CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER, 2023 AND 2022

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

2023

Notice to Reader

The Audited Annual Financial Statements for the years ended December 31, 2023, and December 31, 2022 are being refiled to include the "Other Information" section of the independent auditor’s report which was not included in the financial statements filed on June 12, 2024. No other changes have been made to the content of the Audited Annual Financial Statements.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cerrado Gold Inc.

Opinion

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

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

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

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

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "*Material Uncertainty related to Going Concern*" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the fair value of the MDN Stream Agreement

Description of the matter

We draw attention to Notes 3, 5 and 14 to the financial statements. On March 13, 2020, the Entity entered into the Metals purchase and sale agreement with Sprott Private Resource Streaming and Royalty Corp. ("Sprott") whereby the Entity received an Initial Advance Payment of $15 million against delivery of 6.25% of payable gold and silver over the remainder of Minera Don Nicolas S.A. ("MDN") mine life (the "Metals Streaming Agreement").

As gold and silver is delivered to Sprott, the Entity receives cash payments of 20% of the daily gold and silver market price two days prior to the date of delivery.

On March 2, 2023, the Entity entered into an amended and restated metals purchase and sale agreement with Sprott (the "MDN Stream Agreement"), to include the concessions acquired by the Entity in its acquisition of Minera Mariana Argentina S.A. in 2021, broadening the stream area including production from the Las Calandrias heap leach project where production commenced in 2023. The amended and restated agreement also provided the Entity with an additional $10 million in funding. The amended and restated agreement includes a step-down provision whereby the stream percentage will be reduced from 6.25% down to 2.5% upon delivery of 29,500 gold equivalent ounces. Substantially all other terms of the initial Metals Streaming Agreement from March 2020 are materially unchanged.

The MDN Stream Agreement, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss. The fair value of the MDN Stream Agreement was determined based on a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value are future metal prices and discount rates. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

We evaluated the design and tested the operating effectiveness of certain controls over the Entity's process to determine mineral reserves and mineral resources.

We assessed the competence, capabilities and objectivity of the Entity's personnel who prepared the historical mineral reserves and resource information, including the industry and regulatory standards they applied. We evaluated the Entity's mineral reserves and resources used in the valuation model by comparing to underlying mineral reserves and resources determined by the Entity's personnel.

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

- Valuation methodology on March 2, 2023, and at December 31, 2023
- Discount rates by comparing to estimates that were independently developed using publicly available third-party sources
- Future metal prices by comparing to estimates that were independently developed using publicly available third-party sources

Assessment of the fair value of the MDC Stream Agreement

Description of the matter

We draw attention to Notes 3, 5 and 19 to the financial statements. On March 14, 2022, the Entity entered into a US$20 million metals stream agreement (the "Stream Agreement") with Sprott for its Monte do Carmo project (the "Project"). The Stream Agreement provides for the sale and delivery to Sprott of 2.25% of metals produced from the Project. The price will be determined as 10% of the market price. The Entity has the ability to buy down up to 50% of the Stream Agreement ("Buy-Down Option") by exercising its option and paying the applicable amount: i) on or before June 30, 2024 - $12.5 million, ii) from July 1, 2024 until June 30, 2025 - $13 million and iii) July 1, 2025 until June 30, 2026 - $13.5 million The Stream Agreement, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss. The fair value of the Stream Agreement was determined based on a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value are future metal prices and discount rates. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

We assessed the competence, capabilities and objectivity of the Qualified Persons who prepared the historical mineral reserves and resource information, including the industry and regulatory standards they applied. We evaluated the Entity's mineral reserves and resources used in the valuation model by comparing to underlying technical report prepared by third party personnel.

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

- Valuation methodology on December 31, 2023
- Discount rates by comparing to estimates that were independently developed using publicly available third-party sources
- Future metal prices by comparing to estimates that were independently developed using publicly available third-party sources

Other information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Toronto, Canada
June 12, 2024

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

As at	Note		**December 31, 2023**		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**412**	$	5,921
Restricted cash	7		**6,814**		2,000
Investments			**15**		1,443
Trade and other receivables	8		**7,339**		8,646
Inventories	9		**8,879**		9,099
Due from related party			**-**		818
Offtake receivable	18		**55,901**		38,768
			79,360		66,695
Non-current assets					
Other receivables	8		**1,914**		6,041
Restricted cash	7		**-**		2,543
Inventories	9		**290**		2,212
Property, plant and equipment	10		**80,767**		38,158
Exploration and evaluation assets	11		**83,981**		44,861
Advances to Voyager Metals	6		**-**		1,432
Investment in marketable securities	28		**240**		704
Due from related party	28		**4,172**		-
			171,364		95,951
Total assets		**$**	**250,724**	$	162,646
LIABILITIES					
Current liabilities					
Trade and other payables	12	**$**	**40,765**	$	24,100
Future consideration payable	7		**10,000**		2,000
Deferred revenue	14		**-**		2,137
Short term debt	15		**5,436**		2,061
Prepayment facility	16		**9,302**		5,267
Promissory notes	17		**25,350**		4,000
Offtake payable	18		**55,901**		38,768
			146,754		78,333
Non-current liabilities					
Future consideration payable	7		**8,574**		16,547
Other liabilities	12		**47**		191
Provisions	13		**14,842**		10,776
Deferred revenue	14		**-**		14,033
Long term debt	15		**2,786**		2,032
Promissory notes	17		**-**		5,000
MDC Secured note payable	19		**19,803**		18,990
MDN Stream obligation	14		**20,500**		381
MDC Stream obligation	19		**1,924**		-
Deferred tax liability	30		**10,710**		3,009
			79,186		70,959
Total liabilities		**$**	**225,940**	$	149,292
SHAREHOLDERS' EQUITY					
Share capital	20	**$**	**54,596**	$	41,641
Warrants	21		**78**		-
Share-based payment reserve	22		**6,679**		5,320
Accumulated other comprehensive loss			**(768)**		(4,288)
Accumulated deficit			**(35,801)**		(29,319)
		$	**24,784**	$	13,354
Total liabilities & shareholders' equity		**$**	**250,724**	$	162,646

Nature of Operations and Going Concern (Note 1), **Commitments and Contingencies** (Notes 13 & 29)

Signed "Mark Brennan"
Director

Signed: "Christopher Jones"
Director

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

CERRADO GOLD INC.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of U.S. dollars)

	Note		Year ended December 31, 2023		2022
REVENUES					
Metal sales		$	**100,101**	$	90,360
COST OF SALES					
Production costs			**66,777**		53,070
Sales expenses and royalties			**10,231**		9,436
Depreciation and depletion			**9,274**		8,395
INCOME FROM MINING OPERATIONS			**13,819**		19,459
General and administrative expenses	23		**12,974**		8,445
Transaction costs	19		**716**		835
Finance income	24		**(1,748)**		(463)
Finance expense	24		**7,832**		8,559
Foreign exchange (gain) loss			**(10,306)**		274
Remeasurement of MDC secured note and stream obligation	19		**3,889**		978
Remeasurement of MDN stream obligation	14		**(4,500)**		-
Other expense			**1,562**		1,649
OTHER EXPENSES (INCOME)			**(2,555)**		11,832
INCOME (LOSS) BEFORE INCOME TAXES		$	**3,400**	$	(818)
Income and mining tax expense			**(2,452)**		(2,081)
Deferred tax expense	30		**(7,701)**		(3,009)
Income tax expense	30		**(10,153)**		(5,090)
Loss for the period		$	**(6,753)**	$	(5,908)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassifed subsequently to profit or loss					
Translation adjustment		$	**3,520**		1,076
Other comprehensive income			**3,520**		1,076
Total comprehensive loss		$	**(3,233)**	$	(4,832)
Basic and diluted loss per share					
Basic		$	**(0.08)**	$	(0.08)
Diluted		$	**(0.08)**	$	(0.08)
Weighted average number of shares outstanding					
Basic			**89,725,553**		77,521,216
Diluted			**89,725,553**		77,521,216

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

CERRADO GOLD INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of U.S. dollars)

	Note		Year ended December 31, 2023		2022
OPERATING ACTIVITIES					
Net loss		$	**(6,753)**	$	(5,908)
Adjustments for:					
Depreciation and depletion			**9,413**		8,476
Share-based payments	22		**2,782**		2,823
Accretion on future consideration payable	7, 24		**2,028**		2,174
Accretion on provision for decommissioning and restoration	13		**442**		197
Finance costs on deferred revenue	14		**424**		2,675
Amortization of deferred revenue	14		**(756)**		(3,001)
Remeasurement of MDC secured note and stream obligation	19		**3,889**		978
Remeasurement of MDN stream obligation	14		**(4,500)**		-
Gain on derecognition of deferred revenue	14		**(838)**		-
Interest expense			**3,883**		2,476
Transaction costs	19		**716**		835
Gain on short-term investments			**(329)**		(328)
Change in fair value of marketable securities			**(17)**		-
Deferred tax liability	30		**7,701**		3,009
Promissory note discount	28		**(477)**		-
Amortization of promissory note discount	28		**129**		-
Other			**-**		290
Operating cash flows before changes in working capital			**17,737**		14,696
Changes in non-cash working capital items:					
Receivables and other assets			**(6,727)**		(22,364)
Inventories			**2,142**		377
Trade and other payables			**25,659**		22,489
Other			**(123)**		-
Net cash flows provided by operating activities		**$**	**38,688**	$	15,198
INVESTING ACTIVITIES					
Additions to property, plant and equipment			**(39,504)**		(11,211)
Additions to exploration and evaluation assets			**(15,649)**		(14,974)
Subscription of short-term investments			**(39,556)**		(25,976)
Redemption of short-term investments			**38,020**		24,529
Acquisition of Voyager Metals, net of cash acquired	6, 28		**(2,373)**		-
Restricted cash			**(2,271)**		2,954
Future consideration paid			**(2,000)**		(10,000)
Advances to Voyager	28		**-**		(1,431)
Net cash flows used in investing activities		**$**	**(63,333)**	$	(36,109)
FINANCING ACTIVITIES					
Revolving prepayment facility borrowings	16		**19,432**		15,000
Revolving prepayment facility repayments	16		**(18,432)**		(15,750)
Advance payment facility borrowings	16		**6,000**		-
Advance payment facility repayments	16		**(3,000)**		-
Initial Gold Stream Advance payment	14		**10,000**		-
Secured note payable	19		**-**		20,000
Loan payable	15		**(2,279)**		2,445
Promissory notes payable	17		**16,850**		9,000
Payment on promissory note	17		**(500)**		-
Transaction costs paid	19		**(716)**		(835)
Interest paid			**(4,689)**		(4,083)
Promissory notes to Ascendant	28		**(1,500)**		(1,785)
Repayment of promissory notes to Ascendant	28		**-**		1,785
Advances to related party			**(1,403)**		(293)
Payments on leases			**(389)**		(435)
Agent warrants exercised	20, 21		**-**		136
Broker warrants exercised	20, 21		**-**		105
Options exercised	22		**17**		-
Net cash flows provided by financing activities		**$**	**19,391**	$	25,290
Effect of exchange rates on cash			**(255)**		(184)
Increase (decrease) in cash and cash equivalents			**(5,509)**		4,195
Cash and cash equivalents, beginning of period			**5,921**		1,726
Cash, end of period		**$**	**412**	$	5,921

