CERRADO
GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cerrado Gold Inc.

Opinion

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

- the consolidated statements of financial position as at December 31, 2022, and December 31, 2021;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that in in order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations as they become due, finance its operations and fund its capital investments. The future of the Company is dependent on its ability to attain profitable operations, generate sufficient funds from operations, and obtain new debt or equity financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that casts significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the “Material Uncertainty Related to Going Concern” section of the audit report, we have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of the fair value of the Stream Agreement

Description of the matter

We draw attention to Notes 4 and 17 to the financial statements. On March 14, 2022, the Entity entered into a US$20 million metals stream agreement (the “Stream Agreement”) with Sprott Private Resource Streaming and Royalty Corp. (“Sprott”) for its Monte do Carmo project (the “Project”).

The Stream Agreement provides for the sale and delivery to Sprott of 2.25% of metals produced from the Project. The price will be determined as 10% of the market price. The Entity 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: i) on or before June 30, 2024 - $12.5 million, ii) from July 1, 2024 until June 30, 2025 - $13 million and iii) July 1, 2025 until June 30, 2026 - $13.5 million

The Stream Agreement, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss. The fair value of the Stream Agreement was determined based on a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value are mineral resource estimates, future metal prices, and discount rates.

Why the matter is a key audit matter

We identified the assessment of the fair value of the Stream Agreement as a key audit matter. This matter represented an area of significant risk of material misstatement as minor changes to significant assumptions could have had a significant effect on assessment of the fair value of the Stream agreement. As a result, significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were required to assess the the valuation methodology and evaluate the significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We assessed the competence, capabilities and objectivity of the third-party personnel who prepared the mineral resource estimates, including the industry and regulatory standards they applied. We evaluated the Entity's estimate of mineral resources by comparing the estimate of mineral resources to the underlying technical report prepared by third party personnel.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Entity's:

- Valuation methodology on March 14, 2022 and at December 31, 2022
- Discount rates by comparing to estimates that were independently developed using publicly available third-party sources
- Future metal prices by comparing to estimates that were independently developed using publicly available third-party sources.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

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

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Lee Hodgkinson.

Toronto, Canada
April 17, 2023

CERRADO GOLD INC.
Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars)

As at	Note		December 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents		$	**5,921**	$	1,726
Restricted cash	7		**2,000**		7,497
Investments			**1,443**		29
Trade and other receivables	8		**8,646**		9,348
Inventories	9		**9,099**		8,726
Due from related party	26		**818**		525
Offtake receivable	16		**38,768**		18,166
			66,695		46,017
Non-current assets					
Other receivables	8		**6,041**		1,800
Restricted cash			**2,543**		-
Inventories	9		**2,212**		2,961
Property, plant and equipment	10		**38,158**		31,685
Exploration and evaluation assets	11		**44,861**		26,692
Advances to Voyager Metals	26		**1,432**		-
Investment in marketable securities	26		**704**		658
			95,951		63,796
Total assets		$	**162,646**	$	109,813
LIABILITIES					
Current liabilities					
Trade and other payables	12	$	**24,100**	$	21,900
Due to Monte Sinai	11		**-**		312
Future consideration payable	7		**2,000**		10,000
Deferred revenue	14		**2,137**		2,476
Short term debt	15		**11,328**		6,706
Offtake payable	16		**38,768**		18,166
			78,333		59,560
Non-current liabilities					
Future consideration payable	7		**16,547**		16,373
Other liabilities	12		**191**		95
Provisions	13		**10,776**		3,348
Deferred revenue	14		**14,033**		14,020
Long term debt	15		**7,032**		1,295
Secured note payable	17		**18,990**		-
Stream obligation	17		**381**		-
Deferred tax liability	28		**3,009**		**-**
			70,959		35,131
Total liabilities		$	**149,292**	$	94,691
SHAREHOLDERS' EQUITY					
Share capital	18	$	**41,641**	$	40,367
Warrants	19		**-**		349
Share-based payment reserve	20		**5,320**		3,443
Accumulated other comprehensive loss			**(4,288)**		(5,364)
Accumulated deficit			**(29,319)**		(23,673)
		$	**13,354**	$	15,122
Total liabilities & shareholders' equity		$	**162,646**	$	109,813

Nature of Operations and Going Concern (Note 1), **Commitments and Contingencies** (Notes 13 & 27)

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD:

Signed "Mark Brennan"
Director

Signed: "Christopher Jones"
Director

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

CERRADO GOLD INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of U.S. dollars, except per share amounts)

	Note		Year ended December 31, 2022		2021
REVENUES					
Metal sales		**$**	**90,360**	$	70,051
COST OF SALES					
Production costs			**53,070**		43,234
Sales expenses and royalties			**9,436**		7,392
Depreciation and depletion			**8,395**		5,724
INCOME FROM MINING OPERATIONS			**19,459**		13,701
General and administrative expenses	21		**8,445**		9,492
Transaction costs	17		**835**		105
Listing expense	6		**-**		1,511
Finance expense	22		**8,096**		6,129
Foreign exchange loss (gain)			**274**		(399)
Remeasurement of secured note and stream obligation	17		**978**		-
Other expense			**1,649**		1,560
INCOME (LOSS) BEFORE INCOME TAXES		**$**	**(818)**	$	(4,697)
Income and mining tax expense	28		**(2,081)**		(1,602)
Deferred tax expense	28		**(3,009)**		-
Income tax expense	28		**(5,090)**		(1,602)
Net loss for the period		**$**	**(5,908)**	$	(6,299)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassifed subsequently to profit or loss					
Translation adjustment		**$**	**1,076**		(1,367)
Other comprehensive income (loss)			**1,076**		(1,367)
Total comprehensive income (loss)		**$**	**(4,832)**	$	(7,666)
Basic and diluted loss per share					
Basic		**$**	**(0.08)**	$	(0.09)
Diluted		**$**	**(0.08)**	$	(0.09)
Weighted average number of shares outstanding					
Basic			**77,521,216**		69,933,771
Diluted			**77,521,216**		69,933,771

CERRADO GOLD INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of U.S. dollars)

	Note		Year ended December 31, 2022		2021
OPERATING ACTIVITIES					
Net income (loss)		**$**	**(5,908)**	$	(6,299)
Adjustments for:					
Depreciation and depletion			**8,476**		5,767
Share-based payments	20		**2,823**		3,338
RTO listing expense	6		**-**		1,511
Accretion on future consideration payable	7, 22		**2,174**		2,826
Accretion on provision for decommissioning and restoration	13		**197**		133
Finance costs on deferred revenue	14		**2,675**		2,608
Amortization of deferred revenue	14		**(3,001)**		(2,272)
Remeasurement of secured note and stream obligation	17		**978**		-
Interest expense			**2,476**		-
Transaction costs	17		**835**		105
Loss (gain) on short-term investments			**(328)**		(337)
Change in provisions			**-**		1,550
Deferred tax liability	28		**3,009**		-
Other			**290**		210
Operating cash flows before changes in working capital			**14,696**		9,140
Changes in non-cash working capital items:					
Receivables and other assets			**(22,364)**		(18,889)
Inventories			**377**		(2,054)
Trade and other payables			**22,489**		18,526
Net cash flows provided by (used in) operating activities		**$**	**15,198**	$	6,723
INVESTING ACTIVITIES					
Additions to property, plant and equipment			**(11,211)**		(2,996)
Additions to exploration and evaluation assets			**(14,974)**		(11,309)
Subscription of short-term investments			**(25,976)**		(7,457)
Redemption of short-term investments			**24,529**		7,480
Restricted cash			**2,954**		(7,497)
Future consideration paid			**(10,000)**		-
Advances to Voyager	26		**(1,431)**		-
Cash acquired on acquisition of Minera Mariana	5		**-**		60
Cash acquired on listing transaction	6		**-**		563
Net cash flows used in investing activities		**$**	**(36,109)**	$	(21,156)
FINANCING ACTIVITIES					
Revolving prepayment facility borrowings	15		**15,000**		15,000
Revolving prepayment facility repayments	15		**(15,750)**		(15,375)
Secured note payable	17		**20,000**		-
Loan payable	15		**2,445**		-
Promissory note payable	15		**9,000**		-
Transaction costs paid	17		**(835)**		(105)
Interest paid			**(4,083)**		(351)
Promissory notes to Ascendant	26		**(1,785)**		-
Repayment of promissory notes to Ascendant	26		**1,785**		-
Advances to related party			**(293)**		(339)
Payments on leases			**(435)**		(673)
Proceeds from private placements, net of share issue costs	18		**-**		10,753
Agent warrants exercised	18, 19		**136**		186
Broker warrants exercised	18, 19		**105**		10
Warrants exercised	18		**-**		400
Options exercised	18		**-**		90
Net cash flows provided by financing activities		**$**	**25,290**	$	9,596
Effect of exchange rates on cash			**(184)**		(75)
Increase (decrease) in cash and cash equivalents			**4,195**		(4,912)
Cash and cash equivalents, beginning of period			**1,726**		6,638
Cash, end of period		**$**	**5,921**	$	1,726

