Research Note

Cerrado Gold – Further QoQ Growth at MDN in Q3; Increasing TP on Execution

Rating	Target Price
BUY	**C$4.00**
Unchanged	*Prev. C$3.50*

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Disseminated on Behalf of Cerrado Gold

All figures in USD unless otherwise stated

Cerrado Gold Inc.	**CERT:TSXV**
Rating	BUY
Target Price	C$4.00
Return to Target	75%

Market Data	
Share Price	C$2.28
Average Daily TSXV Volume (K)	220.7
FD ITM Shares (M)	152.2
Market Cap ($M)	$231.3
Pro-Forma Cash ($M)	$17.3
Debt ($M)	$38.7
Enterprise Value ($M)	$252.7

FYE Dec 31	**2025A**	**2026E**	**2027E**
Revenue ($M)	$147.1	$259.6	$246.9
Adj. EBITDA ($M)	$46.2	$121.5	$127.8
Operating CF ($M)	$56.2	$70.6	$102.0
Net Income ($M)	($20.4)	$42.9	$65.1

Valuation	
Minera Don Nicolas ($M)	$366.7
Lagoa Salgada (80%) ($M)	$153.0
Mont Sorcier ($M)	$815.9
P/NAV	0.25x

	2025A	**2026E**	**2027E**
EV/EBITDA	5.5x	2.1x	2.0x
EV/CF	4.5x	3.6x	2.5x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Cerrado Gold is a Toronto-based gold production, development, and exploration company. The Company is the 100% owner of the producing Minera Don Nicolás and Las Calandrias mine in Santa Cruz province, Argentina. In Portugal, the Company holds an 80% interest in the highly prospective Lagoa Salgada VMS project through its position in Redcorp - Empreendimentos Mineiros, Lda. In Canada, Cerrado Gold is developing its 100% owned Mont Sorcier Iron project located outside of Chibougamau, Quebec.

What you need to know:

- CERT reported solid Q3/26 production of 16.7Koz, which beat our forecast by +8%, and marked another quarter of growth.
- CIL production was well ahead of expectations as high-grade Calandrias feed was sent to the CIL plant, while heap leach production was steady.
- CERT continues to guide 2026 at the upper end of 50-60Koz guidance, and production is expected to be H2 weighted.
- We sat down with CEO & Chairman Mark Brennan last week. Watch the interview here.

Cerrado Gold Inc. (CERT:TSXV, CRDOF:OTCQX) reported another solid quarter of production growth at its MDN operations in Q3/26 producing 16.7Koz AuEq, which beat our forecast by +8% driven by increased CIL production. Management reiterated expectations for 2026 production at the upper end of guidance, and exploration continues to advance ahead of the Q1/27 PEA to support an extended mine life and potentially increased production levels. We expect successful execution on incremental production growth will continue to translate to strong cash flows in the meantime. **We are maintaining our BUY rating and increasing our target price to C$4.00/share (previously C$3.50/share) on Cerrado Gold.**

16.7Koz AuEq in Q3 beat our 15.5Koz estimate and increased +8% QoQ from 15.4Koz in Q2 (+21% YoY). This follows a +20% QoQ increase in Q2 as CERT continues to execute on expanding production at MDN. In Q3, 9.6Koz AuEq from heap leach remained steady QoQ, with incremental growth driven by 7.0Koz AuEq from CIL production vs. 5.4Koz in Q2 (+29%), and our estimate of 4.1Koz. This was driven by selectively routing high-grade Calandrias feed (>2.5 g/t Au) to the mill as opposed to the heap leach where CERT can realize higher recoveries.

2026 production is expected to be at upper end of guidance. In August, management indicated a strong likelihood 2026 would come in at the high end of 50-60Koz guidance (read our note here), and this was reiterated this morning. 9-month production of 44.9Koz AuEq is tracking at ~82% to the midpoint (~75% to the upper bound), putting the Company well on track heading into Q4. CERT continues to anticipate higher H2 production vs. H1 facilitated by additional underground ore. We are forecasting 2026 production of 62Koz AuEq (16.8Koz AuEq in Q4).

Exploration continues to progress ahead of the late Q1/27 PEA, and drilling at the Falcon Property is now a key focus to support further resource growth. Recall, CERT previously provided an internal near-term target for Falcon of 150-200Koz (0.8-1.1 g/t), which we anticipate will be achieved. The PEA is expected to outline additional resources for both the heap leach and CIL plant, facilitating an extended mine life, and the potential to increase production rates.