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

CERRADO GOLD INC.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of US dollars)

			Share capital						
	Note	Number of shares	Issued Share Capital	Shares to be issued	Warrants	Share-based payment reserve	Acumumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance, December 31, 2021		**76,480,739**	**$ 40,367**	**$ -**	**$ 349**	**$ 3,443**	**$ (5,364)**	**$ (23,673)**	**$ 15,122**
Agent warrants exercised	20, 21	169,025	193	-	(57)	-	-	-	136
Warrants exercised	20, 21	96,087	135	-	(30)	-	-	-	105
Warrants expired	20, 21	-	-	-	(262)	-	-	262	-
Share-based payments - Option vesting	22	-	-	-	-	979	-	-	979
Share-based payments - RSU vesting	22	-	-	-	-	1,278	-	-	1,278
Share-based payments - DSU vesting	22	-	-		-	566			566
RSUs redeemed	20, 22	1,632,809	636	-	-	(636)	-	-	-
DSUs redeemed	20, 22	250,000	310		-	(310)	-	-	-
Foreign currency translation adjustment		-	-	-	-	-	1,076	-	1,076
Loss for the period		-	-	-	-	-	-	(5,908)	(5,908)
Balance, December 31, 2022		**78,628,660**	**$ 41,641**	**$ -**	**$ -**	**$ 5,320**	**$ (4,288)**	**$ (29,319)**	**$ 13,354**
Balance, December 31, 2022		**78,628,660**	**$ 41,641**	**$ -**	**$ -**	**$ 5,320**	**$ (4,288)**	**$ (29,319)**	**$ 13,354**
Investment in Voyager		16,617,712	11,361		-	-	-	-	11,361
Voyager replacement warrants issued	20, 21	-	(78)		78	-	-	-	-
Shares for interest debt settlement	22	1,229,579	504						504
Share-based payments - Option vesting	22	-	-	-	-	1,393	-	-	1,393
Share-based payments - RSU vesting	22	-	-	-	-	1,337	-	-	1,337
Share-based payments - DSU vesting	22	-	-	-	-	52	-	-	52
Share-based payments - Options redeemed	20, 22	-	-		-	(11)	-	-	(11)
Share-based payments - Option expiry	22	-	-		-	(118)	-	118	-
Share-based payments - RSU expiry	22	-	-		-	(153)	-	153	-
Share-based payments - DSU redeemed	22	-	-	-	-	(238)	-	-	(238)
RSUs redeemed	20, 22	1,532,065	894	9	-	(903)	-	-	-
DSUs redeemed	20, 22	245,000	238	-	-	-	-	-	238
Options exercised	20, 22	30,556	27	-	-	-	-	-	27
Foreign currency translation adjustment		-	-	-	-	-	3,520	-	3,520
Loss for the period		-	-	-	-	-	-	(6,753)	(6,753)
Balance, December 31, 2023		**98,283,572**	**$ 54,587**	**$ 9**	**$ 78**	**$ 6,679**	**$ (768)**	**$ (35,801)**	**$ 24,784**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cerrado Gold Inc. ("Cerrado" or "the Company") through its 100%-owned subsidiary Minera Don Nicolas S.A. ("MDN") is focused on its producing Don Nicolas gold and silver mine in Argentina. Since acquiring the mine in March 2020, the Company has been focused on increasing gold equivalent production and optimizing mine operations. In Canada, since the acquisition of Voyager Metals Inc. ("Voyager") effective May 31, 2023, the Company also owns the Mont Sorcier Iron and Vanadium project in Roy Township, Quebec, 18 km east of the Town of Chibougamau. The Company is also engaged in the evaluation of exploration and advanced development stage mineral resource opportunities, on an ongoing basis.

Cerrado, through its 100%-owned Brazilian subsidiary Serra Alta Mineração Ltda. ("Serra Alta") also owns the Monte de Carmo Gold ("MDC") Project in the State of Tocantins, Brazil. On March 5, 2024 the Company announced that it had entered into an option agreement with Amarillo Mineração do Brasil Ltda. ("Amarillo") a wholly-owned subsidiary of Hochschild Mining PLC ("Hochschild"), whereby Cerrado has granted to Amarillo the option ("Option") to purchase a 100% interest in the Company's Monte Do Carmo project ("MDC Project") located in the State of Tocantins, Brazil (the "Proposed Transaction"), for total consideration of US$60 million (approximately C$80 million) (the "Purchase Price"), subject to the fulfilment of certain conditions (see note 32).

The Company's head office, principal address and records office are located at 200 Bay Street, Suite 3205, Toronto, Ontario, Canada, M5J 2J2.

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

As at December 31, 2023 the Company had a cash balance of $0.4 million and a working capital deficiency of $67.4 million. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations as they become due, finance its operations and fund its capital investments. The future of the Company is dependent on its ability to maintain profitable operations, generate sufficient funds from operations, and obtain new debt or equity financing or sale of assets (see Note 32). The Company's liquidity position is sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting increased production targets, metal prices, foreign exchange rates, operational costs, and capital expenditures. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Cerrado.

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 12, 2024.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss ("FVTPL"), as set out in the accounting policies in note 3, which are measured at fair value.

(c) Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICIES

The Company adopted the amendments prescribed in the "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" effective for annual periods beginning on or after January 1, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the account policy information disclosed in certain instances.

(a) Basis of consolidation

Subsidiaries

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

- Minera Don Nicolas S.A. ("MDN"), incorporated in Argentina;
- Minera Mariana Argentina S.A. ("Minera Mariana"), incorporated in Argentina;
- Serra Alta Mineração Ltda. ("Serra Alta Mineração"), incorporated in Brazil; and
- Voyager Metals Inc. ("Voyager"), incorporated in Canada

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

(b) Translation of foreign currencies

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

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

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

Operations with functional currency other than the USD

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

Net investments in a foreign operation

Foreign currency gains and losses arising on translation of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in OCI and presented within equity in the foreign currency translation reserve.

(c) Revenue

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

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

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

Within sales contracts with customers, separate performance obligations may arise pertaining to the shipping of goods sold. Where significant, costs and the transaction price are allocated on a relative stand-alone selling basis to any separate performance obligations and are recognized over the period of time the goods sold are shipped, on a gross basis.

(d) Deferred Revenue

Metal revenue subject to precious metal stream contracts

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

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

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

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

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

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

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

Effective March 2023, the amended and restated metals purchase and sale agreement with Sprott revised the terms of the original March 13, 2020 agreement such that it resulted in a financial derivative, to be accounted for under IFRS 9 at FVTPL. Refer to Note 14b for details on the Metals Streaming Agreement.

(e) Cash and cash equivalents

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

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

(f) Inventories

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

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

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

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

(g) Exploration and evaluation expenditures

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

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

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

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

The Company assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

- The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral reserves and resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral reserves and resources in the specific area have not led to the commercially viable quantities of mineral reserves and resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount.

The estimated recoverable amount is the greater of fair value less costs of disposal (“FVLCD”), and value in use (“VIU”). If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

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

(h) Mining interests

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

Mining properties

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

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

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

Deferred Stripping Costs

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

(i) Property, plant and equipment

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

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

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

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

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

(j) Impairment of non-financial assets

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

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

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

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

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

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

(k) Provisions

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

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

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

Decommissioning and restoration provisions

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

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

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

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

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

(l) Financial Instruments

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

(ii) ***Embedded derivatives***

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

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

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

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

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

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

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

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

An analysis of fair values of financial instruments is provided in note 26.

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

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

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

Expected credit loss impairment model

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

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

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

(m) Taxation

Current tax

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

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

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

Deferred Tax

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

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

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

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

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

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

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

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

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

(n) Loss per share

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

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

(o) Share Capital and Reserves

Transaction costs

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

Share-based payment reserve

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

Foreign currency translation reserve

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

(p) Share-based payments

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

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 22. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss over the vesting period in accordance with vesting terms and conditions, with a corresponding increase to share-based payment reserve.

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

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

(q) Segment reporting

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

4. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) New amendments adopted by the Company

(i) ***Amendments to IAS 1 and IFRS Practice Statement 2***

Effective January 1, 2023, the Company adopted the amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. In addition, the IASB has provided guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

(ii) ***Amendments to IAS 8, Definition of Accounting Estimates***

Effective January 1, 2023, the Company adopted the amendments to IAS 8 which introduce a definition of "Accounting Estimates". The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates.

(iii) ***Amendments to IAS 12, Deferred Tax***

Effective January 1, 2023, the Company adopted the amendments to IAS 12, deferred tax related to assets and liabilities arising from a single transaction.

The Company assessed the implication of the above amendments and concluded that there was no material impact on the consolidated financial statements of the Company.

(b) Standards and amendments issued but not yet effective or adopted

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2023:

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

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

5. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Use of estimates and judgments

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

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

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

Accounting Estimates and Assumptions

Determination of Mineral Reserves and Mineral Resources

The Company's determination of mineral reserves and resources to determine future recoverable mine production based on assessment of geological, engineering and metallurgical analyses, estimates of future production costs, capital costs and reclamation costs, as well as long term commodity prices and foreign exchange rates. There are numerous uncertainties inherent in determination of mineral reserves and resources, including many factors beyond the Company's control. The determination of mineral reserves and mineral resources are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and interpreting this data requires complex geological judgements. Changes in mineral reserves or resources may impact several accounting estimates including the carrying value of exploration and evaluation assets, impairment analysis of non-financial assets including evaluation of estimated future cash flows of CGUs; estimated timing of cash outlays for environmental rehabilitation, determination of the useful life of property, plant, and equipment and measurement of the depletion expense.