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

CERRADO GOLD INC.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of US dollars)

	Note	Number of shares	Issued Share Capital	Shares to be issued	Warrants	Share-based payment reserve	Acumumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, December 31, 2020		**46,984,021**	**$ 17,310**	**$ 6,250**	**$ 314**	**$ 1,658**	**$ (3,997)**	**$ (17,374)**	**$ 4,161**
Minera Mariana Acquisition	18	1,666,667	1,769	-	-	-	-	-	1,769
Private placement	18	11,111,200	10,753	-	-	-	-	-	10,753
Broker warrants issued	18, 19	-	(219)	-	219	-	-	-	-
Agent warrants exercised	18, 19	234,605	267	-	(81)	-	-	-	186
Warrants exercised	18, 19	2,000,000	500	-	(100)	-	-	-	400
Options exercised	18, 19	65,000	111	-	-	(21)	-	-	90
Broker warrants exercised	18, 19	8,850	13	-	(3)	-	-	-	10
BB1 RTO share issuance	18	1,937,416	2,074	-	-	-	-	-	2,074
Share issuance on exercise of special warrants	18, 19	8,845,750	6,257	(6,250)	-	-	-	-	7
Share-based payments - Option vesting	18, 19	-	-	-	-	833	-	-	833
Share-based payments - RSU vesting	20	-	-	-	-	1,544	-	-	1,544
Share-based paybments-DSU vesting	20	-	-	-	-	961	-	-	961
RSUs redeemed	18, 19	3,627,230	1,532	-	-	(1,532)	-	-	-
Foreign currency translation adjustment		-	-	-	-	-	(1,367)	-	(1,367)
Loss for the year		-	-	-	-	-	-	(6,299)	(6,299)
Balance, December 31, 2021		**76,480,739**	**$ 40,367**	**$ -**	**$ 349**	**$ 3,443**	**$ (5,364)**	**$ (23,673)**	**$ 15,122**
Agent warrants exercised	18, 19	169,025	193	-	(57)	-	-	-	136
Broker warrants exercised	18, 19	96,087	135		(30)	-	-	-	105
Warrants expired	19	-	-	-	(262)	-	-	262	-
Share-based payments - Option vesting	20	-	-	-	-	979	-	-	979
Share-based payments - RSU vesting	20	-	-	-	-	1,278	-	-	1,278
Share-based payments - DSU vesting	20	-	-	-	-	566	-	-	566
RSUs redeemed	18, 20	1,632,809	636	-	-	(636)	-	-	-
DSUs redeemed	18, 20	250,000	310	-	-	(310)	-	-	-
Foreign currency translation adjustment		-	-	-	-	-	1,076	-	1,076
Remeasurement of stream obligation		-	-	-	-	-	-	-	-
Loss for the year		-	-	-	-	-	-	(5,908)	(5,908)
Balance, December 31, 2022		**78,628,660**	**$ 41,641**	**$ -**	**$ -**	**$ 5,320**	**$ (4,288)**	**$ (29,319)**	**$ 13,354**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cerrado Gold Inc. ("Cerrado" or "the Company") through its 100%-owned Brazilian subsidiaries Templewood Mineração e Participações Societárias Ltda ("Templewood") and Serra Alta Mineração Ltda. ("Serra Alta") owns the Monte de Carmo Gold ("MDC") Project in the State of Tocantins, Brazil. The Company is also engaged in the evaluation of exploration and advanced development stage mineral resource opportunities, on an ongoing basis.

On February 19, 2021, the Company completed a reverse takeover ("RTO") transaction with BB1 Acquisition Corp. ("BB1") whereby Cerrado Gold Inc. amalgamated with a wholly owned subsidiary of BB1 and the shareholders of BB1 received corresponding securities of Cerrado on a 1:8.3 basis for the issuance of Cerrado shares. The Company continued under the name Cerrado Gold Inc. following the completion of the RTO (see Note 6) and began trading its common shares on the TSX Venture Exchange under the symbol CERT. The comparative figures presented are those of Cerrado. The Company's head office, principal address and records office are located at 200 Bay Street, Suite 3205, Toronto, Ontario, Canada, M5J 2J2.

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

As at December 31, 2022 the Company had a cash balance of $5.9 million and a working capital deficiency of $11.6 million. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations as they become due, finance its operations and fund its capital investments. The future of the Company is dependent on its ability to maintain profitable operations, generate sufficient funds from operations, and obtain new debt or equity financing. On March 2, 2023, the Company announced that it entered into an amended metals purchase and sale agreement which provides the Company with an additional $10 million in funding. Additionally, the Company announced it had entered into a definitive agreement to purchase all of the issued and outstanding shares of Voyager Metals Inc. Voyager Metals has debentures outstanding of CDN $3.9 million which mature in the second quarter of 2023 which the Company plans to settle with cash on hand once the Voyager transaction closes. 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.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Financial Statements were approved by the Company's Board of Directors on April 17, 2023

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

(b) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries

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

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

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

(b) Translation of foreign currencies

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

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

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

Operations with functional currency other than the USD

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

(c) Business Combinations

A business combination is an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Company and its shareholders in the form of improved earnings, lower costs or other economic benefits.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at 100% of their acquisition date fair values. The acquisition date is the date the Company obtains control over the acquiree, which is generally the date that consideration is transferred and the Company acquires the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. The measurement date for equity interests issued by the Company is the acquisition date.
Acquisition-related costs are expensed as incurred. Assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill. A gain is recorded through the consolidated statements of (loss) earnings and comprehensive (loss) income if the cost of the acquisition is less than the fair values of the identifiable net assets acquired. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

(d) Revenue

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

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

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

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

(d) Deferred Revenue

Metal revenue subject to precious metal stream contracts

The Company entered into a streaming arrangement with a customer (the “Metals Streaming Agreement “), pursuant to which the Company received advanced consideration against the delivery of a portion of future gold metal production in reference to the Company’s MDN mine. In addition to the advance consideration, the Company will also receive a cash payment as metal is delivered to the customer. Refer to Note 14 for details on the Metals Streaming Agreement.

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

The Company determines the amortization of deferred revenue to the consolidated statements of operations on a per unit basis. In streaming arrangements, the estimated total quantity of metal expected to be delivered to the customer over the term of the contract is used. The consideration received from payments for deliveries made under streaming arrangements is considered variable, subject to changes in the total estimated gold and silver ounces to be delivered and gold and silver prices. Changes to variable consideration are accounted for prospectively as a cumulative catch-up and are recorded in revenue in the consolidated statement of income (loss).

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

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

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

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

(e) Cash and cash equivalents

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

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

(f) Inventories

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

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

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

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

(g) Exploration and evaluation expenditures

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

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

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

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

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

(h) Mining interests

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

Mining properties

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

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

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

Deferred Stripping Costs

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

(i) Property, plant and equipment

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

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

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

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

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Upon derecognition of an item of property, plant and equipment, the difference between its carrying value and net sales proceeds, if any, is presented as a gain or loss in other operating income or expense in the consolidated statement of operations and comprehensive loss.

Development Stage Expenditures
The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Commercial Production
A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- completion of a reasonable period of testing mine plant and equipment;
- ability to produce minerals in saleable form (within specifications); and
- ability to sustain ongoing production of minerals.
- When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

Right-of-use assets

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

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

ROU assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

The accretion applied in establishing the net present value of provisions is charged to profit or loss in each accounting period and recorded as a financing cost.

(j) Impairment of non-financial assets

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

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

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

i. Fair value less costs of disposal is the amount obtainable from the sale of the asset or CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Fair value for mineral assets is often determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to arrive at a net present value of the asset.

ii. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use calculations apply assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value, and consequently the value in use calculation is likely to give a different result to a fair value calculation.

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

(k) Provisions

Provisions are recognized when the Company or its subsidiaries has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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

Decommissioning and restoration provisions

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

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

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

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

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

(l) Financial Instruments

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

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

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

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

Financial assets at fair value through profit or loss

Investment in marketable equity securities are designated on initial recognition as financial assets measured at FVTPL. Marketable securities are measured at FVTPL at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. Fair value is determined by applying the quoted price for each marketable security to the number of instruments held at each reporting period.

Amortized cost
Cash, short term investments, trade and other receivables, offtake amounts, revolving prepayment facility, promissory note payable, loan payable and amounts due from related parties are classified as and measured at amortized cost and are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial liabilities
Accounts payable are accounted for at amortized cost, using the effective interest rate method.

(ii) ***Embedded derivatives***

The Company considers whether a contract contains an embedded derivative when it becomes party to the contract. Embedded derivatives in other financial instruments or other host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Secured note payable is carried at its fair value, which is primarily measured using certain non observable market data including future metal prices, discount rate and forecasted production.

