



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FIRST QUARTER ENDED MARCH 31, 2023 AND 2022**  
*(Expressed in US dollars)*

**2023**



# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
(Expressed in US dollars)

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### INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") dated May 30, 2023 is a review of the business activities and overview of financial position for Cerrado Gold Inc. ("Cerrado" or the "Company") for the first quarter ended March 31, 2023 and 2022. The MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements (the "Cerrado Financial Statements") for the first quarter ended March 31, 2023 and 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International accounting Standards Board ("IASB").

This MD&A also reports on items deemed significant that occurred between March 31, 2023 and the date on which the MD&A is approved by the Company's Board of Directors, which is May 30, 2023, inclusively.

The information provided in this MD&A and the unaudited condensed consolidated interim financial statements are the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the unaudited financial statements.

Unless otherwise indicated, all reference to "dollar" or the use of the symbol "\$" are to the United States dollar in this Management Discussion and Analysis.

### FORWARD-LOOKING STATEMENT AND USE OF ESTIMATES

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). Forward-looking information is also identifiable in statements of currently occurring matters which may continue in the future, such as "providing the Company with", "is currently", "allows/allowing for", "will advance" or "continues to" or other statements that may be stated in the present tense with future implications. All of the forward-looking information in this MD&A is qualified by this cautionary note. Detailed information regarding risks and uncertainties is provided in the Risk and Uncertainties section of the MD&A.

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and use assumptions and estimates that affect the amounts of the assets, liabilities, and expenses reported in the consolidated financial statements.

Because the use of assumptions and estimates is inherent to the financial reporting process, the actual results of items subject to assumptions and estimates could differ from original assumptions and estimates.

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### COMPANY OVERVIEW & BACKGROUND

Cerrado is a public gold mining and exploration company with assets in Argentina and Brazil. Cerrado began trading on the TSX Venture Exchange on February 25, 2021 under the symbol "CERT".

In Argentina, Cerrado is focused on its producing Minera Don Nicolás gold mine ("MDN") located in the mineral rich Deseado Massif in the province of Santa Cruz, Argentina. MDN has been in production since 2017. The gold deposits at MDN are classified as epithermal gold vein style deposits typical of the region which is host to numerous large-scale gold operations. Cerrado reached a production milestone in 2022, producing over 50,000 gold equivalent ounces for the year and also commenced construction of its first heap leach project at the Las Calandrias deposit to further increase production.

In Brazil, the Company is advancing its Monte Do Carmo gold project ("MDC"). MDC consists of 20 exploration permits totaling 82,541 hectares ("ha's") in the state of Tocantins. The MDC project is expected to be a low-cost gold producer, as demonstrated by the results of Preliminary Economic Assessment ("PEA"). The PEA was based upon a Mineral Resource Estimate of 1.3Moz in all categories and is constrained solely to the Serra Alta Deposit. As Cerrado is nearing completion of the Feasibility Study ("FS") at Serra Alta the focus has expanded to exploring the some 30kms of known mineralized trends identified by our exploration team in Brazil. The Company now expects to complete the FS on the Serra Alta deposit during Q2 2023 owing to the opportunity to access some of the new Eastern resource zones identified in the latest drilling campaigns and is rapidly advancing the necessary design work as well as permitting to fast track this project into production. Construction is expected to commence in late in 2023.

### OUTLOOK

In Argentina, Cerrado remains focused on continued operational improvement initiatives at MDN to increase efficiencies and enhance production. As expected, grades remained at forecasted levels. An overall head grade of 4,59 g/t was achieved.

At the operational level, the focus remains on enhanced dilution control activities, tightening in pit ore control processes to further increase the average head-grades delivered to the mill and improve recovery rates while sustaining mill throughput rates at 1,100 – 1,200 tpd. The company produced 13,951 Geo Gold ounces and sold 16,255 ounces during Q1 2023. Over the course of 2023, the Company expects the ongoing operational strategy to achieve the yearly production target of 45,000 - 50,000 ounces from the CIL plant (excluding the Calandrias heap leach production).

Management is encouraged by the exploration programs initiated this year and our view that significant exploration potential exists at the property remains unchanged. Our aim with the 2023 program is to continue the 2022 plan by extending the mine life through the identification of additional mineralization in current open pit mining areas as well as underground mining. Exploration work remains ongoing to focus on growing the known resources at MDN beyond those outlined in the Mineral Resource Estimate ("MRE") reported February 17, 2021. The focus remains on drilling high grade near surface targets that can readily be brought into the mine plan as well as the continued regional program to better understand the potential of the significant land package at MDN. Additionally, planning for deeper drilling with the potential of extending the high-grade underground resource at MDN has identified the opportunity to develop Paloma as an underground mine. The underground drilling program continued during this quarter focusing on the Esperanza/Rocio veins. Geotechnical design for the underground operation has been completed and a mining contractor has been appointed to assist the on-site team with the necessary studies and test work required to evaluate the potential and needs associated with underground operations.

The Company is also completing an internal study for a second heap leach at Martinetas. Over the longer term this is expected to allow MDN to focus on processing higher grade material through the milling and CIL plant, while lower grade material will be processed via heap leaching. The final study and development decision are expected by the end of the second quarter 2023 and initial production would be expected by the end of the fourth quarter 2023.

In Brazil, the Company completed its 48,714 metre infill drilling program to support the FS for the Serra Alta Deposit during 2022. Geotechnical and some exploratory drilling continued in Q1 2023 with 208 metres of geotechnical and 3,836 metres of exploratory drilling completed to date. To date all assay results from the FS drilling campaign have been received and SRK Consulting was incorporated the results to support the update of the Resource model. A total of 95 geotechnical compression tests were completed and are available to be assessed by the geotechnical team involved in Serra Alta DFS study.

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The field team is working to develop new drilling targets and performed 2,100m of trenches and 1,400 soil samples from satellite targets of MDC project.

The Environmental Impact Study ("EIS") for the MDC project is currently under assessment by NATURATINS. It is expected that the Preliminary License ("LP") will be issued shortly. After final approval and issuance of the LP by NATURATINS an application for the License of Installation/Construction ("LI") will follow.

Cerrado is planning to drill some 33,700 metres of diamond drilling in its 2023 exploration drilling program to target potential areas to expand the Indicated and Inferred Resources in Serra Alta.

### **2023 HIGHLIGHTS**

#### **Operational Performance**

##### **Minera Don Nicolas**

MDN is a remote mining operation with a self-sustaining camp facility. Operations have returned to normality, with no COVID restrictions in place since the start of the year. The operational results seen in the last quarter of 2021 continued throughout 2022. The MDN operation is running steadily, and lessons learned in ore control and short term mine planning continue to deliver the required gold grades.

Chulengo, Baritina and Esperanza are in full operation and gold grades are in line with the long term mine plan. Material from these pits have caused no operational or recovery issues in the processing plant, in fact gold recovery has shown a slight increase.

Reverse Circulation ("RC") drilling campaigns and increased sampling campaigns continues during the first quarter and ensures better understanding of the vein structures in the various pits. The information gathered from these campaigns continues delivering ore gold grades and accurate short term mine plans in line with expectations. As a result, all gold equivalent ounce ("geo") production targets were exceeded.

Gold production is expected to show a slight drop in the 2<sup>nd</sup> quarter, with the mine focusing on developing new reserves and will increase in the 3<sup>rd</sup> quarter with the addition of the Calandrias Heap-leach.

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## Financial Performance

### Minera Don Nicolas

Key Operating Information	Unit	Q4		Q3		Q2		Q1		Q4		Q3		Q2	
		Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021						
<b>Operating Data</b>															
Ore Mined	ktonnes	73.06	109.45	84.79	91.69	89.22	120.50	113.47	102.26						
Waste Mined	ktonnes	1,391.36	1,256.00	1,265.08	1,129.77	879.12	1,061.13	1,461.57	1,323.45						
Total Mined	ktonnes	1,464.42	1,365.45	1,349.86	1,221.46	968.34	1,181.62	1,575.04	1,425.72						
Strip Ratio	waste/ore	19.04	11.48	14.92	12.32	9.85	8.81	12.88	12.94						
Mining rate	ktpd	16.27	14.84	14.67	13.42	10.76	12.84	17.31	15.67						
Ore Milled	ktonnes	97.65	94.39	98.92	102.88	98.67	109.89	102.43	106.60						
Head Grade Au	g/t	4.59	5.83	4.40	3.44	4.68	4.77	3.57	2.97						
Head Grade Ag	g/t	5.71	7.39	11.58	9.95	14.85	17.94	13.01	10.91						
Recovery Au	%	92%	95%	91%	91%	89%	89%	88%	87%						
Recovery Ag	%	67%	66%	66%	67%	58%	57%	63%	57%						
Mill Throughput	tpd	1,085	1,026	1,075	1,131	1,096	1,194	1,126	1,171						
Gold Ounces Produced	oz	13,794	17,187	11,015	11,296	13,007	15,008	10,168	9,607						
Silver Ounces Produced	oz	13,301	14,962	22,419	28,721	27,107	27,579	28,595	22,388						
Gold Ounces Sold	oz	16,005	14,545	10,522	10,981	14,622	12,864	9,648	9,744						
Silver Ounces Sold	oz	15,349	12,800	22,355	27,775	32,866	26,268	25,836	21,881						
AISC - Minera Don Nicolas	(1) \$/oz	\$1,145	\$1,015	\$1,494	\$1,409	\$1,123	\$995	\$1,382	\$1,542						

(1) This is a non-IFRS performance measure, see non-IFRS Performance Measures

### First quarter ended March 31, 2023

The Company produced 13,951 gold equivalent ounces ("GEO") during the first quarter ended March 31, 2023, as compared to 13,388 GEO for the first quarter ended March 31, 2022. Production is slightly lower in the three months ended March 31, 2023, due to 2% lower gold head grade and 62% lower silver head grade.

