Los Cerros Limited

ABN 43 119 759 349

Annual Financial Report

31 December 2022

Contents

General Information

The financial statements cover Los Cerros Limited as a consolidated entity consisting of Los Cerros Limited and the entities it controlled at the end of, or during, the year ended 31 December 2022. The financial statements are presented in Australian dollars, which is Los Cerros Limited's functional and presentation currency.

Los Cerros Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office	**Principal Place of Business**
Level 3 88 William Street West Perth, WA 6000 Australia	Level 3 88 William Street West Perth, WA 6000 Australia

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 March 2023. The Directors have the power to amend and reissue the financial statements.

Directors	Mr. Ross Ashton (Non-Executive Chairman) Mr. Jason Stirbinskis (Managing Director) Mr. Kevin Wilson (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr. Michael Allen
Registered Office	Level 3 88 William Street West Perth, WA 6000 Australia
Principal Places of Business	Level 3 88 William Street West Perth, WA 6000 Australia Carrera 36 # 2 sur – 60 Oficina 1301, Edificio Poblado Alejandría Medellín, Antioquia 050021 Colombia
Share Registry	Automic Registry Services Level 5 191 St Georges Terrace Perth, WA, 6000 Australia 08 9324 2099
Auditor	Grant Thornton Audit Pty Ltd Central Park Level 43, 152-158 St Georges Terrace Perth, WA 6000 Australia
Stock Exchange Listing	Los Cerros Limited shares are listed on the Australian Securities Exchange (ASX Code: LCL)
Company Website	loscerros.com.au

The Directors present their report, together with the financial statements, on the Company (referred to hereafter as the 'consolidated entity', 'Consolidated Group' or the 'Group') consisting of Los Cerros Limited (referred to hereafter as 'Los Cerros' or the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2022 ('the financial year').

Directors

The following persons were Directors of Los Cerros Limited during the whole of the financial year and up to the date of this report:

Ross Ashton	Non-Executive Chairman
Jason Stirbinskis	Managing Director
Kevin Wilson	Non-Executive Director

Principal Activities and Significant Changes in the Nature of Events

Los Cerros Limited (ASX: LCL) (**Los Cerros** or the **Company**) is a gold/copper explorer with a dominant position within the Quinchia region of the mid-Cauca Gold Belt of Colombia which hosts many major discoveries.

The Company's focus during the financial year was predominantly mineral exploration on the assets held in the Quinchía Gold Projects. A review of the operations of the Group during the financial year and the results of those operations are set out in the Review of Operations on pages 3 to 4 of this report. During the year, the Company acquired mining tenements in Papua New Guinea as part of a planned diversification and significantly reduced exploration activities in Colombia. Aside from these changes, there were no other significant changes in the business of the Company during the year.

Dividends

There were no dividends paid, recommended, or declared, during the current or previous financial years.

Review of Operations

The loss for the Company, after providing for income tax, amounted to $10,887,640 (2021: $5,306,345). Cash and cash equivalents at the end of the year were $8,400,438 (2021: $19,252,206). Net assets for the Company decreased from $44,832,156 at 31 December 2021 to $35,828,168 at 31 December 2022.

The loss includes $6,704,335 impairment of exploration expenditure for the Andes region at year end.

On 22 March 2022 the Company announced a Maiden Mineral Resource Estimate (MRE) (Inferred) of 1.3Moz of gold at Tesorito and combined Quinchia Project Mineral Resources of 2.6Moz

On 9 May 2022 the Company announced Miraflores type breccias intersected 500m deeper than historical drilling.

On 28 June 2022 the Company announced a Quinchia Project Update.

On 7 July 2022 the Company announced metallurgical results for Tesorito.

On 21 July 2022 the Company announced Tesorito infill drilling had delivered more high-grade gold intercepts including 28m @3.34 g/t Au.

On 29 August 2022 the Company announced that Quinchia pre-PEA studies had been commissioned.

On 27 September 2022 the Company announced assays from a deep Miraflores drill hole including 1.7m @26.6 g/t Au.

On 8 November 2022 the Company announced high grade gold at surface at Dosquebradas including a trench result of 146.6m @1.82g/t Au.

On 11 November 2022 the Company announced that it had won the Colombian mining award for ESG management for its social engagement in Colombia.

Following a search for projects to diversify the Company's operations, on 25 November the Company announced a takeover of 100% of Footprint Resources Pty Ltd and its 100% owned projects in Papua New Guinea in exchange for the issue of 65,064,886 shares and $350,000 cash. 80% of the shares issued are held in voluntary escrow until 22 November 2023. Vendors and expert geologists Messrs John Dobe and Glenn Twomey also became employees of the Company.

Mineral Resources and Reserves Statement

QUINCHIA GOLD PROJECT - MINERAL RESOURCE ESTIMATE (MRE)

Quinchia subzone	Resource Category	CUT-OFF	TONNES (Mt)	Au (g/t)	Au (koz)
Tesorito	Inferred	0.5g/t Au	50.0	0.81	1,298
Dosquebradas	Inferred	0.5g/t Au	20.2	0.71	459
Miraflores - U.Ground	Measured + Indicated	1.2g/t Au	9.3	2.82	840
Miraflores - U.Ground	Inferred	1.2g/t Au	0.5	2.36	37
QUINCHIA RESOURCE			**80.0**	**1.02**	**2,634**

Note: Miraflores Resource includes Miraflores Reserve

MIRAFLORES RESERVE

CATEGORY	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
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**

The information in this section is drawn from the following ASX releases:

Deposit	Release Date
Miraflores Mineral Resource Estimate and explanatory notes	14 March 2017
Miraflores Ore Reserve Estimate and explanatory notes	17 November 2017
Dosquebradas Mineral Resource Estimate and explanatory notes	25 February 2020
Tesorito Resource Mineral Resource Estimate and explanatory notes	22 March 2022

Significant Changes in the State of Affairs

During the year the Company significantly diversified its exploration activities by completing a transaction to buy Footprint Resources Pty Ltd including its 100% owned exploration projects in Papua New Guinea.

Increased political uncertainty with a new government in Colombia has resulted in the Company reducing exploration expenditures in Colombia.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters Subsequent to the End of the Financial Year

On 22 February 2023 the Company launched a Rights Issue to raise up to $4.3 million from shareholders. The Issue closed on 20 March 2023 and on 24 March 2023 the Company announced it had raised $2.2 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Group's objective is to continue to explore for gold, copper and nickel and develop its assets in Papua New Guinea and Colombia.

Environmental Regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law. The Group is subject to environmental regulations in Papua New Guinea and Colombia where it operates. The Directors are not aware of any material breaches of the legislation during the year.

Information on Directors

Name:	Ross Ashton
Title:	Non-Executive Chairman
Qualifications:	BSc
Experience and Expertise:	Mr Ashton has over 50 years' experience as a geologist specialising in mineral exploration and development internationally. He was founding Managing Director of Red Back Mining Limited, a company subsequently acquired by Kinross Gold Corporation for US$7.2 billion in 2010. He was also a director of TSX/ASX listed PMI Gold Ltd and ASX listed Brockman Resources Ltd. Both companies were involved in corporate transactions following the discovery of significant mineral resources.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	-
Interests in Shares:	11,791,529 ordinary shares
Interests in Options:	2,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024) 625,000 unquoted options (exercise price of $0.32 expiring 1 July 2023)
Interests in Rights:	2,320,000 performance rights

Name:	Kevin Wilson
Title:	Non-Executive Director
Qualifications:	BSc, MBA
Experience and Expertise:	Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Rey Resources Limited, an Australian energy exploration company, from 2008 to 2016 and the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. He has prior experience as a geologist with the Anglo American group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson is currently also Non-Executive Chairman of Navarre Minerals Limited and Non-Executive Director of Solis Minerals Ltd.
Other Current Directorships:	Non-Executive Chairman – Navarre Minerals Limited (ASX: NML) Director – Solis Minerals Ltd (ASX: SLM; TSXV: SLMN; FSE: 08W; and OTC: WMRSF)
Former Directorships (Last 3 Years):	Non-Executive Chairman – Investigator Resources Limited (ASX: IVR) (September 2017 to December 2021)
Interests in Shares:	6,232,649 ordinary shares

Information on Directors (Cont.)