Valuation of non-financial assets

Significant judgment is required in assessing indicators of impairment of non-financial assets. For each asset or cash generating unit (CGU), the Company completes an evaluation at each reporting period of potential indicators of impairment or impairment reversal. The Company considers both external and internal sources of information in assessing whether there are any indications that assets or CGUs may be impaired.

When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions related to items such as future production levels, operating and capital costs, future and long-term commodity prices, and discount rates. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Changes in these estimates which decrease the estimated recoverable amount of a CGU could affect the carrying amounts of assets and result in an impairment charge or reversal. While management believes that estimates of future cash flows are reasonable, different assumptions regarding such cashflows could materially affect the recoverable amount of a CGU.

Provision for Environmental Rehabilitation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Fair value of Stream Agreements (see Notes 14 and 19)

The Stream Agreements, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss (FVTPL). The fair value of the Stream Agreements are determined based on a combination of a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value were: future metal prices and discount rates. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan. This fair value estimate may differ from actual fair value and these differences could be significant and may have a material impact on the Company's financial position and results of operations.

6. ACQUISITION OF VOYAGER METALS INC.

On July 5, 2022, the Company entered into a US dollar unsecured promissory note (the “Promissory Note”) agreement with Voyager, a company related by virtue of common directors and officers, in the principal amount of US$1,000,000 for a term of one year. The loan bore interest at a rate of 10.0% per annum, compounded monthly, and matured on July 6, 2023. The Promissory Note is not subject to any fees or bonuses, including cash bonuses, future bonuses, or bonus of common shares in the capital of the Company.

On December 20, 2022, the Company approved an additional US dollar unsecured promissory note (the “Promissory Note”) with Voyager in the principal amount of US$500,000 for a term of one year. The loan bore interest at a rate of 10.0% per annum, compounded monthly, and matured on December 20, 2023. The Promissory Note is not subject to any fees or bonuses, including cash bonuses, future bonuses, or bonus of common shares in the capital of the Company. Voyager Metals may prepay any and all amounts owing at any time without notice or bonus, provided the amount of such prepayment is not less than US$100,000. All instalments received by the Company prior to July 6, 2023, if any, shall be applied firstly against interest outstanding and secondly against the principal sum.

As at December 31, 2022, amounts advanced to Voyager Metals in relation to the Promissory Notes are $1.4 million (December 31, 2021 - $nil). The amounts advanced to Voyager were done in contemplation of an investment in, or joint venture with Voyager in respect of its projects and are considered part of the consideration of the proposed acquisition of Voyager. As at May 31, 2023, amounts advanced to Voyager Metals were $1.6 million including accrued interest. Upon closing of the acquisition transaction of Voyager as explained further below, these amounts advanced to Voyager were considered part of the acquisition consideration and were eliminated on the date of acquisition, resulting in no separate recognition of these advances post-acquisition.

On March 7, 2023, the Company entered into a definitive agreement (the “Arrangement Agreement”) with Voyager pursuant to which Cerrado would acquire all of the remaining issued and outstanding shares of Voyager by way of a plan of arrangement under *Business Corporations Act* (Ontario) (the “Arrangement”). Upon completion of the Arrangement, Cerrado, indirectly through Voyager, would own a 100% interest in the Mont Sorcier Iron and Vanadium project located near Chibougamau, Quebec (“Mont Sorcier”).

On March 15, 2023, Cerrado acquired 24,294,156 Voyager Shares for total consideration of US$2.69 million (CAD$3.7 million) resulting in the Company owning approximately 19.6% of the issued and outstanding Voyager Shares on a non-diluted basis.

Under the terms of the Arrangement Agreement, Voyager shareholders would receive one (1) common share of Cerrado (“Cerrado Share”) for every six (6) common shares of Voyager (the “Exchange Ratio”). Holders of Voyager options and warrants would receive equivalent securities of Cerrado adjusted in accordance with the Exchange Ratio.

On May 25, 2023 the shareholders and option holders of Voyager approved the Arrangement. The Arrangement became effective on May 31, 2023, and on May 31, 2023, Cerrado acquired the remaining issued and outstanding common shares of Voyager, resulting in Voyager becoming a wholly-owned subsidiary of Cerrado. Shareholders of Voyager received 1/6 of one Cerrado share for each outstanding Voyager share, resulting in the grant of 16,617,712 Cerrado shares at a deemed share price of CAD$0.93, based on the price of the Company’s shares on May 31, 2023. In addition, a total of 1,779,755 replacement warrants and 1,266,649 replacement options were issued to each former warrant and option holder of Voyager, respectively. Outstanding Voyager options and warrants will remain outstanding in accordance with their original terms, adjusted in accordance with the Exchange Ratio. See Notes 20 (i-iii) and 21 (i-v). Replacement options and warrants were accounted for post acquisition date of May 31, 2023 and were not included in the purchase price allocation calculation.

After evaluating all the facts surrounding this transaction, management determined that the transaction does not constitute a business combination, as Voyager does not meet the definition of a business under IFRS 3, *Business Combinations* and was recorded as an asset acquisition and the equity consideration accounted for in accordance with IFRS 2, *Share-based payments*, measured at fair value.

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

The acquisition cost, consisting of the initial investment in Voyager shares, amounts advanced to Voyager and fair value of the consideration shares issued, totalled $15.6 million and has been allocated to the acquired identifiable assets and liabilities of Voyager as follows:

Purchase Price	Note	**May 31, 2023**
Fair value of 16,617,712 shares issued		$ 11,361
Investment in Voyager		2,590
Advances to Voyager		1,614
Preliminary purchase price		**$ 15,565**
Purchase Price Allocation		
Cash		$ 654
Receivables and other assets		351
Right-of-use asset		344
Exploration and evaluation assets	11	19,102
Total identifiable assets acquired		20,451
Trade and other payables		(1,741)
Debentures	15	(2,867)
Lease liabilities		(278)
Total identifiable liabilities assumed		(4,886)
Total identifiable net assets		**$ 15,565**

The fair value of the common shares as part of the consideration issued was determined using the Company's closing share price of CAD$0.93 on May 31, 2023. The Company's issuance of equity instruments to Voyager shareholders in exchange for net assets received was recognized as an increase to common shares in the consolidated statement of changes in equity, in accordance with IFRS 2 Share-based Payments.

As of May 31, 2023, the fair value of the advances done in contemplation of the acquisition of Voyager was determined based on their carrying amount, due to the short-term nature, and the lack of significant change in market conditions or the financial position of Voyager between the date of the advances and the acquisition date. These advances were made shortly before the acquisition and their carrying amount approximated their fair value.

During the year ended December 31, 2023, the Company incurred $0.1 million in share issuance costs recorded as a decrease to common shares in the consolidated statements of changes in equity and $Nil in direct acquisition costs.

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

7. FUTURE CONSIDERATION PAYABLE

On March 16, 2020 (the "Closing Date"), the Company acquired MDN and its operating mine and surrounding properties in Argentina. Under the terms of the agreement the Company paid the Compañia Inversora En Minas S.A. ("CIMINAS") and Compañia Inversora Argentina Para La Exportacion S.A. ("CIAPEXSA") (together the "Sellers") an initial payment of $15 million at closing, with future payments due of:

- $10 million in March 2022 (paid);
- $2 million in March 2023 (paid);
- $10 million in March 2024; and (i)
- $10 million in March 2025 (ii)

These amounts are payable from a sinking fund set up by the Company. The future consideration payable amount was initially recorded at a fair value of $21.4 million. The payable amount is discounted using a rate of 12%, which was the Company's estimated weighted-average cost of capital at the Closing Date. For the year ended December 31, 2023, the discount was accreted by $2.0 million which is included in finance expense (see Note 24). On March 16, 2022, the $10 million payment due 24 months from the Closing Date was paid to the Sellers. On March 1, 2023 the $2 million payment due in 2023 was paid to the Sellers. As at December 31, 2023, the amount held in restricted cash of $6.8 million relates to the sinking fund set up by the Company for future payment obligations to the Sellers.

Subsequent to year-end in March 2024, the terms of the Agreement were modified as follows:

(i) $10 million due in March 2024 to be paid in two transactions, with $6.8 million paid from the Company's sinking fund in March 2024 and the remaining amount of $3.2 million payable in June 2024 with the payment made by Hochschild Mining PLC ("Hochshild") on behalf of the Company (see note 32).

(ii) $10 million due in March 2025 to be paid by the Company to the Sellers in monthly installments of $0.4 million commencing in April 2024 for total consideration of $5.0 million. The remaining balance of $5.0 million is due to be paid by the Company to the Sellers in March 2025.

