

December 2019 Quarterly Report

HIGHLIGHTS

- Chuscal maiden drill program completed revealing porphyry style gold mineralisation overprinted by epithermal gold veining
- Preliminary assessment of porphyry metal vectors indicates two targets as potential cores of porphyry systems beneath Chuscal drill holes
- Sale of Mollacas (Chile) assets for US\$1M advances towards completion, with binding sale documentation signed in late December
- Colombian social program initiative launched to foster positive and long-term working relationships with the local community
- Company name change to Los Cerros and change of ASX code to LCL
- Negotiations commenced to welcome AngloGold Ashanti as shareholder via the acquisition of their Chuscal JV interest

The quarter ended December 2019 was a very important period for the Company and included the completion of the Andes merger transaction and the maiden drilling program at the Chuscal gold prospect within the Quinchia project. The Company also launched Quinchips, its flagship social initiative for 2019 and, at the 2019 AGM, shareholders approved the re-branding of the Company to **Los Cerros Limited (ASX: LCL)**.

With the merger complete and the new, re-energised Los Cerros launched, and very encouraging first round drilling results, the Company is looking forward to further exploration activity at its Quinchia and Andes projects in the mid-Cauca porphyry belt of Colombia.

Chuscal Drilling Program

The Chuscal prospect¹ (**Chuscal**) sits within the Company's Quinchia Gold Project (Figure 1), a porphyry cluster dominantly controlled by Los Cerros, within a very prospective region of the mid-Cauca porphyry belt of Colombia and is defined by a significant surface gold geochemical anomaly. Despite Chuscal being widely viewed as a very prospective target for decades, Los Cerros is the first company to secure permissions to drill Chuscal.

The recently completed maiden drilling program has dramatically increased the understanding of the target, resulting in a significantly revised and upgraded geological model. The 4 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 and over an extensive area (Figure 2) including:

¹ The Chuscal gold prospect 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.

- 350m intercept from surface carrying an average uncut grade of 0.57 g/t Au over this extensive interval in hole CHDDH001²; and
- 320m intercept of mineralised zone grading 0.43g/t Au encountered between 32m to 352m in drill hole CHDDH002³.

Overprinting by Intermediate Sulphidation System (ISS) epithermal veins is also far more extensive than previously modelled and is associated with a regional fault structure (horsetail) of 500m strike which remains open to the NW and SE and at depth. ISS veins were noted in most rock units drilled, including breccias, and typically correlated to an uplift in gold grade above the background, widely disseminated, porphyry associated gold. ISS associated intercepts include⁴:

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

The newly acquired drill data has provided critical information for vectoring into possible sources of the substantial porphyry associated gold, with two targets at Chuscal of particular interest already emerging based on the assessment of numerous porphyry signatures and pathfinder elements (Figure 3).

² 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.

³ 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.

⁴ See announcements 25 November 2019, 5 December 2019, 23 December 2019. The Company confirms that it is not aware of any new information that affects the information contained in this announcement.

