 | \$ 30,391 | \$ 796 | \$ 498 | \$ 31,685 |
| Balance, March 31, 2022 | \$ 29,081 | \$ 883 | \$ 491 | \$ 30,455 |

Property, plant and equipment includes right-of-use assets of \$1.0 million (December 31 2021 - \$1.1 million) related to leased buildings of \$0.5 million (December 31, 2021 - \$0.5 million) and mobile equipment of \$0.5 million (December 31, 2021 - \$0.6 million). These right-of-use assets are included under Land and Building, Mining Property, Plant and Equipment, respectively. During 2022, the Company leased land and buildings and recognized a right-of-use asset of \$0.5 million (December 31 2021 - \$0.1). The Company also leased mobile equipment and recognized a right-of-use asset of \$nil million (December 31, 2021 - \$1.0 million acquired through business combination).

CERRADO GOLD INC.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2022 and 2021
(Expressed in thousands of U.S. dollars, except where otherwise noted) (Unaudited)

10. EXPLORATION AND EVALUATION ASSETS

The following is a summary of the Company's exploration and evaluation capitalized costs for the three months ended March 31, 2022 and December 31, 2021:

| | Note | Monte do Carmo Gold Project | Minera Don Nicolas Mine | Minera Mariana | Total |
|---------------------------------------|------|--------------------------------|----------------------------|-------------------|-----------|
| Balance at December 31, 2020 | | \$ 12,885 | \$ 829 | \$ 33 | \$ 13,747 |
| Acquisition of Minera Mariana | 4 | - | - | 1,654 | 1,654 |
| Expenditures | | 10,191 | 5,165 | 35 | 15,391 |
| Reclassifications | | - | (2,776) | - | (2,776) |
| Effect of movements in exchange rates | | (1,324) | - | - | (1,324) |
| Balance at December 31, 2021 | | \$ 21,752 | \$ 3,218 | \$ 1,722 | \$ 26,692 |
| Expenditures | | 2,042 | 916 | - | 2,958 |
| Reclassifications | | - | 15 | (15) | - |
| Effect of movements in exchange rates | | 4,772 | - | - | 4,772 |
| Balance at March 31, 2022 | | \$ 28,566 | \$ 4,149 | \$ 1,707 | \$ 34,422 |

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.

During the three months ended March 31, 2022, the Company incurred \$2.0 million (December 31, 2021 - \$10.2 million) in expenditures related mainly to exploration costs.

The terms of the acquisition provided for a 2% net smelter royalty granted to the former owners of the project. 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 \$1.3 million, and recognized a \$0.1 million advance as at December 31, 2020. The remaining payments were made as follows, \$0.7 million was paid in March 2021, with the balance of \$0.5 million paid in May 2021 upon which the Company obtained 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 \$1.5 million 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 – Minera Mariana, Argentina

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"). Minera Mariana is the owner of the Las Calandrias and Los Cisnes gold-silver projects.

During the year ended December 31, 2021, the Company incurred \$1.8 million in costs related to the acquisition of Minera Mariana (see note 4).

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11. TRADE AND OTHER PAYABLES

| | March 31 2022 | December 31 2021 |
|------------------------------------|------------------|---------------------|
| Current | | |
| Trade payables | \$ 8,708 | \$ 8,255 |
| Accrued liabilities | 8,870 | 9,076 |
| Payroll and government remittances | 2,483 | 4,192 |
| Other liabilities | 55 | 377 |
| | \$ 20,116 | \$ 21,900 |
| Non-current | | |
| Other liabilities | \$ 140 | \$ 95 |
| | \$ 20,256 | \$ 21,995 |

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

12. LEASE OBLIGATIONS

| | March 31 2022 | December 31 2021 |
|-----------------------------------------|------------------|---------------------|
| Total minimum lease payments | \$ 2,580 | \$ 2,781 |
| Effect of discounting | (729) | (795) |
| Present value of minimum lease payments | 1,851 | 1,986 |
| Less: current portion | (736) | (691) |
| | \$ 1,115 | \$ 1,295 |
| Minimum payments under leases | | |
| Due no later than 1 year | 1,089 | 1,070 |
| Due later than 1 year less than 5 years | 1,491 | 1,711 |
| | \$ 2,580 | \$ 2,781 |

The Company's lease obligations are related primarily to plant and equipment used in mining operations in Argentina and office premises in Canada and Argentina, with payments made on a monthly basis. The Company sub-leases an office space that it leased in 2021 to a companies with directors and officers in common (see Note 25).

