

# Cerrado Gold Reports Second Quarter Earnings, Cashflow and Operating Costs at Its Minera Don Nicolas Mine in Argentina

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- Q2 Production of 11,640 Gold Equivalent Ounces
- AISC of \$1,409 per ounce of gold
- Q2 adjusted EBITDA of \$3.0 million
- 3<sup>rd</sup> consecutive quarter of "normalized" operations despite continued challenges
- Infill drilling and Feasibility Study Activities continued at Monte Do Carmo

Toronto, August 26, 2022 - [Cerrado Gold Inc.](#) (TSXV: CERT) (OTCQX: CRDOF) ("Cerrado" or the "Company") is pleased to announce its operational and financial results for the second quarter of 2022 ("Q2 2022"). Q2 2022 represents the third quarter of mine operations post completion of operational restructuring at its Minera Don Nicolas ("MDN") Mine in Argentina. The Company's financial results are reported and available on SEDAR as well as on the Company's website ([www.cerradogold.com](http://www.cerradogold.com)).

## Q2 2022 Financial and Operational Highlights (All numbers reported in US\$)

- Production of 11,296 ounces of gold in Q2 2022 (11,640 Gold Equivalent Ounces ("GEO"), in-line with annual guidance of 45,000 - 55,000 ounces of production
- The average gold head grade of 3.44 g/t represented a decrease over the previous quarter due to the integration of new mining areas but is expected to improve in the second half of the year
- AISC of \$1,409 per ounce of gold sold due to lower head grades and throughput during the quarter

Mark Brennan, CEO and Co-Chairman, stated: "Despite some challenges associated with the new pits being mined and the consequences of a difficult inflationary environment in Argentina, we are pleased that production rates are consistently within our range of guidance for 2022. As we look to the remainder of the year, we expect to see grades gradually improving as we fully incorporate new mining pits into the production plan. In Brazil work continues to upgrade the resources at Monte Do Carmo and feasibility works are progressing as planned."

## Second Quarter 2022 Operational and Financial Performance

### Table 1

To view an enhanced version of Table 1, please visit:  
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### Table 2

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Minera Don Nicolas

The Company produced 11,296 ounces of gold and 28,721 ounces of silver during the three months ended June 30, 2022, as compared to 13,007 ounces of gold and 27,107 ounces of silver in the first quarter of 2022. The 13% decline quarter on quarter was primarily related to decrease in the head grade achieved at the mill as new pits were opened. As these new pits are further developed, we expect grades and throughput rates to improve coming into the second half of the year. Gold production was 18% higher than the corresponding period in 2021, due to improvements in both head grade and recovery, as the Company produced 9,607 ounces of gold and 22,388 ounces of silver in the three months ended June 30, 2021.

The average gold head grade of 3.44 grams per tonne ("g/t") represents a 26% decrease on the 4.68 g/t head grade achieved in the first quarter of 2022 and a 16% increase as compared to the average head grade of 2.97 g/t recorded in the second quarter of 2021. The average silver head grade of 9.95 g/t represents a 33% decrease quarter on quarter and a 9% decrease as compared to the average silver head grade of 10.91 g/t recorded in the second quarter of 2021. Mill throughput of 102,880 tonnes of ore represents a 4% increase over the first quarter and a 3% decrease in throughput as compared to the second quarter of 2021.

#### Monte Do Carmo Project

In Brazil, the Company continues to focus on numerous fronts to support the completion of the Feasibility Study ("FS") for the Serra Alta Deposit. Infill drilling continued in the quarter and completed to August 10th includes 19,600 metres of infill drilling, 8,500 metres of exploratory drilling, and 3,480 metres of sterilization drilling with the use of 7 drill rigs. To date assay results of 77 full infill drill holes at Serra Alta have been received, and results continue to support an upgrade in the Resource categorization from Inferred to the Measured and Indicated categories. In addition, four exploratory drill holes to the east of the East Zone of Serra Alta have been completed demonstrating some eastern extension of the resource at Serra Alta. An additional 2,600m of drilling were included in the infill program to target potential areas to expand the Resources in Serra Alta. The updated Resource Estimate is expected later this year with the FS targeted for completion by the end of Q1/2023.

#### Financial Results

The Company generated revenue of \$20.3 million for the three months ended June 30, 2022, from the sale of 10,981 ounces of gold and 27,775 ounces of silver at an average realized price per gold ounce sold of \$1,795 and price per silver ounce sold of \$22.43. This compares with first quarter revenue of \$27.4 million, from the sale of 14,622 ounces of gold and 32,866 ounces of silver at an average realized price per gold ounce sold of \$1,819 and price per silver ounce sold of \$24.01. This represents a 26% decrease as compared to first quarter of 2021 primarily as a result of the 26% decrease in gold head grade achieved.

For the three months ended June 30, 2021, the Company generated revenue of \$17.9 million from the sale of 9,744 ounces of gold and 21,881 ounces of silver. Revenue from sales of gold and silver for the current period was 14% higher than the three months ended June 30, 2021, due the higher gold sales and higher realized price in the current period as compared to the three months ended June 30, 2021.

Cash operating costs per ounce sold was \$1,376 per ounce in the three months ended June 30, 2022, which represents a 31% increase on the \$1,049 per ounce achieved in Q1 2022. The primary drivers of the increase in costs were a higher strip ratio, reduction in head grade, increase in labour rates in Argentina and an increase in fuel costs as government subsidies were reduced over the period. However, despite these challenges, with the achieved operational improvements and increasing production rates over the last twelve months cash operating costs declined by 4% compared to the second quarter of 2021. The strip ratio of 12.32:1 for the three months ended June 30, 2022, was higher than the 9.85:1 achieved in the first quarter of 2022. The increase is primarily related to the opening of the new pits and was 4% lower as compared to the three months ended June 30, 2021.

Adjusted EBITDA was \$3.0 million in the second quarter of 2022 which is a \$6.7 million reduction quarter on quarter due to the lower production and a slightly lower achieved sales price over the period. Adjusted EBITDA improved by \$1.2 million as compared to the \$1.8 million adjusted EBITDA recorded in the second quarter 2021. Adjusted EBITDA for the six months ended June 30, 2021 also represented a \$11.8 million improvement as compared to the six months ended 2021.

The Company incurred general and administrative expenses of \$1.8 million for the three months ended June

30, 2022, a \$0.1 million decrease compared to the general and administrative expenses incurred during the three months ended June 30, 2021. During the three months ended June 30, 2022, general and administrative expenses decreased primarily due to a decrease in consulting and professional fees of \$0.1 million.

Other expenses included a \$0.6 million increase in finance expense, primarily as a result of the interest expense on the secured note payable which closed in the first quarter of 2022 offset by an increase in foreign exchange of \$0.5 million during the three months ended June 30, 2022, as compared to the three months ended June 30, 2021.

Net loss for the three months ended June 30, 2022, was \$1.5 million as compared to a Net income of \$3.4 million in the first quarter on 2022 and a \$1.8 million net loss for the three months ended June 30, 2021.

Capital expenditure for the quarter was \$2.1m and \$4.0m for the six months ended June 30, 2022. This was primarily related to engineering activities at the Calandrias heap leach project in Argentina.

Basic and diluted loss per share for the three months ended June 30, 2022, was \$0.02, compared to the basic and diluted earnings per share of \$0.04 for the first quarter of 2022 and a \$0.02 loss for the three months ended June 30, 2021, differences are driven by underlying production from the mine as well as a result of higher finance expenses.

#### Review of Technical Information

The scientific and technical information in this press release has been reviewed and approved by Sergio Gelcich, P.Geol., Vice President, Exploration for [Cerrado Gold Inc.](#), who is a Qualified Person as defined in National Instrument 43-101.

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#### About Cerrado

Cerrado is a Toronto based gold production, development and exploration company focused on gold projects in the Americas. The Company is the 100% owner of both the producing Minera Don Nicolás mine in Santa Cruz province, Argentina and the highly prospective development project, Monte Do Carmo located in Tocantins State, Brazil.

At Minera Don Nicolas, Cerrado is maximising asset value through further operation optimization and continued production growth. An extensive campaign of exploration is ongoing to further unlock potential resources in our highly prospective land package.

At Monte Do Carmo, Cerrado is rapidly advancing the Serra Alta deposit through Feasibility and production. The Serra Alta deposit Indicated Resources of 541 kcozs of contained gold and Inferred Resources of 780 kcozs of contained gold. The Preliminary Economic Assessment demonstrates robust economics as well as the potential to be one of the industry's lowest cost producers. Cerrado also holds an extensive and highly prospective 82,542 ha land package at Monte Do Carmo.

For more information about Cerrado please visit our website at: [www.cerradogold.com](http://www.cerradogold.com).

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Forward-looking statements contained in this press release include, without limitation, statements regarding the business and operations of Cerrado Gold. In making the forward-looking statements contained in this press release, Cerrado Gold has made certain assumptions, including, but not limited to ability to meet production guidance and dates for the completion of the Monte Do Carmo Feasibility Study. Although Cerrado Gold believes that the expectations reflected in forward-looking statements are reasonable, it can give no assurance that the expectations of any forward-looking statements will prove to be correct. Known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to general business, economic, competitive, political and social uncertainties. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release. Except as required by law, Cerrado Gold disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

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