Q3 Financial Estimates

CERT intends to report its Q3 financial results prior to November 23rd. After updating for production results, our Q3 estimates are as follows:

- Revenue of $68.9M modestly up from 64.6M in Q2.
- Adjusted EBITDA of $29.4M vs. $28.2M in Q2.
- AISC declining QoQ from $1,933/oz to $1,880/oz on higher production.
- OCF of $18.1M compared to $11.6M in Q2

Catalysts

- Lagoa Salgada Optimized FS – Q4/26
- MDN PEA – Q1/27
- Mont Sorcier BFS – H1/27

MDN Production Results	Q3/26	Atrium Est.	% Diff	Q2/26	QoQ %	Q3/25	YoY %
Heap Leach Operations							
Gold Produced (oz)	**8,453**	9,838	-14%	8,437	0%	9,605	-12%
Gold GEO Produced (oz)	**9,649**	11,306	-15%	9,981	-3%	10,429	-7%
CIL Operations							
Gold Produced (oz)	**6,607**	3,906	69%	5,079	30%	3,253	103%
Gold GEO Produced (oz)	**7,036**	4,148	70%	5,434	29%	3,403	107%
Consolidated							
Gold Produced (oz)	**15,060**	13,744	10%	13,516	11%	12,858	17%
Gold GEO Produced (oz)	**16,685**	15,455	8%	15,415	8%	13,832	21%
Gold GEO Sold (oz)	**16,187**	15,300	6%	15,537	4%	12,896	26%
Gold Realized Price (US$/oz)	**4,256**	4,200	1%	4,184	2%	3,182	34%

Figure 1: Q3 Production Summary

Further Detail on MDN Operations

Heap leach operations continue to benefit from resolution of irrigation issues and improvements to the current crushing circuit, while higher gold prices have allowed the Company to incorporate additional lower grade feed to enhance resource utilization. CERT is now commissioning a new crushing circuit, which is expected to start supporting increased feed delivery to the pad, and the Company expects to complete a new 12Mt heap leach pad by Q1/27.

At the CIL plant, CERT has redirected high-grade Calandrias material (>2.5 g/t Au) to the mill that was originally planned to be placed on the heap leach to achieve higher recovery rates. While this contributed to lower-than-forecast heap leach production in Q3 it ultimately drove total production higher. Bottle roll samples on select material has outlined gold recoveries of up to 95% for this material as opposed to the ~60% expected from the heap leach. Further, the new tailings dam with ~5 years of capacity is now operational.

Simultaneously, CERT continues to advance its exploration program at the newly acquired Falcon and Calandrias II properties ahead of the PEA planned for late Q1/27. Sampling, mapping, and diamond drilling is underway in these new areas with expected completion by the end of this year. That said, exploration will continue beyond the PEA cutoff date, and regional consolidation remains a key objective. We believe CERT is on the right track as it continues to alleviate legacy production constraints, while successfully establishing multiple sources of feedstock to fuel its production growth.

C$10M Strategic Private Placement with Eric Sprott

On September 3rd, CERT announced it had closed the previously announced non-brokered strategic private placement with Mr. Eric Sprott for aggregate gross proceeds of C$10M. The financing consisted of the issuance of 4.0M units at C$2.50/unit, with each unit comprising one common share and one-half of one common share purchase warrant, each whole warrant exercisable at C$3.35 for a period of 24 months from the closing date.

Management Appointment & RSUs Issued

On August 24th, CERT announced the appointment of Chris MacInnis as Vice President, Geology, effective immediately. Mr. MacInnis joined the Company as Director of Geology and Resources in March 2023 and is a professional geologist with over 20 years of experience in mineral resource definition and exploration. The appointment is intended to support the Company's ongoing 50,000m surface and 20,000m underground drill programs at MDN and planned infill drilling at Mont Sorcier.

Additionally, the Company announced the issuance of 325K RSUs to eligible participants under the Company's amended & restated omnibus incentive plan. The RSUs will vest in 12 months, and once vested, each RSU represents the right to receive one common share of the Company.

Why We Like CERT

- CERT has three multi-jurisdictional assets, one of which is an operating gold mine in Argentina with strong cash flow and expanding production.
- Substantial growth is supported by a low-cost VMS project in Portugal and a world-class iron ore project in Quebec, both steadily advancing.
- Growth can be achieved with minimal shareholder dilution with visibility on low-cost project financing for majority of capex.
- The valuation disconnect is clear, as CERT receives no value for its development pipeline.

