CERRADO
GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED JUNE 30, 2023 AND 2022

(Expressed in US dollars)

2023

INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") dated August 23, 2023 is a review of the business activities and overview of financial position for Cerrado Gold Inc. ("Cerrado" or the "Company") for the second quarter ended June 30, 2023 and 2022. The MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements (the "Cerrado Financial Statements") for the second quarter ended June 30, 2023 and 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International accounting Standards Board ("IASB).

This MD&A also reports on items deemed significant that occurred between June 30, 2023 and the date on which the MD&A is approved by the Company's Board of Directors, which is August 23, 2023, inclusively.

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

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

FORWARD-LOOKING STATEMENT AND USE OF ESTIMATES

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

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

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

COMPANY OVERVIEW & BACKGROUND

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

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

In Brazil, the Company is advancing its Monte Do Carmo gold project ("MDC"). MDC consists of 20 exploration permits totaling 82,541 hectares ("ha's") in the state of Tocantins. The MDC project is expected to be a low-cost gold producer, as demonstrated by the results of Preliminary Economic Assessment ("PEA"). The PEA was based upon a Mineral Resource Estimate of 1.3Moz in all categories and is constrained solely to the Serra Alta Deposit. As Cerrado is nearing completion of the Feasibility Study ("FS") at Serra Alta the focus has expanded to exploring the some 30kms of known mineralized trends identified by our exploration team in Brazil. The Company expects to complete the FS on the Serra Alta deposit during Q4 2023, a decision to delay the FS has allowed the opportunity to access some of the new Eastern resource zones identified in the latest drilling campaigns and is rapidly advancing the necessary underground and other design works as well as permitting to fast track this project into production. Construction is expected to commence in 2024.

In Canada, since the acquisition of Voyager Metals effective May 31, 2023, the Company is developing the Mont Sorcier Iron and Vanadium project in Roy Township, Quebec, 18 km east of the Town of Chibougamau. The Company most recently published an NI 43-101 complaint Preliminary Economic Assessment on the project in July 2022 and is now working to complete a feasibility study and the related Environmental and Social Impact Assessment to bring the project towards a development decision.

OUTLOOK

In Argentina, Cerrado remains focused on continued operational improvement initiatives at MDN to increase efficiencies and enhance production. As expected, grades remained at forecasted levels. An overall head grade of 4.84 g/t was achieved in the second quarter of 2023.

At the operational level, the focus remains on enhanced dilution control activities, tightening in pit ore control processes to further increase the average head-grades delivered to the mill and improve recovery rates, while sustaining mill throughput rates at 1,100 – 1,200 tpd. The company produced 12,453 Geo Gold ounces and sold 10,953 ounces during Q2 2023.

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

The Company is also completing an internal study for a second heap leach at Martinetas. Over the longer term this is expected to allow MDN to focus on processing higher grade material through the milling and CIL plant, while lower grade material will be processed via heap leaching. The final study and development decision are expected by the end of the third quarter 2023 and initial production would be expected by the end of the first quarter 2024.

In Brazil, the Company completed its 11,745 metre drilling program to expand the mineral resources at Serra Alta Deposit and target satellite deposits to define new ones. The geotechnical drilling (208 metres), which was completed in the first quarter of 2023, yielded comprehensive results, including data from geotechnical compression tests and regular gold assays. A total of 11,419 metres of exploratory drilling has been completed to date at the targets Serra Alta, Serra Alta Northeast, Divisa, Gogo da Onça, Capitão Bit-3 and Magalhaes.

The field team is working to develop new drilling targets and performed 4,647m of trenches and 2,525 soil samples from several satellite targets at the MDC project.

The Environmental Impact Study ("EIS") for the MDC project has been assessed by NATURATINS, the environmental state of Tocantins agency, and the corresponding Preliminary License (Licença Prévia-"LP") was issued in May this year. Currently, the company is expected to file the application for its License of Installation (Licença de Instalação-"LI") during Q4 this year.

Cerrado is currently executing a comprehensive program of some 24,000 metres of diamond drilling in its 2023 exploration drilling program to target potential areas to expand the Indicated and Inferred Resources in Serra Alta.

At the Mont Sorcier iron and vanadium project operated by Cerrado's subsidiary Voyager Metals, work continued to advance the project with several workstreams related to permitting, social license and the overall feasibility study. Metallurgical test work on bulk samples are progressing to determine the optimal flow sheet design to be used in the feasibility study, with results expected later this year. Environmental baseline monitoring to support the future Environmental Impact Assessment submission is also ongoing as well as high level discussions with various communities and stakeholders within the Chibougamau region. During the quarter the initial project description for the Mont Sorcier Mine Project with the Impact Assessment Agency of Canada (IAAC) was submitted and initial feedback has been received and is being reviewed. Submission of the provincial documentation is expected shortly.

2023 HIGHLIGHTS

Operational Performance

Minera Don Nicolas

MDN is a remote mining operation with a self-sustaining camp facility. The MDN operation is running steadily, and lessons learned in ore control and short term mine planning continue to deliver the required gold grades. Reverse Circulation ("RC") drilling campaigns and increased sampling campaigns continued during the second quarter to ensure better understanding of the vein structures in the various pits. At the new Calandrias heap leach project mining and ore placement on the heap leach pad commenced during the quarter. To date, over 250,000 tonnes of ore have been placed on the pad and irrigation capacity continues to expand as the pad is developed, which is expected to result in a steady ramp up of gold production over the coming months.

At the nearby Calandrias Norte deposit, the pit design was completed during the quarter and waste stripping has commenced, opening up a new source of high-grade ore to feed the CIL plant. Stripping is expected to be completed towards the end of October.

Gold production is expected to show a slight drop in the 3rd quarter, with the mine focusing on developing new reserves and will increase at the end of the 4th quarter with the addition of the Calandrias Heap-leach and high-grade material from Calandrias Norte.