The Company generated revenue of \$27.5 million for the first quarter ended March 31, 2023, from the sale of 16,005 ounces of gold and 15,349 ounces of silver at an average realized price per gold ounce sold of \$1,696. For the first quarter ended March 31, 2022, the Company generated revenue of \$27.4 million from the sale of 14,622 ounces of gold and 32,866 ounces of silver. Revenue and sales of gold for the current period is higher than the quarter ended March 31, 2022, due to higher gold grades and recovery.

Cost of sales for the first quarter ended March 31, 2023, were \$20.7 million as compared to \$18.2 million for the quarter ended March 31, 2022. The Company incurred \$2.3 million higher production costs for the first quarter ended March 31, 2023 due to higher costs of operational contractors and materials, and higher labour costs in 2023 as compared to 2022.

Total cash costs (including royalties) per ounce sold was \$1,139 per ounce in the first quarter ended March 31, 2023, as compared to \$1,049 per ounce for the first quarter ended March 31, 2022 a \$90 per ounce increase (refer to reconciliation of Non-IFRS performance metrics). The increase is a result of higher production costs incurred in 2023 as compared to 2022.

Net loss for the first quarter ended March 31, 2023, was \$7.4 million as compared to a \$3.4 million income for the first quarter ended March 31, 2022. There was a \$2.4 million decrease in mine operating margin in 2023 which is a result of higher production costs.

The Company incurred general and administrative expenses of \$3.4 million for the first quarter ended March 31, 2023, as compared to \$1.9 million of general and administrative expenses incurred during the first quarter ended March 31, 2022. For the three months ended March 31, 2023 there was an increase in salaries and wages of \$1.5 million.

Other expenses incurred of \$8.1 million during first quarter ended March 31, 2023, include non-cash finance costs of \$1.2 million related to accretion of deferred revenue, \$0.5 million related to accretion of future consideration payable, and \$2.6 million related to fair value remeasurement of secured note payable.

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### CORPORATE DEVELOPMENTS

#### Financing Activities 2022

On March 14, 2022 Sprott Private Resource Streaming and Royalty (Collector), LP ("Sprott", or the "Lender") issued US\$20 million to Cerrado in consideration of a secured note secured note (the "Note") that bears interest at a rate of 10% per annum, calculated and payable quarterly, which will mature on the earlier of: i) the achievement of commercial production at Monte Do Carmo, together with certain other conditions; and ii) March 14, 2031.

The Note is secured, in favour of Sprott, by the Company's Brazilian assets and shares in the Brazilian subsidiaries, which Sprott has agreed will rank subordinate to a project lender.

Subject to the approval of the TSX, 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.

Concurrent with execution of the Note, on March 14, 2022, the Company and its Brazilian subsidiaries entered into a US\$20 million metals stream agreement (the "Stream Agreement") with Sprott Private Resource Streaming and Royalty Corp. ("Sprott Royalty") for the Monte do Carmo project (the "Project"). Sprott Royalty will pay the Company the deposit of USD\$20 million either in cash or by issuance of a promissory note on maturity of the Note.

The Stream Agreement provides for the sale and delivery to Sprott Royalty of 2.25% of metals produced from the Project. The price will be determined as 10% of the market price. The Company has the ability to buy down up to 50% of the Stream Agreement ("Buy-Down Option") by exercising its option and paying the applicable amount below:

- On or before June 30, 2024 – US\$12.5 million
- From July 1, 2024, until June 30, 2025 – US\$13.0 million
- July 1, 2025, until June 30, 2026 – US\$13.5 million

The Stream Agreement is secured, in favour of Sprott, by the Company's assets in Brazil and shares in the Brazilian subsidiaries ranking subordinate to a project lender.

Proceeds of the Note 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 US\$20.0 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 the achievement of commercial production together with certain other conditions, or March 14, 2031. Subject to the approval of the TSX Venture Exchange (the "TSXV"), 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 (the "Common Shares") at a price per Common Share equal to 95% of the volume weighted average price (the "VWAP") 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 Project assets and is intended to subordinate to future project financing for the Project.

On August 24, 2022 the Company entered into a ARS 500,000,000 18-month term loan with Banco de Santa Cruz S.A., which matures in February 2024. The loan bears interest at the private BADLAR Rate plus an annual 13% spread, payable in 18 monthly instalments.

In November and December 2022 the Company, through its wholly-owned subsidiary Minera Don Nicolas SA ("MDN"), issued unsecured promissory notes to lenders locally in Argentina for \$4 million dollars, and \$5 million, respectively. The promissory notes are repayable in Argentinian pesos at the official rate.

The initial \$4 million in promissory notes issued in November 2022 were refinanced in January 2023 and reissued \$4.4 million promissory notes to the same lender as longer-term notes with similar terms (the "Replacement Notes"), maturing two years from issuance and bearing a rate of 5% interest. During the quarter ended March 31, 2023 MDN issued additional promissory notes for \$6 million dollars to a local lender in Argentina, which are secured against equipment and moveable property of MDN in Argentina. Any time prior to maturity, MDN can elect to prepay all or any portion of the promissory notes without incurring any early repayment penalty. The Company has provided a limited



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recourse guarantee to the lenders in respect of the \$5 million Notes. As at March 31, 2023 the \$15.4 million balance bears interest at the rate of 5% until repaid.

The Company is utilizing proceeds of the promissory notes to fund ongoing development at the Calandrias Heap Leach Project in Argentina and for working capital purposes. The Company paid a 1.5% cash commission and a 1% cash allocation fee in relation to the promissory notes.

### Financing Activities 2023

On March 2, 2023 the Company entered into an amended and restated metals purchase and sale agreement with Sprott to include the concessions acquired by the Company in its acquisition of Minera Mariana Argentina SA in 2020, broadening the stream area including, most notably, production from the Las Calandrias heap leach project where production is expected to commence in Q2 2023. The agreement provides Cerrado with an additional \$10.0 million in funding in the form of an additional deposit against future production. In this amended and restated streaming agreement with Sprott the step-down trigger has also been increased from 21,250 gold equivalent ounces to 29,500 gold equivalent ounces, all other major terms remain the same as the original agreement.

### Executive Updates

On February 13, 2023, the Company announced that Mr. Clinton Swemmer was appointed Chief Technical Officer for Cerrado. Previously, Mr. Swemmer held the position of Vice President of Technical Services. The appointment as Chief Technical Officer reflects Mr. Swemmer's significant contribution to the Company, including the heap leach and underground development programs at MDN in Argentina and the ongoing Feasibility Study and development plans at the MDC Project in Brazil.

On March 14, 2023, the Company announced that Mr. Mike McAllister was appointed Vice President, Investor Relations for Cerrado. Mr. McAllister has over 19 years experience working with public mining companies, the last 12 as a mining specialized investor relations professional.

On March 2, 2023, the Company announced the resignation of Stephen Shefsky as Director and Co-Chairman of the Company in order to focus his time on other business opportunities.

### Las Calandrias Heap Leach Project

The Company continues to develop a gold heap leach project at its Las Calandrias deposit at the Minera Don Nicolás mine in Santa Cruz, Argentina. The Company has completed detailed design of the heap leach pad as well as completed the procurement and construction of the crushing plant and is finalizing the Carbon in Column plant construction. Placement of ore on the pad was achieved during April 2023 with the first gold expected in early June 2023. The Calandrias Heap Leach is the first step in Cerrado's plans for growing production capacity at MDC.