Interests in Options:	2,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024)
Interests in Rights:	1,540,000 performance rights

Name:	Jason Stirbinskis
Title:	Managing Director
Qualifications:	BSc, MBA
Experience and Expertise:	Originally a geologist, Mr Stirbinskis is a corporate executive with over 15 years' experience leading both private and public companies in the mining and mining services space. He is experienced across a number of commodities including gold, zinc, lead, copper, and nickel and has managed projects ranging from greenfield to DFS/Development in West Africa, Scandinavia, Australia, Central Asia and most recently Colombia. He is well networked across international and Australian capital markets and skilled in leading multidisciplinary, international teams.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	Non-Executive Director – Mount Burgess Mining NL (August 2016 to July 2019).
Interests in Shares:	3,100,001 ordinary shares
Interests in Options:	6,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024) 1,875,000 unquoted options (exercise price of $0.32 expiring 1 July 2023)
Interests in Rights:	16,300,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief Financial Officer (CFO) and Company Secretary

Michael Allen was appointed CFO and Company Secretary on 9 November 2021. Michael is a Fellow of the Institute of Chartered Accountants with over 30 years' experience primarily in the resources sector. After spending over 10 years with one of the major world accounting firms, Michael has held senior management positions with Resolute Mining, AngloGold Ashanti and Anglo American across exploration, development and producing gold projects. Michael has worked also as CFO and Company Secretary of ASX listed companies including Dragon Mining and PMI Gold.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Kevin Wilson	8	8
Jason Stirbinskis	8	8
Ross Ashton	8	8

Held: represents the number of meetings held during the time the Director held office. The Board fulfilled the functions of the Audit and Risk Committee during the year.

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board, in the absence of a Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-Executive Directors Remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Principles Used to Determine the Nature and Amount of Remuneration (Cont.)

Non-Executive Directors Remuneration (Cont.)
ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 31 May 2012, where the shareholders approved a maximum annual aggregate remuneration of $600,000.

Executive Remuneration
The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPIs may include profit contribution, leadership contribution and project milestones.

Jason Stirbinskis did not meet any STI performance hurdles during 2022.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of four years based on long-term incentive measures. These include increase in shareholders' value and project milestones. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2022.

Consolidated Entity Performance and Link to Remuneration
Remuneration for certain individuals is directly linked to the performance of the Company. A portion of cash bonus and incentive payments are dependent on defined exploration or corporate objectives being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.
The Board is of the opinion that improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that performance-based compensation can increase shareholder wealth if maintained over the coming years.

Voting and Comments Made at the Company's 31 May 2022 Annual General Meeting ('AGM')
At the AGM held on 31 May 2022, the shareholders of the Company approved the adoption of the remuneration report for the year ended 31 December 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of Remuneration

Amounts of Remuneration
Details of the remuneration of key management personnel of the Company are set out in the following tables:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Annual Leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Ross Ashton	56,752	-	-	8,247	-	85,066	150,065
Kevin Wilson	43,626	-	-	6,374	-	56,466	106,466
Executive Directors:							
Jason Stirbinskis	320,000	-	23,066	15,288	19,852	316,908	695,114
Other Key Management Personnel:							
Michael Allen	250,000	-	527	25,146	2,737	34,317	312,727
	670,378	-	23,593	55,055	22,589	492,757	1,264,372

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Annual Leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Ross Ashton (i)	-	-	-	24,575	-	232,089	256,664
Kevin Wilson (ii)	-	-	-	18,904	-	169,951	188,855
Executive Directors:							
Jason Stirbinskis (iii)	282,500	75,000	-	35,062	-	617,753	1,010,315
Other Key Management Personnel:							
Michael Allen	41,667	-	-	4,167	-	5,697	51,531
Blair Snowball	131,100	-	-	-	-	102,000	233,100
	455,267	75,000	-	82,708	-	1,127,490	1,740,465

(i) Ross Ashton's superannuation for 2021 included $24,575 which was accrued as at 31 December 2021.
(ii) Kevin Wilson's superannuation for 2021 included $18,904 which was accrued as at 31 December 2021.
(iii) Jason Stirbinskis' remuneration for 2021 included $35,750 which was accrued as at 31 December 2021.

Details of Remuneration (Cont.)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At Risk – STI		At Risk – LTI	
Name	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
Ross Ashton	43%	28%	-	-	57%	72%
Kevin Wilson	47%	35%	-	-	53%	65%
Executive Directors:						
Jason Stirbinskis	54%	34%	-	8%	46%	58%
Other Key Management Personnel:						
Michael Allen	89%	89%	-	-	11%	11%
Blair Snowball	n/a	56%	n/a	-	n/a	44%

Service Agreements

Details of agreements with key management personnel are as follows:

Name:	Ross Ashton
Title:	Non-Executive Director (to 28 November 2019); Non-Executive Chairman (from 28 November 2019)
Details:	No written contract

Name:	Kevin Wilson
Title:	Executive Chairman (to 16 August 2019); Non-Executive Chairman (from 16 August 2019) and Non-Executive Director (from 28 November 2019)
Details:	No written contract

Name:	Jason Stirbinskis
Title:	Managing Director (appointed 16 August 2019)
Details:	Written contract (3 months' notice)

Name:	Michael Allen
Title:	Chief Financial Officer and Company Secretary (appointed 9 November 2021)
Details:	Written contract (1 month's notice)

Name:	Blair Snowball
Title:	Chief Financial Officer (appointed 19 November 2020, resigned 9 November 2021)
Details:	Written contract (1 month's notice)

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-Based Compensation

Issue of Performance Rights

Name	Performance Hurdle	Number of Performance Rights Granted	Grant Date	Expiry Date	VWAP Share Price Hurdle for Vesting	Fair Value at Grant Date per Performance Right	Total Fair Value at Grant Date
Jason Stirbinskis[1]	Tranche 1	2,325,000	12/12/2022	31/12/2024	$0.06	$0.0267	$62,078
	Tranche 2	2,325,000	12/12/2022	31/12/2025	$0.08	$0.0306	$71,145
	Tranche 3	2,325,000	12/12/2022	31/12/2026	$0.10	$0.0332	$77,190
	Tranche 4	2,325,000	12/12/2022	31/12/2026	na	$0.0460	$106,950
Michael Allen[2]	Tranche 1	1,100,000	30/12/2022	31/12/2024	$0.06	$0.0399	$43,890
	Tranche 2	1,100,000	30/12/2022	31/12/2025	$0.08	$0.0420	$46,200
	Tranche 3	1,100,000	30/12/2022	31/12/2026	$0.10	$0.0440	$48,400

[1] The performance rights granted to Mr Stirbinskis on 12 December 2022 were subject to the following vesting conditions:

- Tranche 1: 2,325,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.06 on or before 31 December 2023 or if, whichever is the greater, the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 2: 2,325,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.08 on or before 31 December 2024 or if, whichever is the greater, the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 3: 2,325,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.10 on or before 31 December 2025 or if, whichever is the greater, the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 4: 2,325,000 performance rights vesting upon the announcement by the Company of a JORC 2012 Resource of an aggregate of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent on or before 31 December 2025.

The total value of the performance rights granted to Mr Stirbinskis was $317,363. This value will be recognised progressively over the period from 12 December 2022 until the above expiry dates, unless the performance rights vest. During the 2022 financial year, $6,190 was expensed. As at 31 December 2022, the Board assessed that the probability to achieve the performance hurdles for tranche 4 as unlikely therefore in accordance with AASB 2, an expense has not been recognised for tranche 4 performance rights.

[2] The performance rights granted to Mr Allen on 30 December 2022 were subject to the following vesting conditions:

- Tranche 1: 1,100,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.06 on or before 31 December 2023.
- Tranche 2: 1,100,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.25 on or before 31 December 2024.
- Tranche 2: 1,100,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 60-day VWAP of not less than $0.25 on or before 31 December 2025.

The total value of the performance rights granted to Mr Allen was $138,490. This value will be recognised progressively over the period from 30 December 2022 until the above expiry dates unless the performance rights vest. During the 2022 financial year, $227 was expensed.

Performance rights carry no dividend or voting rights.

Additional Disclosures Relating to Key Management Personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Ordinary Shares	Balance at the Start of the Year	Acquired on Exercise of Options or Performance Rights	Other Acquisitions	Disposals / Other	Balance at the End of the Year
Directors:					
Ross Ashton	10,854,029	937,500	-	-	11,791,529
Kevin Wilson	4,982,649	1,250,000	-	-	6,232,649
Jason Stirbinskis	2,875,001	225,000	-	-	3,100,001
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
	18,711,679	2,412,500	-	-	21,124,179

Options Over Ordinary Shares
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Options Over Ordinary Shares	Balance at the Start of the Year	Acquired	Exercised	Expired	Balance at the End of the Year
Directors:					
Ross Ashton	3,562,500	-	(937,500)[1]	-	2,625,000
Kevin Wilson	3,250,000	-	(1,250,000)[2]	-	2,000,000
Jason Stirbinskis	8,100,000	-	(225,000)[3]	-	7,875,000
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
	14,912,500	-	(2,412,500)	-	12,500,000

[1] 937,500 options were exercised for $0.10.
[2] 625,000 options were exercised for $0.10 and 625,000 options were exercised for $0.02.
[3] 225,000 options were exercised for $0.02.
At year-end, all of the above options had vested and were exercisable.