8. TRADE AND OTHER RECEIVABLES

		December 31 2023		December 31 2022
Current				
Trade receivables	**$**	**1,040**	$	1,351
Sales tax and other statutory receivables		**6,144**		7,151
Prepaids and deposits		**155**		144
		7,339		8,646
Non-current				
Deposits and other assets		**1,914**		6,041
	$	**9,253**	$	14,687

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

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

9. INVENTORIES

Current		**December 31 2023**		December 31 2022
Ore stockpiles	**$**	**5,291**	$	3,875
In-circuit		**1,937**		950
Finished metal		**-**		2,156
Metal inventories		**7,228**		6,981
Supplies and consumables		**1,651**		2,118
Inventories	**$**	**8,879**	$	9,099

Non-current	**December 31 2023**	December 31 2022
Supplies and consumables	**290**	2,212

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

10. PROPERTY, PLANT AND EQUIPMENT

	Note	Mining Property, Plant and Equipment	Assets Under Construction	Land and Buildings	Total
Cost					
As at January 1, 2022		38,472	796	610	39,878
Additions		1,630	4,531	41	6,202
Disposals		(35)	-	(271)	(306)
Reclassifications		337	(337)	-	-
Transfer	9	-	1,441	-	1,441
Change in provision for environmental rehabilitation		7,477	-	-	7,477
As at December 31, 2022		47,881	6,431	380	54,692
Additions		2,037	40,545	4,838	47,420
Disposals		-	-	-	-
Reclassifications		40,049	(40,049)	-	-
Capitalized borrowing costs	(i)	-	733		733
Change in provision for environmental rehabilitation	13	3,624	-	-	3,624
As at December 31, 2023		93,591	7,660	5,218	106,469
Accumulated depreciation and amortization					
As at January 1, 2022		8,081	-	112	8,193
Depreciation for the period		8,372	-	105	8,477
Disposals		(20)	-	(116)	(136)
As at December 31, 2022		16,433	-	101	16,534
Depreciation for the period		9,290	-	124	9,414
Disposals		(246)	-	-	(246)
As at December 31, 2023		25,477	-	225	25,702
Net book value					
Balance, December 31, 2022	**$**	**31,448**	**$ 6,431**	**$ 279**	**$ 38,158**
Balance, December 31, 2023	**$**	**68,114**	**$ 7,660**	**$ 4,993**	**$ 80,767**

Property, plant and equipment includes right-of-use assets of $0.9 million (2022 - $0.6 million) related to leased buildings of $0.6 million (2022 - $0.4 million) and mobile equipment of $0.3 million (2022 - $0.2 million). These right-of-use assets are included under Land and Buildings and Mining Property, Plant and Equipment, respectively. During 2023, the Company leased land and buildings and recognized a right-of-use asset of $0.3 million (2022 - $0.1 million).

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

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

Development of Calandrias Project

Property, plant and equipment includes $27.0 million related to construction of the Calandrias Heap Leach Project as at December 31, 2023, which commenced operations in Q3/2023. During the year-ended December 31, 2022 exploration and evaluation costs of $1.4 million associated with the Calandrias Project were transferred from the exploration and evaluation category to the assets under construction category (see Note 11).

(i) During the construction of the Calandrias Heap Leach Project, the amount of borrowing costs capitalized for the year ended December 31, 2023 was $0.7 million (2022 - $Nil). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the year ended December 31, 2023 was 5.47%. The capitalization of borrowing costs has resulted in an increase in the carrying amount of qualifying assets by $0.7 million and a corresponding reduction in finance costs for the period.

11. EXPLORATION AND EVALUATION ASSETS

The following is a summary of the Company's exploration and evaluation capitalized costs for the year ended December 31, 2023:

	Note	Monte do Carmo Gold Project Brazil	Minera Don Nicolas Mine Argentina	Minera Mariana Argentina	Mont Sorcier Project Canada	Total
Balance at December 31, 2021		$ 21,752	$ 3,218	$ 1,722	$ -	**$ 26,692**
Expenditures		13,092	5,190	4	-	**18,286**
Transfer	8	-	(1,441)	-	-	**(1,441)**
Effect of movements in exchange rates		1,324	-	-	-	**1,324**
Balance at December 31, 2022		$ 36,168	$ 6,967	$ 1,726	$ -	**$ 44,861**
Voyager acquisition	6	-	-	-	19,102	**19,102**
Expenditures		8,338	6,788	8	962	**16,096**
Effect of movements in exchange rates		3,366	-	-	556	**3,922**
Balance at December 31, 2023		$ 47,872	$ 13,755	$ 1,734	$ 20,620	**$ 83,981**

Monte do Carmo (MDC) Gold Project – Brazil

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

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

The terms of the acquisition provide for a 2% net smelter royalty granted to the former owners of the project.

As per the terms of the MDC Acquisition Agreement dated April 20, 2018, and the royalty buyback agreement, the sellers of the project have the right to a payment $1.5 million if an aggregate of 2,500,000 oz of gold are identified in a mineral resource estimate in accordance with NI 43-101.

On March 5,2024 the Company announced that it had entered into an option agreement with Amarillo Mineração do Brasil Ltda. ("Amarillo") a wholly-owned subsidiary of Hochschild Mining PLC ("Hochschild"), whereby Cerrado has granted to Amarillo the option ("Option") to purchase a 100% interest in the Company's Monte Do Carmo project ("MDC Project") located in the State of Tocantins, Brazil (the "Proposed Transaction"), for total consideration of US$60 million (the "Purchase Price"), subject to the fulfilment of certain conditions (see note 32).

Las Calandrias Project – Argentina

In December 2022, technical feasibility was determined, and the financing required to develop the Calandrias project was completed with the subscription of the Zofingen Promissory Notes (see note 17). With funding available to develop the project, the amounts previously classified under exploration and evaluation assets of $1.4 million associated with Calandrias were transferred from the exploration and evaluation category to the assets under construction category (see note 10). On December 31, 2022, the Company performed an assessment of recoverability and determined there was no evidence of impairment at the date of the reclassification.

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

Mont Sorcier Project – Quebec, Canada

On May 31, 2023, the Company completed an arrangement agreement with Voyager pursuant to which Cerrado, indirectly through Voyager, owns a 100% interest in the Mont Sorcier Iron and Vanadium project located near Chibougamau, Quebec. (See Note 6)

12. TRADE AND OTHER PAYABLES

	December 2023	December 31 2022
Current		
Trade payables	**$ 15,159**	$ 8,856
Accrued liabilities	**21,047**	11,005
Payroll and government remitances	**4,509**	4,184
Other liabilities	**50**	55
	$ 40,765	$ 24,100
Non-current		
Other liabilities	**$ 47**	$ 191
	$ 40,812	$ 24,291

13. PROVISIONS

Decommissioning and restoration

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

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

	Decommissioning and restoration
Balance at December 31, 2021	**$ 3,348**
Change in estimate	7,477
Current year expense	(246)
Accretion	197
Balance at December 31, 2022	**$ 10,776**
Change in estimate	3,624
Accretion	442
Balance at December 31, 2023	**$ 14,842**

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

	Undiscounted liability for closure	Expected date of expenditure	Pre-tax risk-free rate
Minera Don Nicolas Mine	$ 20,140	2028-2042	4.10%

14. MDN STREAM OBLIGATION

(a) Deferred Revenue

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

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

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

Prior to the amended and restated metals purchase and sale agreement effective March 2, 2023 the Company recorded the Initial Advance Payment received as deferred revenue and recognizes amounts in revenue as gold and silver is delivered to Sprott. The Company determined the amortization of deferred revenue on a per unit basis using the estimated total number of gold and silver ounces expected to be delivered to Sprott over the life of the MDN mine. The Company estimated the current portion of deferred revenue based on deliveries anticipated over the next twelve months based on the mine plan.

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

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

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

<u>Amended and restated metals purchase and sale agreement</u>

Effective March 2, 2023, the amended and restated metals purchase and sale agreement with Sprott (refer to note 14 b) revised the terms of the original March 13, 2020 agreement such that it resulted in a financial derivative, to be accounted for under IFRS 9 at FVTPL instead of IFRS 15 (Deferred Revenue).

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

The following table summarizes deferred revenue:

Opening balance December 31, 2022	$	16,170
Gold Stream Advance payment		10,000
Amortization of deferred revenue:		
Deferred revenue (recognized)		(756)
Finance costs on deferred revenue		424
Balance, March 2, 2023	**$**	**25,838**
Fair value of stream obligation at amendment date		(25,000)
Gain on derecognition of deferred revenue		(838)
Balance, December 31, 2023	**$**	**-**

		December 31, 2023		December 31, 2022
Current portion	$	-	$	2,137
Non-current portion		-		14,033
Total	**$**	**-**	**$**	**16,170**

(b) MDN Stream Obligation

Amended and restated metals purchase and sale agreement

On March 2, 2023, the Company entered into an amended and restated metals purchase and sale agreement with Sprott ("MDN Stream Agreement"), to include the concessions acquired by the Company in its acquisition of Minera Mariana Argentina S.A. in 2021, broadening the stream area including production from the Las Calandrias heap leach project where production commenced in Q3/2023. The amended and restated agreement also provides the Company with an additional $10 million in funding in the form of an additional deposit against future production.

The amended and restated agreement also includes a step-down provision whereby the stream percentage will be reduced from 6.25% down to 2.5% upon delivery of 29,500 gold equivalent ounces. Substantially all other terms of the initial Metals Streaming Agreement from March 2020 are materially unchanged.

Measurement

The Amended & Restated MDN Stream Agreement meets the definition of a derivative at the amendment date and is measured at fair value through profit and loss. The fair value of the MDN Stream Agreement was determined based on a combination of a discounted cash flow and Monte Carlo option model. The significant assumptions used in determining fair value were: future metal prices and discount rates. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan.

The changes in fair values of the Amended & Restated Agreement as at December 31, 2023 is summarized below:

Fair value at amendment date	$	25,000
Add (deduct):		
Unrealized change in fair value, recorded in the statement of operations		(4,500)
Balance, December 31, 2023	$	20,500

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

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

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

Inputs and Assumption	**March 2, 2023**	**December 31, 2023**
Debt discount rate (WACC)	10.40%	15.30%
Calibration spread	6.06%	0.00%
Royalty revenue discount factor	16.46%	15.30%
Royalty stream discount rate	7.28%	2.56%
Royalty revenue volatility	52%	45%
Average gold price	$2,069	$2,315

Sensitivity Analysis:

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

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

		March 2, 2023	**December 31, 2023**
Key Inputs	**Inter-relationships between significant inputs and fair value measurement**	**Increase (decrease)**	**Increase (decrease)**
Key observable inputs	The estimated fair value would increase (decrease by)		
- Metal prices forward curve	- Future gold prices were 10% higher	2,489	2,050
	- Future gold prices were 10% lower	(2,490)	(2,050)
- Discount rates	- Discount rates were 1% higher	(1,035)	(409)
	- Discount rates were 1% lower	1,100	421
Key unobservable inputs			
- Mineral reserves and resources	- Mineral reserves and resources were 10% higher	2,489	2,050
	- Mineral reserves and resources were 10% lower	(2,490)	(2,050)

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

15. DEBT

	Note	December 31 2023	December 31 2022
Lease obligations	(a)	**$ 405**	$ 331
Loan payable	(b)	**166**	1,730
Land acquisition obligation	(c)	**1,818**	-
Debentures	(d)	**3,047**	-
Current debt		**$ 5,436**	$ 2,061

	Note	December 31 2023	December 31 2022
Lease obligations	(a)	**$ 514**	$ 1,317
Loan payable	(b)	**-**	715
Land acquisition obligation	(c)	**2,272**	-
Non-current debt		**$ 2,786**	$ 2,032

(a) Lease obligations

The Company's lease obligations are related primarily to equipment used in mining operations in Argentina and office premises in Canada and Argentina, with payments made on a monthly basis. The Company sub-leases an office space that it leased in 2021 to companies with directors and officers in common (see Note 28).