(Expressed in US dollars)

Financial Performance

Minera Don Nicolas

Key Operating Information	Unit	Q2 June 30, 2023	Q1 Mar. 31, 2023	Q4 Dec. 31, 2022	Q3 Sep. 30, 2022	Q2 Jun. 30, 2022	Q1 Mar. 31, 2022	Q4 Dec. 31, 2021	Q3 Sep. 30, 2021
Operating Data									
Ore Mined	ktonnes	75.09	73.06	109.45	84.79	91.69	89.22	120.50	113.47
Waste Mined	ktonnes	1,143.56	1,391.36	1,256.00	1,265.08	1,129.77	879.12	1,061.13	1,461.57
Total Mined	ktonnes	1,218.65	1,464.42	1,365.45	1,349.86	1,221.46	968.34	1,181.62	1,575.04
Strip Ratio	waste/ore	15.23	19.04	11.48	14.92	12.32	9.85	8.81	12.88
Mining rate	ktpd	13.39	16.27	14.84	14.67	13.42	10.76	12.84	17.31
Ore Milled	ktonnes	92.91	97.65	94.39	98.92	102.88	98.67	109.89	102.43
Head Grade Au	g/t	4.84	4.59	5.83	4.40	3.44	4.68	4.77	3.57
Head Grade Ag	g/t	4.95	5.71	7.39	11.58	9.95	14.85	17.94	13.01
Recovery Au	%	83%	92%	95%	91%	91%	89%	89%	88%
Recovery Ag	%	56%	67%	66%	66%	67%	58%	57%	63%
Mill Throughput	tpd	1,021	1,085	1,026	1,075	1,131	1,096	1,194	1,126
Gold Ounces Produced	oz	12,336	13,794	17,187	11,015	11,296	13,007	15,008	10,168
Silver Ounces Produced	oz	9,556	13,301	14,962	22,419	28,721	27,107	27,579	28,595
Gold Ounces Sold	oz	10,907	16,005	14,545	10,522	10,981	14,622	12,864	9,648
Silver Ounces Sold	oz	9,242	15,349	12,800	22,355	27,775	32,866	26,268	25,836
AISC - Minera Don Nicolas (1)	$/oz	$1,318	$1,145	$1,015	$1,494	$1,409	$1,123	$995	$1,382

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

Six months ended June 30, 2023

The Company produced 26,404 gold equivalent ounces (“GEO”) during the six months ended June 30, 2023, as compared to 25,028 GEO for the six months ended June 30, 2022. Production is higher in the six months ended June 30, 2023, due to 17% higher gold head grade offset by 6% lower throughput and 2% lower recovery.

The Company generated revenue of $48.7 million for the six months ended June 30, 2023, from the sale of 26,912 ounces of gold and 24,591 ounces of silver at an average realized price per gold ounce sold of $1,787. For the six months ended June 30, 2022, the Company generated revenue of $47.7 million from the sale of 25,602 ounces of gold and 60,460 ounces of silver. Revenue and sales of gold for the current period are higher than the six months ended June 30, 2022, due to higher ounces sold as a result of higher gold grades.

Cost of sales for the six months ended June 30, 2023, were $37.4 million as compared to $35.9 million for the six months ended June 30, 2022. The Company incurred $0.9 million higher production costs for the six months ended June 30, 2023 due to higher costs of operational contractors and materials, and higher labour costs in 2023 as compared to 2022.

Total cash costs (including royalties) per ounce sold was $1,206 per ounce in the six months ended June 30, 2023, as compared to $1,189 per ounce for the six months ended June 30, 2022 a $17 per ounce or 1% increase (refer to reconciliation of Non-IFRS performance metrics). The increase is a result of higher production costs incurred in 2023 as compared to 2022.

Net loss for the six months ended June 30, 2023, was $7.9 million as compared to a $1.9 million income for the six months ended June 30, 2022. The decrease in net income is primarily a result of an increase in tax expense of $4.4 million, a $3.3 million increase in expense on remeasurement of the secured note and stream and a $2.0 million increase in general and administrative expenses.

The Company incurred general and administrative expenses of $5.7 million for the six months ended June 30, 2023, as compared to $3.7 million of general and administrative expenses incurred during the six months ended June 30, 2022. For the six months ended June 30, 2023 there was an increase in salaries and wages of $1.7 million.

Other expenses incurred of $7.7 million during six months ended June 30, 2023, include non-cash finance costs of $2.3 million related to accretion of deferred revenue, $1.0 million related to accretion of future consideration payable, and $2.9 million related to fair value remeasurement of secured note payable.

Second quarter ended June 30, 2023

The Company produced 12,453 gold equivalent ounces ("GEO") during the second quarter ended June 30, 2023, as compared to 11,640 GEO for the second quarter ended June 30, 2022. Production is higher in the three months ended June 30, 2023, due to 41% higher gold head grade.

The Company generated revenue of $21.2 million for the second quarter ended June 30, 2023, from the sale of 10,907 ounces of gold and 9,242 ounces of silver at an average realized price per gold ounce sold of $1,919. For the second quarter ended June 30, 2022, the Company generated revenue of $20.3 million from the sale of 10,981 ounces of gold and 27,775 ounces of silver. Revenue and sales of gold for the current period are higher than the quarter ended June 30, 2022, due to higher gold grades.

Cost of sales for the second quarter ended June 30, 2023, were $16.7 million as compared to $17.7 million for the quarter ended June 30, 2022. The Company incurred $1.4 million lower production costs for the second quarter ended June 30, 2023.

Total cash costs (including royalties) per ounce sold was $1,306 per ounce in the second quarter ended June 30, 2023, as compared to $1,376 per ounce for the second quarter ended June 30, 2022 a $70 per ounce decrease (refer to reconciliation of Non-IFRS performance metrics). The decrease is a result of lower production costs incurred in 2023 as compared to 2022.

Net loss for the second quarter ended June 30, 2023, was $0.4 million as compared to a $1.5 million loss for the second quarter ended June 30, 2022. There was a $1.8 million increase in mine operating margin in 2023 which is a result of lower production costs and higher metal sales in the second quarter ended June 30, 2023.

The Company incurred general and administrative expenses of $2.3 million for the second quarter ended June 30, 2023, as compared to $1.8 million of general and administrative expenses incurred during the second quarter ended June 30, 2022. For the three months ended June 30, 2023 there was an increase in salaries and wages of $0.2 million and professional fees of $0.2 million.