The table below summarizes amounts recognized in earnings during the three months ended March 31, 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------------------|---------------|---------------|
| Depreciation expense for ROU assets | \$ 151 | \$ 120 |
| Interest expense included in finance costs | 95 | 28 |
| Total recognized in earnings | \$ 246 | \$ 148 |

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13. 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.

A summary of changes to the provision for decommissioning is as follows:

| | Decommissioning and restoration |
|-------------------------------------|--------------------------------------------|
| Balance at December 31, 2020 | \$ 1,760 |
| Change in estimate | 1,455 |
| Accretion | 133 |
| Balance at December 31, 2021 | \$ 3,348 |
| Change in estimate | (11) |
| Accretion | 50 |
| Balance at March 31, 2022 | \$ 3,387 |

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14. 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 million 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 provision 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 \$2.5 million in immediately available funds. Features such as step-down options, could affect that substance of the streaming as a whole and affect the contract recognition. Additionally, they could result in the recognition of embedded derivatives under IFRS 9, depending on how they affect the host contract.

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 the 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 (loss).

The following table summarizes deferred revenue:

| | | | |
|-----------------------------------|--|-----------|---------------|
| Opening balance December 31, 2021 | | \$ | 16,496 |
| Amortization of derred revenue: | | | |
| Deferred revenue recognized | | | (612) |
| Finance costs on deferred revenue | | | 655 |
| Balance, March 31, 2022 | | \$ | 16,539 |

| | | March 31, 2022 | December 31, 2021 |
|---------------------|-----------|-----------------------|--------------------------|
| Current portion | \$ | 2,656 | \$ 2,476 |
| Non-current portion | | 13,883 | 14,020 |
| Total | \$ | 16,539 | \$ 16,496 |

15. 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 million. On December 3, 2020, the Company increased the revolving credit facility by \$2.5 million, for total advanced consideration of \$7.5 million. In March 2022, the Company revised the repayment terms of the facility with the final draw of the Company to be made prior to June 30, 2023 unless mutually agreed otherwise. The advanced consideration is accounted for as a financial liability. The facility may be immediately renewable upon full repayment. During the three months ended March 31, 2022, the Company had drawn down a total \$7.5 million and repaid a total \$6.0 million under the revolving prepayment facility. As at March 31, 2022 the \$7.5 million balance bears interest at the rate of 3 Month LIBOR + 5.85% until repaid.

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16. OFFTAKE ARRANGEMENT

On September 28, 2021, the Company entered into an offtake agreement pursuant to which, effective October 1, 2021, the Company's Minera Don Nicolas mine will deliver a minimum of 25,000 ounces of contained gold in Dore. The Company is not obligated to a monthly ounce minimum and must sell 100% of its production until the minimum deliveries have been met.

The offtake receivable balance of \$27.9 million at March 31, 2022 consists entirely of the proceeds from export sales receivable by Minera Don Nicolas and delivered to the offtaker under the agreement. Conversely, offtake payable balance of \$27.9 million at March 31, 2022 represents export sales delivered by Minera Don Nicolas under the offtake agreement, which will be repaid to Minera Don Nicolas within six months of the delivery.

17. SECURED NOTE LIABILITY

On March 14, 2022, the Company entered into a \$20 million gold and silver agreement (the "Stream Agreement") with Sprott for its MDC project located in the State of Tocantins, Brazil.