Stream obligation is carried at its fair value, which is primarily measured using certain observable and non-observable market data including discount rates, future metal prices, and estimated mineral resources.

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

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

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

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

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

An analysis of fair values of financial instruments is provided in note 24.

(iv) ***Derecognition of financial instruments***

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

A financial liability is de-recognized when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net earnings as a gain or loss on debt extinguishment.

Expected credit loss impairment model

A loss allowance for expected credit losses is recognized in earnings for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The impairment model does not apply to investments in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12- month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

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

(m) Taxation

Current tax

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

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

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

Deferred Tax

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

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

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

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

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

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

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

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

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

(n) Earnings (Loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company follow the treasury stock method in the calculation of diluted earnings per share. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which currently consist of stock options and Restricted Share Units ("RSUs").

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

(o) Share Capital and Reserves

Transaction costs

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

Share-based payment reserve

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

Foreign currency translation reserve

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

(p) Share-based payments

The Company maintains an Omnibus Plan, which includes RSUs and stock options for employees, directors, and other qualified individuals. The Omnibus Plan also includes Deferred Share Unit ("DSU") for non-executive directors of the Company.

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 20. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss over the vesting period in accordance with vesting terms and conditions, with a corresponding increase to share-based payment reserve.

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

The DSU Plan provides for the payment of directors' compensation with DSUs. Each DSU is a right granted by the Company to an eligible director to receive an equivalent to the value of one common share on termination of service. The fair value of the DSUs awarded, representing the market price of the Company's shares, is recognized as deferred share-based compensation expense at grant date in the statement of operations and comprehensive loss. The Company may and intends to settle amounts due under the DSU Plan by issuing one common share for each DSU.

(q) Leases

Leases recognition

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

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

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

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

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

(r) Segment reporting

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

(s) Changes in accounting policy and disclosures

Standards and amendments issued but not yet effective or adopted

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2022:

(a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective for annual periods beginning on or after January 1, 2024.
(b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective for annual periods beginning on or after January 1, 2023.
(c) Definition of Accounting Estimates (Amendments to IAS 8) effective for annual periods beginning on or after January 1, 2023.
(d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) effective for annual periods beginning on or after January 1, 2023.

(e) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) effective for annual periods beginning on or after January 1, 2024.
(f) Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amendments were to be applied prospectively for annual periods beginning on or after January 1, 2016, however, on December 17, 2015 the IASB decided to defer the effective date for these amendments indefinitely.

None of these pronouncements are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Use of estimates and judgments

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

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

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

Significant Judgments in Applying Accounting Policies

Determination of functional currency

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

Deferred revenue

Significant judgment is required in determining the appropriate accounting for the Streaming Agreement that has been entered into. Management has determined that the Company assumes significant business risk associated with the timing and amount of ounces of gold ounces being delivered from Minera Don Nicolas. As such, the deposits received have been recorded as deferred revenue liabilities in the consolidated balance sheet.

Impairment and impairment reversal of non-financial assets

Significant judgment is required in assessing indicators of impairment or impairment reversal of non-financial assets. For each asset or CGU, the Company completes an evaluation at each reporting period of potential indicators of impairment or impairment reversal. The Company considers both external and internal sources of information in assessing whether there are any indications that assets or CGUs may be impaired. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions related to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, proven and probable reserves and resources, and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. Judgment is also required in determining the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study has been completed. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Changes in these estimates which decrease the estimated recoverable amount of a CGU could affect the carrying amounts of assets and result in an impairment charge or reversal. While management believes that estimates of future cash flows are reasonable, different assumptions regarding such cashflows could materially affect the recoverable amount of a CGU.

Accounting Estimates and Assumptions

Determination or reserves and resources

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

Stockpile valuation

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

Tax provisions

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

Business combinations and asset acquisitions

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

Provision for Environmental Rehabilitation

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

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

Fair value of Stream Agreement (see Note 17)

The Stream Agreement is recorded at FVTPL. The Company measures the fair value of its Stream Agreement using a Discounted Cash flow and a Monte Carlo simulation model. The fair value of the Stream Agreement has been determined based on a valuation methodology that captures all of the features of the Stream Agreement which requires significant estimates. The fair value estimates are based on numerous assumptions including, but not limited to, future mineral resources estimates, future metal prices and discount rates. This fair value estimate may differ from actual fair value and these differences could be significant and may have a material impact on the Company's financial position and results of operations.

5. ACQUISITION OF MINERA MARIANA ARGENTINA

On January 22, 2021, the Company completed an agreement with Capella Minerals Ltd. (“Capella Minerals”) to acquire 100% of its Argentine subsidiary Minera Mariana Argentina S.A. (“Minera Mariana”). Under the terms of the agreement, the Company paid the purchase price of $1.8 million consisting of a nominal cash payment and $1.8 million (CAD$2.3 million) on the issuance of 1,666,667 common shares of the Company to Capella Minerals at a deemed share price of CAD$1.35, based on the price of the Company’s shares in the concurrent financing associated with listing on the TSX Venture Exchange via the announced arrangement between BB1 Acquisition Corp. and the Company (see Note 6).

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

The acquisition cost, consisting of the initial cash paid and fair value of the consideration shares, totalled $1.8 million and has been allocated to the acquired identifiable assets and liabilities of Minera Mariana as follows:

Purchase Price	Note		
Cash Paid		$	50
Fair value of 1,666,667 shares issued			1,769
		$	**1,819**
Purchase Price Allocation			
Cash			60
Fiscal credit receivables			212
Prepaids and other assets			27
Exploration and evaluation assets	11		1,654
Total identifiable assets acquired			1,953
Trade and other payables			(75)
Payroll obligations			(53)
Other payables			(6)
Total identifiable liabilities assumed			(134)
Total identifiable net assets		**$**	**1,819**

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

6. REVERSE TAKEOVER TRANSACTION

On February 19, 2021, the Company completed a RTO transaction with BB1, whereby the shareholders of BB1 became shareholders of the Company. The RTO was structured as a three-cornered amalgamation, as a result of which the Company became a wholly-owned subsidiary of BB1, changing its name to “Cerrado Gold Corp.”, and completed a vertical short-form amalgamation to amalgamate itself with the Company and carry on under the corporate name “Cerrado Gold Inc.” prior to the resumption of trading on the TSXV under the symbol CERT.

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

The substance of the transaction is a reverse takeover of a non-operating company. After evaluating all the facts surrounding this transaction, Management determined that the transaction does not constitute a business combination, as BB1 does not meet the definition of a business under IFRS 3, *Business Combinations*. As a result, the transaction is accounted for as an asset acquisition with Cerrado Gold Inc. being identified as the acquirer and the equity consideration accounted for in accordance with IFRS 2, *Share-based payments*, measured at fair value. Therefore, BB1’s share capital, equity reserve and deficit at the time of the RTO transaction were eliminated. Accordingly, there is no goodwill recognized, and the difference between the consideration and fair value of the net assets acquired results in an RTO listing expense of $1.5 million. The Company considered the price of the shares post-closing of the transaction and the price per share of the Company’s recent private placement completed in February 2021 of CAD$1.35 each. RTO transaction costs inclusive of the listing expense incurred by the Company were $1.6 million.

The fair value of the consideration is as follows:		
Fair value of 1,937,416 Cerrado common shares	$	**2,074**
The consideration has been allocated as follows:		
Cash		574
Trade and other payables		(11)
Reverse takeover listing expense		1,511
	$	**2,074**

7. FUTURE CONSIDERATION PAYABLE

On March 16, 2020 (the “Closing Date”), the Company entered into an Agreement to acquire MDN and its namesake operating mine and surrounding properties in Argentina. The Company acquired the MDN mine in Argentina to add an operating asset that will complement the Company’s Monte do Carmo gold exploration project in Brazil. Under the terms of the agreement the Company paid the Compañia Inversora En Minas S.A. (“CIMINAS”) and Compañia Inversora Argentina Para La Exportacion S.A. (“CIAPEXSA”) (together the “Sellers”)

- an initial payment of $15 million at closing, with future payments due of:
- $10 million in March 2022,
- $2 million in March 2023,
- $10 million in March 2024 and
- $10 million in March 2025

These amounts will be payable from a sinking fund set up by the Company. The future consideration payable amount was initially recorded at a fair value of $21.4 million. The payable amount is discounted using a rate of 12%, which was the Company’s estimated weighted-average cost of capital at the closing date. For the year ended December 31, 2022, the discount was accreted by $2.2 million which is included in finance expense (see Note 22). On March 16, 2022 the $10 million payment due 24 months from the Closing Date was paid to the Sellers. As at December 31, 2022, the amount held in restricted cash of $4.5 million relates to the sinking fund set up by the Company for future payment obligations to the Sellers.