### Acquisition of Voyager Metals

On March 7, 2023, the Company entered into a definitive agreement with Voyager Metals Inc. ("Voyager") pursuant to which Cerrado would acquire all of the issued and outstanding shares of Voyager not already owned by Cerrado by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement"). Upon completion of the Arrangement, Cerrado will, indirectly through a wholly-owned subsidiary, own a 100% interest in the Mont Sorcier Iron and Vanadium project located near Chibougamou, Quebec.

Mont Sorcier is a well advanced, large, long-life and economically robust Project in a tier one mining jurisdiction. In September 2022, Voyager completed a Preliminary Economic Assessment (the "PEA") on Mont Sorcier, which outlined a project with an after-tax NPV of US\$1.6 billion and IRR of 43% producing 5 million tonnes per annum of iron concentrates over a mine life of 21 years with annual free cash flow of US\$235 million. The project is currently advancing towards completion of a bankable Feasibility Study expected by the end of 2023.

Under the terms of the Arrangement, Voyager shareholders would receive one common share of Cerrado for every six common shares of Voyager (the "Exchange Ratio"). The Exchange Ratio implies consideration of CDN \$0.1523 per Voyager Share based on the 20 day volume weighted average price ("VWAP") of the closing price of Cerrado common shares on the TSX Venture Exchange ("TSXV") on March 3, 2023, representing a 16.8% premium to 20-day VWAP of Voyager on the TSXV on March 3, 2023. Upon closing, the Arrangement would result in Voyager shareholders owning

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approximately 18% of the issued and outstanding common shares of Cerrado "Cerrado Shares") upon closing of the Arrangement.

On May 25, 2023 the shareholders and option holders of Voyager approved the completion of the Arrangement. The Arrangement is expected to become effective on or about May 31, 2023, subject to, among other things, Voyager obtaining a Final Order from the Ontario Superior Court of Justice (Commercial List) in respect of the Arrangement and the satisfaction or waiver of certain other customary closing conditions.

### Transaction Rationale

- The combination will create a well-financed mining company with a strong pipeline of current production and growth, immediate development and a long-life, low-cost and large-scale project in a low-risk jurisdiction.
- Financing and cash flow synergies may reduce the dilution for project development and significantly reduce dilution for shareholders.
- Combined company would create a mid-tier market capitalized company once all assets are in operation based on the ability to generate significant free cashflow over the next several decades.

### EXPLORATION

#### Minera Don Nicolas Drilling Program

Drilling in 2022 was designed to advance several green and brownfield targets in parallel with the aim of increasing mine life and expanding the overall Resource endowment at MDC. Brownfield efforts were concentrated in the Paloma area, where shallow RC drilling was conducted along strike extension of known structures (e.g. Arco Iris and Violeta) and deeper Diamond Drilling on the down dip extension of the known resource in the Sulfuro/Esperanza vein complex.

In Q1 2022, the Company commenced deep drilling program to delineate the down dip extent of the known resource in the Sulfuro/Esperanza Veins. The first area of focus was the southern edge of the Sulfuro Vein (Paloma) where a high grade subvertical shoot has already been delineated with historic drilling approximately 125 m below the Life of Mine ("LOM") pit. Drilling is targeting an additional 200m of down plunge extension. In Q3 the program focused on targeting the central and northern segments of the Sulfuro vein at shallower areas below the LOM pit and understanding the downdip continuity of the known mineralized segments of the Esperanza/Rocio veins.

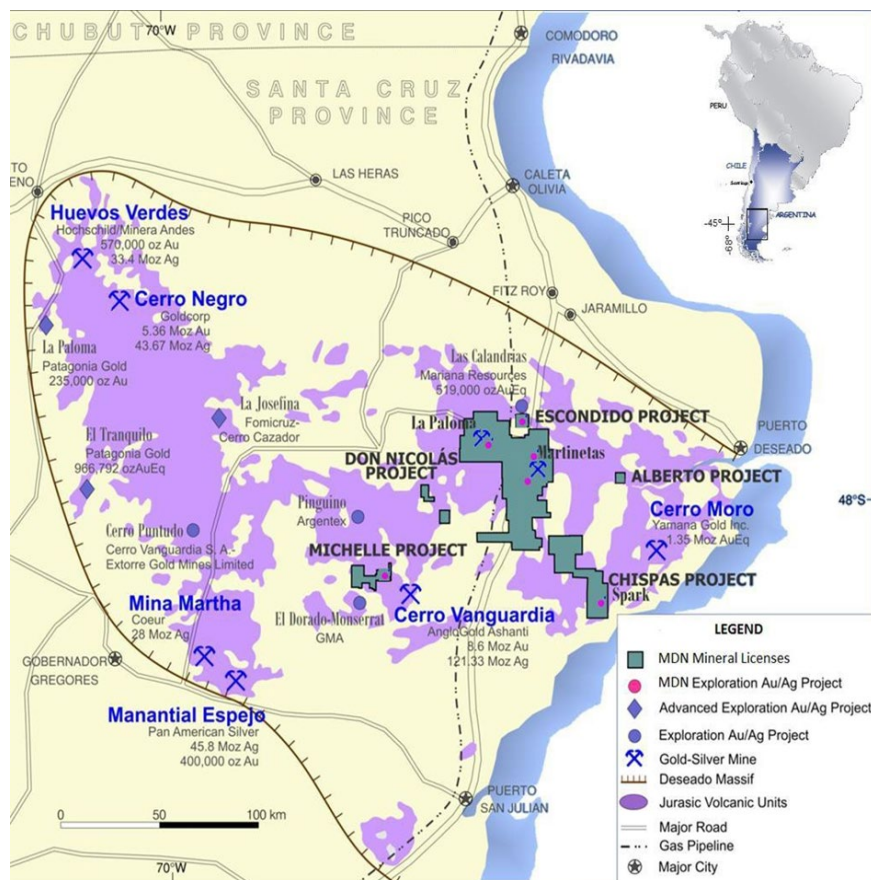
The program was completed in October 2022 totalling 17 holes in the Sulfuro vein and 12 holes in Esperanza. The internal resource update of the Paloma area including the domaining of the main ore shoots is currently being analyzed for stope optimization and economic trade off studies on the way to start mining.

The move towards underground mining is in keeping with the transitions undertaken at both MDN's neighbouring mines including, Yamana's Cerro Morro operation and Anglo American's Cerro Vanguardia mine. Based upon current resources in place, Cerrado's exploration team believes it can readily outline potential resources in excess of 100,000 ounces of gold in underground mineralized material to act as an additional source of feed to the mill.



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Cerrado continued aggressive RC drilling in near mine and brownfield areas during Q1 2023. The main targets drilled this quarter include:

- Chulengo
- Baritina Norte
- Clara
- Microondas (Macarena and Quizas)
- Antena

Full results have been integrated into updated internal geological/resource models. Positive results (e.g. Clara) will be followed up with infill drilling, and pit economic optimization, ultimately contributing to the MDN life of mine.

## Monte do Carmo Project

### 2022 Resource Update infill program

The Company initiated its infill drill program in January 2022, to upgrade the majority of the current Inferred Resource within the constrained open pit to Measured and Indicated categories such that it can be fully incorporated into the economic analysis of the feasibility study which is expected to be completed in Q2 2023. The drilling program was successfully completed in January 2023 and encompassed all the known sectors that contribute to the deposit endowment including Pit Sur, Pit North, and the Eastern Zone.

The full drilling results were incorporated into a new geological domain model completed in Q1 and subsequently have been integrated into an updated resource update being finalized by SRK, which will be the Au resource base for the Feasibility Study in 2Q 2023.

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The Infill program completed in 2022 consisted of 193 drill holes, totaling 48,842 m, including 157 holes at Serra Alta and 36 holes in the satellite exploration areas.

In Q1 2023, as part of the exploration program at Monte Do Carmo, Cerrado has commenced a program targeting several new Areas outside Serra Alta. The first hole was target being drilled has been called Northeast and is located more than 500 m from the current resource outline at Serra Alta. The target is blind, covered by both sedimentary and volcanic cover. First hole completed in the target (FNE-01) was terminated at a depth of 711.6 m and had reached the permissive granites. The granite resembles Serra Alta main mineralization host and exhibits both potassic alteration and quartz veins. Notably, 3 occurrences of Visible Gold (traditionally a proxy of high grade at Serra Alta) have been recorded in the first few meters of the altered granite. At May 5<sup>th</sup>, three holes have been completed in these targets and a fourth is in progress. Results will help understanding vectors towards more intense and continuous mineralization.

