

## June 2020 Quarterly Report

### HIGHLIGHTS

- Diamond drilling program scheduled to commence in last week of July. First drill hole is planned for Tesorito, which has limited previous drilling, but considerable potential for a large tonnage discovery based on prior best intersections of<sup>1</sup>:
  - **384m @ 1.01g/t** from 16m incl **29.3m @ 1.9g/t Au** from 136.75m in TS-DH-02; and
  - **253.1m @ 1.01g/t Au** from 2.9m incl **64m @ 1.67g/t Au** from 144m in TS-DH-07
- New targets identified for high grade veins and shoots within, and beyond, the Miraflores Resource Model
- Independent 3-D geochemical modelling reveals Chuscal porphyry target below, and untested by, recent drilling
- Los Cerros to become 100% owner of entire Quinchia Gold Project. AngloGold Ashanti (AGA) enters binding term sheet for the exchange of its Chuscal<sup>2</sup> JV interest for Los Cerros (LCL) securities.
- Exploration accelerated by signing of \$2M Strategic Partnership Agreement.
- Fully funded- post quarter the Company received firm bids for approximately \$10M and proceeded to accept binding commitments for a placement of \$3,530,000 (before costs) in July 2020.

For **Los Cerros Limited (ASX: LCL) (Los Cerros or the Company)**, the quarter ending June 2020 was a balance of managing the impacts of COVID-19 whilst maintaining the momentum the Company has developed over the 6 months since its merger with Andes Resources. The Company managed to achieve several milestones over the quarter and prime itself for a return to active exploration which began in May when the Colombian Government eased movement restrictions for the exploration industry thus permitting a managed return to field work.

### Quinchia Gold Project - LCL 100%<sup>3</sup>

The Quinchia Gold Project is located in the state of Risaralda and covers the highly fertile mid-Cauca Gold Belt of Colombia. The Project comprises Miraflores, Tesorito, Chuscal and other established targets in addition to untested areas of interest within the ~7,500ha parcel (Figure 1).

Central to the Quinchia Gold Project is the Miraflores gold deposit with an existing **Resource of 877,000 Au ounces at 2.80g/t Au** and **Reserve of 457,000 Au ounces at 3.29g/t Au** based on a

<sup>1</sup> See release 30 August 2018 for the initial reporting of the Tesorito assays. The most significant intercepts have been disclosed to demonstrate the potential for future discovery. Readers are cautioned that such intercepts should not be considered to be indicative of the grades throughout the system and those wishing to consider more comprehensive results should refer to the 30 August 2018 announcement. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

<sup>2</sup> The Chuscal Gold Target is a JV with AngloGold Ashanti Colombia SA. Los Cerros can earn 51% through US\$2.5M of exploration expenditure (see ASX Announcement 6 December 2018). Los Cerros is the manager of the JV.

<sup>3</sup> The Chuscal Project is currently a JV with AngloGold Ashanti however LCL has signed a binding term sheet to acquire 100% pending execution of a sales agreement. Currently LCL can earn 51% through \$2.5M of exploration expenditure (see ASX Announcement 6 December 2018).

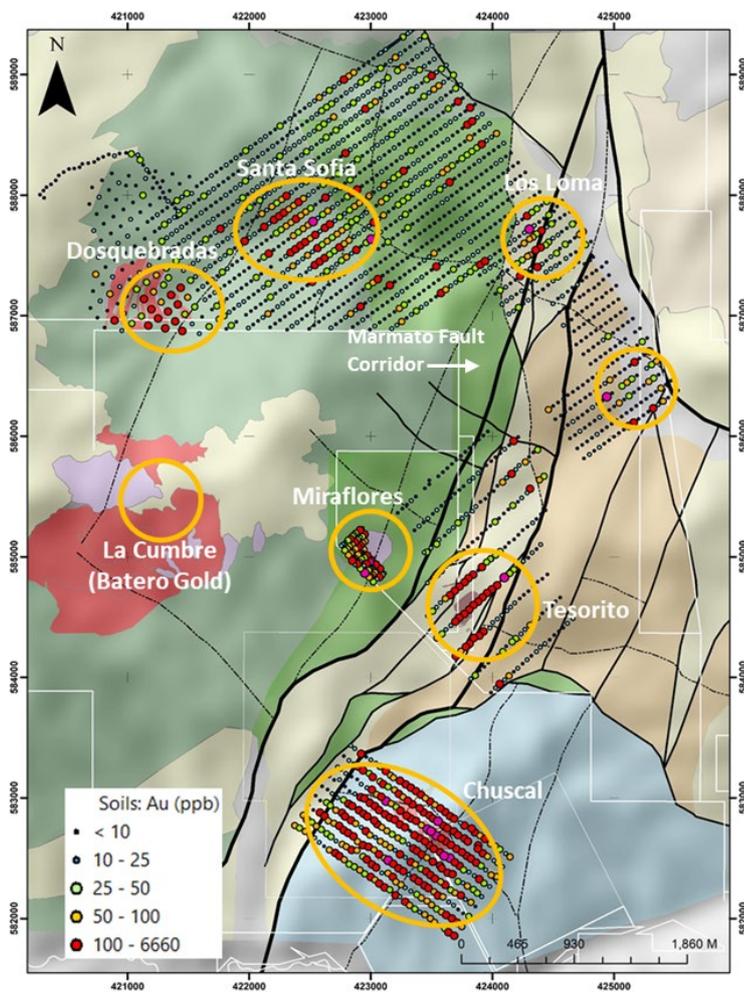
2017 Feasibility Study (FS)<sup>4</sup>. The FS generated the following parameters based on US\$72m CapEx for a retreat long hole stope with backfill mining operation feeding a 1,300tpd conventional cyanide leaching facility producing an average 4koz gold/month (48koz/yr) over a 10 year operating life.