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

8. TRADE AND OTHER RECEIVABLES

		December 31 2022		December 31 2021
Current				
Trade receivables	**$**	**1,351**	$	1,217
Sales tax and other statutory receivables		**7,151**		7,949
Prepaids and deposits		**144**		182
		8,646		9,348
Non-current				
Deposits and other assets		**6,041**		1,800
	$	**14,687**	$	11,148

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

9. INVENTORIES

		December 31 2022		December 31 2021
Ore stockpiles	**$**	**3,875**	$	2,762
In-circuit		**950**		910
Finished metal		**2,156**		2,552
Inventories	**$**	**6,981**	$	6,224

		December 31 2022		December 31 2021
Supplies and consumables	**$**	**4,330**	$	5,463
Less: long-term portion of inventories		**(2,212)**		(2,961)
Inventories	**$**	**2,118**	$	2,502

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

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

10. PROPERTY, PLANT AND EQUIPMENT

	Mining Property, Plant and Equipment	Assets Under Construction	Land and Buildings	Total
Cost				
December 31, 2020	23,270	6,394	128	29,792
Additions	4,724	1,054	482	6,260
Reclassifications	9,428	(6,652)	-	2,776
Change in provision for environmental rehabilitation	1,050	-	-	1,050
As at December 31, 2021	38,472	796	610	39,878
Additions	1,630	4,531	41	6,202
Disposals	(35)	-	(271)	(306)
Reclassifications	337	(337)	-	-
Transfer	-	1,441	-	1,441
Change in provision for environmental rehabilitation	7,477	-	-	7,477
As at December 31, 2022	47,881	6,431	380	54,692
Accumulated depreciation and amortization				
December 31, 2020	2,359	-	67	2,426
Charge for the period	5,722	-	45	5,767
As at December 31, 2021	8,081	-	112	8,193
Charge for the period	8,372	-	105	8,477
Disposals	(20)	-	(116)	(136)
As at December 31, 2022	16,433	-	217	16,534
Net book value				
Balance, December 31, 2021	$ 30,391	$ 796	$ 498	$ 31,685
Balance, December 31, 2022	**$ 31,448**	**$ 6,431**	**$ 163**	**$ 38,158**

Property, plant and equipment includes right-of-use assets of $0.6 million (2021 - $1.1 million) related to leased buildings of $0.4 million (2021 - $0.5 million) and mobile equipment of $0.2 million (2021 - $0.6 million). These right-of-use assets are included under Land and Buildings and Mining Property, Plant and Equipment, respectively. During 2022, the Company leased land and buildings and recognized a right-of-use asset of $0.1 million (2021 - $0.5 million). The Company also leased mobile equipment and recognized a right-of-use asset of $0.1 million (2021 – $1.0 million acquired through business combination).

Assets under construction are capitalized but not depreciated until such a time that they are available for management's intended use.

Development of Calandrias Project

Assets under construction as at December 31, 2022 includes $3.8 million related to construction in progress of the Calandrias Heap Leach Project, expected to commence operations in Q2/2023. Exploration and evaluation costs of $1.4 million associated with the Calandrias Project were transferred from the exploration and evaluation category to the assets under construction category (see Note 11).

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

11. EXPLORATION AND EVALUATION ASSETS

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

	Note	Monte do Carmo Gold Project	Minera Don Nicolas Mine	Minera Mariana	Total
Balance at December 31, 2020		$ 12,885	$ 829	$ 33	**$ 13,747**
Acquisition of Minera Mariana	5	-	-	1,654	**1,654**
Expenditures		10,191	5,165	35	**15,391**
Reclassifications		-	(2,776)	-	**(2,776)**
Efect of movements in exchange rates		(1,324)	-	-	**(1,324)**
Balance at December 31, 2021		$ 21,752	$ 3,218	$ 1,722	**$ 26,692**
Expenditures		13,092	5,190	4	**18,286**
Transfer		-	(1,441)	-	**(1,441)**
Effect of movements in exchange rates		1,324	-	-	**1,324**
Balance at December 31, 2022		$ 36,168	$ 6,967	$ 1,726	**$ 44,861**

Monte do Carmo (MDC) Gold Project – Brazil

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

The MDC project was acquired from Monte Sinai Mineração Ltda. ("Monte Sinai") in April 2018.

During the year ended December 31, 2022, the Company incurred $13.1 million (December 31, 2021 - $10.2 million) in expenditures related mainly to exploration costs.

The terms of the acquisition provide for a 2% net smelter royalty granted to the former owners of the project. The Company did not measure or recognize a contingent liability in relation to the net smelter royalty.

In December 2020, the Company exercised its option to buy back the 2% net smelter return ("NSR") royalty for a total purchase price (aggregate cash consideration) of $1.3 million, and recognized a $0.1 million advance as at December 31, 2020. The remaining payments were made as follows, $0.7 million was paid in March 2021, with the balance of $0.5 million paid in May 2021 upon which the Company obtained the rights to the NSR royalty.

As per the terms of the MDC Acquisition Agreement dated April 20, 2018, and the royalty buyback agreement, the sellers of the project have the right to a payment $1.5 million if an aggregate of 2,500,000 oz of gold are identified in a mineral resource estimate in accordance with NI 43-101. The Company has not measured or recognized a contingent liability in relation to the above payments.

Los Cisnes Gold-Silver Project – Argentina

On January 22, 2021, the Company completed an agreement with Capella Minerals Ltd. ("Capella Minerals") to acquire 100% of its Argentine subsidiary Minera Mariana Argentina S.A. ("Minera Mariana"). On acquisition, Minera Mariana was the owner of the Las Calandrias and Los Cisnes gold-silver projects, contiguous to the Minera Don Nicolas' MDN mine. In 2022 the Calandrias Project was transferred to Minera Don Nicolas. Los Cisnes is Minera Mariana's sole remaining project.

During the year ended December 31, 2021, the Company incurred $1.7 million in costs related to the acquisition of Minera Mariana (see note 5).

Las Calandrias Project – Argentina

In December 2022, technical feasibility was determined, and the financing required to develop the Calandrias project was completed with the subscription of the Zofingen Promissory Notes (see note 15c). With funding available to develop the project, the amounts previously classified under exploration and evaluation assets of $1.4 million associated with Calandrias were transferred from the exploration and evaluation category to the assets under construction category (see note 10). The Company performed an assessment of recoverability and determined there was no evidence of impairment at the date of the reclassification.

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

12. TRADE AND OTHER PAYABLES

	December 31 2022	December 31 2021
Current		
Trade payables	**$ 8,856**	$ 8,255
Accrued liabilities	**11,005**	9,076
Payroll and government remitances	**4,184**	4,192
Other liabilities	**55**	377
	$ 24,100	$ 21,900
Non-current		
Other liabilities	**$ 191**	$ 95
	$ 24,291	$ 21,995

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

13. PROVISIONS

Decommissioning and restoration

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

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

	Decommissioning and restoration
Balance at December 31, 2020	$ 1,760
Change in estimate	1,455
Accretion	133
Balance at December 31, 2021	**$ 3,348**
Change in estimate	7,477
Current year expense	(246)
Accretion	197
Balance at December 31, 2022	**$ 10,776**

The following table summarizes the assumptions used to determine the decommissioning provision related to its mine:

	Undiscounted liability for closure	Expected date of expenditure	Pre-tax risk-free rate
Minera Don Nicolas Mine	$ 14,718,000	2027-2040	4.10%

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

14. DEFERRED REVENUE

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

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

This agreement includes a step-down provision whereby the stream percentage will be reduced from 6.25% down to 2.5% upon delivery of 21,250 gold equivalent ounces. At any time within twelve months following the step-down, the Company has a one-time buy-down option by further reducing the stream percentage from 2.5% to 1.25% with repayment to Sprott of $2.5 million in immediately available funds. Features such us step-down options, could affect the substance of the streaming as a whole and affect the contract recognition. Additionally, they could result in the recognition of embedded derivatives under IFRS 9, depending on how they affect the host contract.

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

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

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

As the deferred revenue on streaming arrangements is considered variable consideration, an adjustment is made to the transaction price per unit each time there is a change in the underlying production profile of a mine. The change in the transaction price per unit results in a cumulative catchup adjustment to revenue in the period in which the change is made, reflecting the new production profile expected to be delivered under the streaming agreement. A corresponding cumulative catch-up adjustment is made to accretion expense, reflecting the impact of the change in the deferred revenue balance. As a result of an update in the life of the MDN mine, which increased the total gold and silver ounces to be delivered, a $0.5 million adjustment to the deferred revenue balance was required as at December 31, 2022, resulting in a decrease in stream revenue of $0.4 million and an increase in finance expense (accretion) of $0.1 million.