Performance Rights Holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Performance Rights Over Ordinary Shares	Balance at the Start of the Year	Received as Part of Remuneration	Exercised	Expired / Forfeited	Balance at the End of the Year
Directors:					
Ross Ashton	2,320,000[1]	-	-	-	2,320,000
Kevin Wilson	1,540,000[1]	-	-	-	1,540,000
Jason Stirbinskis	7,000,000[1]	9,300,000[2]	-	-	16,300,000
Other Key Management Personnel:					
Michael Allen	1,540,000[1]	3,300,000[3]	-	-	4,840,000
	12,400,000	12,600,000	-	-	25,000,000

[1]The performance rights will vest on or before 31 December 2024 if the vesting criteria are met.
[2]The performance rights will vest on or before 31 December 2023 (tranche 1: 2,325,000 options), 31 December 2024 (tranche 2: 2,325,000 options), 31 December 2025 (tranche 3: 2,325,000 options and tranche 4: 2,325,000 options) if the vesting criteria are met.
[3]The performance rights will vest on or before 31 December 2023 (tranche 1: 1,100,000 options), 31 December 2024 (tranche 2: 1,100,000 options), 31 December 2025 (tranche 3: 1,100,000 options) if the vesting criteria are met.

No performance rights were vested and exercisable at year-end.

Loans from Key Management Personnel

There were no loans from key management personnel during the financial year.

During the previous financial year, the Group had no loans from key management personnel except for an unsecured loan previously made by Kevin Wilson to the Company in prior financial years. The balance of the loan plus interest (calculated at a rate of 9.0% per annum) was repaid to Mr Wilson on 31 March 2021, thereby extinguishing the loan.

This concludes the remuneration report, which has been audited.

Options and Rights Over Equity Instruments

Unlisted Options (Vested)

At the date of this report, unissued ordinary shares of the Company under option (with an exercise price) are:

Grant date	Expiry date	Exercise price	Number under option
19/08/2019	1/07/ 2023	$0.3200	5,546,875
19/08/2019	31/08/2023	$0.3200	656,250
19/08/2019	15/11/2023	$0.3200	46,875
20/12/2019	30/09/ 2024	$0.1350	10,000,000
23/11/2022	15/11/2026	$0.0474	13,000,000
18/11/2022	29/11/2026	$0.0500	25,000,000
			54,250,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

There were no vested unlisted performance rights over equity instruments at the date of this report.

Corporate Governance Statement

The current Corporate Governance Statement, as approved by the Board of Directors, is published on the Company website: loscerros.com.au/site/about-us

Indemnity and Insurance of Officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

There were no non-audit services provided during the financial year by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Ross Ashton
Non-Executive Chairman

31 March 2023

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000

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PO Box 7757
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Perth WA 6850

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Auditor's Independence Declaration

To the Directors of Los Cerros Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Los Cerros Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 31 March 2023

Los Cerros Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Income			
Interest income		182,571	4,980
Other income		17,982	-
Total income		200,553	4,980
Expenses			
Impairment of exploration expenditure	10	(6,704,335)	-
Share-based payment expense	16	(1,479,649)	(1,159,726)
Employee benefits expense		(900,940)	(553,252)
Impairment of non-current receivables		(550,257)	(960,147)
Exploration and evaluation expenditure		(270,591)	(749,073)
Impairment of property, plant and equipment		(218,719)	-
Finance costs		(10,133)	(1,321)
Depreciation and amortisation expense	9	(9,295)	(8,451)
Occupancy		(2,381)	(7,102)
Other expenses	4	(941,893)	(1,872,253)
Total expenses		(11,088,193)	(5,311,325)
Loss Before Income Tax Expense		(10,887,640)	(5,306,345)
Income tax expense	5	-	-
Loss After Income Tax Expense for the Year Attributable to the Owners of Los Cerros Limited		(10,887,640)	(5,306,345)
Other Comprehensive Loss			
Items That May Be Reclassified Subsequently to Profit or Loss			
Foreign currency translation		(2,961,685)	(1,898,378)
Other Comprehensive Loss for the Year, Net of Tax		(2,961,685)	(1,898,378)
Total Comprehensive Loss for the Year Attributable to the Owners of Los Cerros Limited		(13,849,325)	(7,204,722)

		Cents per Share	Cents per Share
Basic loss per share	26	(1.66)	(1.13)
Diluted loss per share	26	(1.66)	(1.13)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Los Cerros Limited
Consolidated Statement of Financial Position
As at 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current Assets			
Cash and cash equivalents	6	8,400,438	19,252,206
Other receivables	7	155,384	49,028
Prepayments	8	292,462	84,706
Total Current Assets		8,848,284	19,385,940
Non-Current Assets			
Property, plant and equipment	9	705,604	1,109,299
Exploration and evaluation	10	26,992,530	25,143,398
Total Non-Current Assets		27,698,134	26,252,697
Total Assets		36,546,418	45,638,637
Liabilities			
Current Liabilities			
Trade and other payables	11	482,495	579,533
Provisions	12	197,105	210,886
Total Current Liabilities		679,600	790,419
Non-Current Liabilities			
Provisions	13	38,651	16,062
Total Non-Current Liabilities		38,651	16,062
Total Liabilities		718,251	806,481
Net Assets		**35,828,168**	**44,832,156**
Equity			
Issued capital	14	394,355,750	390,955,621
Reserves	17	(2,606,215)	(1,076,707)
Accumulated losses		(355,921,033)	(345,046,424)
Equity Attributable to the Shareholders of Los Cerros Limited		**35,828,502**	**44,832,490**
Non-controlling interests		(334)	(334)
Total Equity		**35,828,168**	**44,832,156**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Los Cerros Limited
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2022

Consolidated	Issued Capital $	Share-Based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Equity Attributable to the Shareholders of Los Cerros Limited $	Non-Controlling Interests $	Total Equity $
Balance at 1 January 2022	390,955,621	1,116,837	(2,193,544)	(345,046,424)	**44,832,490**	**(334)**	**44,832,156**
Loss after income tax expense for the year	-	-	-	(10,887,640)	**(10,887,640)**	-	**(10,887,640)**
Other comprehensive loss for the year, net of tax	-	-	(2,961,685)	-	**(2,961,685)**	-	**(2,961,685)**
Total comprehensive loss for the year	-	-	(2,961,685)	(10,887,640)	**(13,849,325)**	-	**(13,849,325)**
- Acquisition of Footprint	2,342,336	-	-	(34,442)	**2,307,894**	-	**2,307,894**
Options exercised	1,044,250	-	-	-	**1,044,250**	-	**1,044,250**
Other Share-based payments expense	-	1,479,649	-	-	**1,479,649**	-	**1,479,649**
Reclassification of expired options and performance rights to retained earnings	-	(47,472)	-	47,472	**-**	-	**-**
Transaction costs	13,543	-	-	-	**13,543**	-	**13,543**
Balance at 31 December 2022	**394,355,750**	**2,549,014**	**(5,155,229)**	**(355,921,033)**	**35,828,502**	**(334)**	**35,828,168**

Consolidated	Issued Capital $	Share-Based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Equity Attributable to the Shareholders of Los Cerros Limited $	Non-Controlling Interests $	Total Equity $
Balance at 1 January 2021	367,424,798	2,093,637	952,988	(343,125,093)	**27,346,330**	-	**27,346,330**
Reclassification of historical realised foreign currency transactions	-	-	(1,248,154)	1,248,488	**334**	(334)	**-**
Loss after income tax expense for the year	-	-	-	(5,306,345)	**(5,306,345)**	-	**(5,306,345)**
Other comprehensive loss for the year, net of tax	-	-	(1,898,378)	-	**(1,898,378)**	-	**(1,898,378)**
Total comprehensive loss for the year	-	-	(1,898,378)	(5,306,345)	**(7,204,723)**	-	**(7,204,723)**
Shares issued during the period	20,573,697	-	-	-	**20,573,697**	-	**20,573,697**
Options exercised	4,218,458	-	-	-	**4,218,458**	-	**4,218,458**
Share-based payments expense	-	1,159,726	-	-	**1,159,726**	-	**1,159,726**
Reclassification of expired options and performance rights to retained earnings	-	(2,136,526)	-	2,136,526	**-**	-	**-**
Transaction costs	(1,261,332)	-	-	-	**(1,261,332)**	-	**(1,261,332)**
Balance at 31 December 2021	**390,955,621**	**1,116,837**	**(2,193,544)**	**(345,046,424)**	**44,832,490**	**(334)**	**44,832,156**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Los Cerros Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,522,140)	(2,817,535)
Payments for exploration and evaluation expenses		(270,591)	(749,073)
Interest received		106,451	4,980
Interest and other finance costs paid		(3,345)	(10,141)
Net Cash Used in Operating Activities	25	(2,689,625)	(3,571,769)
Cash Flows from Investing Activities			
Payments for plant and equipment		(85,855)	(260,267)
Payments for exploration and evaluation		(9,443,828)	(7,789,825)
Cash acquired with Footprint acquisition	28	33,297	-
Proceeds from sale of plant and equipment		-	13,905
Net Cash Used in Investing Activities		(9,324,676)	(8,036,187)
Cash Flows from Financing Activities			
Proceeds from issue of shares	14	-	20,220,000
Proceeds from exercise of options	14	1,044,250	4,218,458
Share issue transaction costs		13,543	(1,332,540)
Repayment of loans from related parties		-	(50,000)
Net Cash from Financing Activities		1,057,793	23,055,918
Net increase/(decrease) in cash and cash equivalents		(10,956,508)	11,447,962
Cash and cash equivalents at the beginning of the financial year		19,252,206	7,814,764
Effects of exchange rate changes on cash and cash equivalents		104,740	(10,520)
Cash and Cash Equivalents at the End of the Financial Year	**6**	**8,400,438**	**19,252,206**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

(b) New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2022. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(c) Going Concern

The Consolidated Group incurred a net loss after tax of $10,887,640 (2021: $3,593,366). The Consolidated Group's net cash used in operations was $2,689,625 during year ended 31 December 2022 (2021: $3,571,769); its net cash used in investing activities was $9,324,676 (2021: $8,036,187).