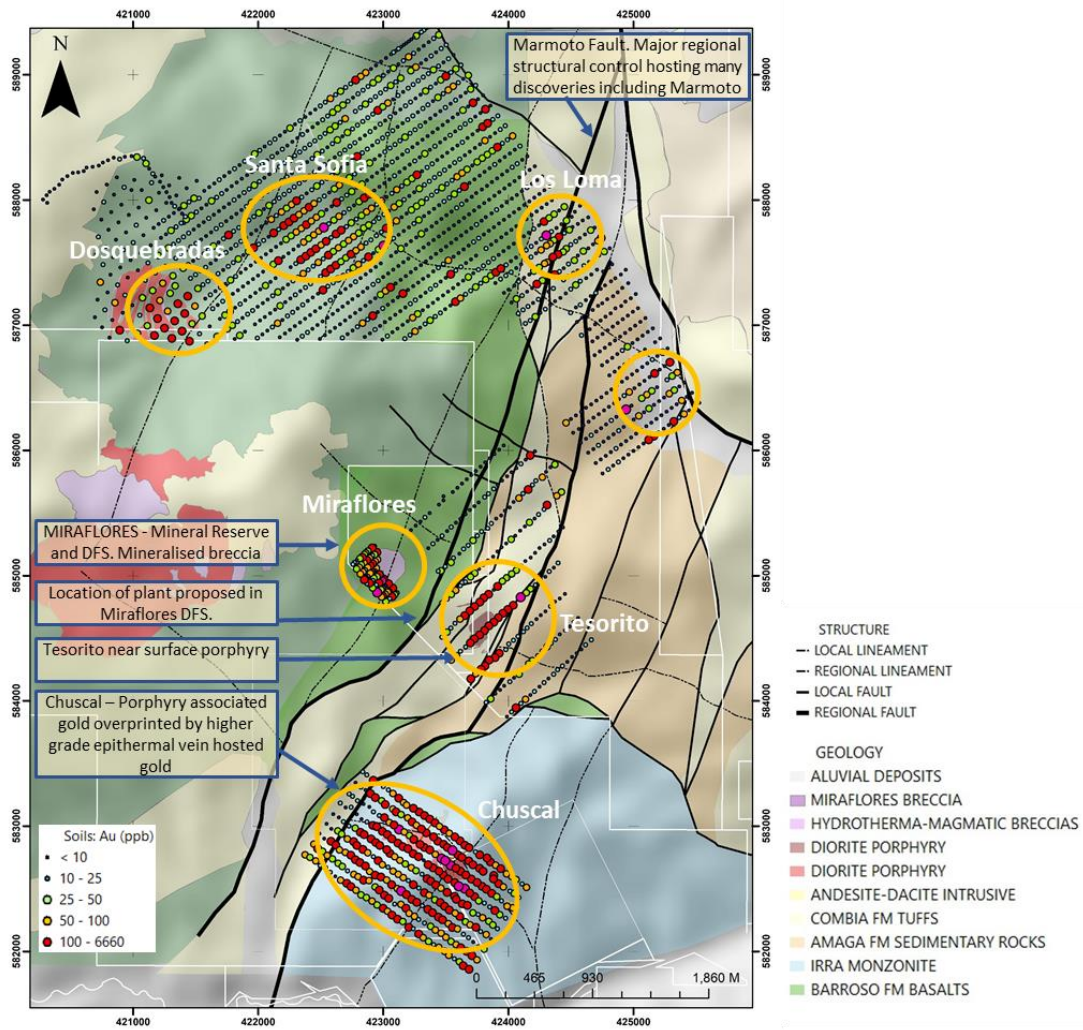


Figure 1: The Quinchia Project consists of numerous gold discoveries within a 3km radius.