The Stream Agreement provides for the sale and delivery to Sprott of 2.25% of all gold and silver produced from the MDC project of which Cerrado has the ability to buy back 50% of the stream based upon the buyback schedule below. Proceeds will be used to complete the ongoing works to deliver a NI 43-101 compliant Feasibility Study for the MDC project and for general corporate and working capital purposes.

To facilitate funding in advance of commercial production, Sprott has issued a \$20 million secured note (the "Note") that bears interest at a rate of 10% per annum, calculated and payable quarterly and will mature on the earlier of:

- a) The achievement of commercial production together with certain other conditions; or
- b) March 14, 2031.

The Company has a one-time option (the "Buy-Down Option") to reduce the applicable stream percentage by 50%, by exercising its option and paying the applicable amount below:

- On or before June 30, 2024 - \$12.5 million
- From July 1, 2024 until June 30, 2025 - \$13 million
- July 1, 2025 until June 30, 2026 - \$13.5 million

Subject to the approval of the TSX Venture Exchange the Company may elect to satisfy the payment of any accrued and unpaid interest on the Note by the issuance of common shares of the Company at a price per common share equal to 95% of the volume weighted average price of the common shares for the 5 trading days immediately prior to the date payment is due or any combination of cash and common shares in the Company's sole discretion. The Note is secured against the MDC project assets. The Note is intended to subordinate to future project financing for the MDC project.

A number of the above noted options within the agreement represent embedded derivatives. Management has elected not to separate these embedded derivatives from the underlying host secured note, and instead account for the entire secured note as a financial liability at fair value through profit or loss.

The Company entered into a loan commitment within the scope of IFRS 9 'Financial Instruments' on March 14, 2022 related to the secured note, initially recognized at fair value of \$20 million.

The carrying amount for the secured note is as follows:

| | | |
|---------------------------------------------------------------------------------|-----------|---------------|
| Fair value at inception | \$ | 20,000 |
| Add (deduct): | | |
| Change in fair value due to change in the Company's credit risk recorded in OCI | | - |
| Remaining change in fair value, recorded in the statement of operations | | - |
| Balance, March 31, 2022 | \$ | 20,000 |

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18. 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 | Shares to be issued |
|------------------------------------------------|------|-------------------|------------------|---------------------|
| Balance, December 31, 2020 | | 46,984,021 | \$ 17,310 | \$ 6,250 |
| Minera Mariana acquisition | | 1,666,667 | 1,769 | - |
| Private placement | | 11,111,200 | 10,753 | - |
| Broker warrants issued | | - | (219) | - |
| BB1 RTO Transaction | | 1,937,416 | 2,074 | - |
| Share issuance on exercise on Special Warrants | | 8,845,750 | 6,257 | (6,250) |
| Warrants exercised | | 2,000,000 | 500 | - |
| Agent warrants exercised | | 234,605 | 267 | - |
| Broker warrants exercised | | 8,850 | 13 | - |
| Options exercised | | 65,000 | 111 | - |
| RSUs redeemed | | 3,627,230 | 1,532 | - |
| Balance, December 31, 2021 | | 76,480,739 | \$ 40,367 | \$ - |
| Agent warrants exercised | | 70,959 | \$ 81 | - |
| Broker warrant exercised | | 96,087 | \$ 135 | - |
| Balance, March 31, 2022 | | 76,647,785 | \$ 40,583 | \$ - |

The weighted average number of shares outstanding used to calculate basic and diluted earnings (loss) per share for the three months ended March 31, 2022 and 2021 is as follows:

| Weighted Average Number of Shares Outstanding | Three months ended | |
|-----------------------------------------------|--------------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Basic | 76,485,596 | 58,460,651 |
| Dilutive effect of warrants | 103,832 | - |
| Dilutive effect of options | 2,583,120 | - |
| Dilutive effect of RSUs | 2,571,601 | - |
| Diluted | 81,744,149 | 58,460,651 |

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

| | Three months ended | |
|------------------------|--------------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Anti-dilutive warrants | - | 3,295,412 |
| Anti-dilutive options | 30,000 | 4,000,000 |
| Anti-dilutive RSUs | - | 6,780,007 |