Other income of $0.3 million during the second quarter ended June 30, 2023, include non-cash finance costs of $1.1 million related to accretion of deferred revenue, $0.5 million related to accretion of future consideration payable, and $0.4 million related to fair value remeasurement of secured note payable.

CORPORATE DEVELOPMENTS

Project Finance

On April 17, 2023, the Company announced that it had jointly appointed SD Capital Advisory Limited ("SDCA") and GKB Ventures ("GKB") to structure and arrange Export Credit Agency ("ECA") supported project finance for the development of the Company's Monte do Carmo Project.

SDCA is a London-based independent financial boutique that focuses on securing project finance for corporates and mining/resources companies in developed and emerging markets. The firm specializes in strategic business advisory, financial modelling, and credit analysis. The team consists of experienced finance professionals with major multinational, banking, and emerging markets experience complemented by geological and process engineering expertise.

GKB is an award-winning independent consultancy helping clients to secure cross-border transactions and access international finance via ECAs. GKB has a track record of delivering knowledge and access to government-supported schemes, including ECA financing, creating bespoke solutions which are scalable for the long term. GKB founders include the previous Managing Director and Global Head of Barclays Capital Export Credit Agency & Structured Trade Finance business and the previous Head of Emerging Markets on the Capex Financing Solutions team at Barclays. GKB is currently appointed on over US$4 billion of structured ECA financings and has successfully closed over US$1bn of projects with ECA support in the developing markets.

SDCA and GKB are currently engaged by Nouveau Monde Graphite Inc. and Lake Resources Ltd. and have secured interest from several ECAs to support approximately 70% of the respective project's development costs with ECA-backed project financing.

On July 5, 2023, the Company announced that it has received and accepted an Expression of Interest ("EOI") from UK Export Finance ("UKEF") to support a potential export credit facility for the Company's Monte do Carmo Project ("Monte do Carmo" or the "Project") located in Brazil. The EOI provides support for up to US$190 million for the Project representing 70% of total capital expenditure, interest payable during construction, the political risk insurance premium as well as other approved expenditures for the Project.

UKEF is a department of the UK Government and is the UK's official Export Credit Agency ("ECA"). UKEF operates under an Act of Parliament to support UK exports, predominately through the provision of 100% unconditional guarantees backed by the UK Government.

UKEF's engagement with the project is at an early stage. UKEF's EOI is not a legally binding commitment and is subject to a series of standard project finance terms and due diligence, including, among others, suitable structured offtake contracts, the successful completion of the Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles. The EOI provides an indication of currently available country limits, an indication of the attractiveness of the project, and it covers, in principle, the level of financial support, their flexibility and desired conditions.

UKEF's EOI is in line with the OECD Arrangements for Officially Supported Export Credits and stipulates minimum UK content requirements whilst enabling equipment to be sourced locally and from other countries.

The company has selected UKEF based on numerous factors related to the terms of the Expression of Interest and unique aspects of the capital spend at the Monte do Carmo Project.

Together with SDCA and GKB, the Company will now be soliciting interest from Project Finance Banks to act as Mandated Lead Arranger ("MLA") for the transaction. Once an MLA has been appointed, detailed due diligence will commence with the aim of receiving final terms for the ECA backed Project Financing at Monte do Carmo towards the end of the year.

Sprott Financing

On March 2, 2023 the Company entered into an amended and restated metals purchase and sale agreement with Sprott to include the concessions acquired by the Company in its acquisition of Minera Mariana Argentina SA in 2020, broadening the stream area including, most notably, production from the Las Calandrias heap leach project where production is expected to commence in Q3 2023. The agreement provides Cerrado with an additional $10.0 million in funding in the form of an additional deposit against future production. In this amended and restated streaming agreement with Sprott the step-down trigger has also been increased from 21,250 gold equivalent ounces to 29,500 gold equivalent ounces, all other major terms remain the same as the original agreement.

Acquisition of Voyager Metals

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

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

On May 25, 2023 the shareholders and option holders of Voyager approved the completion of the Arrangement. The Arrangement became effective on May 31, 2023 after receiving all approvals necessary and the Company acquired all of the issued and outstanding shares of Voyager that it did not already own.

Transaction Rationale

- The combination will create a well-financed mining company with a strong pipeline of current production and growth, immediate development and a long-life, low-cost and large-scale project in a low-risk jurisdiction.

- Financing and cash flow synergies may reduce the dilution for project development and significantly reduce dilution for shareholders.

- Combined company would create a mid-tier market capitalized company once all assets are in operation based on the ability to generate significant free cashflow over the next several decades.

ARGENTINA OPERATIONS

Las Calandrias Heap Leach Project

The Company continues to ramp-up production at its first gold heap leach project at its Las Calandrias deposit at the Minera Don Nicolás mine in Santa Cruz, Argentina. The Company completed the detailed design of the heap leach pad as well as completed the procurement and construction of the crushing plant and placed first ore on the pad was achieved during April 2023. First gold was poured from the Las Calandias Heap Leach Project in July 2023. The Calandrias Heap Leach is the first step in Cerrado's plans for growing production capacity at MDC.

EXPLORATION

Minera Don Nicolas Drilling Program

Drilling in 2023 has been focused on near mine and brownfield exploration.

In Q2 the company selected two main target areas as the most prospective zones permissive of high grade mineralization, This includes shallow moderate tonnage targets in the Baritina/Chulengo block and deeper Sulfuro like targets in the vicinity of the southern shoot of the Sulfuro vein.

Drilling of the Chulengo/Baritina block in this quarter included Reverse circulation and diamond drilling in extensions of the know structural controlling trends of the know mineralization.