It is worth noting that current gold price far exceeds the upper limit of US\$1,400/oz used in the 2017 sensitivity analysis provided in the table below.

Sensitivity to Gold Price				
Key Financial Indicators*	Unit	US\$1,200 Au/oz	US\$1,300 Au/oz	US\$1,400 Au/oz
C1 Cash Cost**	US\$ per Au/oz	595	599	603
AISC-cost	US\$ per Au/oz	639	643	647
EBITDA (LoM average)	US\$m/annum	27.3	29.4	35.8
NPV @ 5%	US\$m	75	96.1	117
NPV @ 8%	US\$m	55	72.3	89.8
IRR	%	21	25	28
Payback	Years	4.1	3.6	3.3

\* A variance of +15 -10% can be applied i.e. within the contingency. Contingency of 7.67%.

\*\* C1 Cash Costs includes Government Royalty.



**Figure 1:** The Quinchia Gold Project contains multiple targets at various levels of investigation within a ~3km radius. This image reveals the major known target areas and gold in soils anomalism.

<sup>4</sup> Refer ASX announcement dated 27 November 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply

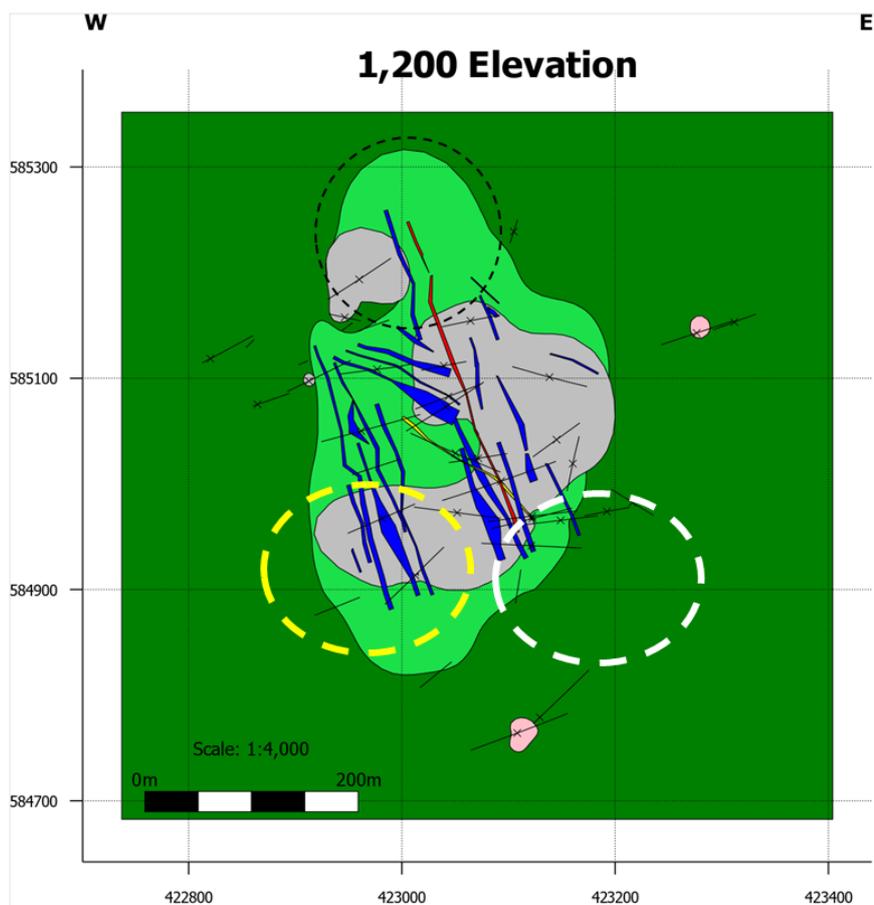
## High Grade Potential Identified Beyond Existing Resource at Miraflores

The Company used the period during the quarter when quarantine restrictions limited field work to re-visit the geological model that underpins the Miraflores Resource and Reserve Model. The work provided valuable insight of the structures influencing gold distribution and led to the identification of several appealing, underexplored targets which have potential for high grade vein shoots within and beyond the boundaries of the existing Miraflores Resource envelope. A 3-D modelling exercise revealed that the highest gold grades occur within sheeted vein systems which cut white-grey breccia, a subset of the breccia pipe lithologies. Three zones of white-grey breccia are interpreted but none of these zones were specifically targeted by previous explorers, and the largest white-grey breccia zone remains open at depth (Figure 2).