19. WARRANTS

As at March 31, 2022 and December 31, 2021, warrants outstanding were as follows:

| Expiry Date | March 31, 2022 | | | December 31, 2021 | | | |
|--------------------|----------------|------------------------|--------------------|-------------------|------------------------|--------------------|-------------|
| | Note | Exercise Price (USD\$) | Number of Warrants | Exercisable | Exercise Price (USD\$) | Number of Warrants | Exercisable |
| September 11, 2022 | | \$0.80 | 323,176 | 323,176 | \$0.80 | 394,135 | 394,135 |
| February 17, 2022 | | \$1.07 | - | - | \$1.07 | 657,821 | 657,821 |
| | | \$0.80 | 323,176 | 323,176 | \$0.97 | 1,051,956 | 1,051,956 |

At March 31, 2022, the weighted average remaining contractual life of the warrants was 0.45 years (December 31, 2021 – 0.34 years).

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Warrants transactions are summarized as follows:

| | | March 31, 2022 | | |
|-------------------------------------|------|---------------------------|-----------------------|----------|
| | Note | Exercise Price (USD\$) | Number of Warrants | Warrants |
| Balance, December 31, 2019 | | \$0.20 | 2,000,000 | \$ 60 |
| Agent and finder's warrants granted | | \$0.80 | 628,740 | 214 |
| Warrants extended | | - | - | 40 |
| Balance, December 31, 2020 | | \$0.34 | 2,628,740 | \$ 314 |
| Broker warrants granted | | \$1.07 | 666,671 | 219 |
| Agent warrants exercised | | \$0.80 | (234,605) | (81) |
| Broker warrants exercised | | \$1.07 | (8,850) | (3) |
| Warrants exercised | | \$0.20 | (2,000,000) | (100) |
| Balance, December 31, 2021 | | \$0.97 | 1,051,956 | \$ 349 |
| Agent warrants exercised | | \$0.80 | (70,959) | (24) |
| Broker warrants exercised | | \$1.07 | (96,087) | (32) |
| Broker warrants expired | (i) | \$1.07 | (561,734) | (185) |
| Balance, March 31, 2022 | | \$0.80 | 323,176 | \$ 108 |

(i) On February 17, 2022, a total of 561,734 broker warrants with an exercise price of CAD\$1.35 (USD\$1.07) expired.

20. SHARE-BASED PAYMENT RESERVE

| | Stock Options | Restricted share units | Deferred share units | Share-based payment reserve |
|-----------------------------------|---------------|------------------------|----------------------|--------------------------------|
| Balance, December 31, 2020 | \$ 1,000 | \$ 658 | \$ - | \$ 1,658 |
| Options vesting | 833 | - | - | 833 |
| Options exercised | (21) | - | - | (21) |
| RSUs vesting | - | 1,544 | - | 1,544 |
| RSUs redeemed | - | (1,532) | - | (1,532) |
| DSU vesting | - | - | 961 | 961 |
| Balance, December 31, 2021 | \$ 1,812 | \$ 670 | \$ 961 | \$ 3,443 |
| Options vesting | 181 | - | - | 181 |
| RSUs vesting | - | 241 | - | 241 |
| Balance, March 31, 2022 | \$ 1,993 | \$ 911 | \$ 961 | \$ 3,865 |

On October 28, 2021, the Company's shareholders approved the Amended and Restated Omnibus Incentive Plan ("the Omnibus Plan"), which amends and restates the previous Plan approved on November 23, 2020 whereby the Company can grant to directors, officers, employees and consultants options to purchase common shares of the Company. The Omnibus Plan provides for the issuance of stock options and RSUs to acquire up to 10% of the Company's issued and outstanding capital. The Omnibus Plan also provides for the issuance of DSUs to eligible directors of the Company.