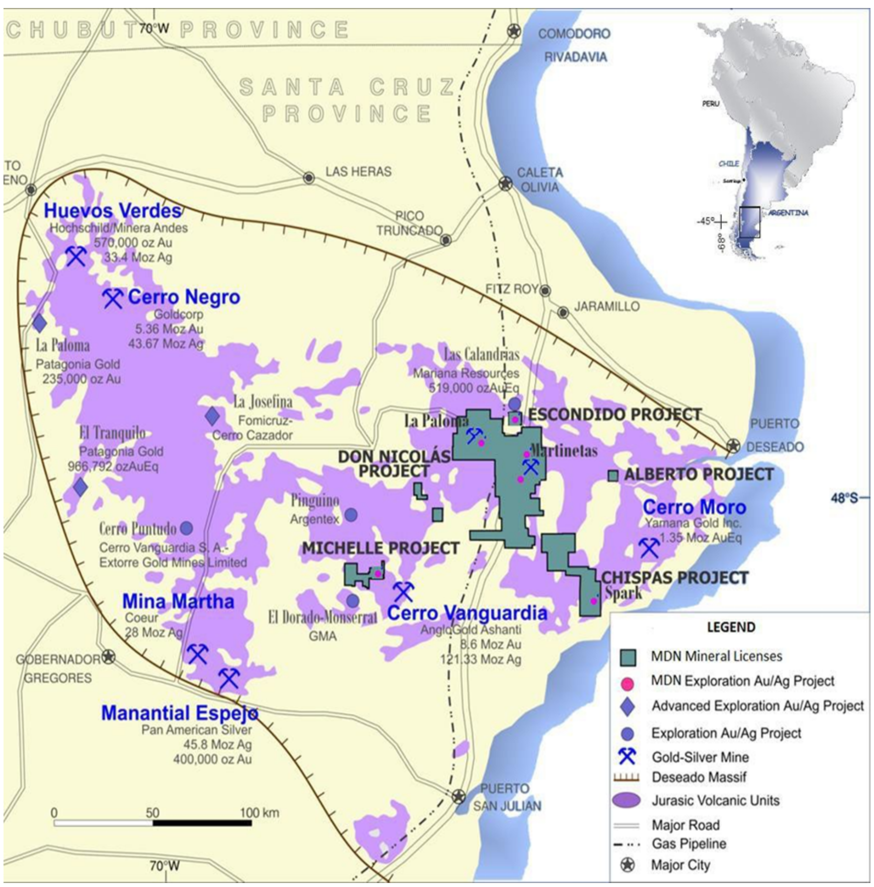
Recent revision of factually outlined mine ore bodies has allowed to notably improve the understanding of the second order controls on the development of high grade shoots. This analysis has opened several areas for drilling. Active targets include Chulengo South East, Chulengo NW trend, Baritina North and Arana.

In 2022 Cerrado drilled systematically the extension of the mineral resource below the Sulfuro pit to quantify the downdip continuity of the known mineralization

In Q2 2023 an internal resource update of the Paloma area including the domaining of the main ore shoots was completed jointly with a conceptual study of stope optimization and economic trade.
Preliminary the studies show that the best potential lies in the South Sulfuro subvertical shoot and in a gentle plunging trend that goes through the pit bottom. Other areas that could be added into the UG mining concept include Esperanza and Rocio South.

Additionally, the company started drilling a new target names Sulfuro east that ha the potential of replicating a segment of the Sulfuro vein 400 m to the east of the known vein. Planning of drilling in step outs to the south of Sulfuro are also underway. These two target zones (East and South) are mainly driven by geophysical similarities to Sufuro (Magnetic, Chargeability and Resistivity)

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



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

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

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

Monte do Carmo Project

2022 Resource Update infill program

The Company initiated its infill drill program in January 2022, to upgrade the majority of the current Inferred Resource within the constrained open pit to Measured and Indicated categories such that it can be fully incorporated into the economic analysis of the feasibility study which is expected to be completed in Q4 2023. The drilling program was successfully completed in January 2023 and encompassed all the known sectors that contribute to the deposit endowment including Pit Sur, Pit North, and the Eastern Zone.

The full drilling results were incorporated into a new geological domain model completed in Q1 and subsequently have been integrated into an updated resource update, which will be the Au resource base for the Feasibility Study in Q4 2023.

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

In Q2 2023, the Company continued the exploration program at Monte Do Carmo, initiated in Q1. The current program is targeting several new Areas outside the Serra Alta Resource outline. The first targeted area is called Northeast and is located more than 500 m from the current resource outline at Serra Alta. The target is blind, covered by both sedimentary and volcanic cover. Four drill holes were completed in the target showing prospective granitic host rock, potassic alteration and quartz veins that are believed to represent a relatively proximal location to a mineralized center.

Additionally, the company started drill programs in Capitao northern extension and in Divisa. In the latter soil geochemistry and trench results completed this quarter prompted the ongoing drill program. The exploration team is developing a strong pipeline of targets based on new geophysical interpretation, extensive soil geochemistry grid programs, trenching and geological traversing. During Q2 the company had three rigs turning alternating between proximal to distal targets to Serra Alta.

Divisa

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

Capitao

The Capitao Target is located 6 km to the south of the Serra Alta deposit along the same granite complex. The Company drilled 4 holes in the first quarter of 2022, totaling 14 drill holes and 5,115m of drilling including 2021 holes. Integrated results have notably expanded the footprint of the target previously constrained by historic drilling (Kinross 2007). After successful extensional step outs, a strike length of 500m with notable wide lateral extents up to 700m has been confirmed. Three holes were completed in Q2 targeting step out extensions to the north of the known mineralized corridor. Encountered mineralization is of lower tenor.

Baru

The Baru Target is located one kilometre to the west of the south pit at Serra Alta. To date, 12 holes have been completed totaling 3,278m. Hole FBU-008 was drilled in section with hole FBU-004 (discovery hole reported on December 15th, 2021) and confirmed mineralization in the immediate footwall of the Agua Suja fault. A relevant intercept of this hole includes 18.59m at 0.95 g/t Au from 83.20m. Integrated results warrant further investigation along strike, in particular towards the south where the granitic host is exposed. Trenching completed in Q2 and early Q3 is being integrated into a new drilled program to commence in the third quarter.