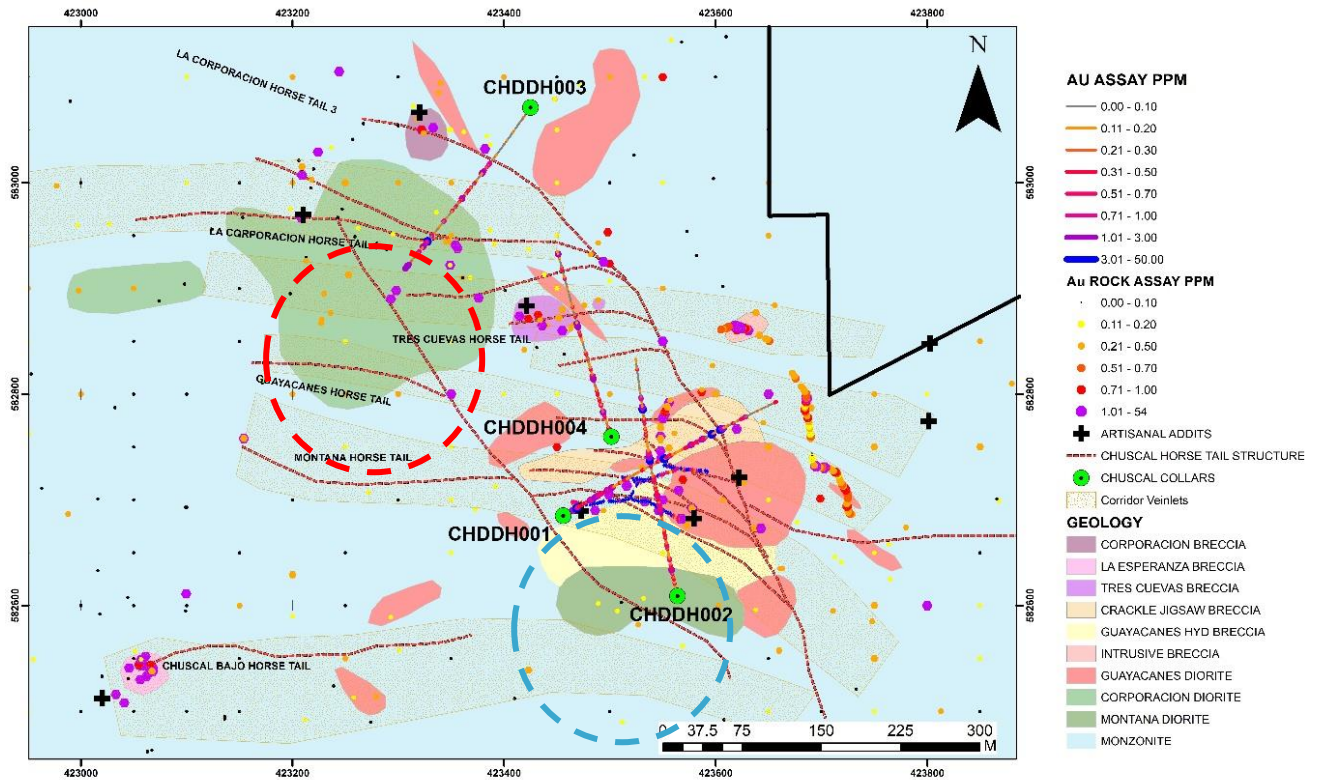
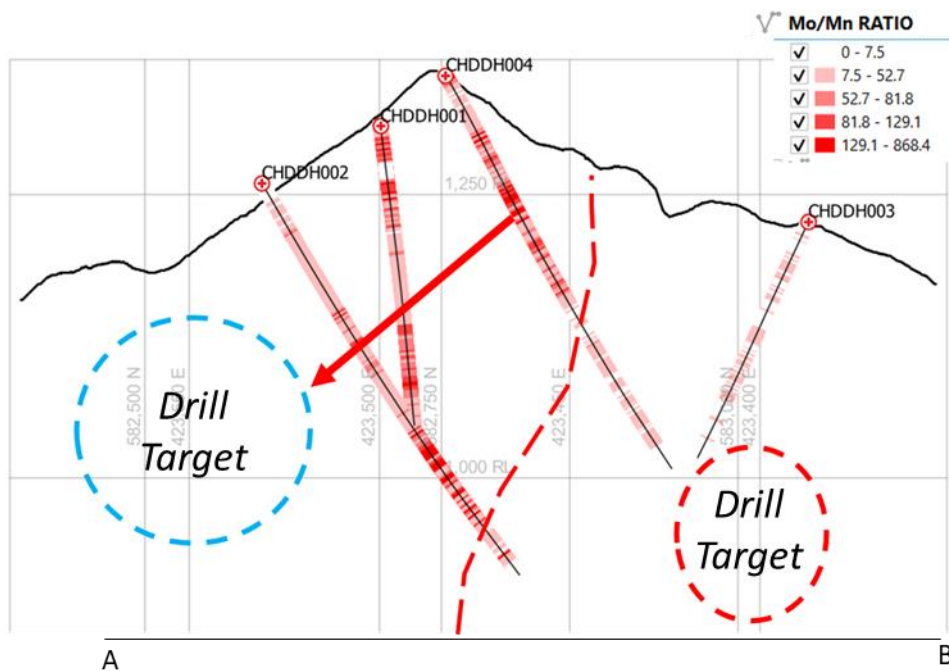


Figure 2: Plan view of Chuscal geology, interpreted mineralised corridors, horsetail structure and drill hole locations. The blue and red circles are targets of possible porphyry sources (see Figure 3).