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

Options

As at March 31, 2022, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

| Expiry Date | March 31, 2022 | | | December 31, 2021 | | |
|-------------------|------------------------|-------------------------|-------------|------------------------|-------------------------|-------------|
| | Exercise Price (USD\$) | Number of Stock Options | Exercisable | Exercise Price (USD\$) | Number of Stock Options | Exercisable |
| October 3, 2024 | \$0.45 | 4,000,000 | 4,000,000 | \$0.45 | 4,000,000 | 4,000,000 |
| August 9, 2026 | \$1.12 | 2,370,000 | 790,000 | \$1.12 | 2,370,000 | 790,000 |
| September 1, 2026 | \$1.38 | 30,000 | 10,000 | \$1.38 | 30,000 | 10,000 |
| October 28, 2026 | \$1.24 | 150,000 | 50,000 | \$1.24 | 150,000 | 50,000 |
| | \$0.71 | 6,550,000 | 4,850,000 | \$0.71 | 6,550,000 | 4,850,000 |

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As at March 31, 2022, the weighted average remaining contractual life of the stock options was 2.84 years (December 31, 2021 – 3.09 years).

Stock option transactions are summarized as follows:

| | Exercise Price/Option (USD\$) | Number of Stock Options | Share-based payment reserve Options |
|--------------------------------------------|----------------------------------|-------------------------|-------------------------------------------|
| Balance, December 31, 2019 and 2020 | \$0.45 | 4,000,000 | \$ 1,000 |
| Options granted | \$1.14 | 2,615,000 | 833 |
| Options exercised | \$1.38 | (65,000) | (21) |
| Balance, December 31, 2021 | \$0.71 | 6,550,000 | \$ 1,812 |
| Options vesting | \$1.13 | - | 181 |
| Balance, March 31, 2022 | \$0.71 | 6,550,000 | \$ 1,993 |

For the three months ended March 31, 2022 and 2021, the Company recognized share-based payment expense relating to the vesting of stock options of \$0.2 million and \$Nil, respectively.

Restricted Share Units (“RSUs”)

As at March 31, 2022 and December 31, 2021 the Company had restricted share units enabling the holders to redeem common shares as follows:

| Grant Date | Note | March 31, 2022 | | December 31, 2021 | | | |
|--------------------|------|--------------------------------------|---------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------|
| | | Grant date fair value/RSU (USD\$) | Number of RSUs Granted | Number of RSUs Vested & Outstanding | Grant date fair value/RSU (USD\$) | Number of RSUs Vested & Outstanding | |
| June 24, 2020 | (i) | \$0.36 | 9,000,000 | 2,658,338 | 9,000,000 | \$0.36 | 2,658,338 |
| September 14, 2020 | | \$0.45 | 350,000 | 233,334 | 350,000 | \$0.45 | 233,334 |
| November 13, 2020 | | \$0.80 | 315,000 | 203,750 | 315,000 | \$0.80 | 203,750 |
| February 18, 2021 | | \$1.06 | 150,000 | 150,000 | 150,000 | \$1.06 | 150,000 |
| June 1, 2021 | | \$1.45 | 500,000 | 333,333 | 500,000 | \$1.45 | 333,333 |
| October 20, 2021 | | \$1.26 | 150,000 | 150,000 | 150,000 | \$1.26 | 150,000 |
| | | \$0.55 | 12,725,000 | 3,728,755 | 12,725,000 | \$0.55 | 3,728,755 |

(i) The June 24, 2020 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.

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Restricted share unit transactions are summarized as follows:

| Note | Grant date fair value/RSU (USD\$) | Number of RSUs Outstanding | Share-based payment reserve RSUs (\$000's) |
|-----------------------------------|-----------------------------------|----------------------------|--------------------------------------------|
| Balance, December 31, 2019 | \$0.45 | 1,506,665 | \$ 422 |
| RSUs granted | \$0.42 | 9,665,000 | - |
| RSU vesting | \$0.51 | - | 2,200 |
| RSUs redeemed | \$0.50 | (3,908,325) | (1,945) |
| RSUs forfeited/cancelled | \$0.40 | (483,333) | (19) |
| Balance, December 31, 2020 | \$0.39 | 6,780,007 | \$ 658 |
| RSUs granted | \$1.34 | 800,000 | - |
| RSU vesting | \$0.73 | - | 1,544 |
| RSUs redeemed | \$0.42 | (3,627,230) | (1,532) |
| RSUs forfeited/cancelled | \$0.48 | (224,022) | - |
| Balance, December 31, 2021 | \$0.55 | 3,728,755 | \$ 670 |
| RSU vesting | \$0.89 | - | 241 |
| Balance, March 31, 2022 | \$0.55 | 3,728,755 | \$ 911 |

As of March 31, 2022, there were 3,728,755 RSUs outstanding (December 31, 2021 – 3,728,755 RSUs outstanding).

For the three months ended March 31, 2022 and 2021, the Company recognized share-based payment expense relating to the vesting of RSUs of \$0.2 million and \$0.2 million, respectively.

Deferred Share Units (“DSUs”)

As at March 31, 2022 the Company had deferred share units enabling the holders to redeem common shares as follows:

| March 31, 2022 | | | |
|-----------------------|-----------------------------------|------------------------|----------------------------|
| Note | Grant date fair value/DSU (USD\$) | Number of DSUs Granted | Number of DSUs Outstanding |
| October 28, 2021 | \$1.24 | 775,000 | 775,000 |
| | \$1.24 | 775,000 | 775,000 |

Deferred share unit transactions are summarized as follows:

| Note | Grant date fair value/DSU (USD\$) | Number of DSUs Outstanding | Share-based payment reserve DSUs |
|--------------------------------------------------------|-----------------------------------|----------------------------|----------------------------------|
| Balance, December 31, 2020 | - | - | \$ - |
| DSUs granted | \$1.24 | 775,000 | - |
| DSU vesting | \$1.24 | - | 961 |
| Balance, December 31, 2021 & March 31, 2022 | \$1.24 | 775,000 | \$ 961 |

For the three months ended and March 31, 2022 and 2021, the Company recognized share-based payments expense relating to the vesting of DSUs of \$Nil.

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21. FINANCE EXPENSE

| | Note | Three months ended | |
|-------------------------------------------|------|--------------------|-----------------|
| | | March 31, 2022 | March 31, 2021 |
| Finance income | | | |
| Investment loss (income) | | \$ 38 | \$ (25) |
| | | 38 | (25) |
| Finance costs | | | |
| Accretion of future consideration payable | 6 | \$ 663 | \$ 677 |
| Accretion of deferred revenue | 14 | 655 | 643 |
| Interest on revolving prepayment facility | 15 | 65 | 75 |
| Interest on secured note | | 99 | - |
| Finance fees and bank charges | | 121 | 75 |
| | | 1,603 | 1,470 |
| Net finance expense | | \$ 1,641 | \$ 1,445 |

22. 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 | March 31, 2022 | | December 31, 2021 | |
|-------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial Assets | | | | |
| Amortised cost | | | | |
| Cash | (i) \$ 26,127 | \$ 26,127 | \$ 1,726 | \$ 1,726 |
| Short-term investments | (i) 29 | 29 | 29 | 29 |
| Trade and other receivables | (i)(ii) 7,137 | 7,137 | 9,348 | 9,348 |
| Due from related parties | 700 | 700 | 525 | 525 |
| Offtake receivable | (i) 27,930 | 27,930 | 18,166 | 18,166 |
| Fair value through profit or loss | | | | |
| Investment in marketable securities | (iii) 620 | 620 | 658 | 658 |
| Total financial assets | 62,543 | 62,543 | 30,452 | 30,452 |
| Financial liabilities | | | | |
| Amortised cost | | | | |
| Trade and other payables | (i)(ii) \$ 20,116 | 20,116 | \$ 21,900 | \$ 21,900 |
| Revolving prepayment facility | 7,507 | 7,507 | 6,015 | 6,015 |
| Offtake payable | (i) 27,930 | 27,930 | 18,166 | 18,166 |
| Total financial liabilities | 55,553 | 55,553 | 46,081 | 46,081 |
| Net financial assets (liabilities) | \$ 6,990 | \$ 6,990 | (15,629) | (15,629) |

- (i) Cash, short-term investments, trade and other receivables, offtake receivable, trade and other payables and offtake payable 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.