Assays results reported this quarter, were limited to the last batches of the Infill and extensional programs. Highlights (All composites are reported as true thickness) include:

### Sierra Alta (Infill)

#### FSA-290

- **15m at 5.79 Au g/t from 309 m**
- **Including 2m at 28.66 Au g/t from 310m**
- **33m at 1.35g/t Au from 363m**
- **Including 2m at 7.70 g/t Au from 367m**

#### FSA-314

- **17m at 2.87 g/t Au from 105m**
- **14m at 3.41 g/t Au from 130m**

#### FSA-323

- **25m at 1.60 g/t Au from 149m**
- **Including 2m at 9.91 g/t Au from 149m**

The exploration team is developing a strong pipeline of targets based on new geophysical interpretation, extensive soil geochemistry grid programs, trenching and geological traversing. As Q2 the company has mobilized 3 diamond rigs to maintain aggressive exploration in the newly defined targets.

### **Divisa Target**

Divisa is located 12 km to the Northwest of Serra Alta. Cerrado exploration team advanced a trenching and soil program in Q1, defining several drilling targets. Geology is dominated by shear zones affecting volcano sedimentary and ultramafic sequences. Gold anomalies from soil samples extend along a corridor of approximately 10 km, between Bit 3 that includes as relevant interception 12m@ 1.99 Au g/t (hole FLD-01, see description below). Drilling started in Q2, first holes have confirmed quartz veining in sheared zones which surface projection includes core of soil/trenches anomalies and some artisanal mining pits (Garimpos)

### **Capitao**

The Capitao Target is located 6 km to the south of the Serra Alta deposit along the same granite complex. The Company drilled 4 holes in the first quarter of 2022, totaling 14 drill holes and 5,115m of drilling including 2021 holes. Integrated results have notably expanded the footprint of the target previously constrained by historic drilling (Kinross 2007). After successful extensional step outs, a strike length of 500m with notable wide lateral extents up to 700m has been confirmed. Follow up drilling is expected during 2023.

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### Baru

The Baru Target is located one kilometre to the west of the south pit at Serra Alta. To date, 12 holes have been completed totaling 3,278m. Hole FBU-008 was drilled in section with hole FBU-004 (discovery hole reported on December 15<sup>th</sup>, 2021) and confirmed mineralization in the immediate footwall of the Agua Suja fault. A relevant intercept of this hole includes 18.59m at 0.95 g/t Au from 83.20m. Integrated results warrant further investigation along strike, especially towards the south where the granitic host is exposed.

### Fartura

The Fartura Target is located 2km to the northwest of Serra Alta, also sitting along the granite complex contact zone. Drill Holes FFA-007 and FFA-008 were drilled to test down dip extension of the projected mineralization previously intercepted at shallow levels. Both were successful in providing continuity: FFA-08 intercepted 5.07m at 0.79 g/t gold that can be correlated with the high-grade intercept from hole FFA-001 that included 5.35m at 1.85 g/t Au (see press release from December 15<sup>th</sup>, 2021). Current geological modelling confirms that the host rock of the shallow mineralization (mined informally on surface) in Fartura is a porphyritic felsic volcanic. The current known outline of mineralization at Fartura extends for over 200m in strike length and is open both to the north (under sedimentary volcanic) and to the south.

### Bit-3

The Bit-3 targets are located 13 km to the northwest of Serra Alta. Relevant gold grades from a biotite-quartz altered zone were returned in drill holes FLD-05 and FLD-06 (6.72 m at 1.50 g/t Au and 14.2m@ 0.69 Au g/t, respectively). The other drill holes successfully intersected the continuity of shear zone, but with minor gold tenors. The current geological model of the mineralized zone indicates the potential of a down plunge and north strike extension. The sheared contact between granite and ultramafic rocks extends to the northeast for about 15 Km. This regional trend, has undergone no systematic exploration and opens a new exploration front for the current scope of expanding the district gold resource. It is believed that along this strike length there is potential for replicating high grade shoots as the one preliminary shaped in Bit-3.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### Current Resource

The Sierra Alta July 2021 Mineral Resource Estimate highlights are.

- Total Indicated Resources of 9,108,000 tonnes at 1.85 g/t Au, containing 541,000 oz Au
- Total Inferred Resource of 13,197,000 tonnes at 1.84 g/t Au, containing 780,000 oz Au
- Notable Increase in total Mineral Resource: 62% more gold ounces from previous estimate (December 2018)
- Higher Confidence level: 41% of metal in Indicated category
- Over 99% of the gold in the Indicated Resources category is included in the constraining pit shell, the other 0.4% is considered underground
- Over 90.5% of the Inferred Resource is included in pit shell, the other 9.2% is considered underground
- Excellent conversion rate of previous Inferred Resource into indicated confirms sound domaining and interpolation strategy
- Confirmation of Serra Alta as the anchor deposit of the district, as exploration continues
- Potential for replicating mineral endowed zones like Serra Alta or individual blocks within Serra Alta on regional scale remains high from Cerrado perspective

### Serra Alta Mineral Resource Statement – Effective Date July 21, 2021

Mining Method	Cut-off Grade (g/t Au)	Resource Category	Tonnage (kt)	Avg. Au Grade (g/t)	Metal Content (koz)
Open Pit	0.30	Indicated	9,063	1.85	539
		Inferred	12,128	1.82	708
Underground	1.10	Indicated	45	1.66	2
		Inferred	1,069	2.10	72
OP + UG		Indicated	9,108	1.85	541
		Inferred	13,197	1.84	780

#### Estimate Notes:

1. Mineral resources were estimated by Mr. B. Terrence Hennessey, P.Geo. and Mr. Alan J. San Martin, MAusIMM (CP) of Micon International Limited. ("Micon"), a Toronto based consulting company, independent of Cerrado Gold. Both Mr. Hennessey and Mr. San Martin meet the requirements of a "Qualified Person" as established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (May 2014) ("the CIM Standards").
2. Mineral resources are not mineral reserves and therefore do not have demonstrated economic viability.
3. The Serra Alta estimate has been completed entirely using Leapfrog Geo – EDGE software.
4. The estimate is based on a long-term gold price of US\$ 1,600 per ounce and economic cut-off grades 0.30 g/t Au (Open Pit) and 1.10 g/t (Underground).
5. Open Pit constrained resources are reported within an optimized pit shell; underground resources are reported within continuous and contiguous shapes which lie adjacent to and below the ultimate open pit shell and interpreted to be recoverable utilizing standard underground mining methods.
6. The mineral resource estimate has an effective date of July 21, 2021.
7. The Serra Alta gold deposit was modelled by Cerrado using a wireframe constructed based on a 0.1 g/t Au cut-off grade and a few vein interpretations.
8. Rock density was assigned to different lithologies based on the geological and mineralization models, using calculated average values of 2.624 g/cm<sup>3</sup> in granite, 2.65 g/cm<sup>3</sup> in volcanics and 2.60 g/cm<sup>3</sup> inside mineralization wireframes.
9. Grade capping was used to control the influence of outliers in the estimate, raw assays were composited to 1.0 m and then assessed for capping. Grade capping used throughout the deposit was 45 g/t Au for the main broad envelope and 8.0 g/t Au for the interpreted veins.
10. The block model gold grades were estimated using the Ordinary Kriging interpolation method with searching parameters derived from geostatistical analysis performed within the mineralization wireframes. Variogram ranges go from 90 m to 150 m in the major axis.
11. The estimate assumes a metallurgical recovery of 98.5% gold, based on completed test-work to date.
12. The estimate assumes the following costs: Mining (Pit) US\$ 2.00/t, Mining (Pit Waste) US\$ 1.70/t, Mining (Underground) US\$ 40.00/t, Processing US\$10.78/t, and G&A of US\$ 2.00/t.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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13. The pit constrained resource is reported within an optimized pit shell that assumed a maximum slope angle of 55 degrees. Open pit mining recovery was assumed to be 100%. Open pit dilution was assumed to be 0%. Underground mining recovery was assumed to be 100%. Underground dilution was assumed to be 0%.
14. Micon has not identified any legal, political, environmental, or other risks that could materially affect the potential development of the mineral resource estimate.
15. The mineral resource estimates are classified according to the CIM Standards which define a Mineral Resource as "a concentration or occurrence of solid material of economic interest in or on the earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other characteristics of a mineral resource are known, estimated, or interpreted from specific geological evidence and knowledge including sampling.
16. The mineral resource was categorized based on the geological confidence of the deposit into inferred and indicated categories. An inferred mineral resource has the lowest level of confidence. An indicated mineral resource has a higher level of confidence than an inferred mineral resource. It is reasonably expected that the portions of the inferred mineral resources could be upgraded to indicated mineral resources with additional infill drilling.
17. All procedures, methodologies and key assumptions supporting this mineral resource estimate are included in a NI 43-101F1 Technical Report which will be available at [www.sedar.com](http://www.sedar.com).

