

BUSINESS COMBINATION AGREEMENT

A M O N G

BB1 ACQUISITION CORP.

and

2787753 ONTARIO INC.

and

CERRADO GOLD INC.

MADE AS OF NOVEMBER 29, 2020

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SCHEDULES

Schedule A – Amalgamation Agreement

BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT is made as of November 29, 2020

AMONG:

BB1 ACQUISITION CORP., a corporation incorporated under the laws of Ontario,

(hereinafter called "**BB1**"),

- and -

2787753 ONTARIO INC., a corporation incorporated under the laws of Ontario,

(hereinafter called "**Subco**"),

- and -

CERRADO GOLD INC., a corporation continued under the laws of Ontario,

(hereinafter called "**Cerrado**"),

WHEREAS BB1 is a capital pool company that is a reporting issuer in the provinces of British Columbia, Alberta and Ontario whose common shares are listed on the TSX Venture Exchange (the "**TSXV**");

AND WHEREAS Cerrado is engaged in the Cerrado Business (as defined herein);

AND WHEREAS BB1 desires to acquire all of the issued and outstanding shares of Cerrado by means of a three-cornered amalgamation among BB1, Cerrado and Subco as BB1's "Qualifying Transaction" pursuant to TSXV Policy 2.4 – Capital Pool Companies;

AND WHEREAS upon completion of the "Qualifying Transaction", the Resulting Issuer (as herein defined) intends to list on the Toronto Stock Exchange (the "**TSX**") or the TSXV;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.01 **Defined Terms**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"**Accredited Investor**" means an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act;

“**Affiliate**” of any person means, at the time such determination is being made, any other person who has control or who is controlled by or under common control with such first person, where “**control**” means the possession, directly or indirectly, of the power to direct the management and policies of a person through the legal or beneficial ownership of voting securities, the right to appoint directors or management, by contract, voting trust, or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing;

“**Agents**” means the syndicate of agents co-led by Stifel GMP, Cormark Securities Inc. and Haywood Securities Inc., and including Canaccord Genuity Corp, Red Cloud Securities Inc. and H.C. Wainwright & Co., LLC engaged by Cerrado in connection with the Subscription Receipt Private Placement;

“**Agreement**” means this agreement, including its recitals and schedules, as amended from time to time;

“**Amalco**” has the meaning set out in Section 2.01;

“**Amalco Shares**” means common shares in the capital of Amalco;

“**Amalgamation**” means the amalgamation of Cerrado and Subco pursuant to section 174 of the OBCA as contemplated by this Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement in the form attached hereto as Schedule A to be entered into between Cerrado and Subco pursuant to section 175 of the OBCA to effect the Amalgamation;

“**Articles of Amalgamation**” means the articles of Amalgamation to be filed with the Director, in the form agreed to between BB1 and Cerrado, each acting reasonably;

“**Assets**” means the assets, undertaking, property and rights of Cerrado and the Cerrado Subsidiaries, of every kind and description and wheresoever situated, including the Contracts to which Cerrado or the Cerrado Subsidiaries are a party or has rights or obligations under and all other assets and property including, but not limited to, the Cerrado Properties, that Cerrado and the Cerrado Subsidiaries purport to own and all assets and property reflected as being owned by Cerrado and the Cerrado Subsidiaries in their respective financial books and records;

“**Authorization**” means any order, permit, approval, consent, waiver, license, certificates, registrations or similar authorization of any Governmental Authority having jurisdiction;

“**BB1**” means BB1 Acquisition Corp., a corporation incorporated under the OBCA;

“**BB1 Agent Options**” means the 500,000 options to acquire BB1 Shares at a price of \$0.10 per BB1 Share that were issued in connection with the completion of the initial public offering of BB1;

“**BB1 Filing Statement**” means the filing statement to be prepared by BB1 in accordance with Form 3B2 of the TSXV Corporate Finance Manual in respect of the Transactions;

“**BB1 Financial Statements**” means the audited financial statements of BB1 for the period from incorporation (March 2, 2018) to December 31, 2018 and audited financial statements for the year ended December 31, 2019;

“BB1 Material Adverse Effect” means a material adverse effect on (i) the business, assets, liabilities, condition (financial or otherwise), management, results of operations or shareholders’ equity of BB1, or (ii) the ability of Subco to complete the Amalgamation, or (iii) the ability of BB1 to complete the Amalgamation and the Business Combination; provided, however, that this will not include any fact, circumstance, event, change, effect, or occurrence: (A) relating to the global economy or securities markets in general; or (B) changes in general economic conditions in Canada or any country or region in the world, or changes in conditions in the global economy generally; (C) changes in conditions in the financial markets, credit markets or capital markets in Canada or any other country or region in the world; (D) changes in political conditions in Canada or any other country or region in the world; (E) acts of war, sabotage or terrorism (including any escalation or general worsening of any such acts of war, sabotage or terrorism) in Canada or any other country or region in the world; (F) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural disasters, weather conditions and other force majeure events in Canada or any other country or region in the world; (G) the announcement of this Agreement or the pendency of consummation of the transactions contemplated hereby; (H) compliance with the terms of, or the taking of any action required or contemplated by, this Agreement or the failure to take any action prohibited by this Agreement; (I) any actions or failure to take action, in each case, to which Cerrado has in writing expressly approved, consented to or requested; or (J) changes in law or other legal or regulatory conditions (or the interpretation thereof);

“BB1 Meeting” means the annual general and special meeting of the holders of BB1 Shares held on November 23, 2020 to approve the Transaction Resolutions;

“BB1 Option Plan” means the stock option plan for the directors, officers, employees and consultants of BB1 in effect on the date hereof;

“BB1 Options” means an aggregate of 600,000 options to acquire BB1 Shares at a price of \$0.10 per BB1 Share;

“BB1 Ordinary Course” means, with respect to any actions taken by BB1, that such action is consistent with the practices of a capital pool company in accordance with the policies of the TSXV;

“BB1 Shareholder” means a holder of BB1 shares, from time to time, and **“BB1 Shareholders”** means all of such holders;

“BB1 Shares” means common shares in the capital of BB1;

“Board Change” means the appointment of the new members to the board of directors of the Resulting Issuer;

“Business Combination” means the business combination among BB1, Subco and Cerrado pursuant to which Cerrado Shareholders will receive post-Consolidation BB1 Shares on the basis of one post-Consolidation BB1 Share for each one Cerrado Common Share held and BB1 will become the parent company of Amalco;

“Business Day” means a day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario;

“Canadian Jurisdictions” means each of the provinces of British Columbia, Alberta and Ontario;

“**Canadian Securities Laws**” means all applicable securities Laws in each of the Canadian Jurisdictions and the respective rules and regulations made thereunder, together with applicable published policy statements, instruments, orders and rulings of the securities regulatory authorities in such provinces having the force of law;

“**Cerrado**” means Cerrado Gold Inc., a corporation continued under the OBCA;

“**Cerrado Business**” means the business of identifying, acquiring, and exploiting mining properties, conducted by Cerrado as of the date hereof;

“**Cerrado Notice of Meeting**” means the notice of meeting of Cerrado to be provided to the Cerrado Shareholders in respect of the Amalgamation and the other matters (if any) to be considered at the Cerrado Meeting;

“**Cerrado Common Shares**” means the common shares in the capital of Cerrado;

“**Cerrado Disclosure Letter**” means the disclosure letter dated the date hereof and delivered by Cerrado to BB1 with this Agreement;

“**Cerrado Dissenting Shareholder**” means a registered Cerrado Shareholder who dissents in respect of the Amalgamation in strict compliance with the Cerrado Dissent Procedures;

“**Cerrado Dissent Procedures**” means the dissent procedures provided to Cerrado Shareholders pursuant to Section 185 of the OBCA;

“**Cerrado Financial Statements**” means the draft audited consolidated financial statements of the Corporation for the years ended December 31, 2019, December 31, 2018 and December 31, 2017;

“**Cerrado Material Adverse Effect**” means a material adverse effect on (i) the business, assets, liabilities, condition (financial or otherwise), management, results of operations or shareholders’ equity of Cerrado and the Cerrado Subsidiaries, taken as a whole, or (ii) the ability of Cerrado to complete the Business Combination and the Amalgamation; provided, however, that this will not include any fact, circumstance, event, change, effect, or occurrence: (A) relating to the global economy or securities markets in general; (B) affecting the mining industry in general, including the promulgation of laws or regulations affecting the mining industry, and which does not have a materially disproportionate effect on Cerrado and the Cerrado Subsidiaries considered on a consolidated basis; (C) changes in general economic conditions in Canada or any country or region in the world, or changes in conditions in the global economy generally (to the extent that such effect has not had a disproportionate effect on Cerrado relative to other companies in the industries in which it carries on business); (D) changes in conditions in the financial markets, credit markets or capital markets in Canada or any other country or region in the world; (E) changes in political conditions in Canada or any other country or region in the world (to the extent that such effect has not had a disproportionate impact on Cerrado relative to other companies in the industries in which Cerrado carries on business); (F) acts of war, sabotage or terrorism (including any escalation or general worsening of any such acts of war, sabotage or terrorism) in Canada or any other country or region in the world (to the extent such effect has not had a disproportionate impact on Cerrado relative to other companies in the industries in which Cerrado carries on business); (G) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural disasters, weather conditions and other force majeure events in Canada or any other country or region in the world (to the extent such effect has not had a disproportionate impact on Cerrado relative to other companies in the industries in which Cerrado carries on business); (H) the announcement of this Agreement

or the pendency of consummation of the transactions contemplated hereby; (I) compliance with the terms of, or the taking of any action required or contemplated by, this Agreement or the failure to take any action prohibited by this Agreement; (J) any actions or failure to take action, in each case, to which BB1 has in writing expressly approved, consented to or requested; or (K) changes in law or other legal or regulatory conditions (or the interpretation thereof) (to the extent such change has not had a disproportionate impact on Cerrado relative to other companies in the industries in which Cerrado carries on business);

“**Cerrado Material Contracts**” means (i) every Contract to which Cerrado or any of the Cerrado Subsidiaries is a party requiring payment by or to Cerrado or the Cerrado Subsidiaries of an amount in any one year in the aggregate of \$100,000; (ii) every Contract to which Cerrado or any of the Cerrado Subsidiaries is a party that has or would reasonably be expected to have any material direct or indirect effect (by license, assignment or otherwise) on the Assets or the Cerrado Business; and (iii) every Contract to which Cerrado or any of the Cerrado Subsidiaries is a party with any directors, officers, shareholders, consultants or key employees of Cerrado or the Cerrado Subsidiaries, but excluding employment Contracts;

“**Cerrado Meeting**” means the special meeting of the shareholders of Cerrado to be held to approve the Amalgamation and any and all adjournments or postponements of such meeting;

“**Cerrado Options**” means an aggregate of 4,000,000 options to acquire Cerrado Common Shares;

“**Cerrado RSUs**” means an aggregate of 7,130,003 restricted share units of Cerrado Common Shares;

“**Cerrado Ordinary Course**” means, with respect to any actions taken by Cerrado or a Cerrado Subsidiary, as applicable, that such action is consistent in carrying out the Cerrado Business;

“**Cerrado Properties**” means collectively, the MDN Project and MDC Project, including, in each case, any extensions or renewals thereof and any and all surface, water, access and other non-mineral rights of and to any lands or other rights of any kind held by Cerrado or a Cerrado Subsidiary.

“**Cerrado Qualified Persons**” means collectively the MDC Authors and the MDN Author;

“**Cerrado Shareholder**” means a registered holder of Cerrado Common Shares, from time to time, and “**Cerrado Shareholders**” means all of such holders;

“**Cerrado Shareholder Approval**” has the meaning set forth in subsection 6.05(c);

“**Cerrado Subsidiaries**” means, Templewood Mineração e Participações Societárias Ltda., Serra Alta Mineração Ltda., and Minera Don Nicholas S.A.

“**Cerrado Technical Reports**” means the MDC Technical Report and the MDN Technical Report;

“**Cerrado Warrants**” means the 2,000,000 common share purchase warrants to purchase Cerrado Common Shares outstanding immediately prior to the Amalgamation;

“**Cerrado Broker Warrants**” means the Subscription Receipt Broker Warrants and the compensation warrants issued by Cerrado in connection with the Special Warrant Private Placement, and outstanding immediately prior to the Amalgamation;

“**Compelled Disclosure**” has the meaning set out in subsection 6.03(d)(ii);

“**Confidential Information**” has the meaning set out in subsection 6.03(a);

“**Consolidation**” means the consolidation of BB1 Shares on the basis of one (1) post-Consolidation share for every 8.31 pre-Consolidation BB1 Shares having regard for the valuations of the two companies in the Business Combination;

“**Constating Documents**” means, in respect of a body corporate, the articles and the by-laws, or other charter documents, together with any amendments thereto or replacements thereof;

“**Contaminants**” means any radioactive materials, asbestos materials, urea formaldehyde, hydrocarbon contaminants, underground or above-ground tanks, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance, the storage, manufacture, disposal, treatment, generation, use, transport, remediation, or Release into the environment of which is prohibited, controlled, or regulated under Environmental Laws;

“**Contract**” means any agreement, contract, licence, undertaking, option, engagement, or commitment of any nature, written or oral, including any: (i) lease of personal property, (ii) unfilled purchase order, (iii) forward commitment for supplies or materials or other forward contract, (iv) derivative contract, and (v) restrictive agreement or negative covenant agreement;

“**Depository**” means TSX Trust Company;

“**Director**” means the Director appointed under the OBCA;

“**Disclosing Party**” has the meaning set out in subsection 6.03(a);

“**Dissent Rights**” mean the rights of the Cerrado Dissenting Shareholders to dissent under section 185 of the OBCA with respect to the Amalgamation;

“**Effective Date**” means the effective date set forth in the certificate of amalgamation issued pursuant to the OBCA in respect of the Amalgamation;

“**Effective Time**” means the earliest moment on the Effective Date;

“**Employee Plans**” means, with respect to a party to this Agreement (the “**Applicable Party**”), all employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, stock award, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers, or employees of the Applicable Party and its Subsidiaries, maintained, funded or sponsored or required to be contributed to by the Applicable Party or a Subsidiary thereof, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, under which the Applicable Party or a Subsidiary thereof may have or would be reasonably expected to have any material Liability, contingent or otherwise, except for any statutory plans to which the Applicable Party or any of its Subsidiaries is obliged to contribute or comply with including the Canada/Québec Pension Plan, or plans administered pursuant to applicable federal or provincial health, worker’s compensation or employment insurance legislation;

“Encumbrance” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that, in substance secures payment or performance of an obligation;

“Environmental Laws” means any federal, state, provincial, territorial or local law, statute, ordinance, rule, regulation, order, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the regulation, protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, control, storage, disposal, transportation, other handling or release or threatened release of Contaminants;

“Exchange Ratio” means one (1) BB1 Share (on a post-Consolidation basis) to be issued by BB1 in exchange for one (1) Cerrado Common Share pursuant to the Amalgamation;

“Good Mining Practice” means, in relation to any decision or undertaking, the exercise of that degree of diligence, skill, care, prudence and oversight which is commonly observed or would be reasonably expected to be observed by skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances;

“Governmental Authority” means (i) any international, multinational, national, federal, provincial, state, municipal, local or other government or governmental or public ministry, department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, (iii) any quasi-governmental body exercising any regulatory, expropriation or taxing authority, or (iv) any stock exchange or securities market;

“Governmental Charges” means all Taxes, customs, duties, rates, levies, assessments, reassessments and other charges, unemployment insurance contributions, pension plan contributions and any deductions or other amounts which it is required by Law or Contract to pay, deduct, withhold, collect or remit to any Governmental Authority or other entities entitled to receive payment of such amounts, together with all penalties, interest and fines with respect thereto, payable to any Governmental Authority;

“Haywood Agency Agreement” means the agency agreement entered into between Cerrado and Haywood and dated August 27, 2020 in respect of the Special Warrant Private Placement;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada;

“knowledge of Cerrado” means the actual knowledge of the Chief Executive Officer and the Chief Financial Officer of Cerrado;

“knowledge of BB1” means the actual knowledge of the Chief Executive Officer and the Chief Financial Officer of BB1;

“Laws” means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, instruments, policies, notices, directions and judgments or other requirements having the force of law of any Governmental Authority having jurisdiction over the matter and/or person then being referred to;

“**Letter of Intent**” means the binding letter of intent between BB1 and Cerrado with respect to, among other things, the Business Combination dated August 4, 2020;

“**Liability**” of any person means (i) any right against such person to payment, whether or not such right is reduced to judgment, and whether or not the amount is liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, and whether or not the amount is fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and (iii) any obligation of such person for the performance of any covenant or agreement (whether for the payment of money or otherwise);

“**MDC Authors**” means Porfirio Cabaleiro Rodriguez, B. Terrence Hennessey, P. Geo. Paulo Roberto Bergmann Moreira and Bernardo Horta de Cerqueira Viana, each a qualified person within the meaning of NI 43-101.

