

# Cerrado Gold to Acquire Ascendant Resources Inc

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Cerrado is building undervalued world class assets to drive significant cash flow

- Attractive opportunity to acquire 80% of the robust Lagoa Salgada VMS Project with a Post-tax NPV of US\$147 million and a 39% IRR in current Feasibility Study.
  - Adds substantial precious metals and critical minerals exposure (34% silver & Gold, 30% Zinc, 15% copper, 14% lead, 7% tin)
  - Expected lowest cost quartile production with US\$0.59/lb Zinc Equivalent All in sustaining cost (AISC) for the first 5 years
  - Underexplored asset with extensive exploration potential
- Optimized Feasibility Study due in Q3, construction decision by year end 2025 and initial production expected in second half of 2027.
- Limited equity dilution required to bring Lagoa Salgada to production
- Cerrado current Cash position of US\$21 million budgeted to end year flat after all capital expenditures and debt reduction. Projected cash balance does not include payment of \$15M due from asset sale to Hochschild and potential \$10M option payment from Anglo Gold.
- EIA Approval expected in Q2 2025 and Optimized Feasibility Study in Q3 2025
- Construction well supported with low-cost Export Credit Agency Project Financing with Tier 1 lenders, support from Sprott and potential off takers to move the project into production.
- Management to host Conference Call to discuss transaction on February 3, 2025, at 10:00 AM EST

TORONTO, February 3, 2025 - [Cerrado Gold Inc.](#) [TSX.V:CERT][OTCQX:CRDOF] ("Cerrado" or the "Company") announces that it has entered into a definitive agreement (the "Arrangement Agreement") with [Ascendant Resources Inc.](#) (ASND) ("Ascendant") pursuant to which Cerrado will acquire all of the issued and outstanding shares of Ascendant (each, an "Ascendant Share") not already owned by Cerrado by way of a plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). Upon completion of the Arrangement, Cerrado will indirectly own an 80% interest in the Lagoa Salgada Project located in Portugal ("Lagoa Salgada").

Under the terms of the Arrangement Agreement, Ascendant shareholders would receive one (1) common share of Cerrado (each a "Cerrado Share") for every 7.8 common shares of Ascendant (the "Exchange Ratio"). The Exchange Ratio is approximately equal to the closing prices of the Ascendant Shares and Cerrado Shares as of close on January 30, 2025 (the "Transaction Price"). Upon closing, the Arrangement would result in Ascendant shareholders owning approximately 21% of the Cerrado Shares outstanding upon closing of the Arrangement. Cerrado will issue 27.7 million shares for the transaction and will have approximately 131.3 million issued and outstanding shares following completion of the transaction.

## Transaction Rationale

Lagoa Salgada is a well advanced, long-life, low cost polymetallic VMS Project, with gold and silver accounting for approximately 34% of NSR, located in the prolific Iberian Pyrite Belt. In 2023, Ascendant completed a Feasibility Study (the "FS") in accordance with National Instrument 43-101 - Standards of

Disclosure for Mineral Projects, on Lagoa Salgada, which outlined a project with an after-tax NPV of US\$147 million and IRR of 39% generating approximately \$75MM per annum in free cash flow over the first 5 years of operations. A new optimized feasibility study is anticipated to be completed by late summer.

Lagoa Salgada has been awarded "Project of National Interest" status from the Government of Portugal and approval of the recently submitted Environmental Impact Assessment ("EIA") is expected in the coming months. Ascendant is currently advancing an optimized feasibility study expected to further improve the project economics and be in a position to undertake a construction decision by year end. The optimization study has focused on improved metallurgical results and reducing up front capital requirements to support an inversion in the NPV to CAPEX ratio (See the press release of Ascendant dated December 11, 2024). Ascendant also continues to make significant progress with construction financing with access to low-cost Export Credit Agency project financing supported by UK Export Credit Agency and Banco Santander for up to 70% of capital expenditures.