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Fair value hierarchy

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

- a) The fair values for cash, short term investments, trade and other receivables, due from related parties, investment in marketable securities, revolving prepayment facility and trade and other payables 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 on the date of the event or change in circumstances that caused the transfer. During the three months ended March 31, 2022 the Company did not make any transfers.

23. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24 Related Party Disclosures, 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 three months ended March 31, 2022 and 2021 compensation of key management personnel is summarized as follows:

| | March 31 2022 | March 31 2021 |
|--------------------------------------|--------------------------|------------------|
| Management and director compensation | \$ 628 | \$ 450 |
| Share-based payments | 324 | 150 |
| | \$ 952 | \$ 600 |

(b) Due to and from related parties

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 company related 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 March 31, 2022, amounts owed from Ascendant in relation to shared services are \$0.7 million (March 31, 2021 - \$0.3).

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. During the period-ended December 31, 2021, the Company approved the accelerated vesting of the final tranche of the 200,000 RSUs granted to Ascendant, where Ascendant received the remaining 133,333 common shares of Cerrado.

On October 5, 2020, Cerrado subscribed for a total of 2,650,000 units of Ascendant at a cost of CAD\$0.10 per unit for a total cost of CAD\$0.3 million. Each unit consists of one common share of Ascendant and one-half of one common share purchase warrant. Each warrant entitles Cerrado to acquire one common share at a price of CAD\$0.15 per share for a 24-month period following the closing date of private placement. The Company fully exercised these warrants in 2021 at CAD\$0.15 each for a total cost of CAD\$0.2 million and received 1,325,000 common shares of Ascendant, for a total of 3,975,000 common shares of Ascendant, valued at \$0.7 million.

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24. 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 million 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.

(b) 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 March 31, 2022, 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.

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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 data

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

| Period ended March 31, 2022 | Argentina | | Brazil | | Other | Total |
|--------------------------------------|------------------|------------------------|-------------------|-----------------|-----------------|-------|
| | Don Nicolas Mine | Monte do Carmo Project | Corporate | | | |
| Revenue from gold and silver sales | \$ 27,384 | \$ - | \$ - | \$ - | \$ 27,384 | |
| Production costs applicable to sales | (13,216) | - | - | - | (13,216) | |
| Sales expenses and royalties | (2,910) | - | - | - | (2,910) | |
| Depreciation and depletion | (2,084) | - | - | - | (2,084) | |
| Income from mining operations | 9,174 | - | - | - | 9,174 | |
| General and administrative expenses | (170) | (30) | (1,666) | (1,866) | (1,866) | |
| Other expenses | (1,004) | (2) | (2,285) | (3,291) | (3,291) | |
| Income (loss) before income taxes | 8,000 | (32) | (3,951) | 4,017 | 4,017 | |
| Income taxes | (665) | - | - | (665) | (665) | |
| Net income (loss) | \$ 7,335 | \$ (32) | \$ (3,951) | \$ 3,352 | \$ 3,352 | |

| As at March 31, 2022 | Argentina | | Brazil | | Other | Total |
|----------------------|------------------|------------------------|-----------|------------|------------|-------|
| | Don Nicolas Mine | Monte do Carmo Project | Corporate | | | |
| Total assets | \$ 79,565 | \$ 29,241 | \$ 29,679 | \$ 138,485 | \$ 138,485 | |
| Total liabilities | \$ 21,692 | \$ 1,144 | \$ 92,029 | \$ 114,865 | \$ 114,865 | |

Segment assets include receivables, inventories, property, plant and equipment and exploration and evaluation assets. Argentina segment includes Minera Mariana.