	December 31 2023	December 31 2022
Total minimum lease payments	**$ 3,782**	$ 2,359
Effect of discounting	**(2,863)**	(711)
Present value of minimum lease payments	**919**	1,648
Less: current portion	**(405)**	(331)
	$ 514	$ 1,317
Minimum payments under leases		
Due no later than 1 year	**855**	1,042
Due later than 1 year less than 5 years	**2,927**	1,317
	$ 3,782	$ 2,359

The table below summarizes amounts recognized in earnings during the years ended December 31, 2023 and 2022:

	2023	2022
Depreciation expense for ROU assets	**$ 283**	$ 407
Interest expense included in finance costs	**1,580**	1,163
Total recognized in earnings	**$ 1,863**	$ 1,570

(b) Loan payable

On August 24, 2022 the Company, through its wholly-owned subsidiary Minera Don Nicolas SA ("MDN"), entered into a ARS 500,000,000 18-month term loan with Banco de Santa Cruz S.A., which matures in February 2024. The current loan balance of $0.2 million bears interest at the private BADLAR Rate plus an annual 13% spread, payable in 18 monthly instalments. The loan payable to Banco de Santa Cruz is recognized at amortized cost using the effective interest rate method.

(c) Land acquisition obligation

In May 2023 the Company, through its wholly owned subsidiary Serra Alta Participações Imobiliárias SA ("SAP") acquired a property for BRL 22 million ($4.4 million) located in the municipality of Monte do Carmo, Tocantins, Brazil. The land will be used primarily for construction of the MDC Project's processing plant.

The agreed terms of payment implied the payment in cash of 10% of the total value of the contract on the date of signature of the contract. The residual amount will be paid in successive annual instalments, 40% in 2024, 20% in 2025, 15% in 2026 and

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

15% in 2027. The annual instalments will be financially restated at the rate defined by the official inflation index published by the Brazilian authorities (IPCA).

(d) Debentures

In connection with the acquisition of Voyager on May 31, 2023 (see Note 6), Cerrado assumed Voyager's liabilities, including the non-convertible debentures owing as of May 31, 2023 and related warrants, reissued and revalued as at May 31, 2023 as explained below.

On May 31, 2023, the Company reissued 1,547,000 Replacement Debenture Warrants. Each Replacement Debenture Warrant entitles the holder to acquire one common share of Cerrado ("Common Share") at an exercise price of CAD$2.52 per Cerrado Common Share for a period of 36 months from the date of closing of the non-brokered private placement. On acquisition by Cerrado on May 31, 2023, the Replacement Debenture Warrants were valued using the Black-Scholes option pricing model (see note 21 i). The Debentures bear interest at a rate of 10.0% per annum and initially matured 18 months from the date of issuance, subsequently extended to December 31, 2023.

The Company also reissued on May 31, 2023 154,237 Replacement Finder Warrants. Each Replacement Finder Warrant will entitle the holder to acquire one Cerrado Common Share at a price of CAD$1.80 per Cerrado common Share for a period of 36 months. On acquisition by Cerrado on May 31, 2023, the Replacement Finder Warrants were valued at CAD$0.1 million using the Black-Scholes option pricing model (see note 21 ii).

The changes in obligation related to the debentures are summarised below:

Balance - May 31, 2023	**$**	**2,867**
Interest on debentures		99
Effect of movements in exchange rates		81
Balance - December 31, 2023	**$**	**3,047**

Since the acquisition of Voyager on May 31, 2023 (Note 6), the Company recorded interest expense of $0.2 million for the year ended December 31, 2023.

Contractual undiscounted debt repayments related to the debentures are summarized below:

	Payments due by period			
	< 1 years	**1-5 years**	**5> years**	**Total**
Repayment of debentures	2,948	-	-	2,948
Interest on debentures	99	-	-	99
Debenture repayments	**3,047**	**-**	**-**	**3,047**

16. PREPAYMENT FACILITY

	Note		**December 31 2023**		December 31 2022
Revolving prepayment facility	(a)	**$**	**6,279**	$	5,267
Advance payment facility	(b)		**3,023**		-
		$	**9,302**	$	5,267

(a) Revolving prepayment facility

On March 12, 2020, the Company entered into an advance sales transaction pursuant to which, the Company received advanced consideration of $5 million. On December 3, 2020, the Company increased the revolving credit facility by $2.5 million, for total advanced consideration of $7.5 million. In July 2023, the Company further increased the revolving credit facility by an additional $2.5 million for total advance consideration of $10.0 million and revised the repayment terms of the facility with the final draw of the Company to be made prior to July 31, 2024 unless mutually agreed otherwise. The advanced consideration is accounted for as a financial liability. The facility may be immediately renewable upon full repayment. During the year ended December 31, 2023, the Company had drawn down a total $19.4 million and repaid a total $18.4 million under the revolving prepayment facility. As at December 31, 2023 the $6.3 million balance outstanding bears interest at the rate of 3 Month SOFR + 5.85% until repaid.

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

(b) Advance payment facility

On July 20, 2023, the Company entered into an advance sales transaction pursuant to which, the Company received advanced consideration of $3 million. The advanced consideration is accounted for as a financial liability. The facility may be immediately renewable upon full repayment and release of the holding certificate in a form acceptable to the lender and its banks. During the year ended December 31, 2023, the Company had drawn down a total $6.0 million and repaid a total $3.0 million under the advance payment facility. As at December 31, 2023 the $3.0 million balance outstanding bears interest at the rate of 3 Month SOFR + 5.85% until repaid.

17. PROMISSORY NOTES PAYABLE

		December 31 2023		December 31 2022
Current				
Promissory notes payable	**$**	**25,350**	$	4,000
Non-current				
Promissory notes payable	**$**	**-**		5,000

In November and December 2022 the Company, through its wholly-owned subsidiary MDN, issued unsecured promissory notes for $4 million dollars, and $5 million, respectively. The promissory notes are repayable in Argentinian pesos at the official rate. The Company has provided a limited recourse guarantee to the lenders in respect of the $5 million Notes.

The initial $4 million Promissory Notes issued in November 2022 were refinanced in January 2023 and reissued $4.4 million Promissory Notes to the same lender as longer-term notes with similar terms (the “Replacement Notes”), maturing two years from issuance and bearing a rate of 5% interest.

During the year ended December 31, 2023 MDN issued additional promissory notes for $17.3 million. These promissory notes have varying maturity dates and all mature prior to December 31, 2024. Any time prior to maturity, MDN can elect to prepay all or any portion of the Promissory Notes without incurring any early repayment penalty. As at December 31, 2023 the $25.4 million balance bears interest at the rate of 5% until repaid.

The Company used the proceeds to fund the development at the Las Calandrias Heap Leach Project in Argentina.

18. OFFTAKE ARRANGEMENT

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

The offtake receivable balance of $55.9 million at December 31, 2023 consists entirely of the proceeds from export sales receivable by Minera Don Nicolas and delivered to the offtaker under the agreement. Conversely, offtake payable balance of $55.9 million at December 31, 2023 represents export sales delivered by Minera Don Nicolas and payable by Cerrado Gold under the offtake agreement, which will be repaid to Minera Don Nicolas within six months of the delivery.

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

19. MDC SECURED NOTE LIABILITY & STREAM OBLIGATION

a) MDC Secured Note Payable

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

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

Subject to the approval of the TSX, the Company may elect to satisfy the payment of any accrued and unpaid interest on the Note by the issuance of common shares of the Company at a price per common share equal to 95% of the volume weighted average price of the common shares for the 5 trading days immediately prior to the date payment is due or any combination of cash and common shares in the Company's sole discretion.

Measurement

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

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

The changes in fair values of the Note from as at December 31, 2023 is summarized below:

Fair value at inception	$	19,000
Add (deduct):		
Interest payment		(1,605)
Unrealized change in fair value, recorded in the statement of operations		1,595
Balance, December 31, 2022	**$**	**18,990**
Add (deduct):		
Interest payment		(1,497)
Unrealized change in fair value, recorded in the statement of operations		2,346
Unrealized change in fair value, recorded in other comprehensive (loss)		(36)
Balance, December 31, 2023	**$**	**19,803**

b) MDC Stream Obligation

On March 14, 2022, the Company entered into a US$20 million metals stream agreement (the "Stream Agreement") with Sprott Private Resource Streaming and Royalty Corp. ("Sprott Royalty") for its Monte do Carmo project (the "Project"). Sprott Royalty will pay the Company the deposit of USD$20 million either in cash or by issuance of a promissory note on the maturity of the Note (Note 19 (a)).

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

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

Based on the terms of the Stream Agreement, if the expected life of mine production is less than 1,049,000 ounces of gold, the payable gold produced from the MDC project shall be adjusted to increase the relevant stream percentage. Based on the expected gold production from the MDC project outlined in the Feasibility Study Technical Report filed in December 2023, the stream percentage at year end was changed from 2.25% to 2.75%.

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

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

The Stream Agreement, including the Buy-Down Option, meets the definition of a derivative and is measured at fair value through profit and loss. The fair value of the Stream Agreement was determined based on a combination of a discounted cash flow and Monte Carlo option model.

The significant assumptions used in determining fair value were: future metal prices and discount rates. In addition, significant judgment was required to assess the mineral reserves and resources which form the basis of the life of mine plan.

As at December 31, 2023, management ascribed a $nil value to the Buy-Down Option.