“**MDC Project**” means the Monte do Carmo gold exploration project located in Tocantins State, Brazil.

“**MDC Technical Report**” means the report entitled “Independent Technical Report – Preliminary Economic Assessment for Serra Alta Deposit, Monte do Carmo Project, Tocantins State, Brazil” dated October 14, 2020 with an effective date of April 23, 2020 prepared in accordance with NI 43-101 by the MDC Authors.

“**MDN Project**” means the Minera Don Nicolas property located in Santa Cruz province, Argentina.

“**MDN Author**” means Dr. Gilles Arseneau, P. Geo., a qualified person within the meaning of NI 43-101.

“**MDN Technical Report**” means the report entitled “Independent Technical Report for the Minera Don Nicolas Precious Metal Project, Santa Cruz, Argentina” dated August 2020 prepared in accordance with NI 43-101 by the MDN Author.

“**Name Change**” means the change of BB1’s name to “Cerrado Gold Corp.”, or such other name as is acceptable to Cerrado and the Director;

“**Net Smelter Royalty**” means an amount payable to a grantee determined as a percentage of the net smelter returns received by the grantor of the royalty on the sale or disposition of minerals;

“**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended;

“**Omnibus Incentive Plan**” means the proposed omnibus incentive plan to replace the BB1 Option Plan approved by the shareholders of BB1 at the BB1 Meeting;

“**Permitted Encumbrances**” means (i) Encumbrances for Taxes not yet due and delinquent; (ii) inchoate or statutory Encumbrances of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Assets, provided that such Encumbrances are related to obligations not due or

delinquent and in respect of which adequate holdbacks are being maintained as required by Law; and (iii) the right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of Cerrado, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;

“**Person**” means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any government;

“**Public Record**” means all information filed or to be filed by or on behalf of BB1 prior to the earlier of the Effective Date or the termination of this Agreement with any securities commission or regulatory authority in compliance, or intended compliance, with the continuous disclosure obligations applicable to a reporting issuer under applicable Laws;

“**Recipient**” has the meaning set out in subsection 6.03(a);

“**Release**” includes any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, migration, disposal or dumping;

“**Replacement Broker Warrants**” means the broker warrants to purchase Resulting Issuer Shares to be issued by the Resulting Issuer in exchange for the outstanding Cerrado Broker Warrants upon the completion of the Business Combination in accordance with this Agreement;

“**Replacement Options**” means the options to purchase Resulting Issuer Shares to be issued by the Resulting Issuer in exchange for outstanding Cerrado Options upon the completion of the Business Combination in accordance with this Agreement;

“**Replacement RSUs**” means the restricted Resulting Issuer Shares to be issued by the Resulting Issuer in exchange for any outstanding Cerrado RSUs upon the completion of the Business Combination in accordance with this Agreement;

“**Replacement Warrants**” means the warrants to purchase Resulting Issuer Shares to be issued by the Resulting Issuer in exchange for any outstanding Cerrado Warrants upon the completion of the Business Combination in accordance with this Agreement;

“**Representatives**” has the meaning set out in subsection 6.03(a);

“**Resulting Issuer**” means BB1 at the Effective Date which, following completion of the Transactions, will be named “Cerrado Gold Inc.”;

“**Resulting Issuer Shares**” means common shares in the capital of the Resulting Issuer;

“**Short Form Amalgamation**” means the amalgamation of BB1 and Amalco pursuant to section 174 of the OBCA, upon the completion of the Amalgamation as contemplated by this Agreement, in order to maintain the corporate name of “Cerrado Gold Inc.” for the Resulting Issuer;

“**Special Warrants**” means the 8,845,750 special warrants of Cerrado issued pursuant to the Special Warrant Private Placement, each convertible into one Cerrado Common Share immediately prior to the Effective Time;

“Special Warrant Private Placement” means the brokered private placement of Special Warrants at a price of US\$0.80 per Special Warrant for aggregate gross proceeds of US\$7,076,600 completed by Cerrado on August 27, 2020 and September 10, 2020 in accordance with the terms of the Haywood Agency Agreement;

“Subco” means 2787753 Ontario Inc., a corporation incorporated under the OBCA and a wholly-owned subsidiary of BB1;

“Subco Shares” means the common shares in the capital of Subco;

“Subscription Receipt Agency Agreement” means the agency agreement to be entered into between Cerrado and the Agents in respect of the Subscription Receipt Private Placement;

“Subscription Receipt Broker Warrants” means any broker warrants to purchase Cerrado Common Shares to be issued to the Agents in connection with the Subscription Receipt Private Placement;

“Subscription Receipt Private Placement” means the brokered private placement of Subscription Receipts for aggregate gross proceeds of no less than the amount required in order to satisfy TSXV initial listing requirements, up to a maximum of C\$25,000,000, to be completed by Cerrado on or before the Effective Date in accordance with the terms and subject to the conditions set out in the subscription agreements to be entered into between the subscribers for Subscription Receipts and Cerrado, and the Subscription Receipt Agency Agreement;

“Subscription Receipts” means the up to 12,500,000 subscription receipts of Cerrado issued pursuant to the Subscription Receipt Private Placement, each to be convertible into one Cerrado Common Share immediately prior to the Effective Time;

“Subsidiary” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof or over which the specified body corporate holds more than 50% of the votes for the directors thereof and will include any body corporate, partnership, joint venture or other person (other than an individual) over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate;

“Tax” or **“Taxes”** means (i) in relation to any person, any and all taxes, whether or not referred to as taxes, (including any and all fines, interest and penalties in respect thereof) of any nature imposed, levied, withheld or assessed on or with respect to the income, profits, gross receipts, sales, capital, assets, real property, personal property, production, employees, payroll, benefit payments, purchases, payments, receipts or gains of such person (including, without limitation, any federal or state income, franchise or sales taxes, corporation capital tax, customs or excise duties or municipal license fees, withholding tax and any taxes and other deductions required to be paid or withheld from any payment made to any person) by Canada or any province thereof, the United States of America or any political subdivision or taxing authority thereof or therein, or by any other country or any political subdivision or taxing authority thereof or therein; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in paragraph (i) above or this paragraph (ii); (iii) any liability for the payment of any amounts of the type described in paragraphs (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in paragraphs (i) or (ii) as a result

of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended;

“**Tax Returns**” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes;

“**Transaction Resolutions**” means, collectively, the resolutions of the shareholders of BB1 to approve the Consolidation, Name Change, Board Change and the Omnibus Incentive Plan;

“**Transactions**” means the transactions contemplated by, or in relation to, this Agreement including the Subscription Receipt Private Placement, the Amalgamation, the Business Combination and the Short Form Amalgamation;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**U.S. Person**” means a “U.S. person” as defined in Regulation S under the U.S. Securities Act; and

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing”.

1.04 **Statutory References**

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or

as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 **Accounting Principles**

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles, such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.06 **Currency**

All references to currency herein, unless otherwise indicated, are to lawful money of Canada.

1.07 **Schedules**

The following are the Schedules to this Agreement:

Schedule A - Amalgamation Agreement

ARTICLE 2
BUSINESS COMBINATION

2.01 **Business Combination**

(a) BB1 and Cerrado agree to effect the combination of their respective businesses and assets by way of a “three-cornered amalgamation” among BB1, Subco and Cerrado.

(b) The Transaction Resolutions were approved by the BB1 Shareholders at the BB1 Meeting held on November 23, 2020.

(c) As soon as reasonably practicable following the execution and delivery of this Agreement Cerrado shall call and hold the Cerrado Meeting for the purpose of approving the Amalgamation Resolution and shall prepare and deliver the Cerrado Notice of Meeting to the Cerrado Shareholders.

(d) As soon as reasonably practicable following the approval of the Amalgamation by the Cerrado Shareholders at the Cerrado Meeting, BB1 shall pass a special resolution, as sole shareholder of Subco, approving the Amalgamation.

(e) Upon the approval of the Consolidation and the Name Change by the BB1 Shareholders in accordance with the requirements of the OBCA and prior to the Effective Time, BB1 shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Consolidation and the Name Change subject to the terms of this Agreement.

(f) Upon the approval of the Amalgamation by the Cerrado Shareholders, Cerrado and Subco will amalgamate, pursuant to the provisions of the OBCA, by jointly completing and filing Articles of Amalgamation with the Director, and shall continue as one corporation (“**Amalco**”) effective at the Effective Time, giving effect to the Amalgamation subject to the terms of the Amalgamation Agreement, the form of which is set forth in Schedule A attached hereto.

- (g) At the Effective Time and as a result of the Amalgamation:
- (i) each holder of Cerrado Common Shares (other than Cerrado Dissenting Shareholders described in subsection 2.01(i)) shall receive one fully paid and non-assessable BB1 Share (on a post-Consolidation basis) for each Cerrado Common Share held, following which all such Cerrado Common Shares shall be cancelled;
 - (ii) BB1 shall receive one fully paid and non-assessable Amalco Share for each one Subco Share held by BB1, following which all such Subco Shares shall be cancelled;
 - (iii) in consideration of the issuance of BB1 Shares pursuant to subsection 2.01(g)(i), Amalco shall issue to BB1 one Amalco Share for each BB1 Share issued;
 - (iv) BB1 shall add to the stated capital maintained in respect of the BB1 Shares an amount equal to the aggregate paid-up capital for purposes of the Tax Act of the Cerrado Common Shares immediately prior to the Effective Time (less the paid-up capital of any Cerrado Common Shares held by dissenting Cerrado Shareholders who do not exchange their Cerrado Common Shares for BB1 Shares on the Amalgamation);
 - (v) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the Tax Act of the Subco Shares and Cerrado Common Shares immediately prior to the Effective Time;
 - (vi) no fractional BB1 Shares shall be issued upon the exchange of Cerrado Common Shares; the number of BB1 Shares to be received by a holder of Cerrado Common Shares will be rounded up to the nearest whole BB1 Share, in the event that the former holder of Cerrado Common Shares is entitled to receive a fractional share representing 0.5 or more of a BB1 Share and be rounded down to the nearest whole BB1 Share, in the event that the former holder of Cerrado Common Shares is entitled to receive a fractional share representing less than 0.5 of a BB1 Share;
 - (vii) BB1 shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to the transactions contemplated by this Agreement to any holder of Cerrado Common Shares such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Cerrado Common Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and
 - (viii) Amalco will become a wholly-owned subsidiary of BB1.
- (h) At the Effective Time:
- (i) subject to subsection 2.01(g), the registered holders of Cerrado Common Shares shall become the registered holders of the BB1 Shares to which they are entitled,

calculated in accordance with the provisions hereof, and the holders of share certificates representing such Cerrado Common Shares may surrender such certificates to the Depositary and, upon such surrender, shall be entitled to receive and, as soon as reasonably practicable following the Effective Time, shall receive share certificates representing the number of BB1 Shares (on a post-Consolidation basis) to which they are so entitled; and

- (ii) BB1 shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

(i) At the Effective Time, each Cerrado Common Share held by a Cerrado Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any Encumbrance, to Amalco and Amalco shall thereupon be obliged to pay the amount therefor determined and payable in accordance with subsection 2.03 hereof, the name of such holder shall be removed from the central securities register as a holder of Cerrado Common Shares and such Cerrado Dissenting Shareholder will cease to have any rights as a Cerrado Shareholder other than the right to be paid the fair value of its Cerrado Common Shares in accordance with subsection 2.03.

(j) If a Cerrado Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 185 of the OBCA or forfeits its right to make a claim under section 185 of the OBCA or if its rights as a Cerrado Shareholder are otherwise reinstated, such holder's Cerrado Common Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by subsection 2.01(g)(i).

(k) BB1 Shares will only be issued to U.S. Persons that are Accredited Investors and shall be "restricted securities" as defined in Rule 144(a)(3) of the U.S. Securities Act and shall bear a legend in customary form restricting re-sale and transfer without registration under the U.S. Securities Act unless pursuant to an available exemption from registration under the U.S. Securities Act.

(l) As soon as reasonably practicable following the completion of the Amalgamation, BB1 will complete a short form amalgamation with its wholly owned subsidiary, Amalco, as contemplated by this Agreement, in order to maintain the corporate name of "Cerrado Gold Inc." for the Resulting Issuer.

2.02 **Other Outstanding Securities and Obligations**

At the Effective Time:

- (a) each outstanding Cerrado Warrant, Cerrado Broker Warrant, Cerrado Option and Cerrado RSU, if any, will be cancelled and in its place the Resulting Issuer shall issue such number of Replacement Warrants, Replacement Broker Warrants, Replacement Options and Replacement RSUs as determined in accordance with the Exchange Ratio, on the same terms and conditions as the cancelled Cerrado Warrants, Cerrado Broker Warrants, Cerrado Options and Cerrado RSUs, except to the extent their terms may be adjusted (in accordance with the terms of such Cerrado Warrant, Cerrado Broker Warrant, Cerrado Option and Cerrado RSU) to reflect the Amalgamation and subject to adjustment to meet the requirements of subsection 7(1.4) of the Tax Act as provided below. If the foregoing calculation results in the total Replacement Warrants, Replacement Broker Warrants, Replacement Options or Replacement RSUs of a particular holder being exercisable for a number of BB1 Shares that includes a fractional BB1 Share, the total number of BB1 Shares subject to such holder's total Replacement Warrants, Replacement Broker

Warrants, Replacement Options or Replacement RSUs shall be rounded down to the nearest whole number of BB1 Shares. Notwithstanding the foregoing, if required for purposes of meeting the requirements of paragraph 7(1.4)(c) of the Tax Act, the exercise price of each Replacement Option of any particular holder shall be, and shall be deemed to be, adjusted at the time of the exchange by the amount, and only to the extent, necessary to ensure that the aggregate fair market value of the BB1 Shares subject to the Replacement Option immediately after the exchange over the aggregate exercise price for such BB1 Shares pursuant to the Replacement Option does not exceed the excess of the aggregate fair market value of BB1 Shares subject to the Replacement Option immediately before the exchange over the aggregate exercise price for such BB1 Shares under the Replacement Option;

- (b) the BB1 Options outstanding immediately before the Effective Time shall continue in effect unamended, except to the extent their terms will be adjusted (in accordance with the terms of such BB1 Options) to reflect the Consolidation (including the number of BB1 Shares issuable thereunder and the exercise price of each BB1 Option), and following the completion of the Business Combination, should the holder of BB1 Options no longer remain a director or officer of the Resulting Issuer, such BB1 Options will remain in effect until the earlier of: (i) the date that is 12 months from the Effective Date; and (ii) the original expiry date(s) of such BB1 Options;
- (c) the BB1 Agent Options outstanding immediately before the Effective Time shall continue in effect unamended, except to the extent their terms will be adjusted (in accordance with the terms of such BB1 Agent Option) to reflect the Consolidation (including the number of BB1 Shares issuable thereunder and the exercise price of each BB1 Agent Option); and
- (d) BB1 Options, BB1 Agent Options, Replacement Warrants, Replacement Broker Warrants Replacement Options will not be exercisable in the United States or by or on behalf of a U.S. Person unless an exemption from registration is available under the U.S. Securities Act and applicable state securities laws is available and BB1 Options issued to U.S. Persons and BB1 Agent Options, Replacement Warrants, Replacement Broker Warrants and Replacement Options issued to U.S. Persons, if any, shall bear a legend in customary form to such effect.