Figures 3: The distribution of Mo/Mn is one of many pathfinders⁵ suggesting two target zones south of recent drilling are possible sources of porphyry associated gold at Chuscal. Note that the blue target is as close as [350m] to the surface; the red target is as close as [500m] from the surface.

⁵ See announcement 20 January 2020 and Presentation Pack released 21 January 2020 for further detail.

Other Prospects within the Quinchia Project

Throughout the quarter and concurrent with the Chuscal drill program, the Company has applied geochemical profiling to the other established prospects within the Quinchia Project to reveal a number of extensional targets⁵. Pathfinder anomalism suggests the near surface Tesorito porphyry at which the company has considerable drill success (including 384m @ 1.01g/t from 16m incl 0.7m @ 3.43g/t Au and 2.63% Cu from 390.8m⁶) extends N, NE and E of the established area (Figure 4). This, along with other regional target developments, will form part of the 2020 exploration program. Likewise, anomalism is seen to extend NE of the established gold Resource and Reserve at Miraflores (Table 1). These lines of investigation will be further developed in early 2020.

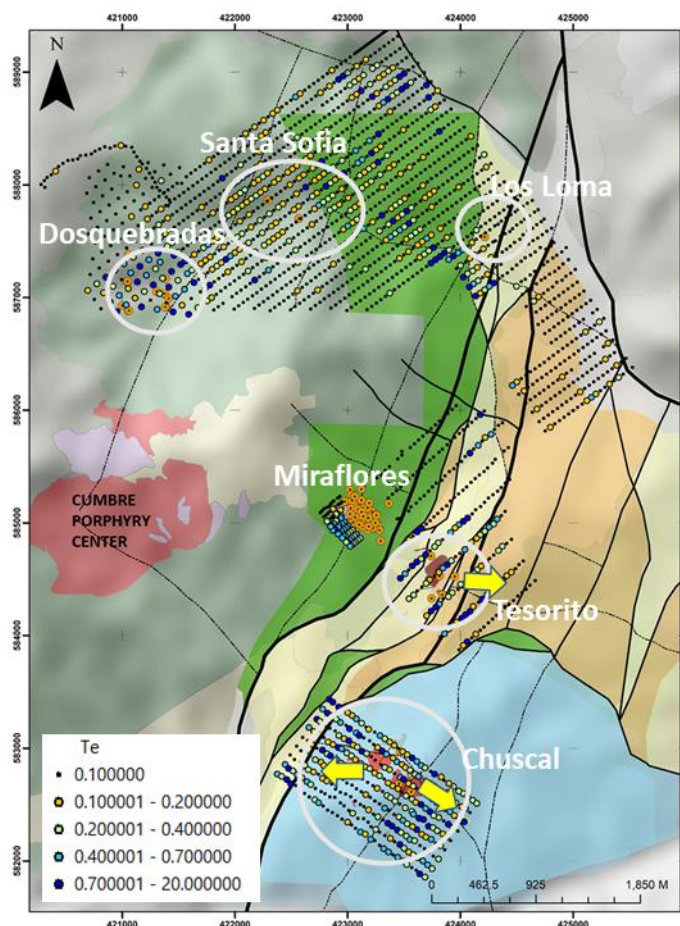


Figure 4: Tellurium (Te) anomalism (ppm) highlights potential large porphyry epithermal centres. Te anomalism is associated with known targets at the Quinchia project and is also one of many pathfinder elements suggesting additional and extensional targets including a substantial anomaly extending east of the Tesorito porphyry.

The Company has initiated a review of the Miraflores geology model. Initially this is a program of investigation along the following three pathways but might lead to a review of the established Resource and Reserve.