Tear Sheet

Market Data	
Ticker	CERT:TSXV
Stock Price	C$2.28
Rating	BUY
Target Price	C$4.00
P/NAV	0.25x
Market Cap ($M)	$231.3
Cash ($M)	$17.3
Debt ($M)	$38.7
EV ($M)	$252.7

Capital Structure	
Basic Shares Outstanding (M)	138.1
Warrants (M)	0.0
Options, RSUs, DSUs (M)	14.1
FD Shares (M)	152.2
FD ITM Shares (M)	152.2

Production Estimates (FY)	2025A	Q1/26A	Q2/26A	Q3/26A	Q4/26E	2026E	Q1/27E	Q2/27E	Q3/27E	Q4/27E	2027E	2028E
Don Nicolas												
Gold Production (Koz)	**47.0**	11.0	13.5	15.5	15.3	**55.3**	12.5	12.5	12.5	12.5	**50.0**	**52.3**
Silver Production (Koz)	**270**	100	121	108	103	**431**	87	87	87	87	**349**	**348**
AISC (US$/oz by-product)	**$1,746**	$1,348	$1,933	$1,880	$1,810	**$1,758**	$1,916	$1,916	$1,916	$1,916	**$1,916**	**$1,942**
Lagoa Salgada												
ZnEq Production (Koz)	**-**	-	-	-	-	**-**	-	-	-	-	**-**	**-**
AISC (US$/oz ZnEq)	**-**	-	-	-	-	**-**	-	-	-	-	**-**	**-**
Mont Sorcier												
Iron Ore Production (Kt)	**-**	-	-	-	-	**-**	-	-	-	-	**-**	**-**
AISC (US$/t conc)	**-**	-	-	-	-	**-**	-	-	-	-	**-**	**-**

Financial Estimates (FY)	2025A	Q1/26A	Q2/26A	Q3/26E	Q4/26E	2026E	Q1/27E	Q2/27E	Q3/27E	Q4/27E	2027E	2028E
Revenue ($M)	**$147.1**	$53.0	$64.6	$68.9	$73.1	**$259.6**	$61.7	$61.7	$61.7	$61.7	**$246.9**	**$242.4**
Adj. EBITDA ($M)	**$46.2**	$28.7	$28.2	$29.4	$35.1	**$121.5**	$32.0	$32.0	$32.0	$32.0	**$127.8**	**$119.5**
Net Income ($M)	**($20.4)**	$12.9	$9.2	$7.7	$13.2	**$42.9**	$16.7	$17.0	$15.9	$15.5	**$65.1**	**$53.5**
EPS (Basic)	***($0.16)***	*$0.09*	*$0.07*	*$0.06*	*$0.10*	***$0.31***	*$0.12*	*$0.12*	*$0.12*	*$0.11*	***$0.47***	***$0.39***
Operating Cash Flow ($M)	**$56.2**	$17.2	$11.6	$18.1	$23.7	**$70.6**	$25.3	$25.4	$25.3	$26.0	**$102.0**	**$97.0**
Capex ($M)	**$19.7**	$9.9	$14.7	$17.1	$12.0	**$53.7**	$15.3	$15.3	$29.3	$29.3	**$89.2**	**$149.4**
Free Cash Flow ($M)	**$21.2**	$1.8	($8.6)	$1.0	$11.7	**$6.0**	$10.1	$10.1	($4.0)	($3.3)	**$12.9**	**($52.5)**

Figure 2: Tear Sheet

	Q3/26E		Q4/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$68.9**	$64.3	**$73.1**	$68.2	**$259.6**	$250.1	**$246.9**	$246.9
Adj. EBITDA ($M)	**$29.4**	$28.3	**$35.1**	$32.2	**$121.5**	$117.4	**$127.8**	$127.8
Net Income ($M)	**$7.7**	$8.6	**$13.2**	$12.4	**$42.9**	$43.1	**$65.1**	$65.0
Operating Cash Flow ($M)	**$18.1**	$18.5	**$23.7**	$22.3	**$70.6**	$69.6	**$102.0**	$102.0
Free Cash Flow ($M)	**$1.0**	$1.5	**$11.7**	$10.3	**$6.0**	$5.0	**$12.9**	$12.9

Figure 3: Estimate Revisions

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