The following table summarizes deferred revenue:

Opening balance December 31, 2021	$	16,496
Amortization of derred revenue:		
Deferred revenue recognized		(3,001)
Finance costs on deferred revenue		2,675
Balance, December 31, 2022	**$**	**16,170**

		December 31, 2022		December 31, 2021
Current portion	$	2,137	$	2,476
Non-current portion		14,033		14,020
Total	**$**	**16,170**	**$**	**16,496**

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

15. DEBT

	Note		December 31 2022		December 31 2021
Lease obligations	(a)	**$**	**331**	$	691
Revolving prepayment facility	(b)		**5,267**		6,015
Promissory note payable	(c)		**4,000**		-
Loan payable	(d)		**1,730**		-
Short term debt		**$**	**11,328**	$	6,706

	Note		December 31 2022		December 31 2021
Lease obligations	(a)	**$**	**1,317**	$	1,295
Promissory note payable	(c)		**5,000**		-
Loan payable	(d)		**715**		-
Long term debt		**$**	**7,032**	$	1,295

(a) Lease obligations

		December 31 2022		December 31 2021
Total minimum lease payments	**$**	**2,359**	$	2,781
Effect of discounting		**(711)**		(795)
Present value of minimum lease payments		**1,648**		1,986
Less: current portion		**(331)**		(691)
	$	**1,317**	$	1,295
Minimum payments under leases				
Due no later than 1 year		**1,042**		1,070
Due later than 1 year less than 5 years		**1,317**		1,711
	$	**2,359**	$	2,781

The Company's lease obligations are related primarily to plant and equipment used in mining operations in Argentina and office premises in Canada and Argentina, with payments made on a monthly basis. The Company sub-leases an office space that it leased in 2021 to companies with directors and officers in common (see Note 26).

The table below summarizes amounts recognized in earnings during the years ended December 31:

		2022		2021
Depreciation expense for ROU assets	**$**	**407**	$	712
Interest expense included in finance costs		**1,163**		492
Total recognized in earnings	**$**	**1,570**	$	1,204

(b) Revolving prepayment facility

On March 12, 2020, the Company entered into an advance sales transaction pursuant to which, the Company received advanced consideration of $5 million. On December 3, 2020, the Company increased the revolving credit facility by $2.5 million, for total advanced consideration of $7.5 million. In March 2022, the Company revised the repayment terms of the facility with the final draw of the Company to be made prior to June 30, 2023 unless mutually agreed otherwise. The advanced consideration is accounted for as a financial liability. The facility may be immediately renewable upon full repayment. During the year ended December 31, 2022, the Company had drawn down a total $15.0 million and repaid a total $15.8 million under the revolving prepayment facility. As at December 31, 2022 the $5.3 million balance outstanding bears interest at the rate of 3 Month LIBOR + 5.85% until repaid.

(c) Promissory note payable

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

The initial $4 million Promissory Notes issued in November 2022 were refinanced subsequent to the year-end period and reissued 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. 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 recourse guarantee to the lenders in respect of the Notes. As at December 31, 2022 the $9 million balance bears interest at the rate of 5% until repaid. The Promissory Notes are recognized at amortized cost using the effective interest rate method.

The Company intends to use the proceeds 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 to Zofingen Securities SA in relation to the Promissory Notes.

(d) Loan payable

On August 24, 2022 the Company, through its wholly-owned subsidiary Minera Don Nicolas SA (“MDN”), 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. The loan payable to Banco de Santa Cruz is recognized at amortized cost using the effective interest rate method.

16. OFFTAKE ARRANGEMENT

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

The offtake receivable balance of $38.8 million at December 31, 2022 consists entirely of the proceeds from export sales receivable by Minera Don Nicolas and delivered to the offtaker under the agreement. Conversely, offtake payable balance of $38.8 million at December 31, 2022 represents export sales delivered by Minera Don Nicolas under the offtake agreement, which will be repaid to Minera Don Nicholas within six months of the delivery.

17. SECURED NOTE LIABILITY & STREAM OBLIGATION

a) Secured Note Payable

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

The Note is secured, in favour of Sprott, by the Company’s assets and shares in the Brazilian subsidiaries, ranking 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.

Measurement

The Note represents a financial liability for the contractual obligation to repay principal of $20 million and quarterly interest payments in cash or in common shares until maturity. The ability to pay interest with common shares of the Company represents an embedded derivative. The Company has elected to subsequently account for the Note at FVTPL.

On March 14, 2022, the fair value of the Note of $19 million was determined based on the amount exchanged between the Company and Sprott, which resulted in a discount rate of 11.60%. Subsequent to initial recognition, any remeasurement gain or loss is split into an amount attributed to the change in credit risk of the Company, which is to be presented in OCL, and the remaining amount of change in fair value, in net loss.
The changes in fair values of the Note from initial recognition date to December 31, 2022 is summarized below:

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

Fair value at inception	$	19,000
Add (deduct):		
Interest payment		(1,605)
Unrealized change in fair value, recorded in the statement of operations		1,595
Balance, December 31, 2022	**$**	**18,990**

b) Stream Obligation

On March 14, 2022, the Entity entered into a US$20 million metals stream agreement (the "Stream Agreement") with Sprott Private Resource Streaming and Royalty Corp. ("Sprott Royalty") for its 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 the 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 Entity 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 - $12.5 million
- From July 1, 2024 until June 30, 2025 - $13 million
- July 1, 2025 until June 30, 2026 - $13.5 million

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

The Stream Agreement, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss. The fair value of the Stream Agreement was determined based on a combination of a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value were: mineral resource estimates, future gold prices, and discount rates.

As at March 14, 2022 and December 31, 2022, management ascribed a $nil value to the Buy-Down Option.

Subsequent to initial recognition, any change in fair value is recognized in net loss.

The changes in fair values of the Stream Obligation from initial recognition date to December 31, 2022 is summarized below:

Fair value at inception	$	1,000
Add (deduct):		
Unrealized change in fair value, recorded in the statement of operations		(619)
Balance, December 31, 2022	**$**	**381**

Significant inputs and assumptions into the model are summarize in the following table:

Inputs and Assumption	March 14, 2022	**December 31, 2022**
Debt discount rate (WACC)	11.60%	12.70%
Calibration spread	2.50%	2.50%
Royalty revenue discount factor	14.10%	15.20%
Royalty stream discount rate	5.92%	7.49%
Royalty revenue volatility	60%	60%
Average gold price	$2,173	$2,163

<u>Sensitivity Analysis:</u>

The fair value of the Stream Obligation was estimated using Level 3 inputs and is most sensitive to changes in discount rates, future metal prices, and estimated mineral resources.

For the fair value of the Stream Obligation, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

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

Key Inputs	**Inter-relationships between significant inputs and fair value measurement**	**Increase (decrease)**
Key observable inputs	The estimated fair value would increase (decrease by)	
- Metal prices forward curve	- Future gold prices were 10% higher	1,429
	- Future goldl prices were 10% lower	(1,474)
- Discount rates	- Discount rates were 1% higher	(788)
	- Discount rates were 1% lower	872
Key unobservable inputs		
- Estimated mineral resources	- Estimated mineral resources were 10% higher	1,429
	- Estimated mineral resources were 10% lower	(1,474)

18. SHARE CAPITAL

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

	Note	Number of shares	Issued Share Capital	Shares to be issued
Balance, December 31, 2020		**46,984,021**	**$ 17,310**	**$ 6,250**
Minera Mariana acquisition	(i)	1,666,667	1,769	-
Private placement	(ii)	11,111,200	10,753	-
Broker warrants issued	(ii)	-	(219)	-
BB1 RTO Transaction	(iii)	1,937,416	2,074	-
Share issuance on exercise on Special Warrants	(iv)	8,845,750	6,257	(6,250)
Warrants exercised	19	2,000,000	500	-
Agent warrants exercised	19	234,605	267	-
Broker warrants exercised	19	8,850	13	-
Options exercised	20	65,000	111	-
RSUs redeemed	20	3,627,230	1,532	-
Balance, December 31, 2021		**76,480,739**	**$ 40,367**	**$ -**
Agent warrants exercised	19	169,025	193	-
Broker warrant exercised	19	96,087	135	-
RSUs redeemed	20	1,632,809	636	-
DSUs redeemed	20	250,000	310	-
Balance, December 31, 2022		**78,628,660**	**$ 41,641**	**$ -**

(i) On January 22, 2021, the Company completed an agreement with Capella Minerals to acquire 100% of its Argentine subsidiary Minera Mariana. Under the terms of the agreement, the Company paid the purchase price consisting of an initial cash payment of $0.1 million and $1.8 million (CAD$2.3 million) satisfied by the issuance of 1,666,667 common shares of the Company to Capella Minerals at a deemed share price of CAD$1.35.

(ii) On February 17, 2021, the Company completed a private placement of 11,111,200 common shares at a price of CAD$1.35 per common share for aggregate gross proceeds of CAD$15 million ($11 million). The Company granted 666,672 Broker warrants exercisable at CAD$1.35 until February 17, 2022, valued at $0.2 million (See Note 19).

(iii) On February 19, 2021, the Company and BB1 completed the RTO transaction (See Note 6). Pursuant to the RTO, all securities of the Company were exchanged for securities of BB1 on a 8:31 basis for a total issuance of 1,937,416 Cerrado common shares.