### 2021 Preliminary Economic Assessment Summary Results

On August 23, 2021, Cerrado announced the results of the PEA on the 2021 Mineral Resource Estimate for the Serra Alta deposit at MDC. The results of the PEA demonstrated very robust economics with an after-tax NPV5% of \$617 million and IRR of 94.8% at a gold price of \$1,600/oz. Project economics are based on a potential 8-year mine life with a 1.3-year payback period, with positive after-tax cash flow commencing in Year 1. The final PEA Technical Report completed by GE21, in accordance with NI 43-101, and was filed on SEDAR on October 7, 2021.

Highlights of the PEA include:

- Average annual gold production of 149,000 ozs over first 5 years and 131,000 ozs over LOM 8 years
- Annual Average Free cash flow of US\$150 million over the first 5 years
- Total cumulative, after tax, free cash flow estimated US\$901 million over 8 years
- Average AISC of US\$431/oz over the first 5 years
- Low Initial Capex of US\$126 million (including US\$25 million contingency)
- Payback of 1.3 years
- Further upside potential from continued exploration drilling & resource expansion

### PEA Result Summary Table

<b>PEA Summary Table</b>		<b>2021</b>
<i>All Figures in US\$ unless otherwise noted</i>		
<b>NPI @ 5% After Tax</b>	<b>\$ millions</b>	<b>\$617</b>
<b>IRR After Tax</b>	<b>%</b>	<b>94.8%</b>
Long Term Gold Price (US\$/troy oz.)	US\$/oz Au	\$1,600
Initial Capex	\$ millions	\$126
Life of Mine	years	8
Payback time (years)	years	1.3
LOM average annual production	koz	131.0
LOM annual tonned mined	MM tonnes	2.600
Opex	\$/t	\$33.04
Avg Cash Cost	US\$/oz Au	\$583
Avg LOM AISC	US\$/oz Au	\$612
Sustaining LOM Capital	\$ millions	13.5
LOM Stripping Ratio	waste:ore	10.9:1
Royalties	%	1%
Mine Closure	\$ millions	\$16.78

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### Metallurgy Results

Cerrado completed metallurgical testing and confirmed the recoverability of gold by gravity concentration and tailing flotation followed by CIL leaching of float concentrate. The results of the test work, support the PEA recoveries up to 98.5. The final leached tailings will be submitted to detox circuit before sending it to final co-disposal. The percentage of gold recovered by gravity and flotation allows for a simple design layout with CIL leaching, which reduces up front capital requirements. Metallurgical test work also indicates that the waste rock and detoxed tailings are generally neutral by nature, which points to amenable disposal of mineral residues making it easier to deploy environmentally and more affordable.

### Serra Alta Feasibility Study

Given the success of drilling in the Eastern zones, the study is now expected to be completed in Q2 2023 so that this mineralisation can be included within the Feasibility Study. Trade-Offs to establish the most economic scenario for recovering this material for the Mining as well as optimisation Trade-Offs for NPV include:

- Electrification of mine fleet equipment
- Optimise NPV by assessment of mining technique and inclusion of the eastern zone with significant overburden
- Use of SAG mill to replace the three-stage crushing circuit reducing OPEX
- Removal of the cleaner floatation circuit reducing CAPEX and OPEX
- Move to larger and fewer process equipment to reduce CAPEX and OPEX

Q3 2022 focused on developing the Indicated Resource. Engineering to support Environmental applications progressed in Q3 2022. Q3 2022 commenced the mining plan and process plant designs with detailed work progressing in stages during Q3 2022. The resources to the East identified opportunities to increase project economics by changing the mining strategy. Workstreams to support that change have been identified and commenced in Q4 2022 completing Q1 2023.

### Minera Don Nicolas Continuous Operational Improvement Projects and New Projects in Argentina

The first stage of moving the pond to the North-East completed in Q3 2022. Metallurgical test work commenced in June 2022.

Detailed design for work on the Las Calandrias Heap Leach pad was completed in 2022 by Knight Piesold. Construction started in September 2022 with first gold ore placement achieved in April 2023. The project optimised the circuit based on water requirements in 2022.

Detailed work on a drilling programme to support a low-grade resource at Martinetas commenced in Q2 2022. Once complete a final assessment of the heap leach viability at Martinetas will be undertaken.

Exploration work to better define the opportunity to develop an underground mine below the current open pit in the Paloma area has continued in Q4 2022. Work for Permits and any Applications commenced in Q2 2022.



# CERRADO GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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## DISCUSSION OF OPERATIONS

The following table provides a summary of the Company's key operating information and statistics for the three months ended March 31, 2023 and 2022.

### Selected Operating and Financial Information

Key Operating Information	Unit	Three Months Ended March 31	
		2023	2022
<b>Operating Data</b>			
Ore Mined	ktonnes	73.06	89.22
Waste Mined	ktonnes	1,391.36	879.12
Total Mined	ktonnes	1,464.42	1,224.66
Strip Ratio	waste/ore	19.04	9.85
Mining rate	ktpd	16.27	10.76
Ore Milled	ktonnes	97.65	98.67
Head Grade Au	g/t	4.59	4.68
Head Grade Ag	g/t	5.71	14.85
Recovery Au	%	92%	89%
Recovery Ag	%	67%	58%
Mill Throughput	tpd	1,085	1,096
Gold Ounces Produced	oz	13,794	13,007
Silver Ounces Produced	oz	13,301	27,107
Gold Equivalent Ounces Produced	oz	13,951	13,388
Gold Ounces Sold	oz	16,005	14,622
Silver Ounces Sold	oz	15,349	32,866
Gold Equivalent Ounces Sold	oz	16,255	15,044
<b>Average realized price and Average realized margin</b>			
Metal Sales	\$ 000's	27,499	27,384
Cost of Sales	\$ 000's	20,697	18,210
Gross Margin from Mining Operations	\$ 000's	6,802	9,174
Average realized price per gold ounce sold	(1) \$/oz	1,696	1,819
Total cash costs per gold ounce sold	(1) \$/oz	1,139	1,049
Average realized margin per gold ounce sold	(1) \$/oz	558	770
Total Direct Operating Costs	(1) \$ 000's	15,164	12,427
Royalties and production taxes	(1) \$ 000's	3,060	2,910
Total Cash Costs	(1) \$ 000's	\$18,224	\$15,337
Total direct operating costs per gold ounce sold	(1) \$/oz	947	850
Royalties and production taxes per gold ounce sold	(1) \$/oz	191	199
Total cash costs per gold ounce sold	(1) \$/oz	\$1,139	\$1,049
AISC - Minera Don Nicolas	(1) \$/oz	\$1,145	\$1,123

(1) This is a non-IFRS performance measure, see non-IFRS Performance Measures

Corporate Financial Highlights	Unit	Three Months Ended March 31	
		2023	2022
<b>Financial Data</b>			
Total revenue	\$ 000's	27,499	27,384
Mine operating expenses	\$ 000's	20,697	18,210
Income from mining operations	\$ 000's	6,802	9,174
Net income (loss)	\$ 000's	(7,438)	3,352
Adjusted EBITDA	(1) \$ 000's	8,216	9,669
Operating cash flow before movements in working capital	(1) \$ 000's	12,590	6,492
Operating cash flow	\$ 000's	17,313	8,780
Cash and cash equivalents	\$ 000's	18,561	26,127
Working capital (deficiency)	\$ 000's	(15,383)	6,820
Capital Expenditures	\$ 000's	8,163	1,965

(1) This is a non-IFRS performance measure, see non-IFRS Performance Measures

The Company recognizes revenue from provisional invoicing once all the performance obligations have been fulfilled and control is transferred to the customer. Final metal pricing occurs according to the quotational period stated in the offtake agreement and changes in metal prices during the quotational period may have a significant impact on the financial results of the Company.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
(Expressed in US dollars)

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### LIQUIDITY & CAPITAL RESOURCES

As at March 31, 2023, the Company had an accumulated deficit of \$36.8 million, an increase of \$7.4 million from December 31, 2022.

The Company's cash and cash equivalents balance at March 31, 2023 was \$18.6 million. This is an increase from cash and cash equivalents balance of \$5.9 million at December 31, 2022. On March 14, 2022, the Company entered into a \$20.0 million gold and silver stream agreement with Sprott. Proceeds of the financing will be used to complete the ongoing works to deliver a NI 43-101 compliant feasibility study for the MDC project, as well as for general and corporate purposes.

On March 2, 2023, the Company entered into an amended and restated metals purchase and sale agreement with Sprott to broaden the stream area including, most notably, production from the Las Calandrias heap leach project. The agreement provides Cerrado with an additional \$10 million in funding in the form of an additional deposit against future production. This additional \$10 million in funding will significantly improve the Company's liquidity position.

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 casts significant doubt about the Company's ability to continue as a going concern. The 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.

Working capital deficit at March 31, 2023 was \$15.4 million. Working capital decreased compared to December 31, 2022 as a result of higher debt payable as well as decreased cash from operations due to higher per unit costs.