Two sheeted vein sets are of particular interest as they appear to carry the highest gold values in drill assays and where these vein sets of different orientations intersect, a southeast plunging shoot, which remains open in both directions, is developed carrying higher grades, namely<sup>5</sup> -

- **6.0m @ 11.04 g/t Au** from 343.1m within 194.9m @ 1.57g/t from 159.4m in QM-DH-32A
- **10.6m @ 11.97g/t Au** from 233m within 114.7m @ 1.89g/t from 185.9m in QM-DH-33
- **59.2m @ 5.72 g/t Au** from 182.8m within 238.15m @ 2.06g/t Au from 146m in QM-DH-50

None of these vein intersections have been purposely targeted by previous drilling and the Company intends to return to drilling at Miraflores as part of the upcoming drill program.

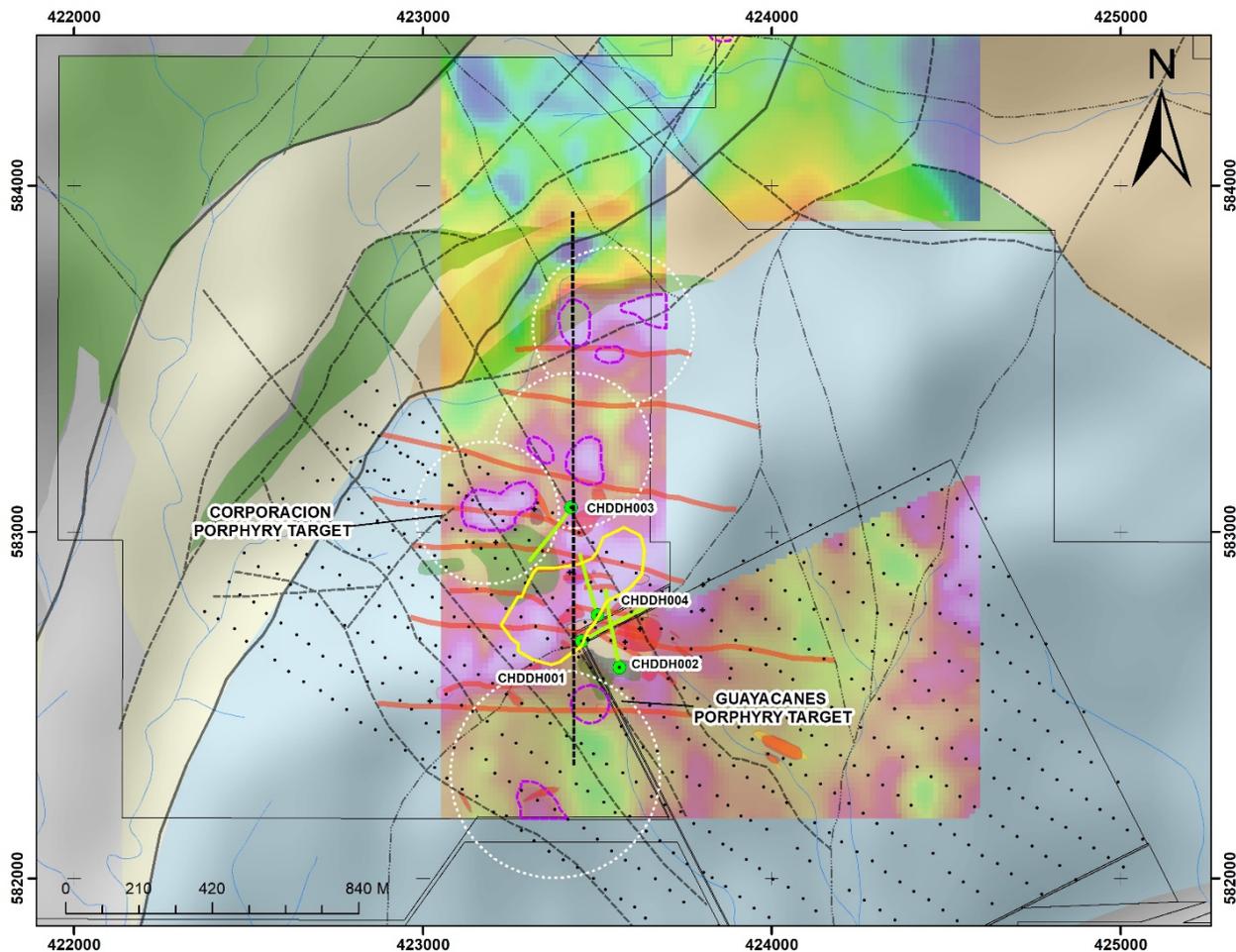


**Figure 2:** Modelling of high grade distribution has revealed three regions justifying further testing, two associated with the potential extensions of shoots - white dashed circle at depth and black dashed circle near surface in the above plan. The depth extent of white-grey breccia (yellow circle) has not been tested and is the third target.