The Company has a cash and cash equivalents balance of $8,400,438 at 31 December 2022 (2021: $19,252,206). The Group is in the process of an exploration program in Papua New Guinea and Colombia and the Directors intend to raise further capital to provide additional funds.

If additional capital is not obtained, material uncertainty exists on the ability to continue as a going concern, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(d) Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical Cost Convention
The financial statements have been prepared under the historical cost convention, except for assets and liabilities that are required to be recorded at fair value.

Critical Accounting Estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Company only. Supplementary information about the parent entity is disclosed in Note 29.

(e) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Los Cerros Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Los Cerros Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity', 'Consolidated Group' or the 'Group'.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(f) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(g) Foreign Currency Translation

The financial statements are presented in Australian dollars, which is Los Cerros Limited's functional and presentation currency.

Foreign Currency Transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign Operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(h) Revenue Recognition

The Company recognises revenue as follows:

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(i) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(j) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and Other Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(m) Non-Current Assets or Disposal Groups Classified as Held for Sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(n) Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

(o) Property, Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

LOS CERROS LIMITED

(p) Exploration and Evaluation Assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i. the rights to tenure of the area of interest are current; and
ii. at least one of the following conditions is also met:
   a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
   b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(q) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. This includes considering the requirements set out in AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6') in respect of the capitalised exploration and development expenditure. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Plant and equipment, and capitalised exploration and development expenditure, are assessed for impairment on a cash generating unit ('CGU') basis. A cash generating unit is the smallest grouping of assets that generates independent cash flows, and generally represents an individual project. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit on a pro-rata basis. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior year. A reversal of an impairment loss is recognised in profit or loss immediately.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(t) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(u) Employee Benefits

Short-Term Employee Benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-Based Payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the most by using the most appropriate valuation technique that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(v) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(w) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Company remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as capitalised exploration costs. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(y) Earnings per Share

Basic Earnings per Share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Los Cerros Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted Earnings per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) Goods and Services Tax ('GST') and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the most appropriate valuation technique taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(b) Fair Value Measurement Hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(c) Exploration and Evaluation Costs

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or the exploration programme is currently in progress and the requirements of AASB6 are being met. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

The Group has recognised the Papua New Guinea acquisition as an asset acquisition based upon management's assessment that the transaction meets the concentration test and that substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset. Management have assessed fair values for the exploration assets acquired based on their assessment of the value of each tenement.

Note 3. Operating Segments

(a) Identification of Reportable Operating Segments

The Company's primary activity is mineral exploration in the geographic area of Papua New Guinea and Colombia. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors, who are the Chief Operating Decision Makers (or 'CODM'), in assessing performance and determining the allocation of resources.

The Group is managed primarily for the sole purpose of mineral exploration.

The information reported to the CODM is on a monthly basis.

(b) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual and half yearly financial statements of the Group.

(c) Intersegment Transactions

There are no intersegment transactions.

(d) Segment Assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(e) Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense;
- Deferred tax assets and liabilities;
- Current tax liabilities; and
- Head office income / expenses and related assets / liabilities.

(f) Operating Segment Information

Consolidated – 2022	**Mineral Exploration $**	**Non-Core Reconciling Items $**	**Total $**
Earnings before interest, tax, depreciation and amortisation	(1,512,665)	(2,433,349)	(3,946,014)
Impairment of exploration expenditure	(6,704,335)	-	(6,704,335)
Impairment of non-current receivables	(550,257)	-	(550,257)
Net foreign exchange (loss)/gain	(10,752)	160,575	149,823
Depreciation and amortisation	(7,761)	(1,534)	(9,295)
Interest revenue	17,470	165,101	182,571
Finance costs	(9,503)	(630)	(10,133)
Loss Before Income Tax Expense	(8,777,803)	(2,109,837)	(10,887,640)
Income tax expense			-
Loss After Income Tax Expense			(10,887,640)

	Mineral Exploration $	Non-Core Reconciling Items $	Total $
Assets			
Segment assets	28,052,753	8,493,665	36,546,418
Total Assets			36,546,418
Liabilities			
Segment liabilities	229,645	488,607	718,251
Total Liabilities			718,251

Consolidated – 2021	Mineral Exploration $	Non-Core Reconciling Items $	Total $
Earnings before interest, tax, depreciation and amortisation	(1,162,448)	(3,056,178)	(4,218,626)
Net foreign exchange (loss)/gain	(125,791)	3,011	(122,780)
Depreciation and amortisation	(5,345)	(3,106)	(8,451)
Impairment of non-current receivables	(960,147)	-	(960,147)
Interest revenue	2,690	2,290	4,980
Finance costs	-	(1,321)	(1,321)
Loss Before Income Tax Expense	(2,251,041)	(3,055,304)	(5,306,345)
Income tax expense			-
Loss After Income Tax Expense			(5,306,345)
Assets			
Segment assets	26,582,350	19,056,287	45,638,637
Total Assets			45,638,637
Liabilities			
Segment liabilities	314,430	492,051	806,481
Total Liabilities			806,481

(g) Geographical Information

	Geographical Non-Current Assets	
	2022 $	2021 $
Australia	1,649	29,907
Papua New Guinea	3,306,476	-
Colombia	24,390,009	26,222,790
	27,698,134	26,252,697

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Other Expenses

	Consolidated 2022 $	Consolidated 2021 $
Other expenses include the following specific expenses:		
Foreign exchange loss	(149,823)	122,780
Administration expenses	653,615	1,269,646
Consulting fees	438,101	479,826
Total Other Expenses	941,893	1,872,252

Note 5. Income Tax

	Consolidated 2022 $	Consolidated 2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(10,867,640)	(5,306,345)
Tax at the statutory tax rate of 30% (2021: 30%)	(3,266,293)	(1,591,904)
Add/(Less):		
Non-deductible expenses/(income)	2,601,172	1,086,019
Temporary differences and tax loss not brought to account as a deferred tax asset	1,309,631	520,959
International tax rate differential	(644,510)	(15,074)
Income tax expense	-	-
Unused Australian tax losses for which no deferred tax asset has been recognised	45,948,036	44,127,141

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

Note 6. Current Assets – Cash and Cash Equivalents

	Consolidated 2022 $	Consolidated 2021 $
Cash at bank	2,400,438	11,251,358
Short-term deposits[1]	6,000,000	8,000,848
	8,400,438	19,252,206

[1]The Company notes that this includes a $2 million term deposit, which although has an original maturity of 4 months, can be cancelled at any time given 31 day's notice resulting in no interest being received if cancelled.

Note 7. Receivables

	Consolidated 2022 $	Consolidated 2021 $
Current Assets		
Other receivables	155,384	49,028
Non-Current Assets		
VAT receivables	1,964,049	1,651,404

Provision for impairment of VAT receivables[1]	(1,964,049)	(1,651,404)
	-	-

[1] According to Colombian tax law, VAT paid in Colombia should be recovered from the Colombian tax authorities. An asset has been recognised and fully provided for in the Consolidated Statement of Financial Position as the Government is currently not repaying VAT and therefore there is currently no certainty that VAT will be recovered. The Directors of the Company consider it appropriate to continue providing against the VAT receivable as at 31 December 2022.

Reconciliations
Reconciliations of the VAT receivable movement at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	2022	**2021**
	$	**$**
Opening Balance	1,651,404	691,257
VAT increase for the year – Colombia	543,313	1,085,221
VAT increase for the year – Papua New Guinea[2]	6,944	-
Foreign exchange differences	(237,613)	(125,074)
Closing Balance	1,964,049	1,651,404

[2] Relates to VAT incurred by Footprint Resources Pty Ltd relating to the operations in Papua New Guinea.

Note 8. Current Assets – Prepayments

	Consolidated	
	2022	**2021**
	$	**$**
Prepayments	292,462	84,706

Note 9. Non-Current Assets – Property, Plant and Equipment

	Consolidated	
	2022	**2021**
	$	**$**
Land and buildings – at cost	433,108	481,169
Plant and equipment – at cost	825,840	1,181,504
Less: Accumulated depreciation	(534,173)	(553,374)
Less: Impairment of PPE	(19,171)	-
	272,496	628,130
	705,604	1,109,299

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Land and Buildings $**	**Plant and Equipment $**	**Total $**
Balance at 1 January 2021	538,994	594,032	1,133,026
Additions	-	290,947	290,947
Disposals	-	(148,208)	(148,208)
Depreciation expense	-	(8,451)	(8,451)

Depreciation capitalised to exploration and evaluation	-	(36,943)	(36,943)
Exchange differences	(57,825)	(63,247)	(121,072)
Balance at 31 December 2021	**481,169**	**628,130**	**1,109,299**
Additions	21,245	53,801	75,046
Depreciation expense	-	(9,295)	(9,295)
Depreciation capitalised to exploration and evaluation	(89)	(159,047)	(159,136)
Impairment	(16,614)[1]	(202,105)[2,3]	(218,719)
Exchange differences	(52,603)	(38,988)	(91,591)
Balance at 31 December 2022	**433,108**	**272,496**	**705,604**

[1]In November 2022, a valuation with an open market value basis, of the land holding for the Company was carried out by the Corporación Lonja de Propiedad Raíz y Consultorías Catastrales located in Pereira, Risaralda, affiliated to the Chamber of Commerce, with registration number 501098, the valuation was signed by the Cadastral Engineer Carlos Humberto Cataño Machado with professional ID # 13217 CND RAA. AVAL-4508436 ERA-ANAV. As a result of the valuation, an impairment of $16,614 was recognised over land and buildings.

[2] Following increased political uncertainty associated with a new government in Colombia, expenditure in Colombia was significantly reduced and as a result certain plant and equipment are expected to stand idle. As a result, an impairment indicator was identified and $21,495 of costs relating to the Andes Project was written off.

[3]The Company has recognised an impairment of $180,610 in respect of a drilling rig in the Miraflores, as it is no longer expected to be used for exploration at the Miraflores project and has therefore been written down to its expected recoverable value.

Note 10. Non-Current Assets – Exploration and Evaluation

	Consolidated 2022 $	Consolidated 2021 $
Exploration and evaluation	26,992,530	25,143,398

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Exploration and Evaluation Expenditure $**
Balance at 1 January 2021	18,853,659
Additions	8,015,319
Foreign exchange differences	(1,725,580)
Balance at 31 December 2021	**25,143,398**
Additions	8,281,301
Footprint Acquisition (Note 28)	3,027,622
Foreign exchange differences	(2,755,455)
Impairment of exploration and evaluation expenditure	(6,704,336)
Balance at 31 December 2022	**26,992,530**

Exploration and evaluation capitalised at 31 December 2022 represents the Miraflores Prospect within the Quinchía Gold Project (including the Chuscal Prospect); and tenements held by Andes Resources Pty Ltd which are located in the Antioquia, Risaralda and Choco, Departments (States) of Colombia.

Capitalised costs amounting to $9,443,828 for the year ended 31 December 2022 (2021: $7,789,825) have been included in cash flows from investing activities.

Recoverability of the carrying amount of exploration assets is dependent upon a number of factors. Impairment indicators in AASB 6 are considered for each area of interest. If an impairment indicator is identified, the accounting and disclosure requirements of AASB136 Impairment of Assets is applied.

Following increased political uncertainty associated with a new government in Colombia, expenditure in Colombia was significantly reduced and further substantive expenditure for exploration is neither budgeted nor planned for the Andes Project. As a result, an impairment indicator was identified. Due to the above factors, the Directors determined it is not probable that the Andes Project will generate any economic cash inflows and therefore has no value to the Company and the carrying value was impaired to nil and an impairment expense of $6,704,336 was recognised.

Note 11. Current Liabilities – Trade and Other Payables

	Consolidated	
	2022 $	2021 $
Trade payables	383,895	100,543
Other payables	98,600	478,990
	482,495	579,533

Note 12. Current Liabilities – Provisions

	Consolidated	
	2022 $	2021 $
Annual leave	197,105	210,886

Note 13. Non-Current Liabilities – Provisions

	Consolidated	
	2022 $	2021 $
Long service leave	38,651	16,062

Note 14. Equity – Issued Capital

	Notes	Consolidated 2022 Number of Ordinary Shares	2022 $	2021 Number of Ordinary Shares	2021 $
On issue at 1 January – fully paid		636,716,355	390,955,621	468,779,522	367,424,798
Issue of share capital during the year:					
Shares issued for cash		-	-	126,448,369	20,220,000
Shares issued for non-cash		-	-	2,163,731	353,697
Exercise of listed options (exercisable at $0.16 each)		-	-	14,349,733	2,295,958
Exercise of unlisted options (exercisable at $0.02 each)		4,137,500	82,750	1,162,500	23,250
Exercise of unlisted options (exercisable at $0.07 each)		600,000	42,000	2,400,000	168,000
Exercise of unlisted options (exercisable at $0.10 each)		9,195,000	919,500	17,312,500	1,731,250
Shares issued for the acquisition of an asset[1]		65,064,886	2,342,336	4,100,000	-
Less: Costs of capital raising[2]		-	13,543	-	(1,261,332)
Balance at 31 December – fully paid		715,713,741	394,355,750	636,716,355	390,955,621

[1] On 22 November 2022, the Company acquired the exploration tenements of Footprint Resources Pty Ltd ("Footprint"). The shares were issued as part of the consideration paid for Footprint. Refer to Note 29 for further detail. 52,051,908 shares out of the total shares issued are under voluntary escrow for a period of 12 months from the date completion of the transaction.
[2]A reassessment of the Company's 31 December 2021 business activity statement resulted in an increase in the amount of GST that the Company was able to claim with reference to capital raising costs. This resulted in a refund of $13,543 during the year ended 31 December 2022 from the Australian Taxation Office.

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share Buy-Back
There is no current on-market share buy-back.

Capital Risk Management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Note 15. Equity – Options and Performance Rights

As at the reporting date, the Company has a series of options and performance rights currently under issue, which entitle holders to one ordinary share in the Parent Company at a fixed exercise price, or the achievement of certain performance targets. The terms and conditions for each type of option performance right is listed in the following tables.

(a) Options

Unlisted Options Outstanding as at 31 December 2022 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2021	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2022
20/12/2019	13/09/2024	$0.1350[1]	10,000,000	-	-	-	10,000,000
19/08/2019	1/07/2023	$0.3200[1]	5,546,875	-	-	-	5,546,875
19/08/2019	31/08/2023	$0.3200[1]	656,250	-	-	-	656,250
19/08/2019	15/11/2023	$0.3200[1]	46,875	-	-	-	46,875
6/04/2020	6/04/2022	$0.1000	12,525,000	-	(9,195,000)	(3,330,000)	-
15/05/2020	18/05/2022	$0.0200	4,687,500	-	(4,137,500)	(550,000)	-
13/08/2020	1/07/2025	$0.0700	600,000	-	(600,000)	-	-
23/11/2022	15/11/2026	$0.0474[1, 2]	-	13,000,000	-	-	13,000,000
18/11/2022	16/11/2026	$0.05[1, 3]	-	25,000,000	-	-	25,000,000
			34,062,500	38,000,000	(13,932,500)	(3,880,000)	54,250,000

[1]These outstanding unlisted options above were exercisable at 31 December 2022.
[2]On 23 November 2022, the Company granted 13,000,000 options, exercisable at $0.0474 per option, to employees as part of their remuneration. The options expire on 15 November 2026. The options vested immediately and an expense of $468,000 was recognised in the statement of profit and loss and other comprehensive income for the year ended 31 December 2022. Refer to Note (b) for the terms and conditions of the options.
[3]On 18 November 2022, the Company granted 25,000,000 options, with a $0.05 exercise price, to the Company's broker as part remuneration for acting as corporate adviser, expiring on 29 November 2026. The options vested immediately and an expense of $475,000 was recognised in the statement of profit and loss and other comprehensive income for the year ended 31 December 2022.

(b) Performance Rights

Performance Rights Outstanding as at 31 December 2022 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Tranche	Outstanding at 31 Dec 2021	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2022	Note
23/10/2020	31/01/2025	2	5,430,000	-	-	-	5,430,000	(1)
23/10/2020	31/01/2025	3	5,430,000	-	-	-	5,430,000	(1)
11/06/2021	31/01/2025	1	325,000	-	-	(70,000)	255,000	(2)
11/06/2021	31/01/2025	2	820,000	-	-	(200,000)	620,000	(2)
11/06/2021	31/01/2025	3	820,000	-	-	(200,000)	620,000	(2)
22/10/2021	31/01/2025	1	770,000	-	-	-	770,000	(3)
22/10/2021	31/01/2025	2	770,000	-	-	-	770,000	(3)
23/11/2022	31/12/2025	1	-	6,500,000	-	-	6,500,000	(4)
23/11/2022	31/12/2023	2	-	6,500,000	-	-	6,500,000	(4)
22/11/2022	30/06/2024	3	-	6,500,000	-	-	6,500,000	(4)
12/12/2022	31/12/2024	1	-	2,325,000	-	-	2,325,000	(5)

12/12/2022	31/12/2025	2	-	2,325,000	-	-	2,325,000	(5)
12/12/2022	31/12/2026	3	-	2,325,000	-	-	2,325,000	(5)
12/12/2022	31/12/2026	4	-	2,325,000	-	-	2,325,000	(5)
30/12/2022	31/12/2024	1	-	1,100,000	-	-	1,100,000	(6)
30/12/2022	31/12/2025	2	-	1,100,000	-	-	1,100,000	(6)
30/12/2022	31/12/2026	3	-	1,100,000	-	-	1,100,000	(6)
			14,365,000	32,100,000	-	(470,000)	45,995,000	

None of the performance rights have vested for the period ending 31 December 2022.

(1) Performance rights were issued to the Directors. The vesting conditions were as follows:

(i) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.

(ii) Tranche 3 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.

(2) Performance rights were issued to the Company's employees. The vesting conditions were as follows:

(i) Tranche 1 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.

(ii) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.

(iii) Tranche 3 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.30 on or before 31 December 2024.

(3) Performance rights were issued to Michael Allen. The vesting conditions were as follows:

(i) Tranche 1 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.

(ii) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.

(4) Performance rights were issued to the Company's employees. Refer to Note 16(b)(ix) for further detail.

(5) Performance rights were issued to Jason Stirbinskis. Refer to Note 16(b)(vii) for further detail.

(6) Performance rights were issued to Michael Allen. Refer to Note 16(b)(viii) for further detail.

Note 16. Equity – Share-Based Payment Expenses

		Consolidated	
	Note	2022 $	2021 $
Director options issued under Company's Employee Long Term Incentive Plan	(a)	54,053	149,009
Performance rights issued to directors and employees	(b)	482,596	1,010,717
Options issued to consultants and employees	(c)	943,000	-
		1,479,649	1,159,726

(a) Long Term Incentive Plan

Performance rights and performance options issued to related parties under the Company's Long-Term Incentive Plan was approved at AGM held on 28 May 2018. During the previous financial year the shareholders approved a new Performance

Rights and Options Plan at the 23 October 2020 General Meeting. The Performance Rights and Options Plan was slightly amended at the 31 August 2021 General Meeting to update the definition of 'change of control'.

The Group has determined the fair value of its performance options and performance rights issued using the American Trinomial Tree Option and the American Trinomial Barrier Option methods of valuing securities.

Further details of the performance options and performance rights granted during the current and prior years are in notes (b) and (c).

Director Performance Options

Recipient	Grant Date	Performance Options Issued No.	Value of Performance Options $	Share-Based Payment Expense 2022 $	Share-Based Payment Expense 2021 $
Ross Ashton (i)	20/12/2019	2,000,000	94,000	-	46,408
Kevin Wilson (i)	20/12/2019	2,000,000	94,000	-	46,408
Jason Stirbinskis (ii)	20/12/2019	6,000,000	282,000	54,053	56,193
		10,000,000	470,000	54,053	149,009

The above performance options are exercisable at $0.135 and expire on 30 September 2024.

(i) Director Performance Options Issued to Ross Ashton and Kevin Wilson

These options were granted to Ross Ashton and Kevin Wilson in a single tranche of 2,000,000 options each, in lieu of cash remuneration for their board duties for a future period of 24 months from the date of issue. The options were valued at $0.0736 each at grant date and were exercisable from 31 December 2020.

(ii) Director Performance Options Issued to Jason Stirbinskis

These options were granted to Jason Stirbinskis in three tranches of 2,000,000 performance rights each.

The options were valued at $0.0730 each at grant date, with 4,000,000 options immediately exercisable at 31 December 2021 (at 31 December 2020: 2,000,000 options immediately exercisable) upon the vesting of Tranche 1 and Tranche 2 options. The Tranche 1 and Tranche 2 options vested on 16 August 2020 and on 16 August 2021 respectively, on the anniversaries of Mr Stirbinskis' appointment.

Tranche 3 performance options vested on 22 March 2022 with the release of the Tesorito maiden Inferred Mineral Resource Estimate of 1Moz @ 0.94g/t Au.

LOS CERROS LIMITED

(b) Performance Rights

Recipient	Grant Date	Performance Rights Issued and on Hand 2022 No.	Value of Performance Rights $	Share-Based Payment Expense 2022 $	Share-Based Payment Expense 2021 $
Ross Ashton (i)	23/10/2020	2,320,000	469,372	85,066	185,681
Kevin Wilson (ii)	23/10/2020	1,540,000	311,868	56,466	123,543
Jason Stirbinskis (iii)	23/10/2020	7,000,000	1,417,584	256,665	561,560
Blair Snowball	4/06/2021	-	286,560	-	102,000
Employees (iv)	11/06/2021	1,495,000	205,418	43,892	32,236
Michael Allen (v)	22/10/2021	1,540,000	108,062	34,090	5,697
Jason Stirbinskis (vi)	12/12/2022	9,300,000	317,363	6,190	-
Michael Allen (vii)	30/12/2022	3,300,000	138,490	227	-
Employees (viii)	22/11/2022	19,500,000	702,000	-	-
				482,596	1,010,717

(i) Performance Rights Issued to Ross Ashton

On 23 October 2020, 2,980,000 performance rights were granted to Mr Ashton in three tranches (tranche 1: 660,000; tranche 2: 1,160,000; tranche 3: 1,160,000). On 21 January 2021, the 660,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Ashton exercised these performance rights, converting them into fully paid ordinary shares on 15 February 2021.

The remaining performance rights totalling 2,320,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

(ii) Performance Rights Issued to Kevin Wilson

On 23 October 2020, 1,980,000 performance rights were granted to Mr Wilson in three tranches (tranche 1: 440,000; tranche 2: 770,000; tranche 3: 770,000). On 21 January 2021, the 440,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Wilson exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

The remaining performance rights totalling 1,540,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

(iii) Performance Rights Issued to Jason Stirbinskis

On 23 October 2020, 9,000,000 performance rights were granted to Mr Stirbinskis in three tranches (tranche 1: 2,000,000; tranche 2: 3,500,000; tranche 3: 3,500,000). On 21 January 2021, the 2,000,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Stirbinskis exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

The remaining performance rights totalling 7,000,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

(iv) Performance Rights Issued to Employees

On 11 June 2021, 1,965,000 performance rights were granted to employees in three tranches (tranche 1: 325,000; tranche 2: 820,000; tranche 3: 820,000). 470,000 performance rights expired during the year.

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end.

(v) Performance Rights Issued to Michael Allen

On 22 October 2021, 1,540,000 performance rights were granted to Mr Allen in two tranches (tranche 1: 770,000; tranche 2: 770,000.

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end.

(vi) Performance Rights Issued to Jason Stirbinskis

The following performance conditions are applicable to the performance rights granted to Mr Stirbinskis on 12 December 2022:

- Tranche 1 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:
  - the Company achieving a 60-day VWAP of not less than $0.06 on or before 31 December 2023; or
  - the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 2 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:
  - the Company achieving a 60-day VWAP of not less than $0.08 on or before 31 December 2024; or
  - the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 3 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:
  - the Company achieving a 60-day VWAP of not less than $0.10 on or before 31 December 2025; or
  - the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.
- Tranche 4 – 2,325,000 performance rights upon the announcement by the Company of a JORC 2012 Resource of an aggregate of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent on or before 31 December 2025.

The performance rights were valued using the Hoadley's Barrier 1 Model and Parisian Model. The principal assumptions used in the valuation of the fair value at grant date of the performance rights were as follows:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date	12 Dec 2022	12 Dec 2022	12 Dec 2022	12 Dec 2022
Vesting period ends	31 December 2023	31 December 2024	31 December 2025	31 December 2025
Share price at grant date	$0.046	$0.046	$0.046	$0.046
Expected volatility	95%	95%	95%	95%
Rights life	2.05 years	3.05years	4.05years	4.05years
Risk-free borrowing rate	3.33%	3.02%	3.02%	-
Fair value per performance right at grant date	$0.0267	$0.0306	$0.0332	$0.0460
Total value of performance rights	**$62,078**	**$71,145**	**$77,190**	**$106,950**

None of the performance rights milestones were achieved during the year, and as such none of the performance rights were exercisable at year end. The Directors have assessed that the conditions for the tranche 4 performance rights are not likely to be achieved by the expiry date and therefore nil expense has been recognised for tranche 4 rights as at 31 December 2022.

(vii) Performance Rights Issued to Michael Allen

The following performance conditions are applicable to the performance rights granted to Mr Allen on 30 December 2022:

- Tranche 1: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.06 on or before 31 December 2023.
- Tranche 2: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.08 on or before 31 December 2024.
- Tranche 3: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.10 on or before 31 December 2025.

The performance rights were valued using the Hoadley's Barrier 1 Model and Parisian Model. The principal assumptions used in the valuation of the fair value at grant date of the performance rights were as follows:

	Tranche 1	Tranche 2	Tranche 3
Grant date	30 December 2022	30 December 2022	30 December 2022
Vesting period ends	31 December 2023	31 December 2024	31 December 2025
Share price at grant date	$0.058	$0.058	$0.058
Expected volatility	89%	89%	89%
Rights life	2.01 years	3.01 years	4.01 years
Risk-free borrowing rate	3,59%	3.35%	3.45%
Fair value per performance right at grant date	$0.0399	$0.0420	$0.0440
Total value of performance rights	**$43,890**	**$46,200**	**$48,400**

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end.

(viii) Performance Rights Issued to employees

The following performance conditions are applicable to the performance rights granted to employees on 23 November 2022:

- Tranche 1: 6,500,000 performance rights vesting upon the announcement by Los Cerros of its first JORC Inferred Resource at any of the licences known as EL2432 Liamu, EL2548 Imou, EL2665 Ono, EL2673 Tauya, EL2681 Kay Creek, EL2706 Awala, ELA2786 Safia (Assets), of JORC Inferred Resource of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent by 31 December 2025.
- Tranche 2: 6,500,000 performance rights vesting upon the signing by Los Cerros of a joint venture agreement for at least one of the Assets by 31 December 2023.
- Tranche 3: 6,500,000 performance rights vesting upon identifying a new project area outside of the Assets existing at the time of the initial Heads of Agreement within Papua New Guinea or elsewhere that supports a greater than $1 million per year board approved exploration expenditure budget.

The principal assumptions used in the valuation of the fair value at grant date of the performance rights were as follows:

	Tranche 1	Tranche 2	Tranche 3
Grant date	23 November 2022	23 November 2022	23 November 2022
Vesting period ends	31 December 2025	31 December 2023	30 June 2024
Share price at grant date	$0.036	$0.036	$0.036
Fair value per performance right at grant date	$0.036	$0.036	$0.036
Total value of performance rights	**$234,000**	**$234,000**	**$234,000**

None of the performance rights milestones were achieved during the year, and as such none of the performance rights were exercisable at year end. The Directors have assessed that the conditions for these performance rights are not likely to be achieved by the expiry date and therefore nil expense has been recognised as at 31 December 2022.

(c) Options issued to employees and consultants

Recipient	Grant Date	Performance Options Issued No.	Value of Performance Options $	Share-Based Payment Expense 2022 $
Broker (i)	18/11/2022	25,000,000	475,000	475,000
Employees (ii)	22/11/2022	13,000,000	468,000	468,000
		38,000,000	943,000	943,000

(i) Options Issued to brokers

These options were granted to a consultant as remuneration for advisory fees in a single tranche of 25,000,000 options. The options vested immediately and expire on 16 November 2026. The options are exercisable for $0.05. The options were valued using the Black Scholes model and the principal assumptions used in the valuation of the fair value at grant date of the performance rights were as follows:

Grant date	18 November 2022
Share price at grant date	$0.033
Expected volatility	100%
Rights life	3.99 years
Risk-free borrowing rate	3.28%
Fair value per option at grant date	$0.019
Total value of options	**$475,000**

(ii) Options Issued to employees

These options were granted to two employees as remuneration in a single tranche of 6,500,000 options each. The options vested immediately and expire on 16 November 2026. The options are exercisable for $0.0474.

Note 17. Equity – Reserves

	Consolidated 2022 $	Consolidated 2021 $
Foreign currency reserve	(5,155,229)	(2,193,544)
Share-based payments reserve	2,549,014	1,116,837
	(2,606,215)	**(1,076,707)**

As at 31 December 2021, $1,248,488 of historical realised foreign currency transactions related to years prior to 2020 were transferred from the foreign currency translation reserve to accumulated losses.

Note 18. Financial Risk Management

(a) Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and, if appropriate, hedges financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2022	**2021**
	$	**$**
Cash and Receivables		
Cash and cash equivalents	8,400,438	19,252,206
Trade and other receivables	155,384	49,028
Total Cash and Receivables	8,555,822	19,301,234
Financial Liabilities (at Amortised Cost)		
Trade and other payables	482,495	579,533
Borrowings	-	-
Total Financial Liabilities	482,495	579,533

(b) Market Risk

Foreign Currency Risk
The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Interest Rate Risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The Consolidated Group is exposed to interest rate and foreign exchange risk through cash assets held and financial liabilities owed as at the reporting date:

	Consolidated	
	2022	**2021**
	$	**$**
Cash assets held in Australian dollars and subject to floating interest rate	2,055,472	10,778,669
Cash assets held in Australian dollars and subject to fixed interest rate	6,000,000	8,000,849
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	112,217	166,327
Australian currency equivalent of cash assets held in other currencies and subject to floating interest rate	232,749	306,361
Total Cash Assets	**8,400,438**	**19,252,206**

Sensitivity Analyses
The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest Rate Sensitivity Analysis
At 31 December 2022 and at 31 December 2021, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2022	**2021**
	$	**$**
Change in Profit		
Increase in interest rate by 2%	48,009	225,027
Decrease in interest rate by 2%	(48,009)	(225,027)
Change in Equity		
Increase in interest rate by 2%	48,009	225,027
Decrease in interest rate by 2%	(48,009)	(225,027)

Foreign Currency Risk Sensitivity Analysis
At 31 December 2022 and at 31 December 2021, the effect on profit and equity as a result of changes in the foreign exchange rates, with all other variables remaining constant would be as follows:

	Consolidated	
	2022 $	2021 $
Change in Profit		
Improvement in AUD to USD by 5%	(5,611)	(8,316)
Decline in AUD to USD by 5%	5,611	8,316
Change in Equity		
Improvement in AUD to USD by 5%	(5,611)	(8,316)
Decline in AUD to USD by 5%	5,611	8,316
Change in Profit		
Improvement in AUD to COP by 5%	(8,282)	(15,318)
Decline in AUD to COP by 5%	8,282	15,318
Change in Equity		
Improvement in AUD to COP by 5%	(8,282)	(15,318)
Decline in AUD to COP by 5%	8,282	15,318
Change in Profit		
Improvement in AUD to KINA by 5%	(3,355)	-
Decline in AUD to KINA by 5%	3,355	-
Change in Equity		
Improvement in AUD to KINA by 5%	(3,355)	-
Decline in AUD to KINA by 5%	3,355	-

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

(d) Liquidity Risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.
The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Liability and Financial Asset Maturity Analysis

	Consolidated			
31 December 2022	**Within 1 Year $**	**1 to 5 Years $**	**Over 5 Years $**	**Total $**
Cash and cash equivalents	8,400,438	-	-	8,400,438
Trade receivables	44,399	-	-	44,399
Trade and other payables	(482,495)	-	-	(482,495)
Net inflow on financial instruments	7,962,342	-	-	7,962,342

	Consolidated			
31 December 2021	**Within 1 Year $**	**1 to 5 Years $**	**Over 5 Years $**	**Total $**
Cash and cash equivalents	19,252,206	-	-	19,252,206
Other receivables	49,028	-	-	49,028
Trade and other payables	(579,533)	-	-	(579,533)
Net inflow on financial instruments	18,721,701	-	-	18,721,701

(e) Fair Value of Financial Instruments

Fair Value Estimation
Financial assets and financial liabilities are presented at fair value or at amortised cost in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.
The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Company are as follows:

	2022		2021	
Consolidated	**Carrying Amount $**	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Assets				
Cash and cash equivalents	8,400,438	8,400,438	19,252,206	19,252,206
Trade receivables	44,399	44,399	49,028	49,028
	8,444,837	8,444,837	19,301,234	19,301,234
Liabilities				
Trade payables	383,895	383,895	100,543	100,543
Other payables	98,600	98,600	478,990	478,990
	482,495	482,495	579,533	579,533

The fair values disclosed in the above table have been determined based on the following methodologies:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value approximates to fair value. Deferred consideration represents short-term and long-term financial instruments which are valued at amortised cost which also approximates fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

Note 19. Key Management Personnel Disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	693,971	530,267
Post-employment benefits	55,055	82,708
Long-term benefits	22,589	-
Share-based payments	492,757	1,127,490
	1,264,372	**1,740,465**

Note 20. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated 2022 $	Consolidated 2021 $
Audit Services – Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	64,251	62,996
Other Services – Grant Thornton Network Firm	36,844	-
	101,095	62,996

Note 21. Contingent Assets and Liabilities

Contingent Liabilities
The Company is aware that a former director and chief executive officer of one of the Company's subsidiaries (Miraflores Compania Minera SAS (previously Minera Seafield SAS)) previously lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking termination payments, unpaid bonus payments and damages in the amount of approximately US$1 million. The Directors are of the opinion that the claim can be successfully defended and believe that the risk of the Company facing an unfavourable judgement is unlikely. The Company continues to defend the proceeding.

Otherwise, the Group is not aware of any other contingent liabilities.

Note 22. Commitments

	Consolidated 2022 $	Consolidated 2021 $
Exploration Tenement Licence Commitments (a)		
Committed at the reporting date:		
Within one year	546,000	44,167
Between one and five years	252,000	-
Total Commitment	**798,000**	**44,167**
Less: Future finance charges	-	-

Net Commitment Recognised	**798,000**	**44,167**
Lease Commitments – Operating (b)		
Committed at the reporting date:		
Within one year	57,640	41,168
Between one and five years	-	-
Total Commitment	**57,640**	**41,168**
Less: Future finance charges	-	-
Net Commitment Recognised	**57,640**	**41,168**
Total Commitments		
Committed at the reporting date:		
Within one year	603,640	85,335
Between one and five years	252,000	-
Total Commitment	**855,640**	**85,335**
Less: Future finance charges	-	-
Net Commitment Recognised	**855,640**	**85,335**

(a) Represents mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements.

(b) The Group has lease commitments over premises in Colombia with terms ranging up to 11 months. Rent is payable monthly in advance.

The Company has no other material commitment other than lease commitment obligations and mining access rights.

Note 23. Related Party Transactions

Parent Entity
Los Cerros Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 27.

Key Management Personnel
Disclosures relating to key management personnel are set out in Note 19 and the remuneration report included in the Directors' report.

Transactions with Related Parties
The following transactions occurred with related parties:

	Consolidated	
	2022	**2021**
	$	**$**
Payment for Other Expenses:		
Interest payable to key management personnel*	-	1,321

* Interest of $nil (2021: $1,321) payable to Kevin Wilson during the year.

Receivable from and Payable to Related Parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from Related Parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022	**2021**
	$	**$**
Current Borrowings:		
Loans from key management personnel	-	50,000

Terms and Conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events After the Reporting Period

On 22 February 2023 the Company launched a Rights Issue to raise up to $4.3 million from shareholders. The Issue closed on 20 March 2023 and on 24 March 2023 the Company announced it had raised $2.2 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. Reconciliation of Loss after Income Tax to Net Cash Used in Operating Activities

	Consolidated	
	2022 $	2021 $
Loss after income tax expense for the year	(10,887,640)	(5,306,345)
Adjustments for:		
Interest Accrual	76,120	-
Depreciation and amortisation	9,295	8,451
Foreign exchange loss	(184,741)	122,780
Other net foreign exchange differences	-	(100,041)
Impairment of non-current receivables	550,257	960,147
Impairment of exploration assets	6,704,335	-
Impairment of property, plant and equipment	218,719	-
Share-based payment expense	1,479,649	1,159,726
Equity-settled share-based payment transactions	-	401,205
Change in operating assets and liabilities:		
Increase in other receivables	(78,191)	(944,565)
(Increase)/Decrease in prepayments	(613,071)	(8,436)
Increase/(Decrease) in trade and other payables	179,073	55,458
Increase/(Decrease) in employee benefits	8,808	79,851
Net Cash Used in Operating Activities	**(2,689,625)**	**(3,571,769)**

Note 26. Loss per Share

	Consolidated	
	2022 $	2021 $
Loss after income tax attributable to the owners of Los Cerros Limited	(10,887,640)	(5,306,345)

	Consolidated	
	2022 Cents per Share	2021 Cents per Share
Basic loss per share	(1.66)	(1.13)
Diluted loss per share	(1.66)	(1.13)

	Consolidated	
	2022 Number	2021 Number
Weighted average number of ordinary shares used in calculating basic loss per share	654,029,062	530,899,235

Weighted average number of ordinary shares used in calculating diluted loss per share	654,029,062	304,494,368

Note 27. Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(e):

Name	Principal Place of Business / Country of Incorporation	Ownership Interest 2022 %	Ownership Interest 2021 %
Subsidiaries of Los Cerros Limited:			
Hampton Mining Limited	Australia	100%	100%
North Hill Holdings Group Inc.	British Virgin Islands	100%	100%
Andes Resources Ltd	Australia	100%	100%
Footprint Resources Pty Ltd	Australia	100%	-
Wholly owned subsidiaries of North Hill Holdings Group Inc.:			
North Hill Colombia Inc.	British Virgin Islands	100%	100%
Miraflores Hampton Colombia SAS	Colombia	100%	100%
Miraflores Compania Minera SAS	Colombia	100%	100%
Subsidiaries of Andes Resources Ltd:			
Andes Resources Inc.	Canada	100%	100%
Andes Resources E.P. S.A.S.	Colombia	100%	100%
Andes Holdings S.A.S.	Colombia	90%	90%
Ni Maria J S.A.S.	Colombia	77%	77%

Note 28. Acquisition of Footprint Resources Pty Ltd

On 22 November 2022, the Group acquired Footprint Resources Pty Ltd ("Footprint"). The acquisition of the private company includes multiple copper, gold and nickel targets in Papua New Guinea.

The acquisition of Footprint has been treated as an asset acquisition. This was on the basis that the transaction met the "concentration test" within AASB 3 *Business Combinations.* The cost of the acquisition has therefore been allocated to the assets and liabilities acquired.

The cost of the acquisition was attributed to the following assets and liabilities:

	Consolidated 2022 $
Assets acquired and liabilities assumed at the date of acquisition	
Exploration Asset (Tenement licenses)	3,027,422
Cash and cash equivalents	33,297
Other identifiable net liabilities	(33,097)
Net Assets Acquired at 22 November 2022	**3,027,622**

Consideration for the acquisition

Cash Paid	550,000
Share Capital Issued	2,342,336
Reimbursement of exploration costs during the period of negotiation	42,660
Other costs of acquisition (incl. legal and professional fees)	92,626
Total consideration costs paid	**3,027,622**

Note 29. Parent Entity Information

Set out below is the supplementary information about the parent entity.

(a) Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	2022 $	**2021 $**
Loss after income tax	(13,883,767)	(7,474,838)
Total Comprehensive Loss	**(13,883,767)**	**(7,474,838)**

(b) Statement of Financial Position

	Parent	
	2022 $	**2021 $**
Total current assets	8,491,960	19,026,328
Total Assets	**36,318,288**	**45,324,209**
Total current liabilities	451,470	475,990
Total Liabilities	**490,121**	**492,053**
Equity		
Issued capital	394,355,750	390,955,621
Options reserve	2,549,014	1,116,837
Accumulated losses	(361,076,596)	(347,240,302)
Total Equity	**35,828,168**	**44,832,156**

(c) Contingent Liabilities and Guarantees

The parent entity had no other contingent liabilities or guarantees as at 31 December 2022 and as at 31 December 2021.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Ross Ashton
Non-Executive Chairman

31 March 2023

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Independent Auditor's Report

To the Members of Los Cerros Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Loss Cerros Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group incurred a net loss of $10,887,640 during the year ended 31 December 2022, and as of that date, the Group's net cash used in operating and investing activities was $12,014,301. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Asset acquisition – Notes 1(p)(x), 10 & 28	
On 22 November 2022, the Group completed a transaction to purchase exploration and evaluation assets from Footprint Resources Pty Ltd for total consideration of $3.03 million. In accordance with AASB 3 *Business Combinations*, the Group is required to assess whether the assets acquired and any liabilities assumed constitute a business. Accordingly, the Group applied the optional concentration test under AASB 3. It concluded that the test is met as substantially all the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets and therefore was not a business combination. This area is a key audit matter as Management's evaluation of meeting the concentration test and determining fair values of acquired assets requires significant judgement and estimation.	Our procedures included, amongst other: • Reading and evaluating the transaction documents to understand the key terms and conditions of the acquisition; • Reviewing management's assessment on the application of the optional concentration test under AASB 3 and evaluating it for appropriateness; • Evaluating the valuation methodology used by the Group to determine the fair value of assets and liabilities acquired, • Evaluating the competence, capabilities and objectivity of management's experts used in determining fair values; • Assessing the relevance and reliability of the inputs and assumptions used by the independent valuation expert by inspecting supporting evidence, underlying market data and industry practice; • Challenging the key assumptions used by the Group and their external experts in determining the fair value of assets acquired; and • Assessing the appropriateness of the related financial statement disclosures.
Exploration and Evaluation Assets – Notes 1(p)(q), & 10	
At 31 December 2022, the carrying value of exploration and evaluation assets was $26,992,530 In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources,* the Group must assess at each reporting date if any indicators of impairment suggest the carrying value exceeds the recoverable value.	Our procedures included, amongst others: • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6;

The process undertaken by management to assess whether there are any impairment indicators in each area of interest involves an element of management judgement.

Management concluded that $6,704,336 of capitalised exploration and evaluation costs attributable to the Andes Project area of interest were impaired and have been written down to nil carrying value.

- This area is a key audit matter due to the significant judgement involved in determining the existence of impairment indicators.

- Conducting a detailed review of management's assessment of indicators of impairment events prepared in accordance with AASB 6, including;
  - tracing projects to statutory registers, exploration licenses and third-party confirmations to determine whether a right of tenure existed;
  - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; and
  - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- Testing a sample of additions during the year to supporting documentation;
- Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
- Evaluating the competence and capabilities of management in the evaluation of potential indicators of impairment; and
- Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 13 of the Directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Los Cerros Limited, for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 31 March 2023