### Cash Flows

The Company's cash balance was \$18.6 million at March 31, 2023 as compared to \$5.9 million at December 31, 2022.

#### Operating activities

Cash provided by operating activities during the first quarter ended March 31, 2023, was \$17.3 million compared to cash provided by operating activities of \$8.8 million for the first quarter ended March 31, 2022. Cash provided by operating activities before working capital changes in 2023 consisted of \$12.6 million as compared to \$6.6 million of cash provided by operating activities before working capital changes in 2022.

#### Investing activities

Cash used in investing activities during the first quarter ended March 31, 2023, was \$12.2 million and consisted primarily of additions to exploration and evaluation assets of \$3.0 million, additions to property, plant and equipment of \$6.9 million and future consideration paid of \$2.0 million compared to \$5.7 million of cash used in investing activities for the prior year period which consisted primarily of additions to exploration and evaluation assets of \$0.6 million, additions to plant and equipment of \$2.4 million and future consideration paid of \$10.0 million, offset by an increase in restricted cash of \$7.5 million.

#### Financing activities

Cash provided by financing activities during the first quarter ended March 31, 2023, was \$7.5 million which consisted primarily of the promissory note payable of \$6.4 million and loan payable of \$1.3 million, offset by interest paid of \$1.4 million, compared to cash provided by financing activities of \$21.4 million in the prior year period which consisted primarily of \$20.0 million in proceeds from the secured note payable funding.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Company is dependent on external financing to fund its mineral exploration and evaluation activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company raised \$20 million in March 2022 through a secured note with Sprott to fund the feasibility study at MDC and for general and corporate purposes. 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.

### Commitments

The Company has the following commitments as at March 31, 2023: lease obligation (see Note 12a) and secured note payable interest (see Note 14).

There are also 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.

As at March 31, 2023, the Company had the following undiscounted contractual commitments.

(Expressed in \$000's)

	Payments due by period			Total
	<1 years	1-5 years	5> years	
Trade and other payables	\$ 25,293	-	-	25,293
Lease obligations (i)	\$ 809	1,152	-	1,961
MDN acquisition payments (i)	\$ 10,000	10,000	-	20,000
Revolving prepayment facility (i)	\$ 7,517	-	-	7,517
Secured note payable (i)	\$ -	-	19,328	19,328
Stream obligation	\$ -	-	2,107	2,107
Interest on secured note payable	\$ 2,005	1,507	-	3,512
Loan payable	\$ 3,669	-	-	3,669
Promissory note payable	\$ 6,400	9,000	-	15,400
Environmental rehabilitation provision (i)	\$ 91	-	14,627	14,718
	\$ 55,784	21,659	36,062	113,505

(i) Undiscounted basis

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### SUMMARY OF QUARTERLY RESULTS

The following table provides highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters.

		Three Months Ended			
		December 31, 2022	December 31, 2022	September 30, 2022	June 30, 2022
Total assets	\$ 000's	193,595	162,646	140,711	130,979
Total revenue	\$ 000's	27,499	24,824	17,819	20,333
Net income (loss) for the period	\$ 000's	(7,438)	(1,146)	(6,622)	(1,492)
Basic earnings (loss) per share	\$/share	(0.09)	(0.01)	(0.08)	(0.02)
Diluted earnings (loss) per share	\$/share	(0.09)	(0.01)	(0.08)	(0.02)

		Three Months Ended			
		March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Total assets	\$ 000's	138,485	109,813	83,584	81,533
Total revenue	\$ 000's	27,384	23,100	17,930	17,858
Net income (loss) for the period	\$ 000's	3,352	2,539	(1,401)	(1,765)
Basic earnings (loss) per share	\$/share	0.04	0.03	(0.02)	(0.02)
Diluted earnings (loss) per share	\$/share	0.04	0.03	(0.02)	(0.02)

Metal sales at the MDN mine in Argentina account for a portion of the quarter-to-quarter increase in total assets during 2022 and 2021, where much of the increase is mainly attributed to continued exploration and evaluation expenditures in the Monte do Carmo gold project in Brazil, as well as additions to property, plant and equipment in Argentina.

Revenues commenced in the second quarter of 2020 at the MDN mine and have overall increased quarter-to-quarter due to increased production and metal price volatility throughout 2022 and 2021.

### CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common and preferred shares, where each common share provides the holder with one vote.

As of May 26, 2023, the total number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	79,574,056
Issuable upon exercise of Cerrado Options	8,287,500
Issuable upon redemption of Cerrado RSUs	2,414,716
Issuable upon redemption of Cerrado DSUs	1,345,000
<b>Diluted common shares</b>	<b>91,621,272</b>

Cerrado has not issued any preferred shares.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### RELATED PARTY TRANSACTIONS

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, 2023 and 2022 compensation of key management personnel is summarized as follows:

	March 31 2023	March 31 2022
Management and director compensation	\$ 3,589	\$ 2,279
Share-based payments	338	2,606
	\$ 3,927	\$ 4,885

#### (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.

##### Ascendant

As at March 31, 2023, amounts owed from Ascendant in relation to shared services are \$0.9 million (March 31, 2022 - \$0.7 million) and amounts owed from Voyager Metals in relation to shared services are \$nil million (December 31, 2022 - \$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. 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. The Company recognized these accelerated RSUs as fully vested in 2021, and expensed any remaining unamortized amounts related to these RSUs in 2021, recognized under share-based payment expense accordingly.

##### Voyager Metals Inc.

On July 5, 2022, the Company loaned US\$1,000,000 to Voyager, a company related by virtue of common directors and officers, in consideration of an unsecured promissory note for a term of one year. The loan bears interest at a rate of 10.0% per annum, compounded monthly, and will mature 12 months from the date of issuance, on July 6, 2023. The promissory note is not subject to any fees or bonuses, including cash bonuses, future bonuses, or bonus of common shares in the capital of the Company.

On December 20, 2022, the Company approved an additional unsecured draw down loan to Voyager in the principal amount of up to US\$500,000 for a term of one year. This loan bears interest at a rate of 10.0% per annum, compounded monthly, and will mature 12 months from the date of issuance, on December 20, 2023. This loan is not subject to any fees or bonuses, including cash bonuses, future bonuses, or bonus of common shares in the capital of the Company.

Voyager may prepay any and all amounts owing at any time without notice or bonus, provided the amount of any such prepayment is not less than US\$100,000. All instalments received by the Company prior to July 6, 2023, if any, shall be applied firstly against interest outstanding and secondly against the principal sum.

# **CERRADO GOLD INC.**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

For the First Quarter Ended March 31, 2023 and 2022  
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As at March 31, 2023, amounts advanced to Voyager Metals amount to \$1.5 million (December 31, 2022 - \$1.4 million). Upon closing of the proposed acquisition transaction of Voyager as explained further below, amounts advanced to Voyager will be eliminated on the date of acquisition.

On March 7, 2023 the Company entered into a definitive agreement (the “Arrangement Agreement”) with Voyager pursuant to which Cerrado will acquire all of the issued and outstanding shares of Voyager (each, a “Voyager Share”) not already owned by Cerrado by way of a plan of arrangement under *Business Corporations Act* (Ontario) (the “Arrangement”). Upon completion of the Arrangement, Cerrado will, indirectly through a wholly-owned subsidiary, own a 100% interest in the Mont Sorcier Iron and Vanadium project located near Chibougamou, Quebec (“Mont Sorcier”).

Under the terms of the Arrangement Agreement, Voyager shareholders would receive one (1) common share of Cerrado (“Cerrado Share”) for every six (6) common shares of Voyager (the “Exchange Ratio”). Upon closing, the Arrangement would result in Voyager shareholders owning approximately 18% of the Cerrado Shares outstanding upon closing of the Arrangement.

Holders of Voyager options will receive equivalent securities of Cerrado adjusted in accordance with the Exchange Ratio. Security holders of Voyager are expected to receive an aggregate of approximately 15,496,022 Cerrado Shares and 1,266,666 Cerrado options. Outstanding Voyager warrants will remain outstanding and in accordance with their terms will be exercisable for up to 2,140,452 Cerrado Shares based on the Exchange Ratio following the closing of the Arrangement.

On March 15, 2023, Voyager completed a non-brokered private placement of 31,024,294 Voyager Shares at a price of C\$0.1523 per Voyager Share (the “Private Placement”). Pursuant to the Private Placement, Cerrado acquired 24,294,156 Voyager Shares, resulting in the Company owning approximately 19.6% of the issued and outstanding Voyager Shares on a non-diluted basis.

On May 25, 2023 the shareholders and option holders of Voyager approved the Arrangement. The Arrangement is expected to become effective on or about May 31, 2023, subject to, among other things, Voyager obtaining a Final Order from the Ontario Superior Court of Justice (Commercial List) in respect of the Arrangement and the satisfaction or waiver of certain other customary closing conditions.