2.03

Dissent Rights

Registered Cerrado Shareholders may exercise rights of dissent (“**Dissent Rights**”) from the Amalgamation pursuant to and in the manner set forth under section 185 of the OBCA, provided that holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Cerrado Common Shares, which fair value shall be the fair value of such shares as at the close of business on the day prior to the Cerrado Meeting, shall be paid an amount equal to such fair value by Amalco; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Cerrado Common Shares shall be deemed to have participated in the Amalgamation, as of the Effective Time, on the same basis as a non-dissenting holder of Cerrado Common Shares and shall be entitled to receive only the consideration contemplated in subsection 2.01(g)(i) hereof that such holder would have received pursuant to the Amalgamation if such holder had not exercised Dissent Rights;

but in no case shall BB1, Subco or Cerrado or any other Person be required to recognize holders of Cerrado Common Shares who exercise Dissent Rights as holders of Cerrado Common Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Cerrado Common Shares who exercise Dissent Rights shall be deleted from the register of Cerrado Shareholders at the Effective Time. In no circumstances shall BB1, Subco, Cerrado or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of Cerrado Common Shares in respect of which such Dissent Rights are sought to be exercised. A registered holder of Cerrado Common Shares is not entitled to exercise Dissent Rights with respect to Cerrado Common Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder to vote) in favour of the resolution approving the Amalgamation at the Cerrado Meeting.

ARTICLE 3 **REPRESENTATIONS AND WARRANTIES OF CERRADO**

Cerrado represents and warrants to BB1 as follows except as set forth in the Letter and acknowledges and confirms that BB1 is relying on such representations and warranties in connection with its entering into this Agreement.

3.01 Incorporation and Registration

Each of Cerrado and the Cerrado Subsidiaries is a corporation duly incorporated and validly existing under the Laws of its jurisdiction of incorporation and each has all necessary corporate power, authority and capacity to own its property and assets and to carry on its business as currently conducted, except where the failure to have such power, authority and capacity would not reasonably be expected to have a Cerrado Material Adverse Effect. Neither the nature of its activities nor the Cerrado Business nor the location or character of the Assets owned, operated or leased by Cerrado or the Cerrado Subsidiaries require Cerrado or the Cerrado Subsidiaries to be registered, licensed or otherwise qualified as a foreign corporation or to be in good standing in any jurisdiction other than the jurisdictions where it is so registered, licensed or qualified, except where the failure to be so registered, licensed or qualified or remain in good standing would not reasonably be expected to have a Cerrado Material Adverse Effect. No proceedings have been instituted or are pending for the dissolution or liquidation of Cerrado or any of the Cerrado Subsidiaries.

3.02 Subsidiaries

The only Subsidiaries of Cerrado are the Cerrado Subsidiaries. Except for the Cerrado Subsidiaries, Cerrado does not have any interest in any body corporate, partnership, joint ventures or other entity or person. None of Cerrado and the Cerrado Subsidiaries is a party to any agreement, option or commitment to acquire any shares or securities of anybody corporate, partnership, trust, joint venture or other entity or person other than in connection with the Business Combination. Cerrado is the registered and beneficial owner of the number of issued and outstanding shares in the capital of the Cerrado Subsidiaries as set forth in the Cerrado Disclosure Letter, free and clear of all Encumbrances, claims or demands of any kind whatsoever other than Permitted Encumbrances. All of such shares and securities have been fully authorized and validly issued and in the case of shares are outstanding as fully paid and non-assessable shares. No other securities of the Cerrado Subsidiaries are issued and outstanding.

3.03 Bankruptcy, etc.

No bankruptcy, insolvency or receivership proceedings have been instituted by Cerrado or the Cerrado Subsidiaries or, to the knowledge of Cerrado, are pending against Cerrado or the Cerrado

Subsidiaries and each of Cerrado and the Cerrado Subsidiaries is, in the Cerrado Ordinary Course, able to pay its debts and other obligations.

3.04 **Due Authorization, etc.**

Subject to the requisite shareholder approvals, (i) Cerrado has all necessary corporate power, capacity and authority to enter into this Agreement and to carry out its obligations under this Agreement and to undertake the Business Combination, and (ii) this Agreement has been duly authorized, executed and delivered by Cerrado and constitutes a valid and binding obligation of Cerrado enforceable against it in accordance with its terms, subject to limitations with respect to enforcement imposed by Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunctions are in the discretion of the court from which they are sought.

3.05 **Absence of Conflict**

The entering into, and the performance by Cerrado of the transactions contemplated in, this Agreement:

- (a) do not and will not require any consent, permit, approval, Authorization or order of any Governmental Authority, except that which may be required under applicable securities legislation or the rules of the TSXV or the TSX and any approval or authorization under the OBCA for the Business Combination and the Amalgamation;
- (b) do not and will not contravene any applicable Laws or any rule or regulation of any Governmental Authority which is binding on Cerrado, where such contravention would reasonably be expected to have a Cerrado Material Adverse Effect; and
- (c) does not and will not violate, result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of (i) the Constatng Documents of Cerrado or the Cerrado Subsidiaries, or any resolution of the directors or shareholders of Cerrado or the Cerrado Subsidiaries, or (ii) any Contract to which Cerrado or any of the Cerrado Subsidiaries is a party or by which the Assets or the Cerrado Business is bound or affected, or (iii) any judgment, decree or order or any term or provision thereof applicable to Cerrado or the Cerrado Subsidiaries or any of the Assets or the Cerrado Business, which breach, conflict or default would reasonably be expected to have a Cerrado Material Adverse Effect or to result in the creation of any Encumbrance upon any of the Assets.

3.06 **Capital Stock**

The authorized capital of Cerrado consists of an unlimited number of common shares of which 46,884,021 Cerrado Common Shares are issued and outstanding as at the date hereof. All of the issued shares of Cerrado have been duly and validly issued in compliance with applicable Law and are outstanding as fully paid and non-assessable shares in the capital of Cerrado.

3.07 **Options and Other Convertible Securities**

Except as disclosed in Section 3.07 of the Cerrado Disclosure Letter, no person has or will have any right, agreement, warrant or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from Cerrado or the Cerrado Subsidiaries of any interest in any of the outstanding shares or securities of Cerrado or the Cerrado Subsidiaries, or for the issue

or allotment of any unissued shares in the capital of Cerrado or the Cerrado Subsidiaries or any other security directly or indirectly convertible into or exchangeable for such shares in the capital of Cerrado or the Cerrado Subsidiaries.

3.08 **No Pre-Emptive Rights**

No holder of securities of Cerrado is entitled to any pre-emptive or similar right to subscribe for securities of Cerrado.

3.09 **Financial Statements**

The Cerrado Financial Statements have been prepared in accordance with IFRS applied on a basis consistent with that of preceding periods, and:

- (a) the balance sheets included in such Cerrado Financial Statements fairly present, in all material respects, the financial condition of Cerrado on the respective dates thereof; and
- (b) the statements of operations and deficit included in the Cerrado Financial Statements fairly present, in all material respects, the results of operations of Cerrado for the fiscal periods then ended.

3.10 **Absence Changes**

Since December 31, 2019, there has not been any material adverse change in the Cerrado Business and the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow or business operations of Cerrado and its Subsidiaries considered on a consolidated basis.

3.11 **Internal Controls Over Financial Reporting**

To the knowledge of Cerrado, prior to the date of this Agreement there is no fraud, whether or not material, that involves management or other employees who have a significant role in Cerrado's internal control over financial reporting. Since December 31, 2019, and prior to the date of this Agreement, Cerrado has received no (x) material complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of Cerrado regarding questionable accounting or auditing matters.

3.12 **Ordinary Course**

Since December 31, 2019, except for the acquisition of the MDN Project and the transactions contemplated by this Agreement, the Cerrado Business has been carried on in the Cerrado Ordinary Course.

3.13 **No Restrictions on Activities**

Neither Cerrado nor the Cerrado Subsidiaries are party to or bound or affected by any commitment, Contract or document containing any covenant which in any way expressly limits the freedom of Cerrado or the Cerrado Subsidiaries to compete in any line of business, or to use, transfer or move any of its Assets or operations, or which materially or adversely affects the business practices, operations or condition of Cerrado or the Cerrado Subsidiaries, respectively, and taken as a whole.

3.14 **Extent of Liabilities**

Other than expenses incurred in connection with the Business Combination and in the Cerrado Ordinary Course, Cerrado and the Cerrado Subsidiaries have no Liabilities (accrued, absolute, contingent or otherwise), except as disclosed in the Cerrado Financial Statements.

3.15 **Non-Arm's Length Transactions**

Except as disclosed in the Cerrado Financial Statements:

(a) neither Cerrado nor the Cerrado Subsidiaries has engaged in any transaction with, made any payment or loan to, or borrowed any monies from or is otherwise indebted to, any director, officer, employee or shareholder of Cerrado or the Cerrado Subsidiaries or any other person with whom Cerrado or the Cerrado Subsidiaries is not dealing at arm's length (within the meaning of the Tax Act) or any Affiliate of any of the foregoing, except for amounts due as normal compensation or reimbursement of ordinary business expenses; and

(b) neither Cerrado nor any of the Cerrado Subsidiaries is a party to any contract or agreement with any director, officer, employee, or shareholder of Cerrado or the Cerrado Subsidiaries or any other person with whom Cerrado or any of the Cerrado Subsidiaries is not dealing at arm's length (within the meaning of the Tax Act) or any Affiliate of any of the foregoing, other than employment agreements entered into in the Cerrado Ordinary Course.

3.16 **No Guarantees**

Neither Cerrado nor any of the the Cerrado Subsidiaries is bound by any Contract, assurance, bond, undertaking or guarantee under or pursuant to which it has guaranteed or endorsed the debts, obligations or Liabilities of any other person, except as disclosed in the Cerrado Financial Statements.

3.17 **Assets**

(a) The Cerrado Business is the only business carried on by Cerrado and the Cerrado Subsidiaries. The Assets include all assets, rights, Authorizations and property necessary to conduct the Cerrado Business immediately after the Business Combination in the same manner it is currently conducted, except as would not reasonably be expected to have a Cerrado Material Adverse Effect.

(b) Cerrado and the Cerrado Subsidiaries have good and marketable title to all of the Assets, free and clear of any and all claims and Encumbrances whatsoever other than Permitted Encumbrances.

(c) No person or other entity has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from Cerrado or the Cerrado Subsidiaries of any of the Assets.

3.18 **Cerrado Properties**

(a) Cerrado has conducted and is conducting the Cerrado Business in accordance with Good Mining Practices and in compliance in all material respects with Laws, and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to Cerrado of each jurisdiction in

which it carries on business and holds all licences, registrations and qualifications material to the Cerrado Business and assets in all jurisdictions in which it carries on business or which are necessary or desirable to carry on the Cerrado Business, as now conducted, and none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any Cerrado Material Adverse Effect.

- (b) Except as set out in Section 3.18 of the Cerrado Disclosure Letter, Cerrado is the legal and beneficial owner of, possesses, and has good and marketable title to, the Cerrado Properties, free and clear of any and all Encumbrances and is registered on title as the owner of the Cerrado Properties, free and clear of all Encumbrances except for the Net Smelter Royalties applicable to such property (as set out in Section 3.18 of the Cerrado Disclosure Letter). None of the Cerrado Properties is in the possession of or under the control of any other Person.
- (c) The Cerrado Properties are legally and beneficially owned by Cerrado under valid and enforceable title and/or transfer documents. No Person, other than the Cerrado, has any right or entitlement to acquire the Cerrado Properties or any interest therein.
- (d) Except for the rights of the holders of the Net Smelter Royalties applicable to the Cerrado Properties as set out in Section 3.18 of the Cerrado Disclosure Letter, the Cerrado Properties are free of all Encumbrances and no other property rights (including access and surface rights) are necessary for the conduct of the Cerrado Business.
- (e) Except as disclosed in Schedule 3.18 of the Cerrado Disclosure Letter, Cerrado knows of no claim or basis for any claim that might or could materially adversely affect the right of Cerrado to use, transfer or otherwise exploit the Cerrado Properties; and, other than the Net Smelter Royalties applicable thereto as set out in Section 3.18 of the Cerrado Disclosure Letter, Cerrado has no responsibility or obligation to pay any commission, royalty, license fee or similar payment to any Person with respect to the Cerrado Properties.
- (f) Each concession comprising the Cerrado Properties is in full force and effect and in good standing and no event, condition and/or occurrence exists that, after notice or lapse of time or both, would constitute a default under such mining concessions and rights. Each concession comprising the Cerrado Properties has been recorded in compliance with applicable laws and is comprised of valid and subsisting concessions in each case in all material respects; any and all mining license fees required to be paid in respect of the Cerrado Properties have been paid in all material respects; Cerrado has the exclusive right to explore and exploit the Cerrado Properties; there are no mining concessions conflicting with the Cerrado Properties; and Cerrado has not received, or is aware of any Person who has received, any written notice from any Governmental Authority of any default under, or of any revocation or intention to revoke, any of the concessions comprising the Cerrado Properties.
- (g) All mining fees, environmental fees, contributions, duties, cannons, land or other fees and assessments imposed, levied or charged upon or against the Cerrado Properties have been filed and paid in full and are current.
- (h) Cerrado has not received a notice of the existence of condemnation, expropriation or similar proceedings affecting the Cerrado Properties.
- (i) The scientific and technical information included in the Cerrado Technical Reports have been reviewed by Cerrado and a "qualified person", as defined in NI 43-101, and all such information has been prepared in all material respects in accordance with NI 43-101, and

all exploration results with respect to such mining properties set forth in the Cerrado Technical Reports have been verified by a "qualified person" and the information upon which such results was based, was, at the time of delivery thereof, complete and accurate in all material respects and there have been no material changes that are required to be disclosed pursuant to Laws to such information since the date of preparation thereof.

- (j) Cerrado holds all permits required in order for it to own and operate the Cerrado Properties, and to carry on the Cerrado Business. Each such permit is valid, subsisting and in good standing, and Cerrado is not in material default or breach of any such permit and no notice of material breach or default or defect in respect of any of their terms has been received by Cerrado. No proceeding is in progress or pending, or to the knowledge of Cerrado, threatened, to revoke, amend, limit or refuse renewal of any such permit. No authorization, license, approval, consent, order or any other action of, or any registration, declaration, filing or notice with or to any Governmental Authority or any other Person is required under or in respect of any such permits in order to complete the transactions contemplated by the Agreement.
- (k) Neither Cerrado nor any of its directors or officers nor, to the knowledge of Cerrado, any representative acting on behalf of Cerrado, has (i) violated any anti-bribery or anti-corruption laws, including but not limited to *Corruption of Foreign Public Officials Act* (Canada), or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary: (A) to any government official, whether directly or through any other person, for the purpose of influencing any act or decision of a government official in his or her official capacity, inducing a government official to do or omit to do any act in violation of his or her lawful duties, securing any improper advantage, inducing a government official to influence or affect any act or decision of any governmental authority, or assisting any representative of Cerrado in obtaining or retaining business for or with, or directing business to, any person; or (B) to any person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage, and neither Cerrado nor to the knowledge of Cerrado, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Cerrado, or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any governmental authority responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such laws, or received any notice, request, or citation from any person alleging non-compliance with any such laws.
- (l) No officer, director, employee or consultant of Cerrado, or any associate or affiliate of any such Person or any party not at arm's length to Cerrado owns, has or is entitled to any royalty, net profits interest, carried interest or other Encumbrances of any nature whatsoever which are based on production from the Cerrado Assets or any revenue or rights attributed thereto.
- (m) All of the technical data and information in respect of Cerrado and the Cerrado Assets provided or disclosed to BB1 or any of its officers, employees, agents or other representatives by or on behalf of Cerrado was and is accurate and correct in all material respects.