(iv) In connection with the anticipated RTO, on September 11, 2020 the Company completed a private placement of 8,845,750 special warrants at a price of $0.80 per special warrant, for aggregate gross proceeds of $7.1 million. In connection with the financing, the Company incurred cash issuance costs of $0.5 million. Haywood Securities (the “Agent”) was engaged to act as lead Agent in connection with the financing. The Company granted 505,115 Agent Options and 123,625 Finder’s Warrants exercisable in whole or in part by the Agent at $0.80 for a total value of $0.3 million (See Note 19).

On February 19, 2021, upon completion of the RTO (see Note 6) the Company issued shares in connection with the previously completed private placement of 8,845,750 special warrants.

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

19. WARRANTS

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

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

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

(i) On February 17, 2021, the Company granted 666,672 Broker Warrants exercisable at CAD$1.35 ($1.07) in relation to the Private Placement and RTO transaction. The estimated fair value of the warrants was $0.2 million. The value of the broker warrants was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 80%, a risk-fee rate of 0.29% and an expected life of 1 year.

Warrants transactions are summarized as follows:

			December 31, 2022		
	Note	Exercise Price (USD$)	Number of Warrants		Warrants
Balance, December 31, 2020		**$0.34**	**2,628,740**	**$**	**314**
Broker warrants granted		$1.07	666,671		219
Agent warrants exercised		$0.80	(234,605)		(81)
Broker warrants exercised		$1.07	(8,850)		(3)
Warrants exercised		$0.20	(2,000,000)		(100)
Balance, December 31, 2021		**$0.97**	**1,051,956**	**$**	**349**
Agent warrants exercised		$0.80	(169,025)		(57)
Agent and finder's warrants expired	(ii)	$0.80	(225,110)		(77)
Broker warrants exercised		$1.07	(96,087)		(30)
Broker warrants expired	(i)	$1.07	(561,734)		(185)
Balance, December 31, 2022		**-**	**-**	**$**	**-**

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

(ii) On September 10, 2022 a total of 225,110 agent and finder's warrant with an exercise price of CAD$1.07(USD$0.80) expired.

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

20. SHARE-BASED PAYMENT RESERVE

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

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

	Stock Options	Restricted share units	Deferred share units	Share-based payment reserve
Balance, December 31, 2020	**$ 1,000**	**$ 658**	**$ -**	**$ 1,658**
Vesting	833	1,544	-	2,377
Options exercised	(21)	-	-	(21)
RSUs redeemed	-	(1,532)	-	(1,532)
DSU vesting	-	-	961	961
Balance, December 31, 2021	**$ 1,812**	**$ 670**	**$ 961**	**$ 3,443**
Vesting	979	1,278	-	2,257
RSUs redeemed	-	(636)	-	(636)
DSU vesting	-	-	566	566
DSUs redeemed	-	-	(310)	(310)
Balance, December 31, 2022	**$ 2,791**	**$ 1,312**	**$ 1,217**	**$ 5,320**

Options

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

		December 31, 2022				December 31, 2021			
Expiry Date	Note	Exercise Price (USD$)	Number of Options Granted	Number of Options Outstanding	Number of Options Vested & Exercisable	Exercise Price (USD$)	Number of Options Granted	Number of Options Outstanding	Number of Options Vested & Exercisable
February 27, 2024	(i)	$0.45	4,000,000	4,000,000	4,000,000	$0.45	4,000,000	4,000,000	4,000,000
August 9, 2026	(ii)	$1.12	2,370,000	2,370,000	1,579,999	$1.12	2,370,000	2,370,000	790,000
September 1, 2026	(iii)	$1.38	30,000	30,000	20,000	$1.38	30,000	30,000	10,000
October 28, 2026	(iv)	$1.24	150,000	150,000	50,000	$1.24	150,000	150,000	50,000
September 19, 2027	(v)	$0.83	1,987,500	1,987,500	662,506	$0.00	-	-	-
		$0.74	8,537,500	8,537,500	6,312,505	$0.71	6,550,000	6,550,000	4,850,000

As at December 31, 2022, the weighted average remaining contractual life of the stock options was 2.17 years (December 31, 2021 – 2.59 years).

(i) On February 27, 2019 the Company granted a total 4,000,000 stock options to certain eligible participants under the Company's previous Plan, including certain officers, directors, and employees. The 4,000,000 options vested immediately and are each exercisable at $0.45 for a period of five years from the grant date. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 67%, a risk-fee rate of 1.79% and an expected life of 5 years.

(ii) On August 9, 2021, the Company granted a total of 2,370,000 stock options to certain eligible participants under the Company's previous Plan, including certain officers, directors, and employees. The 2,370,000 options are each exercisable at CAD$1.41 ($1.12) for a period of five years from the grant date, and will vest in accordance with the following schedule: (i) 1/3 immediately; (ii) 1/3 one year from the date of the grant; and (iii) 1/3 two years from the date of the grant. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 70%, a risk-fee rate of 0.80% and an expected life of 5 years.

(iii) On September 1, 2021, the Company granted 30,000 stock options to certain employees eligible under the Company's previous Plan. The 30,000 options are exercisable at CAD$1.74 ($1.38) for a period of 5 years from the grant date, and will vest in accordance with the following schedule: (i) 1/3 immediately; (ii) 1/3 one year from the date of the grant; and (iii) 1/3 two years from the date of the grant. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 70%, a risk-fee rate of 0.41% and an expected life of 5 years.

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

(iv) On October 28, 2021 the Company granted 150,000 stock options to certain employees eligible under the Company's previous Plan. The 150,000 options are exercisable at CAD$1.53 ($1.24) for a period of 5 years from the grant date, and will vest in accordance with the following schedule: (i) 1/3 immediately; (ii) 1/3 one year from the date of the grant; and (iii) 1/3 two years from the date of the grant. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 70%, a risk-fee rate of 1.32% and an expected life of 5 years.

(v) On September 19, 2022, the Company granted 1,987,000 stock options to certain employees eligible under the Company's previous Plan. The 1,987,000 options are exercisable at CAD$1.10 ($0.83) for a period of 5 years from the grant date, and will vest in accordance with the following schedule: (i) 1/3 immediately; (ii) 1/3 one year from the date of the grant; and (iii) 1/3 two years from the date of the grant. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 66%, a risk-fee rate of 3.3% and an expected life of 5 years.

Stock option transactions are summarized as follows:

	Note	Exercise Price (USD$)	Number of Options Outstanding
Balance, December 31, 2020		**$0.45**	**4,000,000**
Options granted	(i)-(iv)	$1.14	2,615,000
Options exercised		$1.38	(65,000)
Balance, December 31, 2021		**$0.71**	**6,550,000**
Options granted	(v)	$0.83	1,987,500
Balance, December 31, 2022		**$0.74**	**8,537,500**

For the years ended December 31, 2022 and 2021, the Company recognized share-based payment expense relating to the vesting of stock options of $1.0 million and $0.8 million, respectively.

Restricted Share Units ("RSUs")

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

		December 31, 2022				December 31, 2021			
Grant Date	Note	Grant date fair value/RSU (USD$)	Number of RSUs Granted	Number of RSUs Outstanding	Number of RSUs Vested & Redeemable	Grant date fair value/RSU (USD$)	Number of RSUs Granted	Number of RSUs Outstanding	Number of RSUs Vested & Redeemable
June 24, 2020	(i)	$0.36	9,000,000	1,083,336	1,083,336	$0.36	9,000,000	2,658,338	-
September 14, 2020	(ii)	$0.45	350,000	233,334	233,334	$0.45	350,000	233,334	116,667
November 13, 2020	(iii)	$0.80	315,000	203,750	203,750	$0.80	315,000	203,750	98,750
February 18, 2021	(iv)	$1.06	150,000	150,000	100,000	$1.06	150,000	150,000	50,000
June 1, 2021	(v)	$1.45	500,000	293,860	127,193	$1.45	500,000	333,333	-
October 20, 2021	(vi)	$1.26	150,000	150,000	100,000	$1.26	150,000	150,000	50,000
September 19, 2022	(vii)	$0.69	1,397,500	1,379,166	447,509	$0.00	-	-	-
		$0.68	11,862,500	3,493,446	2,295,122	$0.55	10,465,000	3,728,755	315,417

(i) On June 24, 2020, the Company granted 9,000,000 Performance RSUs to certain eligible participants under the Company's previous Plan, including certain officers, directors, employees and a related party (See Note 26). The 9,000,000 Performance RSUs granted vested in accordance with the following schedule: (i) one third immediately; (ii) one third one year from the date of the grant only if the value of Cerrado's shares in the market remain at or above US$1.00 for a period of 30 consecutive days prior to the vesting date (performance condition met); and (iii) one third two years from the date of the grant only if the value of Cerrado's shares in the market remain at US$1.00 for a period of 30 consecutive days prior to the vesting date.