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

The changes in fair values of the Stream Obligation as at December 31, 2023 is summarized below:

Fair value at inception	$	1,000
Add (deduct):		
Unrealized change in fair value, recorded in the statement of operations		(619)
Balance, December 31, 2022	**$**	**381**
Add:		
Unrealized change in fair value, recorded in the statement of operations		1,543
Balance, December 31, 2023	**$**	**1,924**

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

Inputs and Assumption	**December 31, 2022**	**December 31, 2023**
Debt discount rate (WACC)	12.70%	10.90%
Calibration spread	2.50%	2.50%
Royalty revenue discount factor	15.20%	13.40%
Royalty stream discount rate	7.49%	6.47%
Royalty revenue volatility	60%	55%
Average gold price	$2,163	$2,536

Sensitivity Analysis:

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

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

Key Inputs	**Inter-relationships between significant inputs and fair value measurement**	**Increase (decrease)**
Key observable inputs	The estimated fair value would increase (decrease by)	
- Metal prices forward curve	- Future gold prices were 10% higher	1,548
	- Future gold prices were 10% lower	(1,598)
- Discount rates	- Discount rates were 1% higher	(1,048)
	- Discount rates were 1% lower	1,178
Key unobservable inputs		
- Mineral reserves and resources	- Mineral reserves and resources were 10% higher	1,548
	- Mineral reserves and resources were 10% lower	(1,598)

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

20. SHARE CAPITAL

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

	Note	Number of shares		Issued Share
Balance, December 31, 2021		**76,480,739**	**$**	**40,367**
Agent warrants exercised	21	169,025		193
Broker warrant exercised	21	96,087		135
RSUs redeemed	22	1,632,809		636
DSUs redeemed	22	250,000		310
Balance, December 31, 2022		**78,628,660**	**$**	**41,641**
Voyager acquisition	6	16,617,712		11,361
Voyager replacement warrants issued	21	-		(78)
Shares for interest debt settlement	(i)	1,229,579		504
Options exercised	22	30,556		27
RSUs redeemed	22	1,532,065		894
DSUs redeemed	22	245,000		238
Balance, December 31, 2023		**98,283,572**	**$**	**54,587**

(i) In October 2023, the Company issued 1,229,579 common shares at a price of CAD$0.56 ($0.41) per common share as settlement of secured note payable interest for a total gross amount of $0.5 million.

21. WARRANTS

As at December 31, 2023, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

		December 31, 2023			
Expiry Date	Note	Exercise Price (USD)	Exercise Price (CAD)	Number of Warrants	Exercisable
May 31, 2024	(i)	$1.85	$2.52	1,547,000	1,547,000
May 31, 2024	(ii)	$1.32	$1.80	154,237	154,237
March 15, 2026	(iii)	$0.67	$0.91	78,518	78,518
		$1.75	$2.39	1,779,755	1,779,755

Warrants transactions are summarized as follows:

	Note	Exercise Price (USD)	Exercise Price (CAD)	Number of Warrants		Warrants
Balance, December 31, 2021		**$0.97**	**$0.94**	**1,051,956**	**$**	**349**
Agent warrants exercised		$0.80	$1.07	(169,025)		(57)
Agent and finder's warrants expired		$0.80	$1.07	(225,110)		(77)
Broker warrants exercised		$1.07	$1.35	(96,087)		(30)
Broker warrants expired		$1.07	$1.35	(561,734)		(185)
Balance, December 31, 2022		**-**	**-**	**-**	**$**	**-**
Replacement debenture warrants	(i)	$1.85	$2.52	1,547,000		46
Replacement finder warrants	(ii)	$1.32	$1.80	154,237		8
Replacement warrants	(iii)	$0.67	$0.91	78,518		24
Balance, December 31, 2023		**$1.75**	**$1.95**	**1,779,755**	**$**	**78**

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

In connection with the acquisition of Voyager Metals on May 31, 2023, Cerrado issued replacement warrants as follows:

(i) 1,547,000 Replacement Debenture Warrants to the Debenture holder (see Note 15). Each Replacement Debenture Warrant entitles the holder thereof to acquire one common share at a price of CAD$2.52 per share for a 36-month period following the original date of issuance. The estimated fair value of the Replacement Debenture Warrants is $0.1 million (CAD$0.1 million). The grant date fair value of the warrants was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 63%, a risk -free rate of 4.20% and an expected life of 1 year.

(ii) 154,237 Replacement Finder Warrants to the Finder of the Debentures (see Note 15). Each Replacement Finder Warrant entitles the holder thereof to acquire one Cerrado common share at a price of CAD$1.80 per share for a 36-month period following the original date of issuance. The estimated fair value of the Replacement Debenture Warrants is $0.1 million (CAD$0.1 million). The grant date fair value of the warrants was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 63%, a risk -free rate of 4.20% and an expected life of 1 year.

(iii) 78,518 Replacement Warrants as part of the Voyager private placement of March 15, 2023. Each Replacement Finder Warrant entitles the holder thereof to acquire one Cerrado common share at a price of CAD$0.91 per share for a 36-month period following the original date of issuance. The estimated fair value of the Replacement Debenture Warrants is $0.1 million (CAD$0.1 million). The grant date fair value of the warrants was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 58%, a risk -free rate of 4.20% and an expected life of 2.79 years.

22. SHARE-BASED PAYMENT RESERVE

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

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

	Stock Options	Restricted share units	Deferred share units	Share-based payment reserve
Balance, December 31, 2021	**$ 1,812**	**$ 670**	**$ 961**	**$ 3,443**
Vesting	979	1,278	566	2,823
RSUs redeemed	-	(636)	-	(636)
DSUs redeemed	-	-	(310)	(310)
Balance, December 31, 2022	**$ 2,791**	**$ 1,312**	**$ 1,217**	**$ 5,320**
Vesting	1,393	1,337	52	2,782
Options exercised	(11)	-	-	(11)
Options cancelled/forfeited/expired	(118)	-	-	(118)
RSUs redeemed	-	(903)	-	(903)
RSUs expired	-	(105)	-	(105)
RSUs cancelled/forfeited/expired	-	(48)	-	(48)
DSUs redeemed	-	-	(238)	(238)
Balance, December 31, 2023	**$ 4,055**	**$ 1,593**	**$ 1,031**	**$ 6,679**

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

Options

As at December 31, 2023, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

		December 31, 2023			December 31, 2022		
Expiry Date		Exercise Price (US$)	Number of Options	Number of Options Vested & Exercisable	Exercise Price (US$)	Number of Options Outstanding	Number of Options Vested & Exercisable
February 27, 2024		$0.45	3,850,000	3,850,000	$0.45	4,000,000	4,000,000
August 9, 2026		$1.12	2,270,000	2,270,000	$1.12	2,370,000	1,579,999
September 1, 2026		$1.38	30,000	30,000	$1.38	30,000	20,000
October 28, 2026		$1.24	150,000	100,000	$1.24	150,000	50,000
September 19, 2027		$0.83	1,987,500	1,325,008	$0.83	1,987,500	662,506
September 26, 2027	(iv)	$0.53	827,769	547,217	-	-	-
November 25, 2027	(v)	$0.53	24,999	16,668	-	-	-
August 23, 2028	(vi)	$0.55	3,873,333	1,279,997	-	-	-
October 16, 2026		$0.55	100,000	100,000	-	-	-
		$0.67	13,113,601	9,518,890	$0.74	8,537,500	6,312,505

As at December 31, 2023, the weighted average remaining contractual life of the stock options was 2.12 years (December 31, 2022 – 2.17 years).

Stock option transactions are summarized as follows:

		Exercise Price (US$)	Number of Options
Balance, December 31, 2021		**$0.71**	**6,550,000**
Options granted		$0.83	1,987,500
Options vesting		$1.31	-
Options exercised		-	-
Options expired		-	-
Options cancelled/forfeited		-	-
Balance, December 31, 2022		**$0.74**	**8,537,500**
Replacement options granted	(i)-(v)	$0.64	1,266,649
Options granted	(vi)-(vii)	$0.55	3,990,000
Options exercised		$0.53	(30,556)
Options expired		$1.03	(399,992)
Options cancelled/forfeited		$0.87	(250,000)
Balance, December 31, 2023		**$0.67**	**13,113,601**

(i) 316,660 Replacement Options in connection with the Voyager acquisition, where each option entitles the holder thereof to acquire one common share of Cerrado at a price of CAD$1.32 per share for a 24-month period following the original date of issuance. The options vested immediately. The grant date fair value of the options was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 63%, a risk -free rate of 4.20% and an expected life of 0.16 years. Subsequent to the second quarter ended June 30, 2023, the 316,660 options expired.

(ii) 41,666 Replacement Options in connection with the Voyager acquisition, where each option entitles the holder thereof to acquire one common share of Cerrado at a price of CAD$0.72 per share for a 24-month period following the original date of issuance. The options vested immediately. The grant date fair value of the options was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 63%, a risk -free rate of 4.20% and an expected life of 0.35 years.

(iii) 41,666 Replacement Options in connection with the Voyager acquisition, where each option entitles the holder thereof to acquire one common share of Cerrado at a price of CAD$0.81 per share for a 24-month period following the original date of issuance. The options vested immediately. The grant date fair value of the options was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 63%, a risk -free rate of 4.20% and an expected life of 0.48 years.

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

(iv) 841,658 Replacement Options in connection with the Voyager acquisition, where each option entitles the holder thereof to acquire one common share of Cerrado at a price of CAD$0.81 per share for a 60-month period following the original date of issuance. The options vest in accordance with the following schedule: (i) 1/3 immediately, (ii) 1/3 from the date of grant, and (iii) 1/3 two years from the date of grant. The grant date fair value of the options was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 71%, a risk -free rate of 3.53% and an expected life of 4.33 years.

(v) 24,999 Replacement Options in connection with the Voyager acquisition, where each option entitles the holder thereof to acquire one common share of Cerrado at a price of CAD$0.81 per share for a 60-month period following the original date of issuance The options vest in accordance with the following schedule: (i) 1/3 immediately, (ii) 1/3 from the date of grant, and (iii) 1/3 two years from the date of grant. The grant date fair value of the options was determined by using the Black-Scholes option pricing model with the following assumptions: share price of CAD$0.93, an expected yield of 0%, expected volatility of 71%, a risk -free rate of 3.53% and an expected life of 4.49 years.

(vi) On August 23, 2023 the Company granted 3,890,000 stock options to certain employees eligible under the Company's previous Plan. The 3,890,000 options are exercisable at CAD$0.75 ($0.55) for a period of 5 years from the grant date, and will vest in accordance with the following schedule: (i) 1/3 immediately; (ii) 1/3 one year from the date of the grant; and (iii) 1/3 two years from the date of the grant. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 69%, a risk-fee rate of 4.02% and an expected life of 5 years.