Fartura

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

Bit-3

The Bit-3 Targets are located 13 km to the northwest of Serra Alta. Relevant gold grades from a biotite-quartz altered zone were returned in drill holes FLD-05 and FLD-06 (6.72 m at 1.50 g/t Au and 14.2m@ 0.69 Au g/t, respectively). The other drill holes successfully intersected the continuity of shear zone, but with minor gold tenors. The current geological model of the mineralized zone indicates the potential of a down plunge and north strike extension. The sheared contact between granite and ultramafic rocks extends to the northeast for about 15 Km. This regional trend, has undergone no systematic exploration and opens a new exploration front for the current scope of expanding the district gold resource. It is believed that along this strike length there is potential for replicating high grade shoots as the one preliminary shaped in Bit-3. There is a notable correlation of the modelled plunge with a flexure along the shear zone as revealed by the 3D magnetic inversion. The company is following second order controls, like flexures or structure intersections, along the permissive shear zone for targeting. A rig has mobilized to the target in the third quarter.

(Expressed in US dollars)

Current Resource

The Serra Alta July 2021 Mineral Resource Estimate highlights are.

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

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

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

Estimate Notes:

1. Mineral resources were estimated by Mr. B. Terrence Hennessey, P.Geo. and Mr. Alan J. San Martin, MAusIMM (CP) of Micon International Limited. ("Micon"), a Toronto based consulting company, independent of Cerrado Gold. Both Mr. Hennessey and Mr. San Martin meet the requirements of a "Qualified Person" as established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (May 2014) ("the CIM Standards").
2. Mineral resources are not mineral reserves and therefore do not have demonstrated economic viability.
3. The Serra Alta estimate has been completed entirely using Leapfrog Geo – EDGE software.
4. The estimate is based on a long-term gold price of US$ 1,600 per ounce and economic cut-off grades 0.30 g/t Au (Open Pit) and 1.10 g/t (Underground).
5. Open Pit constrained resources are reported within an optimized pit shell; underground resources are reported within continuous and contiguous shapes which lie adjacent to and below the ultimate open pit shell and interpreted to be recoverable utilizing standard underground mining methods.
6. The mineral resource estimate has an effective date of July 21, 2021.
7. The Serra Alta gold deposit was modelled by Cerrado using a wireframe constructed based on a 0.1 g/t Au cut-off grade and a few vein interpretations.
8. Rock density was assigned to different lithologies based on the geological and mineralization models, using calculated average values of 2.624 g/cm3 in granite, 2.65 g/cm3 in volcanics and 2.60 g/cm3 inside mineralization wireframes.
9. Grade capping was used to control the influence of outliers in the estimate, raw assays were composited to 1.0 m and then assessed for capping. Grade capping used throughout the deposit was 45 g/t Au for the main broad envelope and 8.0 g/t Au for the interpreted veins.
10. The block model gold grades were estimated using the Ordinary Kriging interpolation method with searching parameters derived from geostatistical analysis performed within the mineralization wireframes. Variogram ranges go from 90 m to 150 m in the major axis.
11. The estimate assumes a metallurgical recovery of 98.5% gold, based on completed test-work to date.
12. The estimate assumes the following costs: Mining (Pit) US$ 2.00/t, Mining (Pit Waste) US$ 1.70/t, Mining (Underground) US$ 40.00/t, Processing US$10.78/t, and G&A of US$ 2.00/t.

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

2021 Preliminary Economic Assessment Summary Results

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

Highlights of the PEA include:

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

PEA Result Summary Table

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

Metallurgy Results

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

Serra Alta Feasibility Study

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

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

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

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

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

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

Detailed work on a drilling programme to support a low-grade resource at Martinetas commenced in Q2 2022. Once complete, a final assessment of the heap leach viability at Martinetas will be undertaken. Design work in support of permit application was completed in Q4 2022 by Knight Piesold.

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

DISCUSSION OF OPERATIONS

The following table provides a summary of the Company's key operating information and statistics for the three and six months ended June 30, 2023 and 2022.

Selected Operating and Financial Information

Key Operating Information		Unit	Three Months Ended June 30		Six months ended June	
			2023	2022	2023	2022
Operating Data						
Ore Mined		ktonnes	75.09	91.69	148.15	180.91
Waste Mined		ktonnes	1,143.56	1,129.77	2,534.92	2,008.89
Total Mined		ktonnes	1,218.65	1,221.46	2,683.07	2,189.80
Strip Ratio		waste/ore	15.23	12.32	17.11	11.10
Mining rate		ktpd	13.39	13.42	14.82	12.10
Ore Milled		ktonnes	92.91	102.88	190.56	201.56
Head Grade Au		g/t	4.84	3.44	4.71	4.05
Head Grade Ag		g/t	4.95	9.95	5.34	12.35
Recovery Au		%	83%	91%	88%	90%
Recovery Ag		%	56%	67%	65%	63%
Mill Throughput		tpd	1,021	1,131	1,053	1,114
Gold Ounces Produced		oz	12,336	11,296	26,129	24,303
Silver Ounces Produced		oz	9,556	28,721	22,857	58,423
Gold Equivalent Ounces Produced		oz	12,453	11,640	26,404	25,028
Gold Ounces Sold		oz	10,907	10,981	26,912	25,602
Silver Ounces Sold		oz	9,242	27,775	24,591	60,640
Gold Equivalent Ounces Sold		oz	10,953	11,302	27,208	26,347
Average realized price and Average realized margin						
Metal Sales		$ 000's	21,152	20,333	48,651	47,717
Cost of Sales		$ 000's	16,745	17,702	37,442	35,912
Gross Margin from Mining Operations		$ 000's	4,407	2,631	11,209	11,805
Average realized price per gold ounce sold	(1)	$/oz	1,919	1,795	1,787	1,809
Total cash costs per gold ounce sold	(1)	$/oz	1,306	1,376	1,206	1,189
Average realized margin per gold ounce sold	(1)	$/oz	613	419	580	620
Total Direct Operating Costs	(1)	$ 000's	11,958	12,975	27,122	25,402
Royalties and production taxes	(1)	$ 000's	2,286	2,131	5,346	5,041
Total Cash Costs	(1)	$ 000's	$14,244	$15,106	$32,468	$30,443
Total direct operating costs per gold ounce sold	(1)	$/oz	1,096	1,182	1,008	992
Royalties and production taxes per gold ounce sold	(1)	$/oz	210	194	199	197
Total cash costs per gold ounce sold	(1)	$/oz	$1,306	$1,376	$1,206	$1,189
AISC - Minera Don Nicolas	(1)	$/oz	$1,318	$1,409	$1,215	$1,246