1. Miraflores is a breccia pipe that has been drilled to ~600m vertical depth. Previous investigations have not tested for further depth extensions or the causative intrusion (porphyry) associated with the breccia mineralisation;
2. Initial porphyry pathfinder and signature analysis has suggested mineralisation extends NE of the established Resource- there is little historical data investigating this possible extension; and

⁶ First announced by the Company on 30 August 2018. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

3. Los Cerros' geologists and expert consultants believe a deeper understanding of the geochemical profile and distribution of higher grade zones within the established Resource could warrant a review of the Resource grade. Examples of higher grade zones include:⁷
- 23.95m @ 4.67g/t Au from 282.55m in QM-DH-03;
 - 6.0m @ 11.04g/t Au from 343.1m in QM-DH-32A;
 - 60.0m @ 5.48g/t Au from 225m within a broader 161.15m zone grading 3.23g/t Au from 183m in QM-DH-34;
 - 4.35m @ 7.93g/t Au from 67.75m in QM-DH-36; and
 - 59.2m @ 5.72g/t Au from 182.8m in QM-DH-50.

Andes Project

The Company's much larger (~90kHa) Andes Project is around 70km north of the Quinchia Project and comprises a great number of early stage epithermal and porphyry targets. The Company holds several highly prospective granted titles in the area such as El Columpio and San Pablo, but the majority of the parcel sits in Application status. The Andes Project is predominantly located in the municipality of Andes in the state of Antioquia. State elections held during the quarter have resulted in the election of Anibal Gaviria as Governor with his term beginning on 1 January 2020. Governor Gaviria has named Jorge Jaramillo, a mining and metallurgical engineer, as Secretary of Mines. The Company considers this as a very positive development likely to end the impasse for granting of mining licences in the state experienced under the previous Governor and Mines Secretary.

Summary of Mo, Bi, As anomalies (porphyry pathfinders) over soil grid gold and LIDAR base map

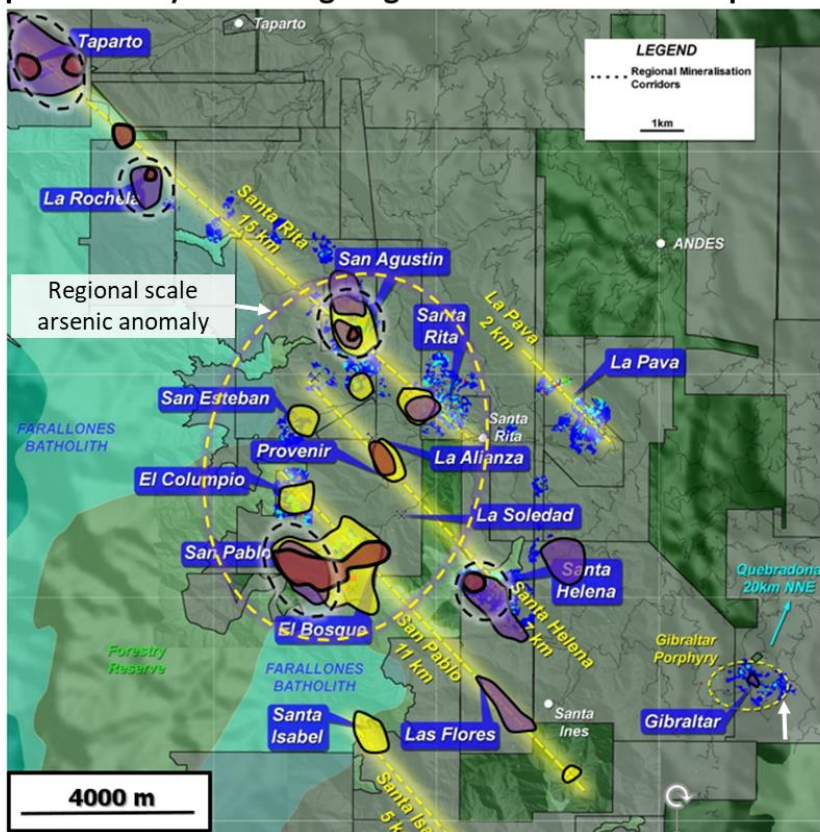


Figure 5: The Company's Andes Project, 70km north of Quinchia contains multiple epithermal targets interpreted to form five mineralised corridors for a combined strike length of ~40km.

⁷ See announcement 14 March 2017, appendix S2c. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

Community Relations / Social Sustainability

The official opening of Quinchips, in November 2019, was a major milestone in the Company's Corporate Social Responsibility work program. Co-sponsored by the Australian Government through the Australian Embassy - Colombia, Quinchips is a manufacturer and distributor of plantain chips, a popular snack in Colombia, and is entirely staffed and managed by women who were previously either artisanal miners or the partners of artisanal miners from the Miraflores area in Quinchia.