Lagoa Salgada is well known to the Cerrado team and the Arrangement is expected to offer a number of significant benefits to Cerrado, including:

- Attractive valuation for a robust, well-defined, lowest quartile cost project with substantial near-term value creation opportunities.
- Adds further precious metals exposure (approx. 34% of Lagoa NSR) and additional critical minerals ownership to Cerrado.
- Project is expected to generate more than US\$75MM per year of Cash Flow once in operation, based on the existing FS.
- Cerrado is well-funded to complete the planned optimized feasibility study as well as progress exploration at the highly prospective Lagoa Salgada project, unlocking near term value for all shareholders.
- Construction decision expected in Q4 2025
- With funding requirements of less \$5MM to deliver a construction decision, Cerrado has budgeted to exit 2025 with +\$20MM in cash based on current operating and development budgets and debt reduction (not including payments due to Cerrado from Hochschild of \$15M from asset sale and potential \$10M option payment from Anglo Gold).
- Development and construction schedule converges well with timeline of Cerrado's existing portfolio at Minera Don Nicolas gold operations and planned development of the Mont Sorcier iron project.

## Recommendations

The Transactions (as defined below) have been unanimously approved by the members of the respective Boards of Directors of Cerrado and Ascendant eligible to vote thereon. In the case of Ascendant, the Board of Directors approved each of the Transactions upon receipt of the recommendation of its lead independent director who served and functioned as the special committee (the "Special Committee"). In connection with the recommendation, Stifel Nicolaus Canada Inc. provided a fairness opinion to the Special Committee, stating that, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration offered pursuant to the Arrangement is fair, from a financial point of view, to the Ascendant shareholders.

Mark Brennan, CEO and Chairman commented, "Cerrado has spent the last nine months improving its balance sheet and positioning the Company with a strong financial and operating position; it has budgeted its current US\$21M cash position to remain at current levels following completion of all of its capital expenditure programs (including Lagoa Salgada) as well as further debt reduction scheduled for 2025."

He continued, "The acquisition of Lagoa Salgada is a tremendous opportunity for Cerrado to add a world class, low cost asset with strong cash flow potential and create significant value as well as support our longer-term development plans without compromising our financial strength and current operations. The existing value and significant near-term exploration potential at Lagoa Salgada is well understood by management who see the opportunity to bring the Lagoa project to a construction decision this year with

current funding and banking support. Furthermore, the acquisition will provide minimal dilution for all shareholders of the combined company. We are excited that Lagoa Salgada is expected to be the next producer on the Iberian Pyrite Belt."

In connection with the Arrangement, Cerrado has entered into a subscription agreement with Ascendant pursuant to which it will subscribe for Ascendant Shares for gross proceeds of CA\$900,000 in cash at a price of C\$0.0525 per Ascendant Share (the "Cerrado Private Placement"). Sprott Private Resources Streaming and Royalty (Collector), LP ("Sprott") has agreed to invest the Canadian dollar equivalent of approximately US\$1,660,172 of accrued and deferred interest owing by Ascendant (the "Deferred Interest") to it under a secured note (the "Sprott Note"), by satisfying the payment of the Deferred Interest with the issuance of Ascendant Shares at a price of C\$0.0525 per Ascendant Share (the "Sprott Private Placement", and together with the Cerrado Private Placement, the "Private Placements"). The Ascendant Shares to be issued under the Private Placements will be at a price of \$0.0525 per Ascendant Share. Upon completion of the Cerrado Private Placement, Cerrado would be expected to hold in aggregate approximately 14.5% of the then issued and outstanding Ascendant Shares (on a non-diluted basis). The Sprott Private Placement will be completed in two tranches. Upon the completion of the first tranche, Sprott would be expected to hold in aggregate approximately 19.9% of the then issued and outstanding Ascendant Shares (on a non-diluted basis). Completion of the second tranche will be subject to shareholder approval in accordance with the rules of the Toronto Stock Exchange (the "TSX"). Assuming the requisite shareholder approval is obtained, upon completion of the second tranche Sprott would be expected to hold in aggregate approximately 25.6% of the then issued and outstanding Ascendant Shares (on a non-diluted basis). The Cerrado Private Placement and the first tranche of the Sprott Private Placement are expected to be completed within the next two weeks, subject to satisfying all conditions to closing, including TSX and TSX Venture Exchange ("TSX-V") approval. The Arrangement and the Private Placements are together referred to herein as the "Transactions".