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

Corporate Financial Highlights		Unit	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six months ended June 2023	Six months ended June 2022
Financial Data						
Total revenue		$ 000's	21,152	20,333	48,651	47,717
Mine operating expenses		$ 000's	16,745	17,702	37,442	35,912
Income from mining operations		$ 000's	4,407	2,631	11,209	11,805
Net income (loss)		$ 000's	(428)	(1,492)	(7,866)	1,860
Adjusted EBITDA	(1)	$ 000's	4,818	2,950	13,034	12,619
Operating cash flow before movements in working capital	(1)	$ 000's	4,446	1,418	17,036	7,984
Operating cash flow		$ 000's	9,963	(2,451)	27,276	6,329
Cash and cash equivalents		$ 000's	5,795	14,347	5,795	14,347
Working capital (deficiency)		$ 000's	(33,297)	983	(33,297)	983
Capital Expenditures		$ 000's	13,076	2,109	21,239	4,074

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

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

LIQUIDITY & CAPITAL RESOURCES

As at June 30, 2023, the Company had an accumulated deficit of $37.0 million, an increase of $7.7 million from December 31, 2022.

The Company's cash and cash equivalents balance at June 30, 2023 was $5.8 million. This is a decrease from cash and cash equivalents balance of $5.9 million at December 31, 2022.

On April 17, 2023, the Company announced that is had jointly appointed SD Capital Advisory Limited ("SDCA") and GKB Ventures ("GKB") to structure and arrange Export Credit Agency ("ECA") supported project finance through a competitive bid for the development of the Company's Monte do Carmo Project.

SDCA is a London-based independent financial boutique that focuses on securing project finance for corporates and mining/resources companies in developed and emerging markets. The firm specializes in strategic business advisory, financial modelling, and credit analysis. The team consists of experienced finance professionals with major multinational, banking, and emerging markets experience complemented by geological and process engineering expertise.

GKB is an award-winning independent consultancy helping clients to secure cross-border transactions and access international finance via ECAs. GKB has a track record of delivering knowledge and access to government-supported schemes, including ECA financing, creating bespoke solutions which are scalable for the long term. GKB founders include the previous Managing Director and Global Head of Barclays Capital Export Credit Agency & Structured Trade Finance business and the previous Head of Emerging Markets on the Capex Financing Solutions team at Barclays. GKB is currently appointed on over US$4 billion of structured ECA financings and has successfully closed over US$1bn of projects with ECA support in the developing markets.

SDCA and GKB are currently engaged by Nouveau Monde Graphite Inc. and Lake Resources Ltd. and have secured interest from several ECAs to support approximately 70% of the respective project's development costs with ECA-backed project financing.

On July 5, 2023, the Company announced that it has received and accepted an Expression of Interest ("EOI") from UK Export Finance ("UKEF") to support a potential export credit facility for the Company's Monte do Carmo Project ("Monte do Carmo" or the "Project") located in Brazil. The EOI provides support for up to US$190 million for the Project representing 70% of total capital expenditure, interest payable during construction, the political risk insurance premium as well as other approved expenditures for the Project.

UKEF is a department of the UK Government and is the UK's official Export Credit Agency ("ECA"). UKEF operates under an Act of Parliament to support UK exports, predominately through the provision of 100% unconditional guarantees backed by the UK Government.

UKEF's engagement with the project is at an early stage. UKEF's EOI is not a legally binding commitment and is subject to a series of standard project finance terms and due diligence, including, among others, suitable structured offtake contracts, the successful completion of the Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles. The EOI provides an indication of currently available country limits, an indication of the attractiveness of the project, and it covers, in principle, the level of financial support, their flexibility and desired conditions.

UKEF's EOI is in line with the OECD Arrangements for Officially Supported Export Credits and stipulates minimum UK content requirements whilst enabling equipment to be sourced locally and from other countries.

The company has selected UKEF based on numerous factors related to the terms of the Expression of Interest and unique aspects of the capital spend at the Monte do Carmo Project.

Together with SDCA and GKB, the Company will now be soliciting interest from Project Finance Banks to act as Mandated Lead Arranger ("MLA") for the transaction. Once an MLA has been appointed, detailed due diligence will commence with the aim of receiving final terms for the ECA backed Project Financing at Monte do Carmo towards the end of the year.

The future of the Company is dependent on its ability to attain profitable operations, generate sufficient funds from operations, and obtain new debt or equity financing. The Company's liquidity position is sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting increased production targets, metal prices, foreign exchange rates, operational costs, and capital expenditures. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Cerrado.

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

Working capital deficit at June 30, 2023 was $33.3 million. Working capital decreased compared to December 31, 2022 primarily as a result of higher debt payable.

Cash Flows

The Company's cash balance was $5.8 million at June 30, 2023 as compared to $5.9 million at December 31, 2022.

Operating activities
Cash provided by operating activities during the six months ended June 30, 2023, was $27.3 million compared to cash provided by operating activities of $6.3 million for the six months ended June 30, 2022. Cash provided by operating activities before working capital reflects the higher head grades achieved by the Company in 2023 and consisted of $17.0 million as compared to $8.0 million of cash provided by operating activities before working capital changes in 2022.

Cash provided by operating activities during the second quarter ended June 30, 2023, was $9.9 million compared to cash used in operating activities of $2.5 million for the second quarter ended June 30, 2022. Cash provided by operating activities before working capital changes in 2023 consisted of $4.5 million as compared to $1.4 million of cash provided by operating activities before working capital changes in 2022.

Investing activities
Cash used in investing activities during the six months ended June 30, 2023, was $30.2 million and consisted primarily of additions to exploration and evaluation assets of $7.4 million, additions to property, plant and equipment of $19.0 million, acquisition of Voyager of $2.4 million and future consideration paid of $2.0 million compared to $11.8 million of cash used in investing activities for the prior year period which consisted primarily of additions to exploration and evaluation assets of $6.3 million, additions to plant and equipment of $1.0 million and future consideration paid of $10.0 million, offset by an increase in restricted cash of $6.0 million.