3.19 **Cerrado Material Contracts**

As at the date of this Agreement, all of the Cerrado Material Contracts are set out in Section 3.19 of the Cerrado Disclosure Letter, all such Cerrado Material Contracts are valid and subsisting agreements, enforceable in accordance with their terms, and can be fulfilled and performed in all material respects by Cerrado or the Cerrado Subsidiaries in the Cerrado Ordinary Course. Each such Cerrado Material Contract is unamended since being made available to BB1, is in full force and effect, in good standing and no event of default has occurred and is continuing and no event has occurred which, with the giving of notice, the passing of time or both, would constitute an event of default by Cerrado or the Cerrado Subsidiaries under any Cerrado Material Contract. To the knowledge of Cerrado, no event has occurred which, with the giving of notice, the lapse of time or both, would constitute an event of default by any other party to any such Cerrado Material Contract, none of Cerrado or any of the Cerrado Subsidiaries is alleged to be in default of any of the provisions of such Cerrado Material Contracts, and Cerrado is not aware of any disputes with respect thereto.

3.20 **Other Contracts**

Other than the Cerrado Material Contracts, neither Cerrado nor any of the Cerrado Subsidiaries is a party to any Contract, the termination, expiry or non-renewal of which would reasonably be expected to have a Cerrado Material Adverse Effect.

3.21 **Taxes and Governmental Charges**

- (a) As of the date of this Agreement, each of Cerrado and the Cerrado Subsidiaries has:
- (i) duly and in a timely manner filed all Tax Returns and reports required by Law to have been filed by it (except for such Tax Returns and reports with respect to which the failure to timely file would not reasonably be expected to have a Cerrado Material Adverse Effect), and all such Tax returns and reports are true, correct, and complete in all material respects;
 - (ii) duly kept all records which it is required to keep for Tax purposes or which would be needed to substantiate any claim made or position taken in relation to Tax by it, as applicable, and such records available for inspection at the head office of Cerrado;
 - (iii) duly and correctly reported all income and other amounts required to be reported;
 - (iv) paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority; and
 - (v) duly and in a timely manner paid, deducted, withheld, collected and remitted all Governmental Charges (other than Governmental Charges that are not yet due) and has made full provision for (including properly accruing and reflecting on its books and records) all Governmental Charges that are not yet due, that relate to periods (or portions thereof) ending prior to the date of this Agreement, except where the failure to pay any such Governmental Charges, or make any such remittance, deduction or contribution or other amount would not reasonably be expected to have a Cerrado Material Adverse Effect.

- (b) The Cerrado Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on Cerrado and the Cerrado Subsidiaries, or their property or rights, arising out of operations on or before December 31, 2019, regardless of whether such amounts are payable before or after the Effective Date.
- (c) No deficiency in payment of any Taxes for any period has been asserted against Cerrado or the Cerrado Subsidiaries by any Governmental Authority and remains unsettled at the date hereof.
- (d) No Tax Return of Cerrado or the Cerrado Subsidiaries is being audited by the relevant taxing authority. There are no outstanding waivers, objections, extensions, or comparable consents regarding the application of the statute of limitations or period of reassessment with respect to any Taxes or Tax Returns that have been given or made by Cerrado or the Cerrado Subsidiaries (including the time for filing of Tax Returns or paying Taxes). To the knowledge of Cerrado there are no pending requests for any such waivers, extensions, or comparable consents. Cerrado has not received a ruling from any Governmental Authority or signed an agreement with any Governmental Authority that could reasonably be expected to have a Cerrado Material Adverse Effect.
- (e) There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of Cerrado, contemplated against Cerrado or the Cerrado Subsidiaries in respect of any Taxes and there are no matters under discussion with any Governmental Authority relating to any Taxes.
- (f) Neither Cerrado nor the Cerrado Subsidiaries have been subject to or is currently subject to any investigation, audit or visit by any Governmental Authority relating to Tax which has been notified to Cerrado, and Cerrado is not aware of any such investigation, audit or visit planned for the next twelve months.
- (g) In this Section 3.21, references to Cerrado include references to every predecessor of Cerrado and a reference to any of the Cerrado Subsidiaries includes a reference to every predecessor of such Cerrado Subsidiary.

3.22 **Environmental Matters**

Except for such matters as would not reasonably be expected to have a Cerrado Material Adverse Effect, Cerrado has not received inquiry from or notice of a pending investigation or threatened investigation from any governmental agency or of any administrative or judicial proceeding concerning the violation of any Environmental Laws.

3.23 **Absence of Litigation, etc.**

There is not now in progress, pending or, to Cerrado's knowledge, threatened or contemplated against or affecting Cerrado or the Cerrado Subsidiaries, or any of their assets or properties, or any officer or director thereof in their capacity as an officer or director thereof, any litigation, action, suit, investigation, claim, complaint or other proceeding, including appeals and applications for review, by or before any Governmental Authority, which if determined adversely to Cerrado or the Cerrado Subsidiaries, individually or in the aggregate, would reasonably be expected to have a Cerrado Material Adverse Effect.

3.24 **Compliance with Laws.**

Except as disclosed in the Cerrado Disclosure Letter, the Cerrado Business has been, and is now being, conducted and all of the Assets have been, and are now being, used in compliance with all applicable Laws other than such non-compliance which would not reasonably be expected to have a Cerrado Material Adverse Effect, and no written notices have been received by Cerrado that the Cerrado Business is not being conducted or that any of such Assets are not being used in compliance with all applicable Laws other than any non-compliance that would not reasonably be expected to have a Cerrado Material Adverse Effect.

3.25 **Authorizations and Consents**

- (a) Except for the approval of the TSXV and the TSX contemplated in subsection 7.02(j), no Authorization or declaration or filing with any Governmental Authority on the part of Cerrado or the Cerrado Subsidiaries is required for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Business Combination pursuant to this Agreement.
- (b) Except for those consents already obtained by Cerrado, no consent, approval or waiver is required pursuant to the terms of any Cerrado Material Contract for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Business Combination pursuant to this Agreement.

3.26 **Employment Matters and Employee Plans**

- (a) There are no Contracts, written or oral, between Cerrado or the Cerrado Subsidiaries on one side, and any other party on the other side, relating to payment, remuneration or compensation for work performed or services provided (other than executive employment agreements with the President and Chief Executive Officer of Cerrado and the Chairman of Cerrado, and Contracts with professional advisors engaged by Cerrado to provide services in connection with the Business Combination and the Subscription Receipt Private Placement) or that would require any payment to be made as a result of the completion of the transactions contemplated in this Agreement.
- (b) Cerrado and the Cerrado Subsidiaries do not have any Employee Plans of any nature whatsoever, nor has Cerrado or the Cerrado Subsidiaries ever had any such plans.
- (c) Except as disclosed in the Cerrado Disclosure Letter, neither Cerrado nor any of the Cerrado Subsidiaries are party to a collective bargaining agreement.
- (d) Each of Cerrado and the Cerrado Subsidiaries have operated and are currently operating in compliance with all Laws relating to employees, including employment standards, human rights, occupational health and safety, all pay equity and employment equity legislation other than such non-compliance which would not reasonably be expected to have a Cerrado Material Adverse Effect and there have been no employment related complaints against Cerrado or the Cerrado Subsidiaries, as applicable.
- (e) To the knowledge of Cerrado, there are no complaints or threatened complaints against Cerrado or the Cerrado Subsidiaries before any employment standards branch or tribunal or human rights commission or tribunal, nor, any occurrence which might lead to a

complaint under any human rights legislation, employment standards legislation, health and safety legislation, workers' compensation legislation or pay equity legislation.

- (f) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation upon Cerrado or the Cerrado Subsidiaries to do or refrain from doing any act or place a material financial obligation on Cerrado or the Cerrado Subsidiaries.
- (g) There are no actions, suits or claims pending, threatened or reasonably anticipated (other than routine claims for benefits) against any Employee Plan or its assets, and there are no audits, inquiries or proceedings pending or, to the knowledge of Cerrado or the Cerrado Subsidiaries, threatened by any Governmental Authority with respect to any Employee Plan, which in either case reasonably could be expected to result in material Liability to Cerrado or any Subsidiary.
- (h) Neither the execution and delivery of this Agreement nor the performance of the obligations of Cerrado thereunder will entitle any current or former employee of Cerrado or the Cerrado Subsidiaries to any severance pay, bonus or other similar payment.

3.27 **No Powers of Attorney**

There are no outstanding powers of attorney or other authorizations granted by Cerrado or the Cerrado Subsidiaries to any third party to bind Cerrado or the Cerrado Subsidiaries to any Contract, Liability or obligation.

3.28 **Insurance**

Cerrado and the Cerrado Subsidiaries maintain insurance by insurers of recognized financial responsibility, against such losses, risks and damages to their Assets in such amounts that are customary for the business in which they are engaged and on a basis consistent with reasonably prudent persons in comparable businesses, and all of the policies in respect of such insurance coverage, fidelity or surety bonds are in good standing and in full force and effect in all respects, and not in default. Each of Cerrado and the Cerrado Subsidiaries are in compliance with the terms of such policies and instruments in all material respects and there are no material claims by Cerrado or the Cerrado Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; Cerrado has no reason to believe that it will not be able to renew such existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue the Business at a cost that would not have a Cerrado Material Adverse Effect, and neither Cerrado nor the Cerrado Subsidiaries have failed to promptly give any notice of any material claim thereunder.

3.29 **Authorizations**

Each of Cerrado and the Cerrado Subsidiaries has all Authorizations necessary to conduct the Cerrado Business as presently conducted or for the ownership and use of the Assets in compliance with applicable Laws, except for any Authorizations the lack of which would not reasonably be expected to have a Cerrado Material Adverse Effect. Neither Cerrado nor any of the Cerrado Subsidiaries is in default under, nor have any of them received any notice of any claim or default with respect to, any such Authorization. No registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action of any kind is required by virtue of the execution and delivery of this Agreement, or of the

consummation of the transactions contemplated hereby: (a) to avoid the loss of any Authorization or any asset, property or right pursuant to the terms thereof, or the violation or breach of any Law applicable thereto, or (b) to enable Cerrado or the Cerrado Subsidiaries to hold and enjoy the same immediately after the Effective Date in the conduct of the Cerrado Business as conducted prior to the Effective Date.

3.30 **Fees and Commissions**

Neither Cerrado nor any of the Cerrado Subsidiaries is a party to or bound by any Contract to pay any royalty, license fee or management fee, except for the Cerrado Material Contracts. No broker, finder or similar intermediary has acted for or on behalf of or is entitled to any broker's, finder's or similar fee or other commission from Cerrado, the Cerrado Subsidiaries or BB1 in connection with this Agreement.

3.31 **Books and Records**

Complete and correct copies of the Constatting Documents, and of all amendments thereto, of Cerrado and the Cerrado Subsidiaries have been previously delivered to BB1. The corporate records and minute books of Cerrado and the Cerrado Subsidiaries contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders thereof, since the date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings duly signed. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or its committees) or of the shareholders of Cerrado or the Cerrado Subsidiaries.

3.32 **Restrictions on Business Combination**

Except to the extent that Cerrado must comply with the policies of the TSXV and the TSX and applicable Laws, Cerrado is not a party to or bound or affected by any commitment, agreement or document which would prohibit or restrict Cerrado from entering into and completing the Business Combination.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BB1 AND SUBCO

BB1 and Subco jointly and severally represent and warrant to Cerrado as follows and acknowledges and confirms that Cerrado is relying on such representations and warranties in connection with its entering into this Agreement:

4.01 **Incorporation**

Each of BB1 and Subco is a corporation duly incorporated and validly existing under the Laws of its jurisdiction of incorporation and has all necessary corporate power, authority and capacity to own its property and assets and to carry on its business as currently conducted, except where the failure to have such power, authority and capacity would not reasonably be expected to have an BB1 Material Adverse Effect. Neither the nature of its activities or business nor the location or character of the assets owned, operated or leased by BB1 require it to be registered, licensed or otherwise qualified as a foreign corporation or to be in good standing in any jurisdiction other than the jurisdictions where it is so registered, licensed or qualified, except where the failure to be so registered, licensed or qualified or remain in good standing would not reasonably be expected to have an BB1 Material Adverse Effect. No proceedings have been instituted or are pending for the dissolution or liquidation of BB1 or Subco.

4.02 **Subsidiaries**

Except for its ownership of all of the outstanding shares of Subco, BB1 does not have any interest in any body corporate, partnership, joint ventures or other entity or person. None of BB1 or Subco is a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or person other than in connection with the Business Combination. BB1 is the sole registered holder and beneficial owner of 100% of the issued and outstanding shares in the capital of Subco, free and clear of all Encumbrances, claims or demands of any kind whatsoever other than Permitted Encumbrances. All of such shares and securities have been fully authorized and validly issued and in the case of shares are outstanding as fully paid and non-assessable shares. No other securities of Subco are issued and outstanding.

4.03 **Bankruptcy, etc.**

No bankruptcy, insolvency or receivership proceedings have been instituted by BB1 or Subco or, to the knowledge of BB1, are pending against BB1 or Subco.

4.04 **Due Authorization, etc.**

Subject to the requisite shareholder approvals, (i) each of BB1 and Subco has all necessary corporate power, capacity and authority to enter into this Agreement and to carry out its obligations under this Agreement and to undertake the Business Combination, and (ii) this Agreement has been duly authorized, executed and delivered by each of BB1 and Subco and constitutes a valid and binding obligation of each of BB1 and Subco enforceable against it in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunctions are in the discretion of the court from which they are sought.

4.05 **Absence of Conflict**

The entering into, and the performance by BB1 and Subco of the transactions contemplated in, this Agreement:

- (a) do not and will not require any consent, permit, approval, Authorization or order of any Governmental Authority, except that which may be required under applicable securities legislation or the rules of the TSXV and the TSX and any approval or authorization under the OBCA that may be required for the Consolidation, the Name Change and the Business Combination;
- (b) do not and will not contravene any applicable Laws or any rule or regulation of any Governmental Authority which is binding on BB1, where such contravention would reasonably be expected to have an BB1 Material Adverse Effect; and
- (c) does not and will not violate, result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of (i) the Constating Documents of BB1 or Subco, or any resolution of the directors or shareholders of BB1 or Subco, or (ii) any Contract to which BB1 or Subco is a party or by which the assets or the business of BB1 is bound or affected, or (iii) any judgment, decree or order or any term or provision thereof applicable to BB1 or Subco or any of the assets or the business of BB1, which breach,

conflict or default would reasonably be expected to have an BB1 Material Adverse Effect or to result in the creation of any Encumbrance upon any of the assets of BB1.

4.06 **Capital Stock**

Prior to the Consolidation, the authorized share capital of BB1 consists of an unlimited number of common shares without nominal or par value, of which 15,000,000 BB1 Shares are issued and outstanding on a pre-Consolidation basis as fully paid and non-assessable shares in the capital of BB1, and an unlimited number of preferred shares, issuable in series, of which no preferred shares have been issued as at the date hereof.