Photo 1: The Quinchips team at the opening celebration at the Quinchia Cultural Hall.



Photos 2 & 3: Plantains from local farms are cleaned before entering the facility where they are made into chips and bagged.

Corporate and Ongoing Capital Requirements

During the quarter, the Company entered into negotiations for the sale of its legacy and non-core Mollacas Project in Chile. Near the end of the quarter the process of title transfer within the various government bodies had begun and is expected to conclude in the March quarter, at which point repatriation of the US\$1M, net cost of sale, back to Australia can commence. The Company is not aware of any material issue that might cause further delay or cancellation of the transaction.

The Company also began conversations with **AngloGold Ashanti Limited** (AGA) for the exchange of AGA's interests in the Chuscal JV for LCL shares. If agreement is reached with AGA it will take Los Cerros' ownership of Chuscal to 100% and result in the Company holding 100% of the entire Quinchia Project of which Chuscal is a part. The Quinchia project consists of several established targets within a 3km radius of the advanced Miraflores Ore Reserve and proposed plant location. It is possible that any development within the Quinchia project will leverage the advanced status of Miraflores engineering and approvals and therefore it is of strategic importance that LCL controls the entire Quinchia project including Chuscal. Likewise, should the proposed sale proceed, AGA, as an LCL shareholder will have exposure to the larger Quinchia Project and the enormous greenfield potential of the Andes portfolio 70km to the north. At the time of lodging this quarterly, the discussions with AGA are too preliminary to comment on the key terms of any consolidation or whether a transaction will be concluded and therefore there is no guarantee that these discussions will result in any change to the current joint venture terms as announced on 6 December 2018.

The Company held its annual general meeting on 28 November 2019. All resolutions were passed including approval of change of company name to Los Cerros Limited, which took effect on 21 January 2020.

As an element of the merger process, and associated with funds raised during the merger, the Company issued listed bonus options in December 2019⁷. Eligible shareholders were offered one Bonus Option for every five shares held on the record date. The Bonus Options have a nil issue price, are exercisable at \$0.16 each and expire on 16 August 2021.

The Company currently has negative operating cashflows and expects to have negative operating cashflows as an exploration company. To raise further funds, the Company has agreed binding terms for sale of the Mollacas asset in Chile for proceeds of US\$1 million. The Company is progressing the sale and is not aware of any reason why the sale will not complete in early February 2020. In the event that the sale is not completed, the Company expects to be able to seek interim funding from related parties on industry standard rates. The Company expects to be able to meet its business objectives in the near term and is considering its capital raising options over the next two quarters.

Whilst the Company expects the Mollacas transaction to complete shortly and provide a non-dilutive capital injection, the Company has alternative funding options prepared to facilitate ongoing exploration and to manage short term cash requirements.

Operating activities planned for the March quarter

The Company's planned operating activities during the quarter is centred around assimilating data and key learnings from the recent exploration activity. Intended significant lines of activity include -

- 3-D regional structural and geochemical model to better understand the regional influences across the Quinchia project
- Infill surface program (soils, mapping and possibly IP) at anomalous 'hot spots'
- 3-D deposit modelling at Chuscal, Tesorito and Miraflores

The March quarter program objectives are to better understand the regional and local controls of mineralisation to assist in subsequent drill hole targeting and target prioritization. Subject to funding, Los Cerros is eager to return to drilling as soon as practical and is targeting late in the March quarter or early in Quarter 2 for the next Quinchia drill program.

Longer term, the Company intends to identify the highest priority targets within the Andes region for advancement and drill hole targeting in anticipation of granting of additional titles later in the year.

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

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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 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 (gpt)	Ag (gpt)	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
Measured & Indicated	9,269	2.82	2.77	840	826
Inferred	487	2.36	3.64	37	57

Notes:

- i) Reported at a 1.2 gpt 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 (gpt)	Ag (gpt)	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
Total	4.32	3.29	2.77	457	385

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