Cash used in investing activities during the second quarter ended June 30, 2023, was $18.0 million and consisted primarily of additions to exploration and evaluation assets of $4.4 million, additions to property and plant and equipment of $12.0 million compared to $6.0 million of cash used in investing activities for the prior year period which consisted primarily of additions to exploration and evaluation assets of $3.9 million and additions to plant and equipment of $0.4 million.

Financing activities
Cash provided by financing activities during the six months ended June 30, 2023, was $2.9 million which consisted primarily of the promissory note payable of $10.4 million, offset by interest paid of $2.3 million and advances to related party of $2.6 million, compared to cash provided by financing activities of $18.2 million in the prior year period which consisted primarily of $20.0 million in proceeds from the secured note payable funding.

Cash used in financing activities during the second quarter ended June 30, 2023, was $4.6 million which consisted primarily of the proceeds from promissory note payable of $4.0 million, offset by revolving facility repayments of $2.5 million, loan payable of $2.4 million, advances to related party of $2.4 million and interest paid of $0.9 million compared to cash used in financing activities of $3.2 million in the prior year period which consisted primarily of revolving facility repayments of $2.5 million and interest paid of $0.7 million.

The Company is dependent on external financing to fund its mineral exploration and evaluation activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company raised $20 million in March 2022 through a secured note with Sprott to fund the feasibility study at MDC and for general and corporate purposes. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Commitments

The Company has the following commitments as of June 30, 2023: lease obligation, land acquisition obligation, debentures and secured note payable interest.

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

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

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

As of June 30, 2023, the Company had the following undiscounted contractual commitments.

(Expressed in $000's)

		Payments due by period			
		<1 years	1-5 years	5> years	Total
Trade and other payables	$	34,431	-	-	34,431
Lease obligations (i)	$	663	1,002	-	1,665
MDN acquisition payments (i)	$	10,000	10,000	-	20,000
Revolving prepayment facility (i)	$	5,279	-	-	5,279
Secured note payable (i)	$	-	-	19,308	19,308
Stream obligation (i)	$	-	-	2,016	2,016
Interest on secured note payable	$	2,005	1,507	-	3,512
Loan payable (i)	$	1,242	-	-	1,242
Promissory note payable (i)	$	6,200	13,200	-	19,400
Debentures payable (i)	$	2,970	-	-	2,970
Land acqusition obligation payable (i)	$	1,826	2,283	-	4,109
Environmental rehabilitation provision (i)	$	91	-	14,627	14,718
	$	64,707	27,992	35,951	128,650

(i) Undiscounted basis

SUMMARY OF QUARTERLY RESULTS

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

		Three Months Ended			
		June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Total assets	$ 000's	225,211	193,595	162,646	140,711
Total revenue	$ 000's	21,152	27,499	24,824	17,819
Net income (loss) for the period	$ 000's	(428)	(7,438)	(1,146)	(6,622)
Basic earnings (loss) per share	$/share	(0.01)	(0.09)	(0.01)	(0.08)
Diluted earnings (loss) per share	$/share	(0.01)	(0.09)	(0.01)	(0.08)

		Three Months Ended			
		June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Total assets	$ 000's	130,979	138,485	109,813	83,584
Total revenue	$ 000's	20,333	27,384	23,100	17,930
Net income (loss) for the period	$ 000's	(1,492)	3,352	2,539	(1,401)
Basic earnings (loss) per share	$/share	(0.02)	0.04	0.03	(0.02)
Diluted earnings (loss) per share	$/share	(0.02)	0.04	0.03	(0.02)

Metal sales are derived from the MDN mine in Argentina which have maintained consistent levels over the previous eight quarters. Total assets have consistently increased over the prior eight quarters. The increase is mainly attributed to continued exploration and evaluation expenditures in the Monte do Carmo gold project in Brazil, additions to property, plant and equipment in Argentina as well as the acquisition of Voyager in the second quarter of 2023

(Expressed in US dollars)

CAPITAL STRUCTURE

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

As of August 23, 2023, the total number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	**Number**
Outstanding	97,008,992
Issuable upon exercise of Cerrado Options	9,540,260
Issuable upon redemption of Cerrado RSUs	1,856,381
Issuable upon redemption of Cerrado DSUs	1,100,000
Diluted common shares	**111,285,388**

Cerrado has not issued any preferred shares.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

During the period ended June 30, 2023 and 2022 compensation of key management personnel is summarized as follows:

		June 30 2023		June 30 2022
Management and director compensation	**$**	**3,100**	$	1,104
Share-based payments		**251**		324
	$	**3,351**	$	1,428

(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.

<u>Ascendant</u>
As at June 30, 2023, amounts owed from Ascendant in relation to shared services are $3.4 million (June 30, 2022 - $0.8 million) and amounts owed from Voyager Metals in relation to shared services are $nil million (December 31, 2022 - $nil).

On June 24, 2020, Ascendant was granted a total of 200,000 RSUs in the capital of Cerrado in exchange for administrative services provided. During the year ended December 31, 2020 Ascendant received 66,667 common shares of Cerrado in accordance with the vesting terms of the 200,000 RSUs granted on June 24, 2020. During the period-ended December 31, 2021, the Company approved the accelerated vesting of the final tranche of the 200,000 RSUs granted to Ascendant, where Ascendant received the remaining 133,333 common shares of Cerrado. The Company recognized these accelerated RSUs as fully vested in 2021, and expensed any remaining unamortized amounts related to these RSUs in 2021, recognized under share-based payment expense accordingly.