#### Additional Transaction Details

##### The Arrangement

The transaction resulting in the proposed business combination between Cerrado and Ascendant will be effected by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario). The Arrangement will require approval by 66⅔% of the votes cast by the shareholders of Ascendant at a special meeting of Ascendant shareholders (the "Ascendant Special Meeting") to be held following receipt of an interim order of the Ontario Superior Court of Justice. Holders representing in aggregate 14.5% of the issued and outstanding Ascendant Shares as of the date of the Arrangement Agreement, including each of Ascendant's directors and officers and Sprott, as well as other shareholders, have entered into voting support agreements, pursuant to which they have agreed to vote their common shares held in favor of the Arrangement, subject to certain conditions. In addition, shareholders representing an aggregate of 14.5% of the outstanding Ascendant Shares have provided written non-binding indications of support for the Arrangement. Cerrado currently owns approximately 8.8% of the outstanding Ascendant Shares, which it will be entitled to vote in respect of the Arrangement. Following the closing of the Private Placements (to the extent described below), the total number of shares held by shareholders that have signed voting support agreements or provided written non-binding indications of support together with the Ascendant Shares issued under the Private Placements that are entitled to vote, and Ascendant Shares held by Cerrado would represent, in aggregate, approximately 53.4% of the then issued and outstanding Ascendant Shares (on non-diluted basis), all of which are expected to vote for the Arrangement at the Ascendant Special Meeting.

In connection with its approval of the Arrangement, the Board of Directors has approved certain amendments to the terms of the Ascendant Options, pursuant to its omnibus security-based incentive plan, that will permit the conditional exercise of all outstanding options by holders in accordance with the terms of such plan (such exercise be conditional upon the consummation of the Arrangement) and accelerate the expiration date of outstanding options that are "out-of-the-money" and have not been conditionally exercised prior to the effective date of the Arrangement, such that any such options will expire as immediately prior to the Arrangement. It is expected that holders of options that are outstanding at the effective time of the Arrangement will receive replacement options of Cerrado that will be exercisable for Cerrado shares as adjusted by the Exchange Ratio. Holders of warrants of Ascendant will automatically be entitled to receive Cerrado shares, as adjusted by the Exchange Ratio, upon exercise of the warrants of Ascendant in accordance with the terms and conditions of the certificates evidencing the outstanding Ascendant Warrants.

The Arrangement Agreement includes customary representations, warranties, covenants and conditions and

certain other provisions including non-solicitation provisions and other deal protection clauses, subject to the right of Ascendant to accept a superior proposal in certain circumstances, with Cerrado having a 5-business day right to match any such superior proposal. The Arrangement Agreement also provides for a termination fee payable to Cerrado in the amount of \$1.2 million if the Arrangement Agreement is terminated in certain specified circumstances, and for Ascendant to be entitled to a payment of C\$400,000 in respect of reimbursement of expenses if the Arrangement Agreement is terminated in certain specified circumstances. Also in connection with the Arrangement, Cerrado and Ascendant have agreed to amend the terms of outstanding loans owed by Ascendant to Cerrado pursuant to certain promissory notes and a shared services agreement between the parties. As amended, each of the loans will mature on demand by Cerrado on a date no earlier than the earlier of: (i) the date that is 366 days from the date of notice of repayment and (ii) if applicable, the date upon which a change of control (as defined in such notes) of Ascendant occurs.

In addition to the required shareholder and court approvals described above, the Arrangement is subject to the acceptance by the TSX in respect of Ascendant and the TSX-V in respect of Cerrado. The Private Placements are also subject to acceptance by the TSX and Cerrado's participation in the Cerrado Private Placement is subject to the approval of the TSX-V. Each of the Transactions are also subject to the satisfaction of certain other closing conditions customary in transactions of this nature.

#### The Private Placements

The Arrangement Agreement contemplates the completion of the Private Placements prior to the consummation of the Arrangement. Ascendant expects that the Private Placements will effectively raise aggregate gross proceeds for Ascendant in the amount of CA\$3,292,972, which is expected to be realized through a combination of cash to Ascendant and the satisfaction of accrued interest owing by Ascendant, in exchange for the issuance of approximately 62,723,274 Ascendant Shares to be issued at C\$0.0525 per Ascendant Share. Each of the definitive agreements related to the Private Placements contain representations, warranties, covenants and conditions customary for transactions of a similar nature. The common shares to be issued pursuant to the Private Placements will be subject to a statutory four-month hold period from the date of issuance in accordance with applicable Canadian securities legislation.