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

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

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

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

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

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

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

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

(iii) On February 18, 2021, the Company granted 150,000 RSUs to certain eligible participants under the Company's Omnibus Plan. The 150,000 RSUs will vest in accordance with the following schedule: (i) one third immediately; (ii) one third one year from the date of the grant; and (iii) one third two years from the date of the grant.

(iv) On June 1, 2021, the Company granted 500,000 RSUs to certain eligible participants under the Company's Omnibus Plan, including certain officers, directors, and employees. The 500,000 RSUs will vest in accordance with the following schedule: (i) one third immediately; (ii) one third one year from the date of the grant; and (iii) one third two years from the date of the grant.

(v) On October 20, 2021, the Company granted 150,000 RSUs to certain eligible participants under the Company's Omnibus Plan, including certain officers, directors, and employees. The 500,000 RSUs will vest in accordance with the following schedule: (i) one third immediately; (ii) one third one year from the date of the grant; and (iii) one third two years from the date of the grant.

(vi) On September 19, 2022, the Company granted 1,379,500 RSUs to certain eligible participants under the Company's Omnibus Plan, including certain officers, directors, and employees. The 1,379,000 RSUs will vest in accordance with the following schedule: (i) one third immediately; (ii) one third one year from the date of the grant; and (iii) one third two years from the date of the grant.

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

Restricted share unit transactions are summarized as follows:

	Note	Grant date fair value/RSU (USD$)	Number of RSUs Outstanding
Balance, December 31, 2020		**$0.39**	**6,780,007**
RSUs granted	(iv)-(vi)	$1.34	800,000
RSUs redeemed		$0.42	(3,627,230)
RSUs forfeited/cancelled		$0.48	(224,022)
Balance, December 31, 2021		**$0.55**	**3,728,755**
RSUs granted	(vii)	$0.69	1,397,500
RSUs redeemed	(ii)	$0.39	(1,632,809)
Balance, December 31, 2022		**$0.68**	**3,493,446**

As of December 31, 2021, there were 3,493,446 RSUs outstanding (December 31, 2021 – 3,728,755 RSUs outstanding).

For the year ended December 31, 2022 and 2021, the Company recognized share-based payment expense relating to the vesting of RSUs of $1.3 million and $1.5 million, respectively.

Deferred Share Units ("DSUs")

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

		December 31, 2022		
	Note	Grant date fair value/DSU (USD$)	Number of DSUs Granted	Number of DSUs Outstanding
October 28, 2021	(i)	$1.24	775,000	525,000
September 19, 2022	(ii)	$0.69	820,000	820,000
		$0.90	1,595,000	1,345,000

(i) On October 28, 2021, the Company granted 775,000 DSUs to certain eligible participants under the Company's Omnibus Plan. The 775,000 DSUs granted vested immediately upon issuance in accordance with the Omnibus Plan.

(ii) On September 19, 2022, the Company granted 820,000 DSUs to certain eligible participants under the Company's Omnibus Plan. The 820,000 DSUs granted vested immediately upon issuance in accordance with the Omnibus Plan.

Deferred share unit transactions are summarized as follows:

	Note	Grant date fair value/DSU (USD$)	Number of DSUs Outstanding
Balance, December 31, 2020		**-**	**-**
DSUs granted	(i)	$1.24	775,000
Balance, December 31, 2021		**$1.24**	**775,000**
DSUs granted	(ii)	$0.69	820,000
DSUs redeemed		$1.24	(250,000)
Balance, December 31, 2022		**$0.90**	**1,345,000**

As of December 31, 2022 there were 1,345,000 DSUs outstanding (December 31, 2021 – 775,000).

For the year ended December 31, 2022 and 2021, the Company recognized share-based payments expense relating to the vesting of DSUs of $0.6 million and $1.0 million, respectively.

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

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and benefits	**$ 2,428**	$ 2,534
Corporate administration	**577**	568
Professional fees	**881**	1,066
Consulting fees	**491**	874
Office and other	**1,163**	1,069
Share-based compensation	**2,823**	3,338
Depreciation	**82**	43
	$ 8,445	$ 9,492

22. FINANCE EXPENSE

	Note	**Year ended December 31, 2022**	Year ended December 31, 2021
Finance income			
Investment loss (income)		**$ (463)**	$ (148)
Finance costs			
Accretion of future consideration payable	7	**$ 2,174**	$ 2,826
Accretion of deferred revenue	14	**2,675**	2,608
Accretion on decommissioning and restoration provisions	13	**197**	-
Interest on revolving prepayment facility	15b	**453**	348
Interest on loans payable	15c, 15d	**1,472**	-
Other interest costs		**224**	-
Interest on finance lease	15a	**1,163**	492
Finance fees and bank charges		**201**	3
		8,559	6,277
Net finance expense		**$ 8,096**	$ 6,129

23. CAPITAL MANAGEMENT

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

The Company defines capital as total equity plus debt. Total equity is comprised of issued capital stock, warrants, share-based payments reserve and accumulated deficit. Management defines Total debt to be comprised of revolving prepayment facility, promissory note payable, loan payable and secured note payable as at December 31, 2022 and revolving prepayment facility as at December 31, 2021. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and pay for administrative costs. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2022 and 2021.

	December 31 2022	December 31 2021
Equity	**$ 13,354**	$ 15,122
Debt	**35,702**	6,015
	$ 49,056	$ 21,137

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

24. FINANCIAL INSTRUMENTS

Fair value and carrying value of financial instruments:

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

		December 31, 2022		December 31, 2021	
Recurring measurements		**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets					
Amortised cost					
Cash	(i)	**$ 5,921**	**$ 5,921**	$ 1,726	$ 1,726
Short-term investments	(i)	**1,443**	**1,443**	29	29
Trade and other receivables	(i)(ii)	**8,646**	**8,646**	9,348	9,348
Due from related parties	(i)	**818**	**818**	525	525
Offtake receivable	(i)	**38,768**	**38,768**	18,166	18,166
Fair value through profit or loss					
Investment in marketable securities	(iii)	**704**	**704**	658	658
Total financial assets		**56,300**	**56,300**	30,452	30,452
Financial liabilities					
Amortised cost					
Trade and other payables	(i)(ii)	**$ 24,100**	**24,100**	$ 21,900	$ 21,900
Revolving prepayment facility	(i)	**5,267**	**5,267**	6,015	6,015
Promissory note payable	(v)	**9,000**	**9,000**	-	-
Loan payable	(v)	**2,445**	**2,445**	-	-
Offtake payable	(i)	**38,768**	**38,768**	18,166	18,166
Fair value through profit or loss					
Secured note payable	(iv)	**18,990**	**18,990**	-	-
Stream obligation	(v)	**381**	**381**	-	-
Total financial liabilities		**98,951**	**98,951**	46,081	46,081
Net financial assets (liabilities)		**$ (42,651)**	**$ (42,651)**	$ (15,629)	$ (15,629)

(i) Cash, short-term investments, trade and other receivables, due from related parties, offtake receivable, trade and other payables, revolving prepayment facility, promissory note payable, loan payable and offtake payable are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
(ii) Excludes tax and other statutory amounts.
(iii) Investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed entities.
(iv) Secured note payable is carried at its fair value, which is primarily measured using certain non observable market data including discount rates, and therefore was classified within Level 3 of the fair value hierarchy.
(v) Stream obligation is carried at its fair value, which is primarily measured using certain observable and non-observable market data including discount rates, future gold prices, and estimated mineral resources, and therefore was classified within Level 3 of the fair value hierarchy.

Fair value hierarchy

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

- The fair values for cash, short-term investments, trade and other receivables, due from related parties, offtake receivable, investment in marketable securities, trade and other payables, revolving prepayment facility, future payable consideration, promissory note payable, loan payable and offtake payable approximate carrying values due to the immediate or short-term maturities of these financial instruments and are classified as Level 1 in accordance with their fair value hierarchy.

- Secured note payable is carried at its fair value, which is primarily measured using certain non observable market data including discount rates, and therefore was classified within Level 2 of the fair value hierarchy.
- Stream obligation is carried at its fair value, which is primarily measured using certain observable and non-observable market data including discount rates, future metal prices, and estimated mineral resources, and therefore was classified within Level 3 of the fair value hierarchy.

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

- The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels on the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2022 and the year ended December 31, 2021, the Company did not make any transfers.

25. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its risk management objectives. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below. There have been no changes in the risks, objectives, policies and procedures during the years ended December 31, 2022 and 2021.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

At December 31, 2022, the Company had a cash balance of $5.9 million (December 31, 2021 - $1.7 million) and current liabilities of $78.4 million (December 31, 2021 - $59.6 million). The Company has working capital deficit of $11.6 million at December 31, 2022 (December 31, 2021 – working capital deficit of $13.5 million) See Note 1 Nature of Operations and Going Concern and Note 26 Related party transactions and balances.