<sup>5</sup> Refer announcement 14 March 2017. The Company confirms that it is not aware of any new information that affects the information contained in this release

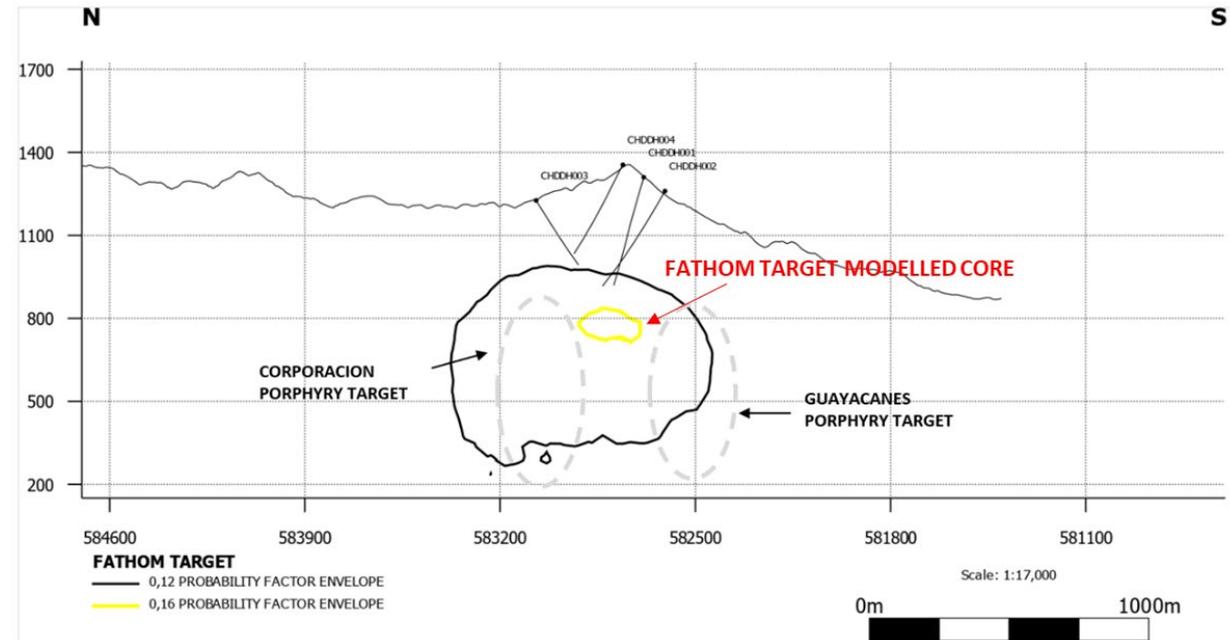
## Chuscal Prospect - Significant porphyry target identified

During the quarter, and as part of its drill targeting preparations ahead of the 2020 drill program, the Company engaged Fathom Geophysics to apply a sophisticated 3-D multi-element geochemical modelling technique to the Chuscal geochemical data set. The technique has identified a porphyry target (**Fathom target**) immediately below, and adjacent to, recent drilling (Figure 3 & 4) and spatially related to the previously identified Guayacanes and Corporacion porphyry targets<sup>6</sup>, at a depth of approximately 500m, some 50-100m below the four holes drilled in the 2019 drilling program.



**Figure 3:** Chuscal plan view showing the Fathom target (yellow outline) in relation to LCL drill holes CHDD001-004 (too shallow to intersect Fathom target) and existing porphyry targets (dotted white circles) established from other data, over background magnetics. Purple bordered shapes are magnetic highs of interest. Note the north-south orientation of targets, this orientation extends northward to align to the Tesorito Prospect located 1.5km to the north.

<sup>6</sup> See ASX release 20 January 2020. The Company is not aware of any new information or data that materially affects the information included in this release



**Figure 4:** Cross section projection showing location of Fathom target in relation to the 2019 drilling program holes and the two porphyry targets established from other methods. See Figure 3 for north-south location of cross section.

Los Cerros completed the Chuscal maiden drilling program in January 2020. The four hole ~1,900m program demonstrated that porphyry-associated gold is far more widespread than previously assumed, as evidenced by the very long drill core intercepts of lower grade gold in all holes over an extensive area including:

- o 350m @ 0.57g/t Au over this extensive interval in drill hole CHDDH001<sup>7</sup>; and
- o 320m @ 0.43g/t Au encountered between 32m to 352m in drill hole CHDDH002<sup>8</sup>.

Overprinting by Intermediate Sulphidation System (ISS) epithermal veins is also far more extensive than previously modelled and noted in most rock units drilled, including breccias, and typically correlated to an uplift in gold grade above the background of widely disseminated, porphyry associated gold. ISS associated intercepts include<sup>9</sup>:

- o 2m @ 8.28g/t Au from 248m in CHDDH002;
- o 0.5m @ 17.1g/t Au from 333m within 7m @ 2.07g/t Au from 331m in CHDDH002;
- o 6m @ 2.97g/t Au from 250m including a 0.4m high grade vein from 253.3m grading 31.8g/t Au in CHDDH003;
- o 6m @ 2.52g/t Au and 10.25g/t Ag from 0m to 6m, including 2m @ 5.56g/t Au and 29g/t Ag from surface in CHDDH0001;
- o 2m @ 6.44g/t Au and 87.40g/t Ag from 324m to 326m in CHDDH0001; and
- o 8m @ 2.82g/t Au and 29.96g/t Ag from 342m to 350m in CHDDH0001.

