



**CERRADO GOLD INC.**

**TERM SHEET**

**Private Placement Offering of Special Warrants**

<b>ISSUER:</b>	Cerrado Gold Inc. (" <b>Cerrado</b> " or the " <b>Company</b> ").
<b>AMOUNT:</b>	Up to US\$5,000,000 (the " <b>Offering</b> ").
<b>OFFERING:</b>	Up to 6,250,000 Special Warrants (the " <b>Special Warrants</b> ").
<b>PRICE:</b>	US\$0.80 per Special Warrant (the " <b>Issue Price</b> ").
<b>TRANSACTION STRUCTURE:</b>	Private placement offering of Special Warrants on a best efforts agency basis in the Qualifying Jurisdictions (as defined below).
<b>OVER-ALLOTMENT:</b>	The Company grants the Agents an option, exercisable, in whole or in part by Haywood, on behalf of the Agents, giving notice to the Company at any time up to the Closing Date (as defined below) to sell up to an additional US\$2,000,000 of Special Warrants at the Issue Price.
<b>SPECIAL WARRANTS:</b>	<p>Each Special Warrant will be exercisable by the holder thereof at any time after the Closing Date, without payment of any additional consideration therefor and subject to adjustment, for one common share in the capital of the Company (a "<b>Common Share</b>").</p> <p>Each unexercised Special Warrant shall be deemed to be exercised for one Common Share on the third business day after the completion of a going public transaction qualifying the Common Shares for listing on a recognized North American stock exchange (the "<b>Going Public Transaction</b>").</p>
<b>PENALTY:</b>	Notwithstanding the foregoing, <u>in the event that the Going Public Transaction has not occurred prior to 4:00 pm (Toronto time) on the date which is 180 days following the Closing Date</u> (the " <b>Qualification Deadline</b> "), each unexercised Special Warrant will be deemed exercised and will automatically be exchanged for 1.1 Common Shares without further payment or action by the holder thereof.
<b>QUALIFYING AND SELLING JURISDICTIONS:</b>	The Special Warrants will be eligible for sale in each of the Provinces of Canada other than Quebec (the " <b>Canadian Qualifying Jurisdictions</b> ") and/or in jurisdictions outside of Canada that are mutually agreed to by the Company and Haywood and may be offered for sale in the United States to Qualified Institutional Buyers (as defined in Rule 144A under the United States Securities Act of 1933, as amended (the " <b>1933 Act</b> ") and to

Accredited Investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) by way of private placement pursuant to an exemption from the registration requirements of the 1933 Act (collectively and together with the Canadian Qualifying Jurisdictions, the “**Qualifying Jurisdictions**”).

**USE OF PROCEEDS:**

The net proceeds from the Offering will be used for working capital and general corporate purposes.

**EXCHANGE LISTING:**

The Company shall use its reasonable best efforts to obtain the necessary approvals to list the Common Shares, including any such securities issuable pursuant to the Compensation Options, on a recognized North American stock exchange pursuant to the Going Public Transaction.

**QUALIFICATION:**

The Company is not a reporting issuer in Canada. The Special Warrants and Common Shares underlying the Special Warrants shall be subject to an indefinite hold period subject to the earlier qualification pursuant to the Going Public Transaction.

**LEAD AGENT:**

Haywood Securities Inc.

**ELIGIBILITY:**

The Special Warrants are NOT eligible for RRSPs, RRIFs, DPSPs, RESPs and TFSA's.

Upon the listing of the Company's Common Shares on a North American stock exchange that is a “Recognized Exchange”, as such term is defined IROC Rule 1 – *Interpretation and Effect*, the Common Shares underlying the Special Warrants will be eligible under the usual statutes, including RRSPs, RRIFs, DPSPs, RESPs and TFSA's.”

**CLOSING:**

On or about July 23, 2020, or such other date as agreed between the Company and the Agents (the “**Closing Date**”), each acting reasonably.

**U.S. NOTICE:**

The securities offered hereby have not and will not be registered under the 1933 Act and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the 1933 Act) unless the securities have been registered under the 1933 Act, or are otherwise exempt from such registration.