The contractual cash flow obligations of the Company as at December 31, 2022 are as follows:

		Payments due by period			
		<1 years	1-5 years	5> years	Total
Trade and other payables	$	24,100	-	-	24,100
Lease obligations (i)	$	1,042	1,317	-	2,359
MDN acquisition payments (i)	$	2,000	20,000	-	22,000
Revolving prepayment facility (i)	$	5,267	-	-	5,267
Secured note payable (i)	$	-	-	18,990	18,990
Stream obligation	$	-	-	381	381
Interest on secured note payable	$	2,000	2,005	-	4,005
Loan payable	$	1,730	715	-	2,445
Promissory note payable	$	4,000	5,000	-	9,000
Environmental rehabilitation provision (i)	$	91	-	14,627	14,718
	$	40,230	29,037	33,998	103,265

(i) Undiscounted basis

Market Risk

(a) Foreign Currency Risk

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

	CAD	BRL	ARS
Closing US dollar exchange rate at December 31, 2022	**1.3544**	**5.2860**	**177.1280**
Average US dollar exchange rate during the year ended December 31, 2022	**1.3011**	**5.1642**	**130.8090**
Closing US dollar exchange rate at December 31, 2021	1.2678	5.5799	102.7500
Average US dollar exchange rate during the year ended December 31, 2021	1.2535	5.3944	95.1610

As at December 31, 2022 and 2021, the Company had net monetary assets (liabilities) denominated in currencies other than USD as follows:

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

	CAD	BRL	ARS
Net monetary assets (liabilities) at December 31, 2022	**$945**	**$ (3,190)**	**$ (101,301)**
Net monetary assets (liabilities) at December 31, 2021	$539	$ (4,811)	$ (360,934)

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

	CAD	ARS
Increase/decrease in net loss at December 31, 2022	**$ 63**	**$ 52**
Increase/decrease in net loss at December 31, 2021	$ 39	$ 319

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

(b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The secured note liability bears interest at a fixed rate of 10% per annum (see Note 17). The loan bears interest at the private BADLAR Rate plus an annual 13% spread, payable in 18 monthly instalments. (see Note 15). The promissory note payable bears interest at the rate of 5% until repaid (see Note 15). The Company is not subject to any significant impact on the cash balance as a result of changes in interest rates.

(c) Credit Risk

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

(d) Commodity Price Risk

The Company's profitability and long-term viability depend, in large part, upon the market price of metals that may be produced from the Company's properties, primarily gold and silver. Market price fluctuations of these commodities could adversely affect profitability of operations. The Company's secured note and stream obligation liability (see Note 17) relies on metal pricing as a significant input and any significant fluctuation in the market price could impact the valuation. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control including but not limited to supply and demand, consumption patterns, macroeconomic factors (interest, exchange and inflation), banking and political conditions, and mining specific factors.

26. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Compensation of key management personnel

During the year ended December 31, 2022 and 2021 compensation of key management personnel is summarized as follows:

	December 31 2022	December 31 2021
Management and director compensation	**$ 2,479**	$ 2,279
Share-based payments	**2,342**	2,606
	$ 4,821	$ 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

On August 3, 2022, the Company entered into a US dollar unsecured promissory note (the "Promissory Note") agreement with Ascendant in the principal amount of US$1,000,000 for a term of one year. On October 17, 2022, the Company entered into an additional US dollar unsecured Promissory Note agreement with Ascendant in the principal amount of US$750,000. The loans bore interest at a rate of 10.0% per annum, compounded monthly, and would mature 12 months from the date of issuance, on August 3, 2023 and October 17, 2023, respectively. In the fourth quarter of 2022 Ascendant repaid the full amount of the loans to Cerrado Gold.

As at December 31, 2022, amounts owed from Ascendant in relation to shared services are $0.8 million (December 31, 2021 - $0.5 million) and amounts owed from Voyager Metals in relation to shared services are $nil million (December 31, 2021 - $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.

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

Voyager Metals Inc.

On July 5, 2022, the Company entered into a US dollar unsecured promissory note (the "Promissory Note") agreement with Voyager Metals Inc., a company related by virtue of common directors and officers, in the principal amount of US$1,000,000 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 US dollar unsecured promissory note (the "Promissory Note") with Voyager Metals in the principal amount of US$500,000 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 December 20, 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.

Voyager Metals may prepay any and all amounts owing at any time without notice or bonus, provided the amount of 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.

As at December 31, 2022, amounts advanced to Voyager Metals in relation to the Promissory Notes are $1.4 million (December 31, 2021 - $nil). The amounts advanced to Voyager were done in contemplation of an investment in, or joint venture with Voyager in respect of its projects and are considered part of the consideration of the proposed acquisition of Voyager. Upon closing of the proposed acquisition transaction of Voyager as explained further below, these 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 Metals Inc. ("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.

27. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company has the following commitments as at December 31, 2022: lease obligation (see Note 15a) and secured note payable interest (see Note 17).

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.

(a) Contingencies

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

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

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

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

As at December 31, 2021, the Company did not have any material provisions for litigation claims or regulatory assessments. Further, the Company does not believe claims or regulatory assessments, for which no provision has been recorded, will have a material impact on the financial position of the Company.

28. INCOME TAXES

(a) Tax rate reconciliation

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (December 31, 2020 – 26.5%) were as follows:

	December 31, 2022	December 31, 2021
Income (loss) before income taxes	$ (818)	$ (4,697)
Tax expense/recovery at statutory rates	(217)	(1,245)
Foreign tax rate differential	(253)	(234)
Share-based compensation	748	885
Other non-deductible expenses/(non-taxable) income	6,032	4,547
Unrecognized/(recognized) temporary differences	(3,301)	(3,953)
Provincial royalty	2,081	1,602
Income tax expense	$ 5,090	$ 1,602

The significant components of the Company's deferred tax assets (liabilities) are as follows:

	December 31, 2022	December 31, 2021
Deferred tax liabilities:		
Property, plant and equipment	5,105	109
Exploration and evaluation assets	310	3,525
Other	372	1,703
	5,788	5,337
Deferred tax assets:		
Non-capital loss	(2,779)	(5,337)
	(2,779)	(5,337)
Deferred income tax assets (liabilities)	3,009	-

(b) Deferred income tax balances

The following temporary differences and non-capital losses have not been recognized in the consolidated financial statements:

	December 31, 2022	December 31, 2021
Canada expiring in 2037-2042	$ 22,816	$ 11,121
Argentina expiring in 2023-2025	922	14,351
Brazil (no expiry)	591	834
Other deductible temporary differences as follows:		
Canada	9,003	5,610
Argentina	-	11,308
Brazil	7,209	6,435

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

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

29. SEGMENT REPORTING

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

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

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

Period ended December 31, 2022	**Argentina**	**Brazil**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Corporate	
Revenue from gold and silver sales	$ 90,360	$ -	$ -	$ 90,360
Production costs applicable to sales	(53,070)	-	-	(53,070)
Sales expenses and royalties	(9,436)	-	-	(9,436)
Depreciation and depletion	(8,395)	-	-	(8,395)
Income from mining operations	19,459	-	-	19,459
General and admnistrative expenses	(992)	(6)	(7,447)	(8,445)
Other expenses	(4,198)	(7)	(7,627)	(11,832)
Income (loss) before income taxes	14,269	(13)	(15,074)	(818)
Income taxes	(5,090)	-	-	(5,090)
Net income (loss)	**$ 9,179**	**$ (13)**	**$ (15,074)**	**$ (5,908)**

As at December 31, 2022	**Argentina**	**Brazil**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Corporate	
Total assets	$ 110,503	$ 36,163	$ 15,980	$ 162,646
Total liabilities	$ 48,482	$ 674	$ 100,136	$ 149,292

Year ended December 31, 2021	**Argentina**	**Brazil**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Corporate	
Revenue from gold and silver sales	$ 70,051	$ -	$ -	$ 70,051
Production costs applicable to sales	(43,234)	-	-	(43,234)
Sales expenses and royalties	(7,392)	-	-	(7,392)
Depreciation and depletion	(5,724)	-	-	(5,724)
Income (loss) from mining operations	13,701	-	-	13,701
General and admnistrative expenses	(790)	(75)	(8,627)	(9,492)
Other expenses	(171)	(11)	(8,724)	(8,906)
Income (loss) before income taxes	12,740	(86)	(17,351)	(4,697)
Income taxes	(1,602)	-	-	(1,602)
Net income (loss)	**$ 11,138**	**$ (86)**	**$ (17,351)**	**$ (6,299)**

As at December 31, 2021		**Argentina**	**Brazil**	**Other**	**Total**
		Don Nicolas Mine	Monte do Carmo Project	Corporate	
Total assets	(i)	$ 75,062	$ 21,302	$ 13,449	$ 109,813
Total liabilities		$ 24,121	$ 912	$ 69,658	$ 94,691

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