<sup>7</sup> See announcement 25 November 2019. The Company confirms that it is not aware of any new information that affects the information contained in this release.

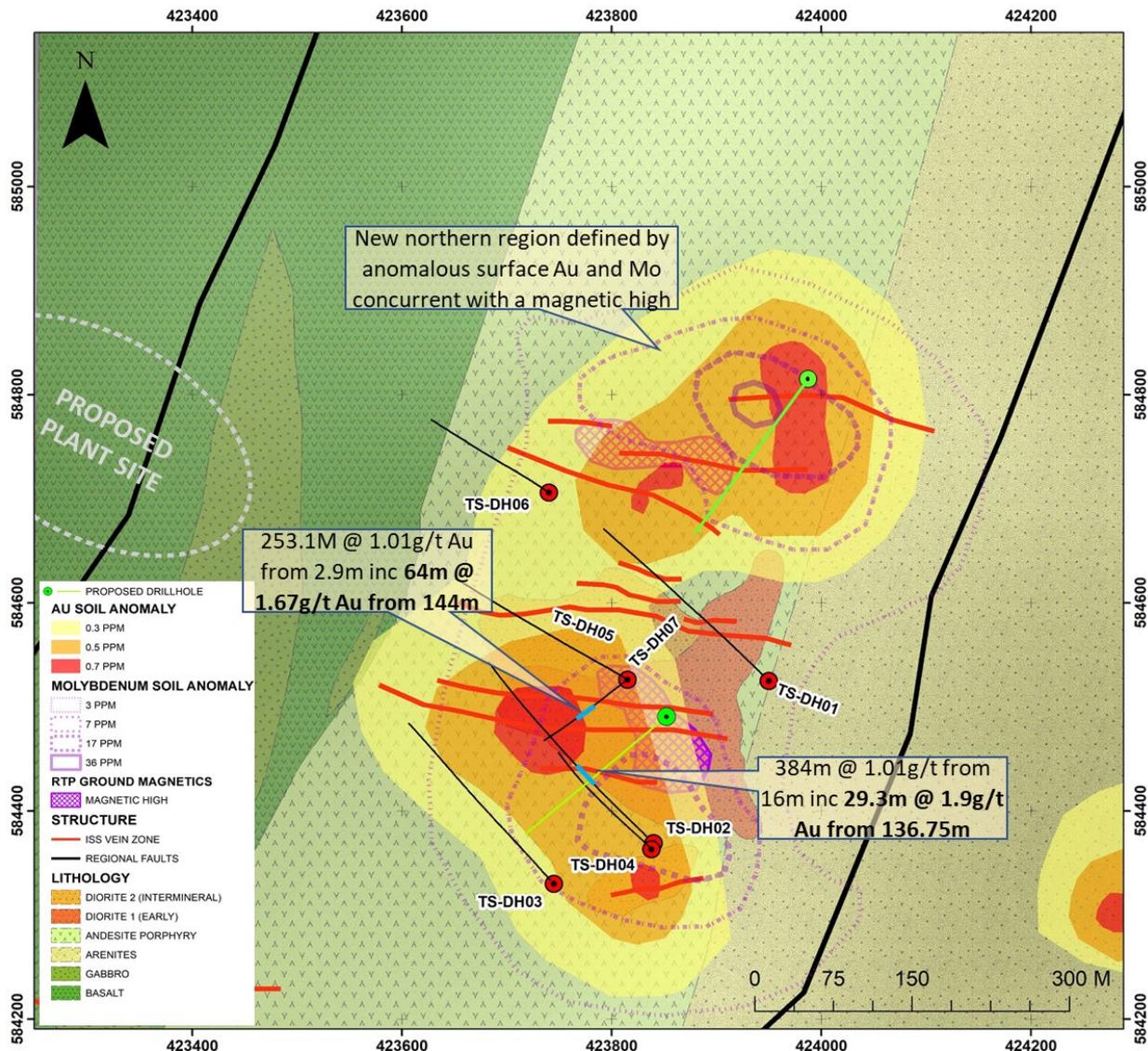
<sup>8</sup> See announcement 5 December 2019. The Company confirms that it is not aware of any new information that affects the information contained in this announcement.

<sup>9</sup> See announcements 25 November 2019, 5 December 2019 and 23 December 2019. The Company confirms that it is not aware of any new information that affects the information contained in these announcements.

## Tesorito Prospect - New Anomaly Identified<sup>10</sup>

Field work and surface sampling during the quarter and reported early July has revealed a new gold-molybdenum soil anomaly over a magnetic high, just 200m north of previous drilling at the near surface Tesorito Porphyry (Figure 5). The new northern centre is poorly exposed but has higher gold and molybdenum values in soils than the zone drilled in previous programs.