4.07 **Options and Other Convertible Securities**

No person has any agreement or option or any right or privilege (whether bylaw, pre-emptive or contractual) capable of becoming an agreement or option or right or privilege, for the purchase, subscription, allotment or issuance of any of the unissued shares in the capital of BB1 or Subco or for the issue of any other securities of any nature or kind of BB1 or Subco except for 600,000 BB1 Options to purchase BB1 Shares (on a pre-Consolidation basis) exercisable at a price of \$0.10 per share until November 30, 2023 that were issued pursuant to the BB1 Option Plan, and 500,000 BB1 Agent Options to purchase BB1 Shares (on a pre-Consolidation basis) at an exercise price of \$0.10 per share until November 30, 2020.

4.08 **Voting Agreements**

BB1 is not a party to any agreement nor, to BB1's knowledge, is there any agreement, which in any manner affects the voting control of any of the securities of BB1.

4.09 **Financial Statements**

The BB1 Financial Statements have been prepared in accordance with IFRS applied on a basis consistent with that of preceding periods, and:

- (a) the balance sheets included in such BB1 Financial Statements fairly present, in all material respects, the financial condition of BB1 on the respective dates thereof; and
- (b) the statements of operations and deficit included in the BB1 Financial Statements fairly present, in all material respects, the financial performance and its cash flows of BB1 for the fiscal periods then ended.

4.10 **Absence of Changes**

Except as set out in the BB1 Financial Statements, since December 31, 2019 there has not been any material adverse change in the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow or business operations of BB1 that would reasonably be expected to have an BB1 Material Adverse Effect, except for a decrease in BB1's working capital position.

4.11 **Internal Controls Over Financial Reporting**

To the knowledge of BB1, prior to the date of this Agreement there is no fraud, whether or not material, that involves management or other employees who have a significant role in BB1's, internal control over financial reporting. Since December 31, 2019 and prior to the date of this Agreement, BB1 has

received no (x) material complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of BB1 regarding questionable accounting or auditing matters.

4.12 **Ordinary Course**

Since incorporation, BB1 has carried on no business other than those permitted by TSXV Policy 2.4, and except as set out in the BB1 Financial Statements and except for the transactions contemplated by this Agreement, BB1 has carried on its business in the BB1 Ordinary Course and BB1 has not carried on any business or entered into any contract, commitment or agreement of any sort whatsoever other than as disclosed in the Public Record.

4.13 **No Restrictions on Activities**

BB1 is not a party to or bound or affected by any commitment, Contract or document containing any covenant which in any way expressly limits the freedom of BB1 to compete in any line of business, or to use, transfer or move any of its assets or operations, or which materially or adversely affects the business practices, operations or condition of BB1, respectively, and taken as a whole.

4.14 **Liabilities**

Other than expenses incurred in connection with the Business Combination and in the BB1 Ordinary Course, has no outstanding Liabilities (accrued, absolute, contingent or otherwise), except as disclosed in the BB1 Financial Statements.

4.15 **Non-Arm's Length Transactions**

Except as disclosed in the BB1 Financial Statements:

(a) BB1 has not engaged in any transaction with, made any payment or loan to, or borrowed any monies from or is otherwise indebted to, any director, officer, employee or shareholder of BB1 or any other person with whom BB1 is not dealing at arm's length (within the meaning of the Tax Act) or any Affiliate of any of the foregoing, except for amounts due as normal compensation or reimbursement of ordinary business expenses; and

(b) BB1 is not a party to any contract or agreement with any director, officer, employee, or shareholder of BB1 or any other person with whom BB1 is not dealing at arm's length (within the meaning of the Tax Act or any Affiliate of any of the foregoing, other than employment agreements entered into in the BB1 Ordinary Course and agreements evidencing the BB1 Options granted pursuant to the BB1 Option Plan.

4.16 **No Guarantees**

BB1 is not bound by any Contract, assurance, bond, undertaking or guarantee under or pursuant to which it has guaranteed or endorsed the debts, obligations or Liabilities of any other person, except as disclosed in the BB1 Financial Statements.

4.17 **BB1 Material Contracts**

The only Contracts to which BB1 is a party or by which BB1 is bound which is material to BB1 are the BB1 Broker Warrants, the BB1 Agents Warrants, the BB1 Option Plan and the BB1 Options.

Each such Contract is a valid and subsisting agreement, enforceable in accordance with the terms thereof and can be fulfilled and performed in all material respects by BB1 in the BB1 Ordinary Course. Each such Contract is unamended, is in full force and effect, in good standing and no event of default has occurred and is continuing and no event has occurred which, with the giving of notice, the lapse of time or both, would constitute an event of default by BB1 under any such Contract. To the knowledge of BB1, no event has occurred which, with the giving of notice, the passing of time or both, would constitute an event of default by any other party to any such Contract, BB1 is not alleged to be in default of any of the provisions of such Contracts, and BB1 is not aware of any disputes with respect thereto.

4.18 **Other Contracts**

BB1 is not a party to any Contract, the termination, expiry or non-renewal of which would reasonably be expected to have a BB1 Material Adverse Effect.

4.19 **Title to Property and Assets**

BB1 and Subco have no material property or assets except as set forth in the BB1 Financial Statements.

4.20 **Taxes and Governmental Charges**

- (a) As of the date of this Agreement, BB1 has:
- (i) duly and in a timely manner filed all Tax Returns and reports required by Law to have been filed by it (except for such Tax Returns and reports with respect to which the failure to timely file would not reasonably be expected to have an BB1 Material Adverse Effect), and all such Tax Returns and reports are true, correct, and complete in all material respects;
 - (ii) duly kept all records which it is required to keep for Tax purposes or which would be needed to substantiate any claim made or position taken in relation to Tax by it, as applicable, and such records available for inspection at the head office of BB1;
 - (iii) duly and correctly reported all income and other amounts required to be reported;
 - (iv) paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority; and
 - (v) duly and in a timely manner paid, deducted, withheld, collected and remitted all Governmental Charges (other than Governmental Charges that are not yet due) and has made full provision for (including properly accruing and reflecting on its books and records) all Governmental Charges that are not yet due, that relate to periods (or portions thereof) ending prior to the date of this Agreement, except where the failure to pay any such Governmental Charges, or make any such remittance, deduction or contribution or other amount would not reasonably be expected to have an BB1 Material Adverse Effect.
- (b) The BB1 Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on BB1, or its property or rights, arising out of operations on or before December 31, 2019, regardless of whether such amounts are payable before or after the Effective Date.

- (c) No deficiency in payment of any Taxes for any period has been asserted against BB1 by any Governmental Authority and remains unsettled at the date hereof.
- (d) No Tax Return of BB1 is being audited by the relevant taxing authority. There are no outstanding waivers, objections, extensions, or comparable consents regarding the application of the statute of limitations or period of reassessment with respect to any Taxes or Tax Returns that have been given or made by BB1 (including the time for filing of Tax Returns or paying Taxes). To the knowledge of BB1 there are no pending requests for any such waivers, extensions, or comparable consents. BB1 has not received a ruling from any Governmental Authority or signed an agreement with any Governmental Authority that could reasonably be expected to have a BB1 Material Adverse Effect.
- (e) There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of BB1, contemplated against BB1 in respect of any Taxes and there are no matters under discussion with any Governmental Authority relating to any Taxes.
- (f) BB1 has not been subject to or is currently subject to any investigation, audit or visit by any Governmental Authority relating to Tax which has been notified to BB1, and BB1 is not aware of any such investigation, audit or visit planned for the next twelve months.

4.21 **Absence of Litigation, etc.**

There is not now in progress, pending or, to BB1's knowledge, threatened or contemplated against or affecting BB1, or any of its assets or properties, or any officer or director thereof in their capacity as an officer or director thereof, any litigation, action, suit, investigation, claim, complaint or other proceeding, including appeals and applications for review, by or before any Governmental Authority, which if determined adversely to BB1, individually or in the aggregate, would reasonably be expected to have an BB1 Material Adverse Effect.

4.22 **Compliance with Laws**

The business of BB1 has been, and is now being, conducted and all of its assets have been, and are now being, used in compliance with all applicable Laws other than such non-compliance which would not reasonably be expected to have an BB1 Material Adverse Effect, and no written notices have been received by BB1 that the business of BB1 is not being conducted or that any of such assets are not being used in compliance with all applicable Laws other than any non-compliance that would not reasonably be expected to have a BB1 Material Adverse Effect.

4.23 **Authorizations and Consents**

- (a) Except for the approval of the TSXV and the TSX contemplated in subsection 7.01(h), no Authorization or declaration or filing with any Governmental Authority on the part of BB1 is required for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Business Combination pursuant to this Agreement.
- (b) No consent, approval or waiver is required pursuant to the terms of any material Contract to which BB1 is a party for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Business Combination pursuant to this Agreement.

4.24 **Employment Matters and Employee Plans**

- (a) BB1 does not have any employees or independent contractors (other than professional advisors engaged by BB1 to provide services in connection with the Business Combination).
- (b) There are no Contracts, written or oral, between BB1 and any other party on the other side, relating to payment, remuneration or compensation for work performed or services provided (other than professional advisors engaged by BB1 to provide services in connection with the Business Combination) or that would require any payment to be made as a result of the completion of the transactions contemplated in this Agreement.
- (c) Except for the BB1 Option Plan, a copy of which has been provided to Cerrado, BB1 does not have any Employee Plans of any nature whatsoever nor has it ever had any such plans.
- (d) BB1 is operating in full compliance with all Laws relating to employees, including employment standards, human rights, occupational health and safety, all pay equity and employment equity legislation other than such non-compliance which would not reasonably be expected to have a BB1 Material Adverse Effect and there have been no employment-related complaints against BB1.
- (e) To the knowledge of BB1, there are no complaints or threatened complaints against BB1 before any employment standards branch or tribunal or human rights commission or tribunal, nor, any occurrence which might lead to a complaint under any human rights legislation, employment standards legislation, health and safety legislation, workers' compensation legislation or pay equity legislation.
- (f) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation upon BB1 to do or refrain from doing any act or place a material financial obligation on BB1.
- (g) There are no actions, suits or claims pending, threatened or reasonably anticipated (other than routine claims for benefits) against any Employee Plan or its assets, and there are no audits, inquiries or proceedings pending or, to the knowledge of BB1, threatened by any Governmental Authority with respect to any Employee Plan, which in either case reasonably could be expected to result in material Liability to BB1.
- (h) Neither the execution and delivery of this Agreement nor the performance of the obligations of BB1 thereunder will entitle any current or former employee of BB1 to any severance pay, bonus or other similar payment.

4.25 **No Powers of Attorney**

There are no outstanding powers of attorney or other authorizations granted by BB1 to any third party to bind BB1 to any Contract, Liability or obligation.

4.26 **Insurance**

BB1 does not have (nor has it ever had) any insurance of any nature whatsoever relating to it, its assets, its business, or its directors or officers.

4.27 **Authorizations**

BB1 has all Authorizations necessary to conduct its business as presently conducted or for the ownership and use of the Assets in compliance with applicable Laws, except for any Authorizations the lack of which would not reasonably be expected to have a BB1 Material Adverse Effect. BB1 is not in default under, nor has it received any notice of any claim or default with respect to, any such Authorization. No registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action of any kind is required by virtue of the execution and delivery of this Agreement, or of the consummation of the transactions contemplated hereby: (a) to avoid the loss of any Authorization or any asset, property or right pursuant to the terms thereof, or the violation or breach of any Law applicable thereto, or (b) to enable BB1 to hold and enjoy the same immediately after the Effective Date in the conduct of its business as conducted prior to the Effective Date.

4.28 **Fees and Commissions**

BB1 is not a party to or bound by any Contract to pay any royalty, license fee or management fee. No broker, finder or similar intermediary has acted for or on behalf of or is entitled to any broker's, finder's or similar fee or other commission from BB1 in connection with this Agreement.

4.29 **Books and Records**

The corporate records and minute books of BB1 contain or, at or prior to the Business Combination will contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed.

4.30 **Restrictions on Business Combination**

Except to the extent that BB1 must comply with the policies of the TSXV and applicable Laws, BB1 is not a party to or bound or affected by any commitment, agreement or document which would prohibit or restrict BB1 from entering into and completing the Business Combination.

4.31 **Reporting Issuer Status**

BB1 is a "reporting issuer" in each of the Canadian Jurisdictions within the meaning of the Canadian Securities Laws, is in material compliance with its obligations as a reporting issuer, and none of the British Columbia Securities Commission, the Alberta Securities Commission or the Ontario Securities Commission, the TSXV, the TSX or other Governmental Authority has issued any order preventing the Business Combination or the trading of any securities of BB1 other than in connection with the Business Combination.

4.32 **TSXV Policies**

BB1 is in compliance with all policies and requirements of the TSXV, including without limitation Policy 2.4 of the TSXV, and has not carried on any business or activities except as permitted thereby.

4.33 **Expenses and Obligations**

BB1 has no obligations or commitments to incur any expenses of any sort whatsoever from the date hereof until completion of the Business Combination other than general administrative expenses consistent with past practice and expenses relating to the completion of the Business Combination.

4.34 **Share Issuance**

Subject to applicable Canadian Securities Laws and the rules and policies of the TSXV, BB1 has the full and lawful right and authority to issue BB1 Shares to the Cerrado Shareholders, in connection with the Business Combination, and upon issuance such shares will be validly issued as fully paid and non-assessable common shares in the capital of BB1 free and clear of all Encumbrances.

4.35 **Shareholder Approval**

To the best of BB1's knowledge, none of the Non-Arm's Length Parties to BB1 (as defined for the purposes of the TSXV policies) have any direct or indirect interest in Cerrado or its Assets, or any other relationship which would result in the Business Combination requiring approval by BB1's shareholders under the policies of the TSXV.

4.36 **Public Disclosure Documents**

BB1 is current in the filing of all public disclosure documents required to be filed by BB1 under applicable Canadian Securities Laws and TSXV and TSX rules (including all Contracts required by Canadian Securities Laws to be filed by BB1), there are no filings that have been made thereunder on a confidential basis and all of such filings comply with the requirements of all applicable Canadian Securities Laws except where such non-compliance has not and would not reasonably be expected to have an BB1 Material Adverse Effect.

4.37 **No Misrepresentation**

No portion of the Public Record contained a misrepresentation (as such term is defined in the *Securities Act* (Ontario)) as at its date of public dissemination or as at the date hereof.

4.38 **TSXV Listing**

The BB1 Shares are listed for trading on the TSXV under the trading symbol "BB1.P" and the TSXV has accepted notice of the Omnibus Incentive Plan.

4.39 **Information Supplied**

None of the information regarding BB1 or its assets or business that was supplied by BB1 specifically for inclusion or incorporation by reference into the BB1 Filing Statement, will, at the time of initial submission of the BB1 Filing Statement to the TSXV and the TSX, or at the time of any amendment or supplement thereof, as amended or supplemented at such date or time, contain any misrepresentation or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they are made.

ARTICLE 5
SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES

5.01 **Survival of Covenants, Representations and Warranties**

No investigation by or on behalf of any party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other parties. The representations and warranties of the parties contained in this Agreement will not survive the completion of the Business Combination and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 5.01 will not limit any covenant or agreement of any of the parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

ARTICLE 6
COVENANTS

6.01 **Access to Cerrado**

Cerrado will forthwith make available to BB1 and its authorized representatives and, if requested by BB1, provide a copy to BB1 of, all title documents, Contracts, financial statements, Constatting Documents, minute books, share certificate books, share registers, plans, reports, licences, orders, permits, books of account, accounting records and all other documents, information or data relating to Cerrado, the Cerrado Subsidiaries and the Cerrado Business. Cerrado will afford BB1 and its authorized representatives every reasonable opportunity to have access during normal business hours to the Cerrado Business and the property, assets, undertaking, records and documents of Cerrado or the Cerrado Subsidiary. At the request of BB1, Cerrado will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Cerrado Business and any property of Cerrado or the Cerrado Subsidiary or to enable BB1 or its authorized representatives to obtain full access to all files and records relating to Cerrado or the Cerrado Subsidiaries and any of the assets of Cerrado or the Cerrado Subsidiaries maintained by Governmental Authorities. At BB1's request, Cerrado will co-operate with BB1 in arranging any such meetings as BB1 should reasonably request with:

- (a) employees, directors and officers of Cerrado or the Cerrado Subsidiaries;
- (b) persons who have or have had a business relationship with Cerrado or the Cerrado Subsidiaries, including the Cerrado Qualified Persons; and
- (c) auditors, solicitors or any other persons engaged or previously engaged to provide services to Cerrado or the Cerrado Subsidiaries who have knowledge of matters relating to Cerrado or the Cerrado Subsidiaries and the Cerrado Business.