### **CRITICAL ACCOUNTING ESTIMATES**

Refer to Note 4 of the Cerrado Financial Statements for the year ended December 31, 2022.

### **CHANGES IN ACCOUNTING POLICIES**

Refer to Note 3 of the Cerrado Financial Statements for the year ended December 31, 2022.

### **FINANCIAL INSTRUMENTS HIERARCHY AND FAIR VALUES**

Refer to Note 24 of the Cerrado Financial Statements for the year ended December 31, 2022.



# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
(Expressed in US dollars)

### NON-IFRS PERFORMANCE MEASURES

The non-IFRS performance measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers.

#### Non-IFRS Measures

#### EBITDA

EBITDA is a non-IFRS measure that represents an indication of the Company's continuing capacity to generate earnings from operations before taking into account management's financing decisions, share based compensation, and costs of consuming capital assets, and management's estimate of their useful life. EBITDA comprises revenue less operating expenses before interest expense (income), property, plant and equipment amortization and depletion, and income taxes. Adjusted EBITDA has been included in this document. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments involve a significant accrual of amounts that will not be settled in cash but will be settled by the issuance of shares in exchange for cash. EBITDA and Adjusted EBITDA do not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and adjusted EBITDA differently. As such, the Company has made an entity specific adjustment to EBITDA for these expenses. The Company has also made an entity-specific adjustment to the foreign currency exchange (gain)/loss.

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA:

Adjusted EBITDA	Unit	Three Months Ended March 31	
		2023	2022
Net income (loss)	\$ 000's	(7,438)	3,352
<i>Adjusted for:</i>			
Depreciation	\$ 000's	2,142	2,106
Transaction costs	\$ 000's	615	750
Finance items	\$ 000's	3,834	1,641
Share-based payments	\$ 000's	416	422
Foreign currency exchange gain/loss	\$ 000's	937	733
Remeasurement of secured note & stream obligation	\$ 000's	2,555	-
Retroactive deferred revenue adjustment	\$ 000's	2,368	-
Income taxes	\$ 000's	2,787	665
<b>Adjusted EBITDA</b>	<b>\$ 000's</b>	<b>8,216</b>	<b>9,669</b>

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Average realized price and Average realized margin

Average realized price and average realized margin per ounce sold are used by management and investors to better understand the gold price and margin realized throughout a period.

Average realized price is calculated as metal sales per the statement of comprehensive earnings and includes realized gains and losses on gold sales less silver sales, per ounce sold. Average realized margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

Average realized price and Average realized margin		Three Months Ended March 31	
		2023	2022
Metal sales	\$ 000's	27,499	27,384
Less: Silver sales	\$ 000's	(351)	(789)
Revenues from gold sales	\$ 000's	27,148	26,595
Gold ounces sold	oz	16,005	14,622
Average realized price per gold ounce sold	\$/oz	\$1,696	\$1,819
Less: Total cash costs per gold ounce sold	\$/oz	(\$1,139)	(1,049)
<b>Average realized margin per gold ounce sold</b>	<b>\$/oz</b>	<b>\$558</b>	<b>\$770</b>

### Direct operating costs

The Company uses the non-IFRS measure of direct operating costs per gold ounce sold to manage and evaluate operating performance. The Company believes that, in addition to conventional measures in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance in accordance with IFRS. The Company considers mine operating expenses per gold ounce sold to be the most comparable IFRS measure to direct operating cost per gold ounce sold and has included calculations of this metric in the reconciliations with the applicable tables to follow.

Direct operating costs per gold ounce sold includes mine direct operating production costs such as mining, processing and administration but does not include depreciation in production, and royalties and production taxes.

### Total cash costs

Total cash costs is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. Cerrado Gold reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include production costs such as mining, processing, refining and site administration, sales expenses and royalties, less share-based compensation and net of silver sales divided by gold ounces sold to arrive at total cash costs per gold ounce sold. The measure also includes other mine related costs incurred such as mine standby costs and current inventory write downs. Production costs are exclusive of depreciation. Production costs include the costs associated with providing the royalty in-kind ounces. Other companies may calculate this measure differently.

### All-in Sustaining Costs

All-in Sustaining Costs per gold payable ounces includes mine direct operating costs (mining, administration and other mine related costs incurred) as well as refining and freight costs, royalties, corporate G&A and sustaining capital costs, less by-product credits, divided by gold payable ounces sold. The measure does not include depreciation, depletion, amortization and reclamation expenses.

# CERRADO GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
(Expressed in US dollars)

The following table provides a reconciliation of Direct operating costs, Cash costs and All-in Sustaining Costs to mine operating expenses, as reported in the Company's consolidated statement of income for the first quarter ended March 31, 2023 and 2022:

Direct operating costs		Three Months Ended March 31	
		2023	2022
Mine operating expenses (from consolidated financial statements)	\$ 000's	20,697	18,210
Deduct: Depreciation in production	\$ 000's	(2,122)	(2,084)
Total cash costs (including royalties)	\$ 000's	18,575	16,126
Deduct: Royalties and production taxes	\$ 000's	(3,060)	(2,910)
<b>Direct operating costs</b>	<b>\$ 000's</b>	<b>\$15,515</b>	<b>\$13,216</b>

AISC per Au payable pound sold	Unit	Three Months Ended March 31	
		2023	2022
Gold ounces sold	oz	16,005	14,622
<b>Total Cash Cost Reconciliation</b>			
Direct operating costs	\$ 000's	15,515	13,216
Deduct: Silver sales	\$ 000's	(351)	(789)
Total Direct Operating Costs	\$ 000's	15,164	12,427
Royalties and production taxes	\$ 000's	3,060	2,910
<b>Total Cash Costs</b>	<b>\$000's</b>	<b>18,224</b>	<b>15,337</b>
Direct operating costs per gold ounce sold	\$/oz	\$947	\$850
Royalties and production taxes per gold ounce sold	\$/oz	\$191	\$199
<b>Total cash costs per gold ounce sold</b>	<b>\$/oz</b>	<b>\$1,139</b>	<b>\$1,049</b>
<b>All-In Sustaining Costs (AISC) Reconciliation.</b>			
Total Cash Costs	\$ 000's	18,224	15,337
Add: Sustaining Capital Expenditures	\$ 000's	105	1,085
Add: Corporate G&A, excluding depreciation and amortization	\$ 000's	3,407	1,844
<b>Total All-in Sustaining Costs - Consolidated</b>	<b>\$ 000's</b>	<b>21,736</b>	<b>18,266</b>
Deduct: Corporate G&A, excluding depreciation and amortization	\$ 000's	(3,407)	(1,844)
<b>Total All-in Sustaining Costs - Minera Don Nicolas</b>	<b>\$ 000's</b>	<b>18,329</b>	<b>16,422</b>
<b>All-In Sustaining Costs per Ounce Sold - Minera Don Nicolas</b>	<b>\$/oz</b>	<b>\$1,145</b>	<b>\$1,123</b>

(1) If the Company were to include Corporate G&A expenses, AISC / Au oz would be \$1,358 for the first quarter ended March 31, 2023, compared to \$1,249 for the first quarter ended March 31, 2022.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### RISKS & UNCERTAINTIES

The Company is subject to significant risks, challenges, and uncertainties, similar to other mineral exploration, development and productions, due to the nature of the mining industry. These risks and uncertainties include, but are not limited to the following:

#### Limited Operating History

The Company has a limited history of operating and generating earnings from operations. The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing.

#### Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. Cerrado's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish Mineral Resources and Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Cerrado will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

#### Dependence on Minera Don Nicolas

While the Company holds and may invest in additional mining and exploration projects in the future, the Don Nicolas mine is currently the Company's only producing asset, providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Minera Don Nicolas would materially and adversely affect the financial condition and financial sustainability of the Company. Any adverse changes or developments, such as, but not limited to, the inability to successfully complete other work programs or expansions, obtain financing on commercially suitable terms, or hire suitable personnel and mining contractors, may have a material adverse effect on the Company's financial performance, results of operations and liquidity. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the mine to operate at less-than-optimal capacity, including, among other things, equipment failure or shortages of spares, consumables and reagents, adverse weather, serious environmental and safety issues, any permitting or licensing issues and any failure to produce expected amounts of gold.

#### Uncertainty of Resource Estimates

The Company has engaged internal and expert independent technical consultants to advise it on, among other things, Mineral Resources, geotechnical, metallurgy and project engineering. The Company believes that these experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. If, however, the work conducted by, and the Mineral Resource estimates of these experts are ultimately found to be incorrect or inadequate in any material respect, such events could materially and adversely affect the Company's future operations, cash flows, earnings, results of operations, financial condition and the economic viability of its projects.