Tesorito will be the first site for the approaching drill program scheduled to start 31 July 2020. The first hole will test the continuity of wide, higher grade intersections reported in previous drilling, and it is planned to then test the newly defined northern gold-molybdenum soil anomaly.



**Figure 5:** Tesorito is an at-surface gold mineralised porphyry system. The Company's first hole of the pending drill program will further explore the southern anomalous zone that has already delivered impressive results. The Company is also developing its drilling strategy for the northern anomalous zone defined here by gold and strong molybdenum assays in soil over a magnetic high.

<sup>10</sup> Announced 8 July 2020. The Company confirms that it is not aware of any new information that affects the information contained in this announcement.

## Andes Gold Project - LCL 90%<sup>11</sup>

The Andes Gold Project covers numerous epithermal and porphyry targets within the mid-Cauca Gold Belt 70km north of the Quinchia Gold Project. No work carried out during the quarter.

## Corporate Developments

In April, Los Cerros executed a Strategic Partnership Agreement for the provision of IP survey services, drilling services, drilling equipment, personnel and consumables (**SPA**) with Hong Kong Ausino Investment Limited (**Ausino**). Key elements of the SPA include:

- subject to a 6-month trial period, Ausino will provide equipment and services over an approximately 18-month period to the value of up to \$2 million;
- Ausino will provide a new, fit for purpose, diamond core drill rig, drill rods, other consumables and extended after sale support in the form of expert senior drillers on-site to build the Company's internal capabilities;
- Ausino will provide two sets of specialist Induced Polarisation (**IP**) equipment and a specialist Geophysics team to conduct IP surveys over targets within the Company's portfolio; and
- the Company has the discretion of whether to pay Ausino in cash or in shares, with payments to be made incrementally in conjunction with a purchase order using a 20-day VWAP based on the day that the Company issues the purchase order (**PO**).

The key driver for seeking the SPA is to assist the Company in driving down its in-country exploration costs, maintain cash, improve efficiencies and facilitate significant drilling and IP programs over the Company's expansive holding in the prolific mid-Cauca gold belt of Colombia.

The Company will assess, prior to making each PO, whether the order will be satisfied by way of share issue or cash. The first PO, satisfied via shares and authorised in June, consisted of the Company's first drill rig (Atlas Copco C5C), peripherals, drill rods and equipment spares for a total of over 200 different items. The rig is expected to arrive in Colombia in October 2020. The Company has committed to commence drilling using a Colombian drilling provider in the interim.

The quarter also saw the Company enter a binding term sheet agreement (**Agreement**) with AngloGold Ashanti (**AGA**) for the exchange of AGA's interests in the Chuscal JV for LCL shares. In addition to usual warranties and conditions, the agreement is subject to execution of a formal sale and purchase agreement. From the transaction, Los Cerros will acquire 100% ownership of Chuscal and result in the Company holding 100% of the entire Quinchia Gold Project of which Chuscal is a part (Figure 1). On completion of the transaction AGA will be awarded 10,476,597 fully paid issued capital of LCL and 15,430,648 with an exercise price of \$0.16 and an expiry date 12 months from the date of issue.

The Company held its AGM on 23 June 2020 with all resolutions passed including the above mentioned issue of shares and options to AGA.

Throughout the quarter, the Company completed Tranche 2 of the placement that was announced on 5 February 2020. The total placement raised a total of \$2,125,000 before costs. The Company also issued a total of 17,000,041 fully paid ordinary shares upon the exercise of 17,000,000 unquoted

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<sup>11</sup> Andes Holding holds the entire Andes Portfolio with Bullet Holding Corp (BHC) under a Share Holders Agreement (SHA) in which BHC has a 10% free carry until declaration of a NPV positive PFS. See ASX release 19 July 2019 for detail.

options exercisable at \$0.02 per option on or before 18 May 2022 and 41 unquoted options exercisable at \$0.44 per option on or before 1 June 2020. The option conversions raised \$340,018 before costs.

On 1 June 2020, 13,683,782 quoted options (ASX: MNCOA), exercisable at \$0.44 per option, expired.

Post quarter, the Company issued a further 312,500 fully paid ordinary shares upon the exercise of 312,500 options exercisable at \$0.02 per option on or before 18 May 2022 raising \$6,250.

At the date of lodging this report the Company has ~\$2.4M in cash.

The Company is aware that the RMB Group of Companies (**RMB**), sold its 9.7% interest in the Company in or around July 13 2020. The RMB shareholding was the result of a legacy loan agreement with RMB dating back several years, which was partly converted into shares in Los Cerros in September 2019<sup>12</sup> as part of a broader transaction which included the acquisition of unlisted company, Andes Resources Ltd via an off-market takeover offer

The Company announced civil proceedings commenced against its wholly owned subsidiary, Andes Resources Ltd, by a former director of Andes, details of which were released on 26 February 2020. The Company is in confidential and ongoing discussions with this former director in relation to reaching a settlement, and anticipates resolving this matter in the near term, which may involve a cash and/or issue of option securities.