6.02 **Access to BB1**

BB1 will forthwith make available to Cerrado and its authorized representatives and, if requested by Cerrado, provide a copy to Cerrado of, all title documents, Contracts, financial statements, Constatting Documents, minute books, share certificate books, share registers, plans, reports, licences, orders, permits, books of account, accounting records and all other documents, information or data relating to BB1 and its business. BB1 will afford Cerrado and its authorized representatives every reasonable opportunity to have access, during normal business hours, to its business and the property, assets, undertaking, records and documents of BB1. At the request of Cerrado, BB1 will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of its

business and any property of BB1 or any of its subsidiaries or to enable Cerrado or its authorized representatives to obtain full access to all files and records relating to BB1 or any of its subsidiaries and any of the assets of BB1 or any of its subsidiaries maintained by Governmental Authorities. At Cerrado's request, BB1 will co-operate with Cerrado in arranging any such meetings as Cerrado should reasonably request with:

- (a) employees, directors and officers of BB1;
- (b) persons who have or have had a business relationship with BB1; and
- (c) auditors, solicitors or any other persons engaged or previously engaged to provide services to BB1 who have knowledge of matters relating to BB1 and its business.

6.03 **Confidentiality**

- (a) Each party hereto agrees that it shall keep strictly confidential and shall not disclose, copy, reproduce or distribute, or cause or permit to be disclosed, copied, reproduced or distributed any information concerning another party hereto (the "**Disclosing Party**"), its business, operations, assets and liabilities, that was obtained from another party hereto (or such party's Representatives) including pursuant to Sections 6.01 and 6.02 hereof, respectively (the "**Confidential Information**") to anyone except (i) the receiving party's (the "**Recipient**") directors, officers, employees, Affiliates and advisors (the "**Representatives**") to whom disclosure is reasonably necessary for the purposes of or in connection with the transactions contemplated herein, and who have agreed to be bound by the terms of this Agreement, or (ii) as otherwise consented to in writing by Disclosing Party. Each Recipient shall use its best efforts to ensure that the Confidential Information remains strictly confidential and is not disclosed to or seen, used or obtained by any person or entity except in accordance with the terms of this Agreement.
- (b) Prior to the Effective Date, each Recipient and its Representatives shall not use or cause to be used any Confidential Information for any purpose other than in connection with evaluating, negotiating or advising in connection with the transactions contemplated herein, and at no time shall a Recipient or its Representatives otherwise use or cause to be used any Confidential Information for the benefit of itself or any other third party or in any manner adverse to, or to the detriment of, the Disclosing Party or its shareholders.
- (c) Each Recipient shall instruct its Representatives to whom it makes disclosure that the disclosure is made in confidence and shall be kept in confidence and used only in accordance with this Agreement. The Recipient is liable for any breach of the obligations under this Agreement committed by its Representatives.
- (d) Notwithstanding the foregoing,
 - (i) the obligations of the Recipient under this Section 6.03 shall not apply to any information that (A) is publicly available or becomes publicly available through no action or fault of the Recipient, (B) was already in the Recipient's possession or known to Recipient prior to being disclosed or provided to the Recipient by or on behalf of the Disclosing Party, provided that the source of such information or material was not bound by a contractual, legal or fiduciary obligation of confidentiality to the Disclosing Party or any other party with respect thereto, (C) is obtained by the Recipient from a third party, provided, that, such third party

has the lawful right to disclose the Confidential Information, or (D) is independently developed by the Recipient without reference to the Confidential Information; and

- (ii) a Recipient may disclose Confidential Information if and to the extent legally required or compelled to do so by applicable law or in any governmental, administrative or judicial process (the “**Compelled Disclosure**”). The Recipient shall provide the Disclosing Party with prompt written notice of any request or requirement for Compelled Disclosure and shall co-operate with the Disclosing Party as the latter may reasonably and lawfully request with respect to the form, timing and nature of any Compelled Disclosure or seeking a protective order or other appropriate remedy. The Recipient may disclose only such Confidential Information as is specifically required or compelled to be disclosed and shall continue to use his or its best efforts to preserve the confidentiality of the Confidential Information.
- (e) Upon the termination or rescission of this Agreement, each Recipient will promptly, if requested to do so by the Disclosing Party, return to the Disclosing Party or destroy all Confidential Information (including notes, writings and other material developed therefrom by Recipient) and all copies thereof and retain none for its files. The requirements of confidentiality set forth herein shall survive the return or destruction of such Confidential Information.
- (f) Each Recipient hereby agrees that its failure or threat of failure to perform any obligation or duty which it has agreed to perform under this Agreement may cause irreparable harm to the Disclosing Party, which harm cannot be adequately compensated for by monetary damages. It is further agreed by each Recipient that an order of specific performance, injunctive relief or other equitable relief (or any combination thereof) against the Recipient in the event of a breach or default, or the threat of a breach or default, under the terms of this Agreement would be equitable and would not work a hardship on the Recipient and accordingly, in such event the Disclosing Party, without any bond or other security being required and in addition to whatever other remedies are or might be available at law or in equity, shall have the right to commence an action against the Recipient either to compel specific performance by, or to obtain injunctive relief or other equitable relief (or any combination thereof) against, the Recipient, with respect to any such event.
- (g) Each Recipient acknowledges that the Recipient is aware, and shall advise his or its Representatives, that Canadian Securities Laws prohibit any person who has received material non-public information from an issuer from purchasing or selling securities of such issuer or from communicating such information to any other person.

6.04 **Filings**

- (a) BB1 and Cerrado shall prepare and file, or cause to be filed, any filings required under any applicable Laws, or the rules and policies of the TSXV and the TSX or other Governmental Authorities relating to the Business Combination and the Amalgamation, and shall provide on a timely basis such information to each other as is necessary to complete such filings.
- (b) BB1 covenants and agrees to take, in a timely manner, all commercially reasonable actions and steps necessary in order that effective as at the Effective Date: (i) the BB1 Shares, including for greater certainty, the BB1 Shares issuable pursuant to the Business

Combination, be listed and posted for trading on the TSX; (ii) when received, BB1 shall provide Cerrado with copies of the conditional and final approval of the TSXV and, if applicable, the TSX respecting the Business Combination and the listing and posting for trading of the additional BB1 Shares to be issued pursuant to the Business Combination; and (iii) the distribution of BB1 Shares to the shareholders of Cerrado upon the Business Combination is exempt from the prospectus and registration requirements of the Canadian Securities Laws.

6.05 **Conduct of Cerrado Prior to Closing**

Without in any way limiting any other obligations of Cerrado hereunder, during the period from the date hereof until the earlier of the Effective Date or the date this Agreement is terminated in accordance with its terms, Cerrado will use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable (i) to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, (ii) to comply with all provisions of this Agreement, and (iii) to cooperate with BB1 in connection with the foregoing, including, without limitation, the following actions:

- (a) *Conduct Business in the Ordinary Course.* Cerrado will, and will cause the Cerrado Subsidiaries to, conduct the Cerrado Business and its operations and affairs only in the Cerrado Ordinary Course, and Cerrado will not, and will cause the Cerrado Subsidiaries to not, without the prior written consent of BB1, take any action or enter into any transaction that, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of Cerrado contained herein, or which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein;
- (b) *Material Adverse Effects.* Cerrado shall notify BB1 of any Cerrado Material Adverse Effect;
- (c) *Corporate Action.* Cerrado will use its commercially reasonable efforts to take all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution, delivery and performance of this Agreement and the other agreements and documents contemplated hereby and to complete the Business Combination and the transactions contemplated hereby, and to cause all necessary meetings of directors and shareholders of Cerrado to be held for such purpose. In particular, Cerrado will obtain the approval of its shareholders for the Amalgamation, in accordance with the OBCA (the “**Cerrado Shareholder Approval**”) on or before February 23, 2021. Cerrado will not, in connection with the Cerrado Shareholder Approval, mail or otherwise transmit any information circular or form of proxy or other solicitation material to any person in the United States except to Cerrado Shareholders resident in the United States as at the record date of the meeting of Cerrado Shareholders where Cerrado Shareholder Approval will be sought;
- (d) *Regulatory Consents.* Cerrado will use its commercially reasonable efforts to obtain, prior to the completion of the Business Combination, from all appropriate Governmental Authorities, all Authorizations required as a condition of the lawful consummation of the Business Combination, including the provision of reasonable assistance to BB1 to obtain the approval of the TSXV and the TSX, and will affect all necessary registrations and other filings and submissions of information requested by Governmental Authorities in connection with the same;

- (e) *Contractual Consents.* Cerrado will give all notices and use its commercially reasonable efforts to obtain all waivers, consents and approvals required under any Contract to which Cerrado or any of the Cerrado Subsidiaries is a party or by which it is bound to consummate the transactions contemplated in this Agreement; and
- (f) *Restrictive Covenants.* Neither Cerrado nor any of the Cerrado Subsidiaries shall, directly or indirectly:
 - (i) amend its Constatng Documents except as necessary to consummate the Business Combination;
 - (ii) issue, sell, pledge, hypothecate, lease, dispose of or encumber any of its shares or other securities, or any right, option or warrant with respect thereto, except for the issuance of securities in connection with the Subscription Receipt Private Placement or pursuant to the transactions contemplated in this Agreement or the exercise of Cerrado Options;
 - (iii) split, combine or reclassify any of its securities or declare, pay or make any dividend or other distribution on its shares, or distribute any of its properties or assets to any person;
 - (iv) enter into or amend any employment contracts with any director, officer or key employee, create or amend any Employee Plan, make any increases in the base compensation, bonuses, paid vacation time allowed or benefits for its directors, officers, employees or consultants;
 - (v) hire or dismiss any employees whose total annual compensation exceeds \$25,000 in the aggregate;
 - (vi) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
 - (vii) create any stock option or bonus plan, pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors, officers or employees;
 - (viii) make any material change in accounting procedures or practices;
 - (ix) mortgage, pledge or hypothecate any of its assets, or subject them to any Encumbrance, other than a Permitted Encumbrance;
 - (x) enter into any Contract or arrangement granting any rights to purchase or lease any of its assets or requiring the consent of any person to the transfer, assignment or lease of any of its assets;
 - (xi) sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets;
 - (xii) cancel, waive or compromise any debts or claims, including accounts payable to and receivable from Affiliates;

- (xiii) enter into any other material transaction or any amendment of any Contract or Authorization which is material to its business;
- (xiv) settle any outstanding claim, dispute, litigation matter, or tax dispute;
- (xv) transfer any assets to any of its shareholders or any of their subsidiaries or Affiliates or assume any indebtedness or Liability from a shareholder or any of their subsidiaries or Affiliates or enter into any other related party transactions;
- (xvi) enter into any material Contract regarding its business operations, including any joint venture, partnership or other arrangement;
- (xvii) fail to pay or satisfy when due any Liability where the failure to do so would have an Cerrado Material Adverse Effect; or
- (xviii) enter into any agreement or understanding to do any of the foregoing.

6.06

Conduct of BB1 Prior to Closing

Without in any way limiting any other obligations of BB1 hereunder, during the period from the date hereof until the earlier of the Effective Date or the date this Agreement is terminated in accordance with its terms, BB1 will use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable (i) to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, (ii) to comply with all provisions of this Agreement, and (iii) to cooperate with Cerrado in connection with the foregoing, including, without limitation, the following actions:

- (a) *Conduct Business in the Ordinary Course.* BB1 and Subco will not carry on any business other than to pursue the Business Combination, and BB1 and Subco will not, without the prior written consent of Cerrado, take any action, enter into any transaction that, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of BB1 or Subco contained herein, or which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein;
- (b) *Material Adverse Effects.* BB1 shall notify Cerrado of any BB1 Material Adverse Effect;
- (c) *Corporate Action.* BB1 will use its commercially reasonable efforts to take all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution, delivery and performance of this Agreement and the other agreements and documents contemplated hereby and to complete the Business Combination and to cause all necessary meetings of directors and shareholders of BB1 and Subco to be held for such purpose;
- (d) *Consolidation and Name Change.* BB1 will use its commercially reasonable efforts to complete the Consolidation and the Name Change immediately prior to the completion of the Business Combination;
- (e) *Restrictive Covenants.* BB1 shall not, directly or indirectly:

- (i) amend its Constatng Documents except as necessary to carry out the Consolidation and the Name Change;
- (ii) issue, sell, pledge, hypothecate, lease, dispose of or encumber any of its shares or other securities, or any right, option or warrant with respect thereto, except for the issuance of BB1 Shares pursuant to the transactions contemplated in this Agreement or the exercise of BB1 Options or BB1 Agent Options;
- (iii) split, combine or reclassify any of its securities or declare, pay or make any dividend or other distribution on its shares, or distribute any of its properties or assets to any person;
- (iv) enter into or amend any employment contracts with any director, officer or key employee, create or amend any Employee Plan, make any increases in the base compensation, bonuses, paid vacation time allowed or benefits for its directors, officers, employees or consultants except for the adoption of the Omnibus Incentive Plan and the amendment to the BB1 Options resulting from the Consolidation;
- (v) hire or dismiss any employees whose total annual compensation exceeds \$25,000 in the aggregate;
- (vi) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
- (vii) except for the amendment to the BB1 Options resulting from the Consolidation, create any stock option or bonus plan, pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors, officers or employees;
- (viii) make any material change in accounting procedures or practices;
- (ix) mortgage, pledge or hypothecate any of its assets, or subject them to any Encumbrance, other than a Permitted Encumbrance;
- (x) enter into any Contract or arrangement granting any rights to purchase or lease any of its assets or requiring the consent of any person to the transfer, assignment or lease of any of its assets;
- (xi) sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets;
- (xii) cancel, waive or compromise any debts or claims, including accounts payable to and receivable from Affiliates;
- (xiii) enter into any other material transaction or any amendment of any Contract or Authorization which is material to its business;
- (xiv) settle any outstanding claim, dispute, litigation matter, or tax dispute;

- (xv) transfer any assets to any of its shareholders or any of their subsidiaries or Affiliates or assume any indebtedness or Liability from a shareholder or any of their subsidiaries or Affiliates or enter into any other related party transactions;
 - (xvi) enter into any material Contract regarding its business operations, including any joint venture, partnership or other arrangement;
 - (xvii) fail to pay or satisfy when due any Liability where the failure to do so would have an BB1 Material Adverse Effect; or
 - (xviii) enter into any agreement or understanding to do any of the foregoing.
- (f) *Regulatory Consents.* BB1 will use its commercially reasonable efforts to obtain, prior to the Business Combination, from all appropriate Governmental Authorities, the Authorizations required as a condition of the lawful consummation of the transactions contemplated by this Agreement including the approval of the TSXV and the TSX, and will affect all necessary registrations and other filings and submissions of information requested by Governmental Authorities in connection with the same;
- (g) *Contractual Consents.* BB1 will give any notices and use its commercially reasonable efforts to obtain any consents and approvals required under any Contract to which BB1 is a party or by which it is bound to consummate the transactions contemplated hereby; and
- (h) *Contracts.* BB1 will not, without the prior written consent of Cerrado (such consent not to be unreasonably withheld or delayed), enter into any new Contract or amend the terms of any existing Contract to which it is a party except for the Contracts necessary to carry out the transactions contemplated in this Agreement.