The Mineral Resource Estimate with respect to the Monte Do Carmo project in Brazil are based on limited information acquired through historical drilling conducted by outside third parties as well as from drilling completed by Cerrado. No assurance can be given that anticipated tonnages and grades will be achieved or that the indicated level of recovery or economic value will be realized.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### No Defined Mineral Reserves

The Company has not defined any Mineral Reserves on its concessions at the Monte Do Carmo project in Brazil or at the Don Nicolas mine in Argentina and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that the Company will be able to exploit the resources or, if the Company is able to exploit them, that it will do so on a profitable basis. Substantial expenditures may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; ongoing costs of production; and availability and cost of additional funding.

### Metal Price Risk

Even if commercial quantities of mineral deposits are discovered, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals contained in a deposit will be such that the Company's properties can be mined at a profit. The Company is particularly exposed to the risk of movement in the price of gold. Declining market prices for gold could have a material effect on the Company's profitability.

### Foreign Currency Risks

There continue to be risks relating to the uncertain and unpredictable political and economic environment in Argentina, especially at the provincial level in Santa Cruz where Don Nicolas mine is located. Inflation remains a challenge in Argentina and Argentina's central bank enacted a number of foreign currency controls in 2019 and 2020 in an effort to stabilize the local currency.

The MDN mine, which was acquired on March 16, 2020, is a U.S. dollar functional currency entity. Argentina has been considered a hyperinflationary environment with a cumulative inflation rate of over 100% for the last three years.

Effective December 23, 2019, changes to Argentina's tax laws proposed by the Argentine Government were implemented. The changes ratified and extended legislation which was to expire on December 31, 2019 and allow the Argentine Central Bank to regulate funds coming into and flowing out of Argentina in order to maintain stability and support the economic recovery of the country. The Argentine Government has not set an expiry date for these restrictions, and they currently remain in place. These capital controls together with additional temporary controls enacted on May 29, 2020, have the effect of: requiring exporters to convert the equivalent value of foreign currency received from the export into Argentine Pesos; requiring the prior consent of the Argentine Central Bank to the payment of cash dividends and distributions of currency out of Argentina; requiring Argentine companies to convert foreign currency loans received from abroad into Argentine Pesos; and restricting the sale of Argentine Pesos for foreign currency. Accordingly, the Company is required to convert the equivalent value of proceeds received in foreign currency from the export of all gold doré from the Don Nicolas Mine, into Argentine Pesos. In addition, the Company would be required to obtain the prior consent of the Argentine Central Bank to the payment of cash dividends and distributions of profits out of Argentina.

Most recently, on September 16, 2020, Argentina's central bank enacted a new resolution requiring companies to refinance, with at least a two-year term, sixty percent of any debt maturing between October 15, 2020 and March 31, 2021. However, we do not hold any external debt at MDN. Therefore, this newly enacted resolution, is not expected to have a material impact on our financial statements.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### Competition and Agreements with Other Parties

The mining industry is competitive in all its phases. The Company will compete with numerous other participants in the search for the acquisition of mineral properties, in the marketing of mineral resources, technical capacity and for financial resources. Their competitors include mining companies that have substantially greater financial resources, staff and facilities than those of the Company, as the case may be. The Company's ability to increase resources in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of mineral resources include price and methods and reliability of delivery.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

### Regulatory

Cerrado's current and future mining operations including but not limited to exploration, development, production, pricing, marketing and transportation are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary approvals, licenses and permits that may be required to carry out exploration and development at its projects. A failure to obtain such approval on a timely basis or material conditions imposed by such authority in connection with the approval would materially affect the prospects of the Company.

### Foreign Operations and Political Risk

The Company holds mining and exploration properties in Argentina and Brazil, exposing it to the socioeconomic conditions as well as the laws governing the mining industry in those countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; extreme fluctuations in currency exchange rates; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies including carbon taxes; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the jurisdictions in which the Company operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of parts and supplies, income, carbon and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. In addition, changes in government laws and regulations, including taxation, royalties, the repatriation of profits, restrictions on production, export controls, changes in taxation policies, environmental and ecological compliance, expropriation of property and shifts in the political stability of the country, could adversely affect the Company's exploration, development and production initiatives in these countries.

In Argentina, a 12% export duty was imposed by the government in 2018, revised down to 8% thereafter, which affects the Company's Argentine operations. In the province of Santa Cruz, Argentina, where the Company's MDN mine is located, a new local procurement law was assessed requiring extractive industries to procure at least 50% of their goods and services from registered local providers, which could further impact our operational results.

The Company continues to monitor developments and policies in the jurisdictions in which it operates and the potential impact such developments and policies may have on its operations; however they cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.



# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### Environmental

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of resources or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

### Permits and Licenses

The Company is required to maintain approvals, licenses and permits from various governmental authorities in order to conduct its business. Such approvals, licenses and permits are complex and time consuming to obtain and, depending on the location of the project, may involve multiple governmental agencies.

In addition, the receipt, duration, amendment or renewal of such approvals, licenses and permits are subject to many variables outside the Company's control, including potential legal challenges from various stakeholders such as environmental groups, non-governmental organizations, community groups or other claimants. The requirements to obtain or maintain such licenses and permits are constantly subject to change. The costs and delays associated with obtaining the necessary permits, consents, authorizations and agreements required for the Company's operations may stop or materially delay or restrict it from proceeding with the development of an exploration project or the operation or further development of an existing mine, resulting in a material adverse impact on its business, financial condition and results of operations.

### Substantial Capital Requirements & Liquidity

The Company will have to make substantial capital expenditures for the acquisition, exploration, development and production of mineral resources in the future. There can be no assurance that such capital will be available or, if available, will be on reasonable terms.

### Issuance of Debt

From time to time, Cerrado may enter into transactions to acquire assets or the shares of other Companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that Cerrado may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

### Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, civil unrest and political instability, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability. The Company will maintain insurance to protect against certain other risks in such amounts as it considers reasonable. However, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

# CERRADO GOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2023 and 2022  
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### Title Matters

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

### Future Financing Requirements

The development and exploration of Cerrados' properties may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Cerrado.

With the acquisition of producing Minera Don Nicolas, the Company is reliant on the expected cash flows from operations of the mine to fund its current and future liabilities. There can be no assurance that operating cash flow or any additional financing will be sufficient for any unexpected development or other costs for the mine.

The amount and timing of raising additional capital, which may involve debt or equity, or a combination of both, may be materially impacted by the economic climate in the capital markets. As a result, the cost and availability of any debt and or equity financing may be restricted. Accordingly, there can be no assurance that the Company will be able to raise sufficient funds to satisfy its contractual obligations or to further explore and develop its projects, as applicable, upon terms acceptable to the Company, or at all.

### Dilution

The Company grants stock options and registered share units under its share-based compensation plan. Holders are given an opportunity to profit from an increase in the market price of the Company's common shares with a resulting dilution in the interest of shareholders. The holders of stock options and registered share units may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all of part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a negative effect on the price on the Company's common shares.

In addition, the Company may need to raise additional financing in the future through the issuance of additional equity securities. If the Company raises additional funding by issuing additional equity securities, such financings may substantially dilute the interests of shareholders of the Company and reduce the value of their investment in the Company's securities.

### Reliance on Management

Shareholders of the Company will be dependent on the management of the Company in respect of the administration and management of all matters relating to the Company and its properties and operations. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result and other persons would be required to manage and operate the Company.

### Conflicts of Interest

Certain directors and officers of the Company are also directors and officers of other reporting issuers involved in mineral exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Company, as the case may be, and as officers and directors of such other companies.

### Possible Failure to Realize Anticipated Benefits of Future Acquisitions

The Company may complete acquisitions to strengthen its position in the mineral exploration industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own.

# **CERRADO GOLD INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Currency Risk**

By virtue of the location of its operations and exploration activities, the Company incurs costs and expenses in a number of currencies other than the Canadian and U.S. dollar. The Company has historically raised and expects to continue to raise capital through equity financings principally in Canadian and U.S. dollars, while the majority of its operating and capital costs are incurred in Argentine Pesos and Brazilian Real, giving rise to potential significant foreign currency translation and transaction exposure which could have a material adverse impact upon the Company.

### **Unfavourable Economic Conditions**

The Company's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could strain our suppliers, possibly resulting in supply disruption, or cause delays in payments for our services by third-party payors. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current our future economic climate and financial market conditions could adversely impact our business.

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this MD&A and the Consolidated Financial Statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements.

### **Additional Information**

Additional information relating to the Company can also be found on the Company's website [www.cerradogold.com](http://www.cerradogold.com).

### **TECHNICAL INFORMATION**

All technical information contained herein has been reviewed and approved by Sergio Gelcich, P. Geo, an officer of the Company. Mr. Gelcich is a "qualified person" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.