CRITICAL ACCOUNTING ESTIMATES

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

CHANGES IN ACCOUNTING POLICIES

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

FINANCIAL INSTRUMENTS HIERARCHY AND FAIR VALUES

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

NON-IFRS PERFORMANCE MEASURES

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

Non-IFRS Measures

EBITDA

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

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

Adjusted EBITDA	Unit	Three Months Ended June 30		Six months ended June	
		2023	2022	2023	2022
Net income (loss)	$ 000's	(428)	(1,492)	(7,866)	1,860
Adjusted for:					
Depreciation	$ 000's	2,312	1,994	4,454	4,100
Transaction costs	$ 000's	99	284	714	1,034
Finance items	$ 000's	1,316	1,947	5,150	3,588
Share-based payments	$ 000's	611	415	1,027	837
Foreign currency exchange gain/loss	$ 000's	(2,272)	(326)	(1,337)	407
Remeasurement of secured note & stream obligation	$ 000's	388	(359)	2,945	(359)
Retroactive deferred revenue adjustment	$ 000's	-	-	2,368	-
Income taxes	$ 000's	2,792	487	5,579	1,152
Adjusted EBITDA	**$ 000's**	**4,818**	**2,950**	**$13,034**	**12,619**

Average realized price and Average realized margin

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

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

		Three Months Ended June 30		Six months ended June	
Average realized price and Average realized margin		**2023**	**2022**	**2023**	**2022**
Metal sales	$ 000's	21,152	20,333	48,651	47,717
Less: Silver sales	$ 000's	(217)	(623)	(568)	(1,412)
Revenues from gold sales	$ 000's	20,935	19,710	48,083	46,305
Gold ounces sold	oz	10,907	10,981	26,912	25,602
Average realized price per gold ounce sold	$/oz	$1,919	$1,795	$1,787	$1,809
Less: Total cash costs per gold ounce sold	$/oz	($1,306)	(1,376)	($1,206)	(1,189)
Average realized margin per gold ounce sold	**$/oz**	**$613**	**$419**	**$580**	**$620**

Direct operating costs

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

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

Total cash costs

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

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

All-in Sustaining Costs

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

The following table provides a reconciliation of Direct operating costs, Cash costs and All-in Sustaining Costs to mine operating expenses, as reported in the Company's consolidated statement of income for the second quarter and six months ended June 30, 2023 and 2022:

Direct operating costs		Three Months Ended June 30 2023	2022	Six months ended June 2023	2022
Mine operating expenses (from consolidated financial statements)	$ 000's	16,745	17,702	37,442	35,912
Deduct: Depreciation in production	$ 000's	(2,284)	(1,973)	(4,406)	(4,057)
Total cash costs (including royalties)	$ 000's	14,461	15,729	33,036	31,855
Deduct: Royalties and production taxes	$ 000's	(2,286)	(2,131)	(5,346)	(5,041)
Direct operating costs	**$ 000's**	**$12,175**	**$13,598**	**27,690**	**$26,814**

AISC per Au payable pound sold	Unit	Three Months Ended June 30 2023	2022	Six months ended June 2023	2022
Gold ounces sold	oz	10,907	10,981	26,912	25,602
Total Cash Cost Reconciliation					
Direct operating costs	$ 000's	12,175	13,598	27,690	26,814
Deduct: Silver sales	$ 000's	(217)	(623)	(568)	(1,412)
Total Direct Operating Costs	$ 000's	11,958	12,975	27,122	25,402
Royalties and production taxes	$ 000's	2,286	2,131	5,346	5,041
Total Cash Costs	**$000's**	**14,244**	**15,106**	**32,468**	**30,443**
Direct operating costs per gold ounce sold	$/oz	$1,096	$1,182	$1,008	$992
Royalties and production taxes per gold ounce sold	$/oz	$210	$194	$199	$197
Total cash costs per gold ounce sold	**$/oz**	**$1,306**	**$1,376**	**$1,206**	**$1,189**
All-In Sustaining Costs (AISC) Reconciliation.					
Total Cash Costs	$ 000's	14,244	15,106	32,468	30,443
Add: Sustaining Capital Expenditures	$ 000's	128	361	233	1,446
Add: Corporate G&A, excluding depreciation and amortization	$ 000's	2,293	1,811	5,700	3,655
Total All-in Sustaining Costs - Consolidated	**$ 000's**	**16,665**	**17,278**	**38,401**	**35,544**
Deduct: Corporate G&A, excluding depreciation and amortization	$ 000's	(2,293)	(1,811)	(5,700)	(3,655)
Total All-in Sustaining Costs - Minera Don Nicolas	**$ 000's**	**14,372**	**15,467**	**32,701**	**31,889**
All-In Sustaining Costs per Ounce Sold - Minera Don Nicolas	**$/oz**	**$1,318**	**$1,409**	**$1,215**	**$1,246**

(1) If the Company were to include Corporate G&A expenses, AISC / Au oz would be $1,528 and 1,427 for the three and six months ended June 30, 2023, compared to $1,573 and $1,388 for the three and six months ended June 30, 2022.

RISKS & UNCERTAINTIES

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

Liquidity and Additional Financing
The Company's ability to continue its business operations is dependent on management's ability to secure additional financing. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Company's activities and obligations.

The advancement, and exploration of the Company's properties, including continuing exploration projects, and, if warranted, construction of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Company may be required to seek additional sources of equity financing in the near future. While the Company has been successful in raising such financing in the past, its ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Company's objectives or obtained on terms favourable to the Company. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Company's properties, or even a loss of property interest, which would have a material adverse effect on the Company's business, financial condition and results of operations.

Exploration, Development and Operating Risks
The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish Mineral Resources and Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Cerrado will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. Cerrado's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

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

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

and reagents, adverse weather, serious environmental and safety issues, any permitting or licensing issues and any failure to produce expected amounts of gold.

Uncertainty of Resource Estimates

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

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

No Defined Mineral Reserves

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

Metal Price Risk

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

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

Foreign Currency Risks

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

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

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

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

Competition and Agreements with Other Parties

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

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

Regulatory

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

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

Foreign Operations and Political Risk

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

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

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

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

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

Environmental

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

Permits and Licenses

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

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

Substantial Capital Requirements & Liquidity

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

Issuance of Debt

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

Insurance and Uninsured Risks

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

Title Matters

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

Future Financing Requirements

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

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

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

Dilution

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

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

Reliance on Management

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

Conflicts of Interest

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

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

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

Currency Risk

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

Unfavourable Economic Conditions

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Additional Information

Additional information relating to the Company can also be found on the Company's website www.cerradogold.com.

TECHNICAL INFORMATION

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