(vii) On October 16, 2023 the Company granted 100,000 stock options to an employee eligible under the Company's Plan. The 100,000 options are exercisable at CAD$0.75 ($0.55) for a period of 3 years from the grant date, and vest immediately on grant date. The value of these options was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 64%, a risk-free rate of 4.79% and an expected life of 3 years.

For the period ended December 31, 2023 and 2022, the Company recognized share-based payment expense relating to the vesting of stock options of $1.4 million and $1.0 million, respectively.

Restricted Share Units ("RSUs")

As at December 31, 2023 and December 31, 2022 the Company had restricted share units enabling the holders to redeem common shares as follows:

		December 31, 2023			December 31, 2022		
Grant Date		Grant date weighted average fair value (USD$/unit)	Number of RSUs	Number of RSUs Vested & Redeemable	Grant date fair value/RSU (USD$)	Number of RSUs	Number of RSUs Vested & Redeemable
February 27, 2019		$0.45	-	-	$0.45	-	-
June 24, 2020		$0.36	-	-	$0.36	1,083,336	1,083,336
September 14, 2020		$0.45	-	-	$0.45	233,334	233,334
November 13, 2020		$0.80	-	-	$0.80	203,750	203,750
February 18, 2021		$1.06	-	-	$1.06	150,000	100,000
June 1, 2021		$1.45	283,333	283,333	$1.45	293,860	127,193
October 20, 2021		$1.26	50,000	50,000	$1.26	150,000	100,000
September 19, 2022		$0.69	1,236,380	770,557	$0.69	1,379,166	447,509
August 23, 2023	(i)	$0.50	2,690,000	-	-	-	-
October 16, 2023	(i)	$0.48	100,000	-	-	-	-
		$0.62	4,359,713	1,103,890	$0.68	3,493,446	2,295,122

(i) On August 23, 2023, the Company granted 2,690,000 RSUs to certain eligible participants under the Company's Omnibus Plan. The 2,690,000 RSUs granted vest one year after issuance in accordance with the Omnibus Plan.

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

Restricted share unit transactions are summarized as follows:

		Grant date weighted average fair value (USD$/unit)	Number of RSUs
Balance, December 31, 2021		**$0.55**	**3,728,755**
RSUs granted		$0.69	1,397,500
RSUs redeemed		$0.39	(1,632,809)
Balance, December 31, 2022		**$0.68**	**3,493,446**
RSUs granted	(i)	$0.50	2,790,000
RSUs redeemed		$0.58	(1,557,065)
RSUs expired		$0.45	(233,334)
RSUs forfeited/cancelled		$0.36	(133,334)
Balance, December 31, 2023		**$0.62**	**4,359,713**

For the period ended December 31, 2023 and 2022, the Company recognized share-based payment expense relating to the vesting of RSUs of $1.3 million and $1.3 million, respectively.

Deferred Share Units ("DSUs")

As at December 31, 2023 the Company had deferred share units enabling the holders to redeem common shares as follows:

		December 31, 2023		**December 31, 2022**	
	Note	Grant date weighted average fair value (USD$/unit)	Number of DSUs	Grant date weighted average fair value (USD$/unit)	Number of DSUs Outstanding
October 28, 2021	(i)	$1.24	400,000	$1.24	525,000
September 19, 2022	(ii)	$0.69	700,000	$0.69	820,000
August 23, 2023	(iii)	$0.50	325,000	-	-
		$0.80	1,425,000	$0.90	1,345,000

(i) On October 28, 2021, the Company granted 775,000 DSUs to certain eligible participants under the Company's Omnibus Plan. The 775,000 DSUs granted vested immediately upon issuance in accordance with the Omnibus Plan.
(ii) On September 19, 2022, the Company granted 820,000 DSUs to certain eligible participants under the Company's Omnibus Plan. The 820,000 DSUs granted vested immediately upon issuance in accordance with the Omnibus Plan.
(iii) On August 23, 2023, the Company granted 325,000 DSUs to certain eligible participants under the Company's Omnibus Plan. The 325,000 DSUs granted vest one year after issuance in accordance with the Omnibus Plan.

The value of the DSUs was determined in reference to the market value of the underlying common share on the date of grant.

Deferred share unit transactions are summarized as follows:

	Note	Grant date weighted average fair value (USD$/unit)	Number of DSUs
Balance, December 31, 2021		**$1.24**	**775,000**
DSUs granted	(ii)	$0.69	820,000
DSUs redeemed		$1.24	(250,000)
Balance, December 31, 2022		**$0.90**	**1,345,000**
DSUs granted	(iii)	$0.50	325,000
DSUs redeemed		$0.97	(245,000)
Balance, December 31, 2023		**$0.80**	**1,425,000**

For the period ended December 31, 2023 and 2022, the Company recognized share-based payments expense relating to the vesting of DSUs of $0.1 million and $0.6 million respectively.

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

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and benefits	$ 5,132	$ 2,428
Corporate administration	1,034	577
Professional fees	1,066	881
Consulting fees	895	491
Office and other	1,926	1,163
Share-based compensation	2,782	2,823
Depreciation	139	82
	$ 12,974	$ 8,445

24. FINANCE INCOME & EXPENSE

	Note	Year ended December 31, 2023	Year ended December 31, 2022
Finance income			
Investment income		$ (781)	$ (463)
Gain on derecognition of deferred revenue	$ 18	(838)	-
Amortization of related party promissory note discount	28	(129)	-
		(1,748)	(463)
Finance costs			
Accretion of future consideration payable	7	$ 2,028	$ 2,174
Accretion of deferred revenue	18	424	2,675
Accretion on decommissioning and restoration provisions	13	442	197
Interest on revolving prepayment facility	16a	723	453
Interest on advance payment facility	16b	148	-
Interest on loans payable	15b, 17	1,107	1,472
Interest on debentures	15d	170	-
Discount on related party promissory note	28	477	-
Other interest costs		888	224
Interest on finance lease	15a	1,580	1,163
Finance fees and bank charges		578	201
		8,565	8,559
Borrowing costs attributable to qualifying assets	10	(733)	-
		7,832	8,559
Net finance expense		$ 6,084	$ 8,096

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

25. CAPITAL MANAGEMENT

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

The Company defines capital as total equity plus debt. Total equity is comprised of issued capital stock, warrants, share-based payments reserve and accumulated deficit. Management defines total debt to be comprised of revolving prepayment facility, advance payment facility, promissory note payable, loan payable, debentures payable, land acquisition obligation and secured note payable as at December 31, 2023 and 2022. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and pay for administrative costs. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2023 and 2022.

	December 31 2023	December 31 2022
Equity	**$ 24,785**	$ 13,354
Debt	**61,758**	5,267
	$ 86,543	$ 18,621

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

26. FINANCIAL INSTRUMENTS

Fair value and carrying value of financial instruments:

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

		December 31, 2023		December 31, 2022	
Recurring measurements		**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets					
Amortised cost					
Cash	(i)	**$ 412**	**$ 412**	$ 5,921	$ 5,921
Short-term investments	(i)	**15**	**15**	1,443	1,443
Trade and other receivables	(i)(ii)	**7,339**	**7,339**	8,646	8,646
Due from related parties	(i)	**4,172**	**4,172**	818	818
Offtake receivable	(i)	**55,901**	**55,901**	38,768	38,768
Fair value through profit or loss					
Investment in marketable securities	(iii)	**240**	**240**	704	704
Total financial assets		**68,079**	**68,079**	56,300	56,300
Financial liabilities					
Amortised cost					
Trade and other payables	(i)(ii)	**$ 40,765**	**40,765**	$ 24,100	$ 24,100
Prepayment facility	(i)	**6,279**	**6,279**	5,267	5,267
Advance payment facility	(i)	**3,023**	**3,023**	-	-
Promissory note payable	(i)	**25,350**	**25,350**	9,000	9,000
Loan payable	(i)	**166**	**166**	2,445	2,445
Offtake payable	(i)	**55,901**	**55,901**	38,768	38,768
Debentures	(vi)	**3,047**	**3,047**	-	-
Fair value through profit or loss					
MDC Secured note payable	(iv)	**19,803**	**19,803**	18,990	18,990
MDN Stream obligation	(v)	**20,500**	**20,500**	381	381
Total financial liabilities		**174,834**	**174,834**	98,951	98,951
Net financial assets (liabilities)		**$ (106,755)**	**$ (106,755)**	$ (42,651)	$ (42,651)

(i) Cash, short-term investments, trade and other receivables, due from related parties, offtake receivable, trade and other payables, revolving prepayment facility, advance payment facility, promissory note payable, loan payable and offtake payable are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
(ii) Excludes tax and other statutory amounts.
(iii) Investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed entities.
(iv) Secured note payable is carried at its fair value, which is primarily measured using certain non observable market data including discount rates, and therefore was classified within Level 3 of the fair value hierarchy.
(v) Stream obligations are carried at their fair value, which is primarily measured using certain observable and non-observable market data including discount rates, future gold prices, and mineral reserves and mineral resources, and therefore was classified within Level 3 of the fair value hierarchy.
(vi) Debentures are measured at amortized cost. The fair value of debentures is primarily measured using determined variables, and therefore was classified within Level 2 of the fair value hierarchy. See note 15.

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

Fair value hierarchy

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

- The fair values for cash, short-term investments, trade and other receivables, due from related parties, offtake receivable, investment in marketable securities, trade and other payables, revolving prepayment facility, future payable consideration, promissory note payable, loan payable and offtake payable approximate carrying values due to the immediate or short-term maturities of these financial instruments and are classified as Level 1 in accordance with their fair value hierarchy.
- Secured note payable is carried at its fair value, which is primarily measured using certain non observable market data including discount rates, and therefore was classified within Level 2 of the fair value hierarchy.
- Stream obligation is carried at its fair value, which is primarily measured using certain observable and non-observable market data including discount rates, future metal prices, and mineral reserves and mineral resources, and therefore was classified within Level 3 of the fair value hierarchy.
- The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels on the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2023 and the year ended December 31, 2022, the Company did not make any transfers.

27. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its risk management objectives. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below. There have been no changes in the risks, objectives, policies and procedures during the years ended December 31, 2023 and 2022.