### **Payments to Related Parties**

As outlined in the attached Appendix 5B (section 6.1), during the quarter approximately \$75k in payments were made to related parties and their associates for director salaries, consultancy fees, superannuation and other related costs.

### **The Quarter Ahead - Fully funded and drilling!**

Post quarter, the Company was very pleased with the outcome of its July capital raising via private placement to professional and sophisticated investors. The Company received firm bids for approximately \$10M and proceeded to accept binding commitments for a placement of \$3,530,000 (before costs). Under the placement the Company will issue up to 87.5 million fully paid ordinary shares at an issue price of \$0.04 per share which will be settled in two tranches. Tranche 1 (\$1.98M) is expected to settle on or around 20 July 2020. The Company will issue the remainder in Tranche 2, which is subject to shareholder approval at a General Meeting, indicatively scheduled for late August 2020.

The Company is targeting a drilling start date of late July 2020 with the first holes at Tesorito before moving to other targets within the Quinchia Gold Project including Chuscal and Miraflores. Initially, the program will be via a Colombian drilling contractor until Company takes delivery of its own rig later in the year.

With the success of the July placement, the Company intends to run a sustained and expanded drilling program beyond the initial scope<sup>13</sup>.

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<sup>12</sup> RMB retains certain rights comprising deferred milestone and future royalty production payments. See ASX announcement 12 July 2019 for further detail.

<sup>13</sup> Subject to ongoing success at drill ready targets, successful implementation of the HK Ausino Agreement and impact of COVID-19.

For the purpose of ASX Listing Rule 15.5, the Board has authorised for this announcement to be released.

**For further enquiries contact:**

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Los Cerros Limited

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**FORWARD LOOKING STATEMENTS** This document contains forward looking statements concerning Los Cerros. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Los Cerros' beliefs, opinions and estimates of Los Cerros as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. No representation, warranty or undertaking, express or implied, is given or made by the Company that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur.

**JORC STATEMENTS - COMPETENT PERSONS STATEMENTS**

The technical information related to Los Cerros assets contained in this report that relates to Exploration Results (excluding those pertaining to Mineral Resources and Reserves) is based on information compiled by Mr Cesar Garcia, who is a Member of the Australasian Institute of Mining and Metallurgy and who is a Geologist employed by Los Cerros on a full-time basis. Mr Garcia has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Garcia consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

The information presented here that relates to Mineral Resources of the Dosquebradas Project, Quinchia District, Republic of Colombia is based on and fairly represents information and supporting documentation compiled by Mr. Scott E. Wilson of Resource Development Associates Inc, of Highlands Ranch Colorado, USA. Mr Wilson takes overall responsibility for the Resource Estimate. Mr. Wilson is Member of the American Institute of Professionals Geologists, a "Recognised Professional Organisation" as defined by the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Wilson is not an employee or related party of the Company. Mr. Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr. Wilson consents to the inclusion in the news release of the information in the form and context in which it appears

The Company is not aware of any new information or data that materially affects the information included in this release.

**TABLE 2 - MIRAFLORES PROJECT RESOURCES AND RESERVES**

The Miraflores Project Mineral Resource estimate has been estimated by Metal Mining Consultants in accordance with the JORC Code (2012 Edition) and first publicly reported on 14 March 2017. No material changes have occurred after the reporting of these resource estimates since their first reporting.

**Miraflores Mineral Resource Estimate, as at 14 March 2017 (100% basis)**

Resource Classification	Tonnes (000t)	Au (g/t)	Ag (g/t)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
<b>Measured &amp; Indicated</b>	<b>9,269</b>	<b>2.82</b>	<b>2.77</b>	<b>840</b>	<b>826</b>
Inferred	487	2.36	3.64	37	57

**Notes:**

- i) Reported at a 1.2 g/t gold cut-off.
- ii) Mineral Resource estimated by Metal Mining Consultants Inc.
- iii) First publicly released on 14 March 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.
- iv) These Mineral Resources are inclusive of the Mineral Reserves listed below.
- v) Rounding may result in minor discrepancies.

**Miraflores Mineral Reserve Estimate, as at 27 November 2017 (100% basis)**

The Miraflores Project Ore Reserve estimate has been estimated by Ausenco in accordance with the JORC Code (2012 Edition) and first publicly reported on 18 October 2017 and updated on 27 November 2017. No material changes have occurred after the reporting of these reserve estimates since their reporting in November 2017.

Reserve Classification	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
<b>Total</b>	<b>4.32</b>	<b>3.29</b>	<b>2.77</b>	<b>457</b>	<b>385</b>

**Notes:**

- i) Rounding of numbers may result in minor computational errors, which are not deemed to be significant.
- ii) These Ore Reserves are included in the Mineral Resources listed in the Table above.
- iii) First publicly released on 27 November 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Ore Reserve estimation.