6.07

Standstill of Cerrado

- (a) Unless and until this Agreement is terminated pursuant to the terms hereof, Cerrado agrees not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any Confidential Information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Business Combination, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any offer, shareholder proposal, “business combination” or “takeover bid,” exempt or otherwise, within the meaning of the Canadian Securities Laws, for securities or assets of Cerrado (other than pursuant to the Subscription Receipt Private Placement), nor to undertake any transaction or negotiate any transaction which would be or potentially could reasonably be in conflict with the Business Combination, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations. In the event Cerrado, including any of its officers or directors, receives any form of offer or inquiry, Cerrado shall forthwith (and in any event within one Business Day following receipt) notify BB1 of such offer or inquiry and provide BB1 with such details as it may request.

- (b) The sole remedy of BB1 for a breach of Cerrado's obligations under this Section 6.07 will be the right of BB1 to receive a cash payment from Cerrado in the amount of \$100,000, which amount shall be paid in full and final satisfaction of any liability which Cerrado and/or any of its officers and directors may have in respect thereof.

6.08 **Standstill of BB1**

- (a) Unless and until this Agreement is terminated pursuant to the terms hereof, BB1 agrees not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any Confidential Information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Business Combination, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any offer, shareholder proposal, "business combination", "takeover bid," or "qualifying transaction", exempt or otherwise, within the meaning of the Canadian Securities Laws or the TSXV Corporate Finance Manual, as applicable, for securities or assets of BB1, nor to undertake any transaction or negotiate any transaction which would be or potentially could reasonably be in conflict with the Business Combination, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations. In the event BB1, including any of its officers or directors, receives any form of offer or inquiry, BB1 shall forthwith (and in any event within one Business Day following receipt) notify Cerrado of such offer or inquiry and provide Cerrado with such details as it may request.
- (b) The sole remedy of Cerrado for a breach of BB1's obligations under this Section 6.08 will be the right of BB1 to receive a cash payment from BB1 in the amount of \$100,000, which amount shall be paid in full and final satisfaction of any liability which Cerrado and/or any of its officers and directors may have in respect thereof.

6.09 **Corporate Governance**

In accordance with this Agreement, upon the completion of the Business Combination:

- (a) the directors of BB1, other than Stephen Shefsky and Mark Brennan, will resign and there will be appointed in their place as directors of the Resulting Issuer the following individuals: Mark Brennan, Stephen Shefsky, Elmer Prata Salomao, Kurt Menchen, Robert Andrew Campbell, Jad Salamao Neto, Oscar Neto de Gouveia, Jonathan Gilligan and David Ball or such persons as Cerrado shall designate;
- (b) the officers of BB1 will resign and it is intended that Mark Brennan be appointed Chief Executive Officer and Co-Chairman, Stephen Shefsky appointed Co-Chairman, Cliff Hale-Sanders be appointed President, Kurt Menchen appointed Chief Operating Officer, Robert Andrew Campbell appointed Vice President of Exploration, Rohan Hazelton appointed Chief Financial Officer and Maria Virginia Anzola appointed General Counsel and Corporate Secretary or such other persons as Cerrado shall designate; and
- (c) the Resulting Issuer will obtain directors' and officers' liability insurance to be effective upon completion of the Business Combination, and the board of directors of Resulting

Issuer will undertake to seek such additional directors' and officers' liability insurance as the directors may determine in their sole discretion.

ARTICLE 7
CONDITIONS OF CLOSING

7.01 **Conditions in Favour of BB1**

The consummation of the Business Combination is subject to the following terms and conditions for the exclusive benefit of BB1, to be fulfilled or performed at or prior to the Effective Time:

- (a) *Constituting Documents and Certificate of Corporate Existence.* BB1 shall have received from each of Cerrado and the Cerrado Subsidiaries: (i) a copy of the Constituting Documents of Cerrado and the Cerrado Subsidiaries, certified by a duly authorized officer of Cerrado and the Cerrado Subsidiaries, as the case maybe, to be true and complete as of the Effective Date; and (ii) a certificate or the equivalent, dated not more than three days prior to the Effective Date, of the jurisdiction of incorporation of each of Cerrado and the Cerrado Subsidiaries as to the corporate good standing thereof.
- (b) *TSX/TSXV Listing.* The TSX and/or the TSXV shall have conditionally approved the listing of the common shares of the Resulting Issuer, and all conditions shall have been satisfied or are capable of being satisfied or waived in connection therewith.
- (c) *Required Approvals.* Cerrado shall have obtained the approval of its board of directors and shareholders, in accordance with the OBCA, for this Agreement and the Transactions contemplated hereby.
- (d) *Proof of Corporate Action.* BB1 shall have received from Cerrado a copy, certified by a duly authorized officer thereof to be true and complete as of the Effective Date, of the certified records of all corporate action taken to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby.
- (e) *Representations and Warranties.* Other than the representations and warranties of Cerrado set out in Sections 3.06 and 3.07 herein, the representations and warranties of Cerrado contained in this Agreement will be true and correct at the Effective Time, with the same force and effect as if such representations and warranties were made at and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by this Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not reasonably be expected to result in a Cerrado Material Adverse Effect or prevent or delay the completion of the Business Combination or other Transactions contemplated herein), and certificates of the President and the Chairman of Cerrado dated the Effective Date will have been delivered to BB1 confirming the foregoing.
- (f) *Share Capital.* Except for securities issued in connection with the Special Warrant Private Placement, the Subscription Receipt Private Placement and as disclosed in Section 3.07 of the Cerrado Disclosure Letter, the share capital of Cerrado shall consist of the number of issued and outstanding shares as set out herein, and the number of stock options or other convertible securities shall be as set forth in Section 3.07 of the Cerrado Disclosure Letter.

- (g) *Covenants.* All of the terms, covenants and conditions of this Agreement to be complied with or performed by Cerrado at or before the Effective Time will have been complied with or performed (except to the extent that the failure to comply with such covenants has not resulted in or would not result in, individually or in the aggregate, a Cerrado Material Adverse Effect or prevent or delay the completion of the Business Combination or the other Transactions contemplated herein) and certificates of the Chief Executive Officer and the Chief Financial Officer of Cerrado dated the Effective Date will have been delivered to BB1 confirming the foregoing.
- (h) *Private Placements.* The Subscription Receipt Private Placement shall have been completed prior to the Effective Date.
- (i) *Regulatory Consents.* There will have been obtained, from all relevant Governmental Authorities, such Authorizations as are required to be obtained by Cerrado and BB1 to consummate the Business Combination, including the approval of the TSXV and the TSX for the Business Combination and for the listing on the TSX of the Resulting Issuer Shares issuable pursuant to the Business Combination (including the exercise of the Replacement Warrants, Replacement Broker Warrants and Replacement Options and the vesting of the Replacement RSUs).
- (j) *Title Opinions.* Cerrado shall have delivered to BB1 title opinions in form and substance satisfactory to BB1 with respect to the ownership of the MDN Project and the MDC Project.
- (k) *Exchange Escrow.* On completion of the Business Combination, each of the parties as required by the TSX shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the TSX.
- (l) *Contractual Consents.* Cerrado will have given or obtained the notices, consents and approvals referred to in subsection 6.05(e), as applicable, in each case in form and substance satisfactory to BB1, acting reasonably.
- (m) *No Action or Proceeding.* No *bona fide* legal or regulatory action or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the Business Combination or any other of the transactions contemplated hereby, or the right of BB1, Subco, Cerrado, or the Cerrado Subsidiaries to conduct, expand, and develop their business.
- (n) *No Material Adverse Effect.* There will have been no Cerrado Material Adverse Effect since the date hereof and a certificate of the President and the Chairman of Cerrado dated the Effective Date to that effect will have been delivered to BB1.
- (o) *Dissent Rights.* Dissent Rights will not have been exercised in respect of a total number of Cerrado Common Shares which would, if such shares were converted into BB1 Shares pursuant to the Business Combination, exceed 5% of the BB1 Shares outstanding upon completion of the Business Combination.
- (p) *Distribution of PlantExt Inc. securities.* BB1 shall have arranged for the 9,200,000 units in the capital of PlantExt Inc. to be distributed into a trust, to be held for the benefit of the BB1 Shareholders, determined immediately prior to the Effective Date, to be held until

distributed to such BB1 Shareholders, pro rata to the number of BB1 Shares held, effective upon PlantExt Inc. completing a going public transaction.

If any of the conditions contained in this Section 7.01 have not been performed or fulfilled at or prior to the Effective Time to the satisfaction of BB1, acting reasonably, BB1 may, by notice to Cerrado, terminate this Agreement and the obligations of Cerrado and BB1 under this Agreement. Any such condition may be waived in whole or in part by BB1 without prejudice to any claims it may have for breach of covenant, representation or warranty or otherwise.

7.02 **Conditions in Favour of Cerrado**

The consummation of the Business Combination is subject to the following terms and conditions for the exclusive benefit of Cerrado, to be fulfilled or performed at or prior to the Effective Time:

- (a) *Constituting Documents and Certificate of Corporate Existence.* Cerrado shall have received: (i) a copy of the Constituting Documents of each of BB1 and Subco, certified by a duly authorized officer of BB1 and Subco, as the case may be, to be true and complete as of the Effective Date; and (ii) a certificate or the equivalent, dated not more than three days prior to the Effective Date, of the jurisdiction of incorporation of each of BB1 and Subco as to the corporate good standing thereof.
- (b) *TSX/TSXV Listing.* The TSX and or the TSXV shall have conditionally approved the listing of the common shares of the Resulting Issuer, and all conditions shall have been satisfied or are capable of being satisfied or waived in connection therewith.
- (c) *Required Approvals.* Each of BB1 and Subco shall have obtained the approval of its board of directors, and if required by the OBCA, its shareholders, for this Agreement and the transactions contemplated hereby.
- (d) *Cash Balance.* BB1 shall have a cash balance on the Effective Date of at least \$800,000.
- (e) *Proof of Corporate Action.* Cerrado shall have received from each of BB1 and Subco a copy, certified by a duly authorized officer thereof to be true and complete as of the Effective Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby.
- (f) *Consolidation and Name Change.* The Consolidation and the Name Change will have been completed.
- (g) *Representations and Warranties.* The representations and warranties of BB1 contained in this Agreement will be true and correct at the Effective Time (prior to giving effect to the Consolidation), with the same force and effect as if such representations and warranties were made at and as of such date (except to the extent such representations and warranties speak as of an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by this Agreement, or except for any failures or breaches of representations and warranties which, individually or in the aggregate, would not reasonably be expected to result in an BB1 Material Adverse Effect or prevent or delay the completion of the Business Combination or other Transactions contemplated herein), and a certificate of the Chief Executive Officer and the Chief Financial Officer of BB1 dated the Effective Date will have been delivered to Cerrado confirming the foregoing.

- (h) *Covenants.* All of the terms, covenants and conditions of this Agreement to be complied with or performed by BB1 at or before the Effective Time will have been complied with or performed (except to the extent that the failure to comply with such covenants has not resulted in or would not result in, individually or in the aggregate, an BB1 Material Adverse Effect or prevent or delay the completion of the Business Combination or the other Transactions contemplated herein), and a certificate of the Chief Executive Officer and the Chief Financial Officer of BB1 dated the Effective Date will have been delivered to Cerrado confirming the foregoing.
- (i) *Private Placements.* The Subscription Receipt Private Placement shall have been completed prior to the Effective Date.
- (j) *Regulatory Consents.* There will have been obtained, from all relevant Governmental Authorities, such Authorizations as are required to be obtained by Cerrado and BB1 to consummate the Business Combination, including the approval of the TSXV and, if applicable, the TSX for the Business Combination and for the listing on the TSX of the Resulting Issuer Shares issuable pursuant to the Business Combination (including the exercise of the Replacement Warrants, Replacement Broker Warrants and Replacement Options issued in replacement for or in lieu of the Cerrado Warrants, Cerrado Broker Warrants and Cerrado Options pursuant to the terms of this Agreement), in each case in form and substance satisfactory to Cerrado, acting reasonably.
- (k) *Contractual Consents.* BB1 will have given or obtained the notices, consents and approvals referred to in subsection 6.06(g), in each case in form and substance satisfactory to BB1, acting reasonably.
- (l) *No Action or Proceeding.* No *bona fide* legal or regulatory action or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the Business Combination or any other of the transactions contemplated hereby, or the right of BB1, Subco, Cerrado, or the Cerrado Subsidiaries to conduct, expand, and develop their business.
- (m) *BB1 Material Adverse Effect.* There will have been no BB1 Material Adverse Effect and a certificate of the Chief Executive Officer and the Chief Financial Officer of BB1 dated the Effective Date to that effect will have been delivered to Cerrado.
- (n) *Release by Directors and Officers.* Each of the directors and officers of BB1 that resigns as contemplated in Section 6.09 will have executed and delivered releases in favour of BB1 in form and substance satisfactory to Cerrado, acting reasonably.
- (o) *Dissent Rights.* Dissent Rights will not have been exercised in respect of a total number of Cerrado Common Shares which would, if such shares were converted into BB1 Shares pursuant to the Business Combination, exceed 5% of the BB1 Shares outstanding upon completion of the Business Combination.

If any of the conditions in this Section 7.02 have not been performed or fulfilled at or prior to the Effective Time to the satisfaction of Cerrado, acting reasonably, Cerrado may, by notice to BB1, terminate this Agreement and the obligations of Cerrado and BB1 under this Agreement. Any such condition may be waived in whole or in part by Cerrado without prejudice to any claims it may have for breach of covenant, representation or warranty or otherwise.

7.03 **Filing Articles**

Cerrado and BB1 will jointly file with the Director, Articles of Amalgamation and such other documents as may be required to complete the Business Combination, including the Short Form Amalgamation, as soon as practical and in any event within one Business Day after all conditions set out in Sections 7.01 and 7.02 have been satisfied or waived.

7.04 **Further Assurances**

Each party to this Agreement covenants and agrees that, from time to time prior to and subsequent to the Business Combination, it will execute and deliver all such documents, including all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

ARTICLE 8
TERMINATION

8.01 **Termination**

This Agreement may be terminated at any time before the Effective Time, whether before or after Cerrado obtains the Cerrado Shareholder Approval:

- (a) by the mutual agreement of BB1 and Cerrado;
- (b) by either of BB1 or Cerrado by notice to the other if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in this Agreement, which could reasonably be expected to have a Cerrado Material Adverse Effect where Cerrado is the terminating party or which could reasonably be expected to have a BB1 Material Adverse Effect where BB1 is the terminating party, or the ability of either party to complete the Business Combination in accordance with the terms of this Agreement, provided the breaching party has been given notice of and ten (10) days to cure any such misrepresentation, breach or non-performance;
- (c) by BB1 pursuant to Section 6.07 or Section 7.01;
- (d) by Cerrado pursuant to Section 6.08 or Section 7.02; or
- (e) by either Cerrado or BB1, if the Business Combination has not been completed on or before February 23, 2021, or such later date as may be agreed to by Cerrado and BB1 (provided, that the right to terminate this Agreement under this subsection 8.01(e) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date),

provided that the right to terminate this Agreement is not available to a party if it is in material breach of any representation, warranty or covenant hereof.