Liquidity Risk

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

At December 31, 2023, the Company had a cash balance of $0.4 million (December 31, 2022 - $5.9 million) and current liabilities of $146.8 million (December 31, 2022 - $78.3 million). The Company has working capital deficit of $67.4 million at December 31, 2023 (December 31, 2022 – working capital deficit of $11.6 million) See Note 1 Nature of Operations and Going Concern and Note 28 Related party transactions and balances.

The contractual cash flow obligations of the Company as at December 31, 2023 are as follows:

		Payments due by period			
		<1 years	1-5 years	5> years	Total
Trade and other payables	$	40,765	-	-	40,765
Lease obligations (i)	$	855	2,927	-	3,782
MDN acquisition payments (i)	$	10,000	10,000	-	20,000
Revolving prepayment facility (i)	$	6,279	-	-	6,279
Advance payment facility (i)	$	3,023	-	-	3,023
Secured note payable (i)	$	-	-	19,803	19,803
MDN Stream obligation (i)	$	-	-	20,500	20,500
MDC Stream obligation (i)	$	-	-	1,924	1,924
Interest on secured note payable	$	2,005	-	-	2,005
Loan payable (i)	$	166	-	-	166
Promissory note payable (i)	$	25,350	-	-	25,350
Debentures payable (i)	$	3,047	-	-	3,047
Land acqusition obligation payable (i)	$	1,818	2,272	-	4,090
Environmental rehabilitation provision (i)	$	-	-	20,140	20,140
	$	93,308	15,199	62,367	170,874

(i) Undiscounted basis

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

Market Risk

(a) Foreign Currency Risk

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

	CAD	BRL	ARS
Closing US dollar exchange rate at December 31, 2023	**1.3266**	**4.8407**	**808.4833**
Average US dollar exchange rate during the year ended December 31, 2023	**1.3497**	**4.9944**	**295.2123**
Closing US dollar exchange rate at December 31, 2022	1.3544	5.2860	177.1280
Average US dollar exchange rate during the year ended December 31, 2022	1.3011	5.1642	130.8090

As at December 31, 2023 and 2022, the Company had net monetary assets (liabilities) denominated in currencies other than USD as follows:

	CAD	BRL	ARS
Net monetary assets (liabilities) at December 31, 2023	**($1,141)**	**$(12,594)**	**$(978,756)**
Net monetary assets (liabilities) at December 31, 2022	$945	$ (3,190)	$(101,301)

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

	CAD	ARS
Increase/decrease in net loss at December 31, 2023	**$ 78**	**$ 110**
Increase/decrease in net loss at December 31, 2022	$ 63	$ 52

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

(b) Interest Rate Risk

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

(c) Credit Risk

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

(d) Commodity Price Risk

The Company's profitability and long-term viability depend, in large part, upon the market price of metals that may be produced from the Company's properties, primarily gold and silver. Market price fluctuations of these commodities could adversely affect profitability of operations. The Company’s secured note and stream obligation liability (see Note 19) relies on metal pricing as a significant input and any significant fluctuation in the market price could impact the valuation. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control including but not limited to supply and demand, consumption patterns, macroeconomic factors (interest, exchange and inflation), banking and political conditions, and mining specific factors.

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

28. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Compensation of key management personnel

During the period ended December 31, 2023 and 2022 compensation of key management personnel is summarized as follows:

	December 31 2023	December 31 2022
Management and director compensation	**$ 4,546**	$ 2,479
Share-based payments	**2,043**	2,342
	$ 6,589	$ 4,821

(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.

In 2024, the Directors of the Company, approved bonuses to certain senior management employees in the amount of $1.0 million. These bonus amounts have not been accrued in these financial statements as they are contingent upon the Company obtaining the third advance pursuant to the transaction to sell MDC to Amarillo Mineração do Brasil Ltda. (“Amarillo“) a wholly-owned subsidiary of Hochschild Mining PLC (“Hochschild“) and therefore not guaranteed.

Ascendant

As at December 31, 2023, amounts owed from Ascendant in relation to shared services are $4.5 million (December 31, 2022 - $0.8 million).

On June 24, 2020, Ascendant was granted a total of 200,000 RSUs in the capital of Cerrado in exchange for administrative services provided. The Company recognized these RSUs as fully vested in 2021, and expensed any remaining unamortized amounts related to these RSUs in 2021, recognized under share-based payment expense accordingly.

On May 1, 2023, the Company entered into a US dollar unsecured promissory note (the “Related Party Promissory Note”) agreement with Ascendant in the principal amount of up to $1.5 million. The related party promissory note bears interest at a rate of 10.0% per annum, compounded monthly. The note will mature in not less than 366 days from the date of notice of repayment. As at December 31, 2023, the principal amount of the promissory note totaled $1.5 million and the interest earned during the year ended December 31, 2023 amounted to $0.1 million recognized as finance income in the consolidated statement of loss.

The fair value of the promissory note was estimated at $1.25 million using an effective rate of 35% corresponding to a rate that the Company would have obtained for a similar financing with a third party. The discounted amount of $0.5 million and amortization of $0.1 million was recognized as finance costs and income, respectively in the consolidated statement of loss.

	December 31, 2023
Principal amount advanced	$ 1,500
Interest accrued	101
Promissory note discounted at fair value	(477)
Amortization of promissory note discount	129
Balance - end of period	$ 1,253

Voyager Metals Inc.

As at May 31, 2023, amounts advanced to Voyager Metals amounted to $1.6 million including accrued interest (December 31, 2022 - $1.4 million). Upon closing the acquisition transaction of Voyager, amounts advanced to Voyager were eliminated on the date of acquisition.

29. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company has the following commitments as at December 31, 2023: lease obligation (see Note 15a), land acquisition obligation, debentures (see note 15), future consideration payable (see note 7) and secured note payable interest (see note 19).

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

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

(ii) A 2% royalty on the refined product, payable to Royal Gold Inc. based on a royalty agreement enacted and updated on August 16, 2013. The royalty is only applicable to certain areas of the company. The royalty does not apply to any production in the Calandrias region, but it does apply to all other areas currently in production. The obligations under this royalty agreement are backed by a first mortgage granted to Royal Gold on a number of the Company's mineral properties owned in the province of Santa Cruz, named as follows: Syrah, La Paloma I, Micro I, Micro II, Mar III, Mar IV, Gol I, Gol II, Armadillo, Dorcón 3, Dorcón 4, Estrella I and Estrella II.

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

(b) Contingencies

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

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

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

As at December 31, 2023, the Company did not have any material provisions for litigation claims or regulatory assessments. Further, the Company does not believe claims or regulatory assessments, for which no provision has been recorded, will have a material impact on the financial position of the Company.

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

30. INCOME TAXES

(a) Tax rate reconciliation

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (December 31, 2022 – 26.5%) were as follows:

	December 31, 2023	December 31, 2022
Income (loss) before income taxes	$ 3,401	$ (818)
Tax expense/recovery at statutory rates	901	(217)
Foreign tax rate differential	(355)	(253)
Share-based compensation	815	748
Other non-deductible expenses/(non-taxable) income	2,372	6,032
Unrecognized/(recognized) temporary differences	3,968	(3,301)
Provincial royalty	2,452	2,081
Income tax expense	$ 10,153	$ 5,090

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

	December 31, 2023	December 31, 2022
Canada expiring in 2038-2042	$ 21,845	$ 22,816
Argentina expiring in 2024-2028	922	922
Brazil (no expiry)	122	591
Other deductible temporary differences as follows:		
Canada	24,424	9,003
Argentina	-	-
Brazil	7,119	7,209

(b) Deferred income tax balances

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

	December 31, 2023	December 31, 2022
Deferred tax liabilities:		
Property, plant and equipment	14,130	5,105
Exploration and evaluation assets	395	310
Other	125	372
	14,650	5,788
Deferred tax assets:		
Non-capital loss	(3,940)	(2,779)
	(3,940)	(2,779)
Deferred income tax assets (liabilities)	10,710	3,009

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

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

31. SEGMENT REPORTING

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

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

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

Period ended December 31, 2023	**Argentina**	**Brazil**	**Canada**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Mont Sorcier Project	Corporate	
Revenue from gold and silver sales	$ 100,101	$ -	$ -	$ -	$ 100,101
Production costs applicable to sales	(66,777)	-	-	-	(66,777)
Sales expenses and royalties	(10,231)	-	-	-	(10,231)
Depreciation and depletion	(9,274)	-	-	-	(9,274)
Income from mining operations	13,819	-	-	-	13,819
General and admnistrative expenses	(1,626)	(8)	(120)	(11,220)	(12,974)
Other expenses	6,151	(32)	(153)	(3,411)	2,555
Income (loss) before income taxes	18,344	(40)	(273)	(14,631)	3,400
Income and mining tax expense	(2,452)	-	-	-	(2,452)
Deferred tax expense	(7,701)	-	-	-	(7,701)
Net income (loss)	**$ 8,191**	**$ (40)**	**$ (273)**	**$ (14,631)**	**$ (6,753)**

As at December 31, 2023	**Argentina**	**Brazil**	**Canada**	**Other**	**Total**
	Don Nicolas Mine	Monte do Carmo Project	Mont Sorcier Project	Corporate	
Total assets	$ 163,858	$ 51,164	$ 20,751	$ 14,951	$ 250,724
Total liabilities	$ 87,884	$ 4,908	$ 5,030	$ 128,118	$ 225,940

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

32. SUBSEQUENT EVENTS

In March 2024, the Company announced that it has entered into an option agreement with Amarillo Mineração do Brasil Ltda. ("Amarillo") a wholly-owned subsidiary of Hochschild Mining PLC ("Hochschild"), whereby the Company has granted to Amarillo the option to purchase a 100% interest in the Company's Monte Do Carmo project ("MDC Project") for total consideration of $60.0 million subject to the fulfilment of certain conditions.

The purchase price will be payable in the following stages:

1. $15.0 million, initially advanced by way of a 10% interest-bearing secured loan of which US$7 million has been advanced as of the date of the grant of the Option (March 4, 2024), $1.0 has been advanced on May 6, 2024, and the balance of $7.0 million may be advanced two days following the mailing by Cerrado to its shareholders of a notice of meeting and management information circular in connection with a meeting to approve the Proposed Transaction to be held by June 30, 2024.

2. An aggregate of $45.0 million, payable in four installments over the next three years.