Source: Ausenco, 2017

**Mineral Tenements held as at 30 June 2020**

<b>Quinchia Gold Project, Colombia</b>			
TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)(5)	STAGE
010-87M (4)	Miraflores Compañía Minera S.A.S.	Contribution contract	Exploration
DLK-142 (6)	Monica María Uribe Perez (*JV AGAC)	Concession	Exploration
DLK-14544X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08353X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08355X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08356X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08357X	Miraflores Compañía Minera S.A.S.	Concession	Exploration



18821 (6.1)	Puerto de Oro S.A & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
18821X (6.1)	Puerto de Oro S.A & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
19697 (6.1)	Puerto de Oro S.A (2.2)	Application (6)	Exploration
20982 (6.1)	Colombian Development Corporation S.A.S (2.2)	Application (6)	Exploration
HD6-08152X (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
HD6-086 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
PKA-08231 (6.1)	Nacional de Minerales y Metales SAS (2.2)	Application (6)	Exploration
HKU-08011 (6.1)	Leo S.O.M (2.2)	Application (6)	Exploration
JC4-08003X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08007X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08008X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08004X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08005X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08009X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08006X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JCC-16191X (6.1)	Achagua S.O.M (2.2)	Application (6)	Exploration
JGS-16391 (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JGS-16394X (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JGS-16393X (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JII-08221 (6.1)	El Crucero S.O.M (2.2)	Application (6)	Exploration
JII-08221Sec2 (6.1)	El Crucero S.O.M (2.2)	Application (6)	Exploration
JJR-08052X (6.1)	El Percal S.O.M (2.2)	Application (6)	Exploration
KCJ-08041 (6.1)	Eros S.O.M (2.2)	Application (6)	Exploration
KGD-08051 (6.1)	Esquimal S.O.M (2.2)	Application (6)	Exploration
KGD-08052X (6.1)	Esquimal S.O.M (2.2)	Application (6)	Exploration
KI7-14022X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
KI7-14023X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
KI7-14024X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
LJQ-08007 and sectors 2-9 (6.1)	Grupo de Bullet S.A.S (2.2)	Application (6)	Exploration
OG2-08124 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
OG2-08159 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
OG2-09375 (6.1)	Minerales OTU S.A.S (2.2)	Application (6)	Exploration
PDN-09001 (6.1)	Nacional de Minerales y Metales SAS (2.2)	Application (6)	Exploration
PCK-08191 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
PCK-08192 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
QL2-12161 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration

RHA-08101 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
RI2-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TG9-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGC-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGD-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGH-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGH-08002X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGI-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
THF-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TII-08021 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TJO-08031 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TLB-08151 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
UA2-10471 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
UAF-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08002X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08003X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08004X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration

(1) All titles are part of the Andes Gold Project, located in Antioquia, Risaralda and Choco, Departments of Colombia.

(2) The Titleholders of the tenements are:

2.1 Tenements in process of acquisition by Andes Resources EP S.A.S (Andes).

2.2 The titleholder of the applications are various companies associated with Bullet Holding Corporation (Bullet) and covered under the Interest Transfer Agreement – see note 6.1.

2.3 Andes is a subsidiary company of Los Cerros.

(3) Concessions at exploration stage have 3 year life extendable for two years to a maximum of 11 years.

(4) 10 year life extendable for 10 years and the tenement is in process of transformation to concession contract.

(5) 5 year life extendable for 5 years and the tenement is in process of transformation to concession contract.

(6) Applications have neither legal liabilities nor certainty that they will be granted in whole or in part. If the ground was open ground at the time of lodging, a contract for exploration and potential exploitation will be offered to the applicant. Andes has a beneficial interest in the tenement when the application is granted:

6.1 Pursuant to the Interest Transfer Agreement, Andes has a 90% beneficial interest in these tenements, and Bullet has a 10% interest.

6.2 Andes will acquire a 90% beneficial interest in these tenements, with Bullet at 10%.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

LOS CERROS LTD (ASX: LCL)

ABN

43 119 759 349

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(449)	(1,447)
(b) development	-	-
(c) production	-	-
(d) staff costs and board remuneration	(27)	(251)
(e) administration and corporate costs	(516)	(1,243)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(994)</b>	<b>(2,951)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:	-	-
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(25)	(93)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) financial assets	-	-
	(e) other non-current assets	-	1,402
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(25)</b>	<b>1,309</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,127	2,495
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	346	346
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(212)	(323)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(20)	(196)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (proceeds from shares yet to be allotted)	(575)	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>666</b>	<b>2,322</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,097	34
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(994)	(2,951)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	1,309
4.4	Net cash from / (used in) financing activities (item 3.10 above)	666	2,322

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	202	232
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>946</b>	<b>946</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	946	34
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>946</b>	<b>34</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
75
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The payments to directors or their associates in 6.1 include repayment of loans, salaries and superannuation to directors.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(994)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(25)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,019)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	946
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	946
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.93
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: No, during the quarter the Company had cash outflows relating to one-off liabilities from prior periods.
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: Yes, In July 2020 the Company raised \$3.5M (before costs) via private placement which, combined with a Strategic Partnership Agreement entered into in April 2020 with Hongkong Ausino Investment Limited, the Company has sufficient funds for more than 2 quarters.
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: Yes, please see 8.8.2. above.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 July 2020

Authorised by: The Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.