#### The Cerrado Private Placement

Cerrado has entered into a subscription agreement with Ascendant to subscribe for 17,142,857 Ascendant Shares for gross proceeds of CA\$900,000. Cerrado currently holds a total of 16,417,625 Ascendant Shares, which represents approximately 8.78% of the issued and outstanding Ascendant Shares (on a non-diluted basis). Upon completion of the Cerrado Private Placement (which is contemplated to occur contemporaneously with the completion of the first tranche of the Sprott Private Placement) (as described below)), Cerrado would be expected to hold in aggregate 33,560,482 Ascendant Shares representing approximately 14.5% of the then issued and outstanding Ascendant Shares (on a non-diluted basis and considering the concurrent issuance of the Tranche 1 Deferred Interest Shares (as defined below) under the Sprott Private Placement).

The proceeds of the Cerrado Private Placement are expected to enable Ascendant to further advance its ongoing development of the Lagoa Salgada project in Portugal and to fund certain other short term payable obligations and for general corporate purposes, including certain Transaction-related costs, during the interim period of the Arrangement.

#### The Sprott Private Placement

Sprott has agreed to convert the total amount of Deferred Interest under the Sprott Note into Ascendant Shares C\$0.0525 per Ascendant Share. As of the date hereof, the Deferred Interest amounts to approximately US\$1,660,172 which is equal to approximately CA\$2,392,972 at an exchange rate of CA\$1.4414:US\$1.00.

The conversion of the Deferred Interest at CA\$0.0525 per Ascendant Share will result in the issuance of approximately 45,580,417 Ascendant Shares (the "Deferred Interest Shares") to Sprott in full satisfaction of the outstanding Deferred Interest. Sprott currently owns and controls 18,482,411 Ascendant Shares, which represents approximately 9.9% of the issued and outstanding Ascendant Shares (on a non-diluted basis). Accordingly, it is anticipated that upon issuance of the Deferred Interest Shares Sprott would acquire in

aggregate ownership and control of a total of 64,062,828 Ascendant Shares which is expected to represent approximately 25.65%. Accordingly, the Sprott Private Placement will be completed in two tranches, pursuant to which a portion of the Deferred Interest would be converted into Deferred Interest Shares (the "Tranche 1 Deferred Interest Shares") that would result in Sprott acquiring ownership and control of approximately 19.9% of the issued and outstanding Ascendant Shares immediately following that first tranche closing and the contemporaneous closing of the Cerrado Private Placement. The conversion of the remaining Deferred Interest into Deferred Interest Shares that would result in Sprott acquiring ownership and control over 20% or more of the outstanding Ascendant Shares would be subject to shareholder approval, in accordance with TSX rules, which would be sought at the Ascendant Special Meeting.

The Sprott Private Placement will improve Ascendant's current financial situation by enabling it to extinguish a significant portion of short-term payable in respect of the Deferred Interest without deploying any cash resources.

#### Timing

The Cerrado Private Placement and the Tranche 1 Deferred Interest Shares to be issued under the Sprott Private Placement are expected to be completed on or about February 11, 2025, and in any event as promptly as possible following receipt of the conditional approval of the TSX and approval of the TSX-V.

The Arrangement Agreement will be filed on SEDAR+ profiles of Ascendant and Cerrado on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com).

#### Advisors and Counsel

WeirFoulds LLP is legal counsel to Cerrado. Stifel Nicolaus Canada Inc. acted as financial advisor to the Special Committee of Ascendant and Sotos LLP is legal counsel to Ascendant.

#### Conference Call Details

Cerrado Gold Management will host a conference call on February 3, 2025, at 10:00 AM to discuss the details of the proposed transaction and take stakeholder questions. The presentation for the call can be found on Cerrado Gold's website at [cerradogold.com](http://cerradogold.com). Call details are as follows:

#### Pre-Registration for Conference Call

Participants can preregister for the conference by navigating to: <https://dpregrister.com/sreg/10196598/fe6ceab5c0> and will receive dial-in numbers to connect directly upon registration completion.

Those without internet access or unable to pre-register may dial in by calling:

PARTICIPANT DIAL IN (TOLL FREE): 1-844-763-8274  
PARTICIPANT INTERNATIONAL DIAL IN: 1-647-484-8814

#### Review of Technical Information

The scientific and technical information from Minera don Nicolas in this press release has been reviewed and approved by Cid Bonfim, P. Geo., Senior Geologist Cerrado Gold, and Pierre Jean LaFleur, P. Geo., VP Exploration for Voyager Metals, a 100% owned subsidiary of Cerrado Gold, are Qualified Persons as defined in National Instrument 43-101.

#### About Cerrado

Cerrado Gold is a Toronto-based gold production, development, and exploration company focused on gold projects in South America. The Company is the 100% owner of both the producing Minera Don Nicolás and Las Calandrias mine in Santa Cruz province, Argentina. In Canada, Cerrado Gold is developing its 100% owned Mont Sorcier Iron Ore and Vanadium project located outside of Chibougamou, Quebec.

In Argentina, Cerrado is maximizing asset value at its Minera Don Nicolas operation through continued operational optimization and is growing production through its operations at the Las Calandrias Heap Leach project. An extensive campaign of exploration is ongoing to further unlock potential resources in our highly prospective land package in the heart of the Deseado Masiff.

In Canada, Cerrado holds a 100% interest in the Mont Sorcier Iron Ore and Vanadium project, which has the potential to produce a premium iron ore concentrate over a long mine life at low operating costs and low capital intensity. Furthermore, its high grade and high purity product facilitates the migration of steel producers from blast furnaces to electric arc furnaces, contributing to the decarbonization of the industry and the achievement of SDG goals.

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

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Cautionary Note Regarding Forward-Looking Statements:

This release contains "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian and United States securities legislation, respectively. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements include, but are not limited to, statements or information related to: the expected benefits of the Arrangement and Private Placement and the details related to the expected completion of each of these transactions.

Forward-looking statements are based on the reasonable assumptions, estimates, analyses and opinions of management of Cerrado, made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that Cerrado believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Cerrado's management believes that the assumptions and expectations reflected in such forward-looking statements are reasonable. Assumptions have been made regarding, among other things: obtaining shareholder, regulatory and court approvals, and the timing therefor; Cerrado's and Ascendant's abilities to carry on exploration and development activities, including construction; the timely receipt of required approvals; the price of gold, copper, zinc, iron ore and other precious and base metals; prices for key mining supplies, including labor costs and consumables, remaining consistent with the two companies' current expectations; production at Minera Don Nicolas meeting expectations; the Mont Sorcier Iron Ore and Vanadium and the Lagoa Salgada projects being developed as anticipated; plant, equipment and processes operating as anticipated; there being no material variations in the current tax and regulatory environment; Cerrado's and Ascendant's abilities to operate in a safe, efficient and effective manner; the exchange rates among the Canadian dollar, United States dollar and Argentine peso remaining consistent with current levels; and the combined company's ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include but are not limited to: the fluctuation of the price of gold, iron ore and other precious and base metals; changes in national and local government legislation, taxation and controls or regulations and political or economic instability; the availability of additional funding as and when required; the speculative nature of mineral exploration and development; the timing and ability to maintain and, where necessary, obtain necessary permits and licenses; the uncertainty in the estimation of mineral resources and mineral reserves; the uncertainty in geologic, hydrological, metallurgical and geotechnical studies and opinions; infrastructure risks, including access to water and power; the impact of inflation; changes in the administration of governmental regulation, policies and practices; environmental risks and hazards; insurance and uninsured risks; land title risks; risks associated with competition; risks associated with currency fluctuations; contractor, labor and employment risks; dependence on key management personnel and executives; the timing and possible outcome of pending or threatened litigation; the risk of unanticipated litigation; risks associated with Cerrado's repatriation of earnings; risks associated with negative operating cash flow; risks associated with dilution; and risks associated with effecting service of process and enforcing judgments, as well as those risks set out in Ascendant's respective public disclosure records on SEDAR+ ([www.sedarplus.com](http://www.sedarplus.com)), which investors are encouraged to review prior to any transaction involving the securities of the Company.

Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except as, and to the extent required by, applicable securities laws. Forward-looking information contained herein is provided as of the date of this news release and the Company disclaims any obligation, other than as required by law, to update any forward-looking information for any reason. There can be no assurance that forward-looking information will prove to be accurate or that such events will occur in the disclosed time frames or at all and the reader is cautioned not to place undue reliance on such forward-looking information.

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