8.02 **Effect of Termination**

If this Agreement is terminated in accordance with Section 8.01:

- (a) this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of the parties hereunder except with respect to (i) Section 6.03, subsection 6.07(b) (with respect to the payment of a penalty fee), subsection 6.08(b) (with respect to the payment of a penalty fee) and Section 9.02, which will survive such termination, and (ii) a breach arising from the fraud or wilful misconduct of any party;
- (b) neither BB1 nor Cerrado will have any further liability to the other party except as expressly contemplated hereby, provided that the termination of this Agreement (i) will not relieve either BB1 or Cerrado from any liability for breach by it of this Agreement prior to such termination or (ii) preclude a party from seeking injunctive relief to restrain any breach or threatened breach of this Agreement or otherwise to obtain specific performance of any provision of this Agreement; and
- (c) in the event that the Amalgamation does not close for any reason, other than as a result of a breach of this Agreement by BB1, Cerrado shall pay to BB1, within three (3) business days of such termination date, C\$250,000, payable by issuing 235,850 Cerrado Common Shares (the “**Termination Payment**”) to be registered designated by BB1. Each of BB1 and Cerrado hereby acknowledges that the Termination Payment amount set out in this section is a payment of liquidated damages which is an estimate of the damages which BB1 will suffer or incur as a result of the non-completion of the Amalgamation and is not a penalty. Cerrado hereby irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Upon receipt of the Termination Payment, BB1 shall have no further claim against Cerrado in respect of the failure to complete the Amalgamation whether or not as a result of the breach of this Agreement by Cerrado, intentional or otherwise.

8.03 **Waivers and Extensions**

At any time prior to the earlier of the Effective Time or the termination of this Agreement in accordance with the provisions thereof, each of the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of another party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party to be bound thereby.

ARTICLE 9
MISCELLANEOUS

9.01 **Further Assurances**

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as the another party hereto may, either before or after the Business Combination, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

9.02 **Transaction Costs**

- (a) Each party hereto will pay its respective costs and expenses (including but not limited to its legal and accounting costs) incurred in connection with the preparation, execution, delivery and performance of this Agreement and all documents and instruments executed pursuant to this Agreement and all transactions contemplated by this Agreement, and any other costs and expenses whatsoever and howsoever incurred.
- (b) Cerrado agrees that it will be responsible for all its costs incurred with respect to the Transactions contemplated herein, including, without limitation, legal, accounting, TSX and TSXV application fees, brokerage, sponsorship, business valuations and other customary expenses associated with transactions of the type herein contemplated.

9.03 **Time of the Essence**

Time is of the essence of this Agreement.

9.04 **Public Announcements**

The parties hereto shall not make any public announcement or press release concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between the parties relating to the matters contemplated herein without the prior consent of each other, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by Law or any rules of a stock exchange or similar organization by which it is bound.

9.05 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

9.06 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto, including for greater certainty the Letter of Intent. The parties agree that the Letter of Intent was terminated prior to the execution hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

9.07 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific provision waived.

9.08 **Assignment**

This Agreement may not be assigned by a party hereto without the written consent of the other parties hereto, such consent not to be unreasonably withheld or delayed.

9.09 **Notices**

Any demand, notice or communication to be made or given under or pursuant to this Agreement is to be in writing, except as otherwise expressly permitted or required under this Agreement, and may be made or given by personal delivery, by registered mail or by transmittal by electronic mail addressed to the respective parties as follows:

- (a) If to BB1, then to the following address:

BB1 Acquisition Corp.
66 Wellington Street West, Suite 4100
Toronto, ON M5K 1B7

Attention: Stephen Shefsky, Chief Executive Officer
Email: cancap@on.aibn.com

- (b) If to Cerrado, then to the following address:

Cerrado Gold Inc.
110 Yonge St
Toronto, ON M5C 1T1

Attention: Mark Brennan, Chief Executive Officer
Email: mbrennan@cerradogold.com

or to such other mailing or electronic mail address as any party may from time to time notify the others of in accordance with this paragraph. Any demand, notice or communication made or given by personal delivery is conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by registered mail, on the fifth (5th) business day following the deposit thereof in the mail or, if made or given by electronic mail, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. If the party making or giving such demand, notice or communication knows, or ought reasonably to know, of difficulties with the postal system which might affect the delivery of mail, any such demand, notice or communication is not to be mailed but is to be made or given by personal delivery or by electronic mail transmission.

9.10 **Remedies Cumulative**

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

9.11 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

9.12 **Attornment**

For the purpose of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. Each party hereto hereby attorns to the jurisdiction of the courts of the Province of Ontario.

9.13 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

9.14 **Electronic Execution**

Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

[The remainder of this page has been left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

BB1 ACQUISITION CORP.

By: “Stephen Shefsky”
Name: Stephen Shefsky
Title: Chief Executive Officer

2787753 ONTARIO INC.

By: “Stephen Shefsky”
Name: Stephen Shefsky
Title: President

CERRADO GOLD INC.

By: “Mark Brennan”
Name: Mark Brennan
Title: Chief Executive Officer

**SCHEDULE A
AMALGAMATION AGREEMENT**

THIS AGREEMENT made as of the ___ day of _____, 20_____.

B E T W E E N:

2787753 ONTARIO INC.
existing under the *Business Corporations Act* (Ontario)

(hereinafter referred to as “**Subco**”)

- and -

CERRADO GOLD CORP.
continued and existing under the *Business Corporations Act* (Ontario)

(hereinafter referred to as “**Cerrado**”)

WHEREAS:

- A. The parties hereto have entered into a business combination agreement with BB1 Acquisition Corp. (“**BB1**”) dated as of November 29, 2020 pursuant to which the parties thereto have agreed that the business and assets of Cerrado will be combined with those of Subco (the “**Business Combination Agreement**”).
- B. The authorized capital of Subco consists of an unlimited number of common shares of which 100 are issued and outstanding as fully paid and non-assessable.
- C. The authorized capital of Cerrado consists of an unlimited number of common shares of which 46,884,021 are issued and outstanding as fully paid and non-assessable.
- D. Subco and Cerrado have agreed to amalgamate under the OBCA (as hereinafter defined) upon the terms and conditions hereinafter set out;
- E. Effective upon the Amalgamation (as hereinafter defined), BB1 shall issue to each Cerrado Shareholder (as hereinafter defined) one common share in its capital (on a post-Consolidation basis) for each one Cerrado Common Share (as hereinafter defined);

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto do hereby agree as follows:

1. Interpretation

In this Agreement including the recitals:

“**Agreement**” means this amalgamation agreement, as it may be amended or supplemented at any time and from time to time after the date hereof;

“**Amalco**” means the corporation resulting from the amalgamation of Subco and Cerrado pursuant to the Amalgamation;

“**Amalco Shares**” means the common shares in the capital of Amalco;

“**Amalgamating Corporation**” means each of Subco and Cerrado and “**Amalgamating Corporations**” means both of them;

“**Amalgamation**” means the amalgamation of the Amalgamating Corporations under Section 174 of the OBCA on the terms and subject to the conditions set out in this Agreement;

“**Business Combination**” means the business combination among BB1, Subco and Cerrado pursuant to which Cerrado Shareholders will receive BB1 Shares (on a post-Consolidation basis) on the basis of one BB1 Share for each one Cerrado Common Share held and BB1 will become the parent company of Amalco;

“**Business Combination Agreement**” has the meaning ascribed thereto in the preamble to this Agreement;

“**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Director in respect of the Amalgamation;

“**Consolidation**” means the consolidation of BB1 Shares on the basis of one (1) post-Consolidation share for up to every 8.31 pre-Consolidation BB1 Shares having regard for the valuations of the two companies in the Business Combination;

“**Cerrado Common Shares**” means common shares in the capital of Cerrado;

“**Cerrado Shareholder**” means a registered holder of Cerrado Common Shares, from time to time, and “**Cerrado Shareholders**” means all of such holders;

“**Director**” means the director appointed under Section 278 of the OBCA;

“**Effective Date**” means the date shown on the Certificate of Amalgamation;

“**Effective Time**” has the meaning ascribed to it in Section 9;

“**Government Authority**” means and includes, without limitation, any foreign, national, provincial, local or state government, or political subdivision of any government, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the TSXV and the TSX;

“**ITA**” means the *Income Tax Act* (Canada), as amended, and all regulations thereunder;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time;

“**Parties**” means Subco and Cerrado;

“**Person**” includes any individual, sole proprietorship, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, union, Government Authority, syndicate or other entity, whether or not having legal status;

“**BB1 Shares**” means common shares in the capital of BB1;

“**Subco Shares**” means common shares in the capital of Subco;

“**Transfer Agent**” means the registrar and transfer agent of BB1; and

“**TSXV**” means the TSX Venture Exchange.

2. **Paramountcy**

In the event of any conflict between the provisions of this Agreement and the provisions of the Business Combination Agreement, the provisions of the Business Combination Agreement shall prevail.

3. **Agreement to Amalgamate**

Each of the Parties hereby agrees to the Amalgamation. The Amalgamating Corporations shall amalgamate to create Amalco on the terms and conditions set out in this Agreement.

4. **Amalgamation**

The Parties shall cause the Articles of Amalgamation to be filed pursuant to the OBCA to effect the Amalgamation. Under the Amalgamation at the Effective Time:

- (a) Subco and Cerrado will amalgamate and continue as Amalco with the name “Cerrado Gold Inc.”;
- (b) each holder of Cerrado Common Shares (other than dissenting Cerrado Shareholders who do not cancel their Cerrado Common Shares in consideration of obtaining BB1 Shares on the Amalgamation) shall receive one fully paid and non-assessable BB1 Share (on a post-Consolidation basis) for each Cerrado Common Share held (the “**Exchange Ratio**”), following which all such Cerrado Common Shares shall be cancelled;
- (c) all other convertible securities issued by Cerrado shall be exchanged for convertible securities in the capital of BB1 on the basis of the Exchange Ratio, with all terms thereof adjusted accordingly;
- (d) BB1 shall receive one fully paid and non-assessable Amalco Share for each one Subco Share held by BB1, following which all such Subco Shares shall be cancelled;
- (e) in consideration of the issuance of BB1 Shares in Section 4(b), Amalco shall issue to BB1 one Amalco Share for each BB1 Share issued;
- (f) the BB1 Shares shall be issued fully paid in consideration of the cancellation of the Cerrado Common Shares immediately prior to the Effective Time, excluding any Cerrado Common Shares held by dissenting Cerrado Common Shareholders who do not cancel their Cerrado Common Shares in consideration of obtaining BB1 Shares in the Amalgamation;
- (g) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the ITA of the Subco Shares and Cerrado Common Shares immediately prior to the Effective Time;

- (h) BB1 shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to Transactions to any holder of Cerrado Common Shares such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Cerrado Common Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and
- (i) Amalco will become a wholly-owned subsidiary of BB1.

5. Delivery of Securities Following Amalgamation

In accordance with normal commercial practice, as soon as practicable following the Effective Date, BB1, directly or through the Transfer Agent, shall issue direct registration advices or certificates representing the appropriate number of BB1 Shares (on a post-Consolidation basis) to the former holders of Cerrado Common Shares.

6. Effect of Amalgamation

- (a) The Amalgamating Corporations shall be amalgamated and continue as one corporation under the terms and conditions prescribed in this Agreement.
- (b) The Amalgamating Corporations shall cease to exist as entities separate from Amalco.
- (c) Amalco shall possess all the property, rights, privileges and franchises and shall be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the Amalgamating Corporations.
- (d) A conviction against, or ruling, order or judgment in favour or against an Amalgamating Corporation may be enforced by or against Amalco.
- (e) The articles of amalgamation shall be deemed to be the articles of incorporation of Amalco.
- (f) Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against an Amalgamating Corporation before the Amalgamation has become effective.

7. Fractional Shares

No fractional BB1 Shares shall be issued to holders of Cerrado Common Shares; in lieu of any fractional entitlement, the number of BB1 Shares issued to each former holder of Cerrado Common Shares shall be rounded up to the nearest whole BB1 Share in the event that the former holder of Cerrado Common Shares is entitled to receive a fractional share representing 0.5 or more of a BB1 Share, or be rounded down to the nearest whole BB1 Share in the event that the former holder of Cerrado Common Shares is entitled to receive a fractional share representing less than 0.5 of a BB1 Share.

8. Filing of Articles of Amalgamation

If this Agreement is adopted by each of the Amalgamating Corporations as required by the OBCA, the Amalgamating Corporations agree that they will, jointly and together, file with the Director, agreed upon Articles of Amalgamation in the form prescribed under the OBCA.

9. Effective Time

The Amalgamation shall take effect and go into operation at 12:01 a.m. on the Effective Date, if this Agreement has been adopted as required by law and all necessary filings have been made with the Director before that time, or at such later time, or time and date, as may be determined by the directors or by special resolutions of the Amalgamating Corporations when this Agreement shall have been adopted as required by law; provided, however, that if this Agreement is terminated under Section 19, the Amalgamation shall not take place notwithstanding the fact that this Agreement may have been adopted by the shareholders of the Amalgamating Corporations.

10. Registered Office

The registered office of Amalco shall be in the City of Toronto in the Province of Ontario. The address of the first registered office of Amalco shall be: 110 Yonge St, Toronto, ON M5C 1T1.

11. Amalco Name

The name of Amalco shall be “Cerrado Gold Inc.”

12. Articles and By-Laws

- (a) The Articles of Amalgamation are deemed to be the articles of incorporation of Amalco and, except for the purposes of subsection 117 of the OBCA, the Certificate of Amalgamation is deemed to be the certificate of incorporation of Amalco.
- (b) The by-laws of Amalco shall be the by-laws of Cerrado, a copy of which may be examined at the following address: 110 Yonge St, Toronto, Ontario M5C 1T1.

13. Activities

There will be no limitations on the activities of Amalco. The directors of Amalco shall be authorized to borrow money on the credit of Amalco.

14. Authorized Capital

The authorized capital of Amalco shall consist of an unlimited number of common shares without nominal or par value.

15. Number of Directors

The board of directors of Amalco shall consist of not less than one and not more than 10 directors, the exact number of which shall be determined by the directors from time to time.

16. Initial Directors

The first directors of Amalco shall be the persons whose names and residential addresses appear below:

Name	Prescribed Address
Mark Brennan	110 Yonge St, Toronto, ON M5C 1T1
Stephen Shefsky	110 Yonge St, Toronto, ON M5C 1T1

The above directors will hold office from the Effective Date until the first annual meeting of shareholders of Amalco or until their successors are elected or appointed.

17. Transfer of Shares

The right to transfer of shares in the capital of Amalco shall be restricted in that no shareholder shall be entitled to transfer any share or shares unless its transfer complies with the restriction on the transfer of securities set out in section 18(b) hereof.

18. Special Provisions

Subject to the provisions of the OBCA, the following provisions shall apply to Amalco:

- (a) Without in any way restricting the powers conferred upon Amalco or its board of directors by the OBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:
 - (i) borrow money upon the credit of Amalco;
 - (ii) issue, re-issue, sell or pledge debt obligations of Amalco;
 - (iii) subject to the provisions of the OBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of Amalco to secure performance of an obligation of any person; and
 - (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of Amalco owned or subsequently acquired, to secure any obligation of Amalco.

The board of directors may from time to time delegate to a director, a committee of directors or an officer of Amalco any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

- (b) No securities of Amalco, other than non-convertible debt securities, shall be transferred without either:
 - (i) the approval of the directors of Amalco expressed by a resolution passed at a meeting of the board of directors or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of directors; or

- (ii) the approval of the holders of shares of Amalco carrying at least a majority of the votes entitled to be cast at a meeting of shareholders, expressed by a resolution passed at a meeting of the holders of such shares or by an instrument or instruments in writing signed by the holders of a majority of such shares.

19. Termination

This Agreement may be terminated by the board of directors of each of the Amalgamating Corporations, notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, at any time prior to the issuance of the Certificate of Amalgamation and following the termination of the Business Combination Agreement, without, except as provided in the Business Combination Agreement, any recourse by any Party hereto or any of their shareholders or other Persons.

20. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

21. Further Assurances

Each of the Parties agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

22. Time of the Essence

Time shall be of the essence of this Agreement.

23. Amendments

This Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

24. Counterparts

This Agreement may be signed in counterparts (including counterparts by facsimile), and all such signed counterparts, when taken together, shall constitute one and the same agreement, effective on this date.

[The remainder of this page has been left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

2787753 ONTARIO INC.

By: _____
Name:
Title:

CERRADO GOLD INC.

By: _____
Name:
Title: