Los Cerros Limited

(Formerly known as Metminco Limited)

ABN 43 119 759 349

Audited Financial Statements - 31 December 2019

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. 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**
Suite 3, Level 2 470 Collins Street Melbourne VIC 3000 Australia	Suite 3, Level 2 470 Collins Street Melbourne VIC 3000 Australia

A description of the nature of the consolidated entity'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 2020. The Directors have the power to amend and reissue the financial statements.

Los Cerros Limited
(Formerly known as Metminco Limited)
Corporate directory
31 December 2019

Directors	
	Ross Ashton (Non-Executive Chairman) Jason Stirbinskis (Managing Director) Kevin Wilson (Non-executive Director)
Company secretary	Ms Jessamyn Lyons Ms Julia Beckett
Registered office	Suite 3, Level 2 470 Collins Street Melbourne VIC 3000 Australia
Principal place of business	Suite 3, Level 2 470 Collins Street Melbourne VIC 3000 Australia
Share register	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW, Australia, 2000 1300 554 474
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins St Melbourne VIC 3000
Stock exchange listing	Los Cerros Limited shares are listed on the Australian Securities Exchange (ASX code: LCL)

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Consolidated Group' or the 'Group') consisting of Los Cerros Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

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, unless otherwise stated:

Ross Ashton	Non-Executive Director (to 28 November 2019); Non-Executive Chairman (from 28 November 2019)
Kevin Wilson	Executive Chairman (to 16 August 2019); Non-Executive Chairman (from 16 August 2019) and Non- Executive Director (from 28 November 2019)
Jason Stirbinskis	Managing Director (appointed 16 August 2019)
Roger Higgins	Non-Executive Director (resigned 16 August 2019)
Glenister Lamont	Non-Executive Director (resigned 16 August 2019)

Principal activities and significant changes in the nature of events.

The Group's Quinchia Gold Project encompasses a potential development project at Miraflores, as well as assets with substantial exploration upside potential including the significant gold porphyry system targets of Tesorito, Dosquebradas and Chuscal. The Company's focus remains mineral exploration on the assets held in Andes Resources Limited ("Andes") and Quinchia Projects with an initial focus on the Chuscal Gold Target. During the year, work continued on an Environmental Impact Statement for potential gold mining operations at Miraflores and exploration drilling of a gold epithermal and porphyry target at Chuscal.

In December 2018, Metminco entered into a joint venture (JV) arrangement with AngloGold Ashanti to develop the Chuscal gold exploration target in Colombia. Chuscal is a major drill-ready gold exploration target, defined by soil and rock chip geochemistry. Chuscal is situated 1,700m south of the proposed Miraflores plant and 1,100m south of Tesorito. Drilling commenced in September 2019 and continues with strong initial results located in drill cores.

The Company completed the sale of its land and mineral rights at Mollacas, Chile in February 2020 and received proceeds of US1million less costs. The remaining minerals rights in Chile remain on care and maintenance.

During the year the Company entered into a merger arrangement with Andes Resources Limited that was completed on 15 August 2019. The Merger results in the Company holding a dominant position in the richly gold-copper endowed Mid-Cauca Gold Belt. The Merger brings together Metminco's advanced Quinchia Gold Project, with Andes' extensive tenement holding to create a company with multiple exploration assets in richly endowed gold camps. A total of $4 million was raised as part of the Merger.

In March 2019, the Company completed a placement of convertible notes raising $918,000 before costs (as part of the $4 million Merger financing). The Convertible Notes were subsequently converted into Metminco shares in August 2019.

On 15 February 2019 the Company announced it had reached agreement to defer the acquisition payment due to RMB (Australia) Holdings Limited ('RMB') in June 2019. As part of the merger, Metminco negotiated a significant restructuring of the existing RMB deferred acquisition payments of $5 million through a debt for equity swap for $1 million and realigning future payments of $4 million to project milestones out to 2025. On 11 July 2019, the Company executed the RMB Debt Financing Agreement with revised terms including a debt for equity swap for $2 million and realignment of future payments of $3.5 million to project milestones out to 2025.

On 15 July 2019, the Company held a General Meeting of Shareholders to approve the issue of securities to convertible note holders, new securities to Andes shareholders on completion of the Merger, and new securities to participants in the Merger arrangement.

On 17 July 2019, the Company lodged a replacement Prospectus to raise a total of $2,332,000, underwritten to $1,342,461, as the final component of the $4 million Merger financing.

On 17 July 2019, the Company lodged a supplementary Bidders Statement to acquire all the issued shares in Andes on a scrip bid of $0.002 per share on a pre-consolidation basis.

On 8 August 2019, the Company completed the capital raising pursuant to the Prospectus, raising $2,332,000 before costs.

On 16 August 2019, following closure of the Prospectus offer and completion of the Merger of Metminco and Andes Resources Limited, the following Board changes took place:
- Resignation of Messrs Roger Higgins and Glenister Lamont; and
- Appointment of Messrs Jason Stirbinskis and Ross Ashton.

On 19 August 2019, the following securities were issued by the Company:

Fully paid ordinary shares ("FPO") - 4,464,474,042, consisting of:
- Convertible Note - Conversion to FPO - 459,000,000.
- Consideration FPO for Takeover Offer of Andes Resources Ltd - 2,595,624,750.
- Minimum Participation FPO to nominated Andes shareholders - 181,531,292.
- Priority Offer, Placement and Shortfall FPO - 1,166,000,000.
- Broker Shares in FPO issued pursuant to Broker Mandate - 62,500,000.

Options – unquoted options - 1,134,000,000 consisting of:
- Replacement Options issued to Andes Resources Ltd shareholders –625,000,000.
- Free Attaching Options issued to Convertible Noteholders – 459,000,000.
- Broker Options issued pursuant to Broker Mandate – 50,000,000.

On 3 September 2019 the Company announced it had allotted 1,000,000,000 fully paid shares to RMB which are issued in consideration for entry into the RMB Debt Refinancing Agreement.

On 26 September 2019, the Company implemented a share consolidation scheme, which provided shareholders with 1 new ordinary share for every 40 shares held.

On 2 October 2019, the Company commenced its diamond drilling program at the Chuscal gold target with the drilling of an initial four holes as part of a two-phase drilling campaign.

On 28 November 2019, the Company received shareholder approval for a name change to Los Cerros Limited, and an issue of 10,000,000 options to directors and an issue of 1,270,250 ordinary shares to former directors in lieu of unpaid director fees.

On 5 December 2019, the Company lodged a Bonus Options Prospectus offering shareholders one quoted option for every 5 ordinary shares held. The Bonus Options were completed on 19 December 2019.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $4,158,184 (31 December 2018: $7,833,968).

Significant changes in the state of affairs
In August 2019, Los Cerros Limited, formerly known as Metminco Limited, completed the acquisition of Andes Resources Limited, an unlisted public company that holds mineral exploration leases, titles and applications in Colombia. The merger of both companies results in the Company holding a dominant position in the richly gold-copper endowed Mid-Cauca Gold Belt. The Merger brings together Metminco's advanced Quinchia Gold Project, with Andes' extensive tenement holding to create a company with multiple exploration assets in richly endowed gold camps.

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

Matters subsequent to the end of the financial year
On 21 January 2020, the Company changed its name from Metminco Limited to Los Cerros Limited, and its ASX code to 'LCL'.

On 10 February 2020, the Company completed the sale of its non-core Mollacas project in Chile for receipt of A$1.3M after costs and exchange rate variations.

On 13 February 2020, the Company announced the raising of $592,594 from the issue of 14,816,860 ordinary shares at 4c per share representing a placement of shares to sophisticated investors forming part of a $2.1 million capital raising.

On 17 February, the Company announced the raising of $405,000 from the issue of 14,816,860 ordinary shares at 4c per share representing a placement of shares to sophisticated investors forming part of a $2.1 million capital raising.

On 26 February 2020, a former director of Andes Resources Limited commenced civil proceedings in the District Court of WA for redundancy and unpaid annual leave.

On 3 March 2020, the Company announced the raising of $352,000 from a share purchase plan for an issue of 8.8M shares at 4c per share and 4.4M free attaching options.

On 30 March 2020, the Company held an Extraordinary General Meeting of shareholders to approve, amongst other matters, the issue of placement shares and options to sophisticated investors, the issue of placement shares and options to related and non-related parties, the issue of share purchase plan options to a related party, and the issue of shares to creditors.

Covid-19 was declared a pandemic by the World Health Organisation in March 2020. The full impact of the virus on the economy in Australia, Colombia and Chile and on the businesses is not yet known. However, the directors do not consider the impact likely to compromise the ability of the entity to continue operating for the foreseeable future.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law. The Group is subject to environmental regulations in foreign countries where it operates, such as Chile and Colombia. The Directors are not aware of any breaches of the legislation during the year that are material in nature.

Information on Directors

Name:	Ross Ashton
Title:	Non-Executive Director (to 28 November 2019); Non-Executive Chairman (from 28 November 2019)
Experience and expertise:	Ross has over 45 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:	4,911,398 ordinary shares (post consolidation)
Interests in options:	2,544,780 quoted options (exercise price of 16 cents expiring 16 August 2021 (post consolidation) & 2,000,000 unquoted options (exercise price of 13.5 cents expiring 30 Sept 2024 (post consolidation).

Name:	Kevin Wilson - Executive Chairman (to 16 August 2019); Non-Executive Chairman (from 16 August 2019) and Non-Executive Director (from 28 November 2019)
Title:	Non-Executive Director
Qualifications:	BSc, MBA
Experience and expertise:	Kevin was appointed Executive Chairman on 23 March 2018. He 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 Chairman (non-executive) of Navarre Minerals Limited and non-executive Chairman of Investigator Resources Limited.
Other current directorships:	Non-executive Chairman - Navarre Minerals Limited and Non-executive Chairman - Investigator Resources Limited.
Former directorships (last 3 years):	
Interests in shares:	922,630 ordinary shares (post consolidation)
Interests in options:	309,955 quoted options (exercise price of 16 cents expiring 16 August 2021 & 2,000,000 unquoted options (exercise price of 13.5 cents expiring 30 Sept 2024 (post consolidation)
Interests in rights:	580,000 LTIP performance rights

Name:	Jason Stirbinskis (from 16 August 2019)
Title:	Managing Director
Qualifications:	B.SC; MBA
Experience and expertise:	Originally a geologist, Jason is a corporate executive with over 12 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:	616,667 ordinary shares (post consolidation)
Interests in options:	1,908,334 quoted options (exercise price of 16 cents expiring 16 August 2021 & 6,000,000 unquoted options (exercise price of 13.5 cents expiring 30 Sept 2024 (post consolidation)

Name:	Roger Higgins (resigned 16 August 2019)
Title:	Non-Executive Director
Qualifications:	BE, MSc, and PhD
Experience and expertise:	Roger was appointed to the Board on 8 October 2013. He has over 40 years of mining industry experience, which has included environmental, strategy, project development and operational roles. Roger's earlier career included various hydrology related positions in Papua New Guinea (Australian Government and Bougainville Copper), and four years at the University of New South Wales, where he completed a PhD in water resource economics. He subsequently spent 26 years with BHP including roles as Manager Planning and Development BHP Copper, General Mine Manager Escondida, Managing Director Ok Tedi, Vice President Project Development Chile, and Vice President and Chief Operating Officer Australia, responsible for the Olympic Dam and Cannington mines. Thereafter he spent five years with Teck Resources Limited as Senior Vice President Copper in Vancouver BC, where he led operations and related activities in Canada, Chile and Peru. He is a non-executive Director of WorleyParsons Ltd, Ok Tedi Mining Ltd, Newcrest Mining, and Minotaur Exploration (Chairman from 1 January 2017), and an Adjunct Professor with the Sustainable Minerals Institute at the University of Queensland. Professional Socieites include Fellow, Institution of Engineers, Australia and Fellow, Australasian Institute of Mining and Metallurgy.
Other current directorships:	Non-executive Director - Newcrest Mining Ltd (October 2015 to current), Minotaur Exploration Ltd (July 2016 to current) and WorleyParsons Ltd (from February 2019).
Former directorships (last 3 years):	
Interests in shares:	Nil
Interests in options:	Nil

Name:	Glenister Lamont (resigned 16 August 2019)
Title:	Non-Executive Director
Qualifications:	BEng. MBA
Experience and expertise:	Glenister joined the Board on 28 May 2018. He is a professional non-executive director, who has been Chair of several ASX listed resource companies as well as a director of other listed companies, government, not-for-profit and investment entities. Encompassing a 40-year executive career, Glenister has been CEO of a listed gold explorer, General Manager for two ASX 200 companies and Executive Director at UBS Australia. This gives him significant depth of finance, business and management experience, both domestically and internationally.
Other current directorships:	Non-executive Chairman - Golden Rim Resources Limited (July 2007 to March 2020)
Former directorships (last 3 years):	Valence Industries Ltd (December 2008 to November 2016)
Interests in shares:	Nil
Interests in options:	Nil

'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.

Company secretaries

Geoffrey Widmer resigned as Company Secretary effective 16 August 2019. On that day Julia Beckett was appointed Joint Company Secretary.

Andrew Metcalfe resigned as Company Secretary and Chief Financial Officer effective 26 November 2019. On that day Jessamyn Lyons was appointed Joint Company Secretary.

Jessamyn Lyons and Julia Beckett are in office at the date of this report.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2019, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Kevin Wilson	9	9	-	-
Jason Stirbinskis (appointed 16 August 2019)	4	4	-	-
Ross Ashton (appointed 16 August 2019)	4	4	-	-
Roger Higgins (resigned 16 August 2019)	6	6	-	-
Glenister Lamont (resigned 16 August 2019)	6	6	-	-

Held: represents the number of meetings held during the time the Director held office.

A circular resolution of the Board or Audit and Risk Committee was used where necessary.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, 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
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity'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 of Directors ('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
- transparency

The Board, in the absence of the Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity 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 consolidated entity.

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:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and 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
- 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
- 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.

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 consolidated entity 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
- 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 consolidated entity 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 consolidated entity 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. No STI was granted in 2019.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three 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 2019.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined exploration 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 17 May 2019 Annual General Meeting ('AGM')
At the 17 May 2019 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. 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 consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-executive Directors:							
Kevin Wilson (i)	105,583	-	-	11,083	-	28,268	144,934
Ross Ashton (i)	18,750	-	-	-	-	592	19,342
Roger Higgins (ii)	23,649	-	-	-	-	6,929	30,578
Glenister Lamont (iii)	28,342	-	-	2,975	-	6,929	38,246
Executive Directors:							
Jason Stirbinskis (i)	83,332	-	-	6,333	-	1,777	91,442
Other Key Management Personnel:							
Simon Brown	66,666	-	-	6,333	-	-	72,999
William Howe	52,482	-	-	-	-	-	52,482
Nicholas Winer	172,156	-	-	745	-	4,184	177,085
	550,960	-	-	27,469	-	48,679	627,108

(i) Salary and fees and superannuation for 2019 included an amount of $289,569 that was accrued as at reporting date.

(ii) On 27 December 2019, Roger Higgins received 580,625 shares equal to a value of $46,450 ($0.08 per share) in settlement for outstanding director’s fees for the period 1 July 2018 to 16 August 2019.

(iii) On 27 December 2019, Glenister Lamont received 689,625 shares equal to a value of $55,170 ($0.08 per share) in settlement for outstanding director’s fees for the period 1 July 2018 to 16 August 2019.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-executive Directors:							
Roger Higgins (i)	37,500	-	-	-	-	5,245	42,745
Glenister Lamont (i)	27,092	-	-	2,799	-	5,245	35,136
Francisco Vergara - Irarrazaval	15,625	-	-	-	-	-	15,625
Ram Venkat	76,253	-	-	-	-	-	76,253
Executive Directors:							
Kevin Wilson (i)	139,786	-	-	14,182	-	38,864	192,832
William Howe	225,000	-	-	-	-	-	225,000
Other Key Management Personnel:							
Nicholas Winer	83,333	-	-	-	-	-	83,333
Colin Sinclair	180,000	-	-	-	-	-	180,000
Graeme Hogan	120,897	-	-	10,339	-	-	131,236
	905,486	-	-	27,320	-	49,354	982,160

(i) Salary or fees for 2018 included an amount of $183,532 that was accrued as at reporting date.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Kevin Wilson (i)	100%	100%	-	-	-	-
Ross Ashton (i)	100%	-	-	-	-	-
Roger Higgins	100%	100%	-	-	-	-
Glenister Lamont	100%	100%	-	-	-	-
Francisco Vergara - Irarrazaval	-	100%	-	-	-	-
Executive Directors:						
Jason Stirbinskis (i)	100%	-	-	-	-	-
William Howe	-	100%	-	-	-	-
Other Key Management Personnel:						
Nicholas Winer (i)	100%	100%	-	-	-	-
Colin Sinclair	-	100%	-	-	-	-
Graeme Hogan	-	100%	-	-	-	-

(i) Fixed remuneration excludes share based payments in the form of performance options and performance rights issued to directors during the financial year ended 31 December 2019.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements 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:	Written contract (6 months' notice whilst executive chairman)
Name:	Jason Stirbinskis
Title:	Managing Director (appointed 16 August 2019)
Details:	Written contract (3 months' notice)
Name:	Roger Higgins
Title:	Non-Executive Director
Details:	No written contract
Name:	Glenister Lamont
Title:	Non-Executive Director
Details:	No written contract
Name:	Nicholas Winer
Title:	Executive Exploration Director
Details:	Written contract (6 months' notice)

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

Share-based compensation

Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation for the period 1 July 2018 to 16 August 2019 are set out below:

Name	**Date**	Shares	Issue price	$
Glenister Lamont (in lieu of directors fees for the period 1 July 2018 to 16 August 209)	27 Dec 2019	689,625	$0.0800	55,170
Roger Higgins (in lieu of directors fees for the period 1 July 2018 to 16 August 2019)	27 Dec 2019	580,625	$0.0800	46,450

Options - unlisted LTIP performance options (post 40:1 consolidation)

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Kevin Wilson	2,000,000 (i)	20 Dec 2019	20 Dec 2019	30 Sep 2024	$0.135	$0.047
Jason Stirbinskis	2,000,000 (ii)	20 Dec 2019	16 August 2020	30 Sep 2024	$0.135	$0.047
Jason Stirbinskis	2,000,000 (iii)	20 Dec 2019	16 August 2021	30 Sep 2024	$0.135	$0.047
Jason Stirbinskis	2,000,000 (iv)	20 Dec 2019	30 Sep 2024	30 Sep 2024	$0.135	$0.047
Ross Ashton	2,000,000 (i)	20 Dec 2019	20 Dec 2019	30 Sep 2024	$0.135	$0.047

(i) Director options issued to Kevin Wilson and Ross Ashton are in lieu of 24 months of future directors' fees, from the date of issue

(ii) Incentive options which vest upon 12 months from the date of Mr Stirbinskis' appointment as Managing Director, subject to Mr Stirbinskis' continued employment with the Company as at that date.

(iii) Incentive options which vest upon 24 months from the date of Mr Stirbinskis' appointment as Managing Director, subject to Mr Stirbinskis' continued employment with the Company as at that date.

(iv) Incentive options which vest upon announcing on the ASX Market Announcements Platform an additional Inferred Mineral Resource of at least 0.5Moz AuEq @>1.75g/t AuEq; or at least 1 Moz AuEq@ >0.9g/t AuEq.

The following performance options were awarded during the year ended 31 December 2018 (pre 40:1 consolidation).

	Awarded during the year	Award date	Vesting date	Expiry date	Exercise price	Fair value of performance option at award date ($)
Glenister Lamont	4,800,000	29/05/2018	31/12/2018	31/12/2019	$0.016	$0.00182
Roger Higgins	4,800,000	29/05/2018	31/12/2018	31/12/2019	$0.024	$0.00182
Glenister Lamont	4,800,000	29/05/2018	31/12/2018	31/12/2020	$0.016	$0.00187
Roger Higgins	4,800,000	29/05/2018	31/12/2018	31/12/2020	$0.024	$0.00187

Performance options granted carry no dividend or voting rights.

Performance rights

Name	Performance Hurdle	Number of rights granted (Pre Consolidation)	Number of rights granted (Post Consolidation)	Grant date	Expiry date	Share price hurdle for vesting
Kevin Wilson (1)	Tranche 4	11,600,000	290,000	28/05/2018	31/12/2020	$0.24
	Tranche 5	11,600,000	290,000	28/05/2018	31/12/2020	$0.00
Nicholas Winer (2)	Tranche 1	10,000,000	250,000	21/03/2019	31/12/2019	$0.16
	Tranche 2	10,000,000	250,000	21/03/2019	31/12/2020	$0.24
	Tranche 3	10,000,000	250,000	21/03/2019	31/12/2021	$0.00

Note:
(1) Tranche 1- Performance Rights vesting on a 30 day VWAP of 64c (pre consolidation: 1.6c) before 31 December 2019
(1) Tranche 2 – Performance Rights vesting on delivery of a resource of at least 1 million ounces gold at Tesorito before 31 December 2019
(1) Tranche 3 – Performance Rights vesting on a 30-day VWAP of 96c (Pre consolidation: 2.4c) before 31 December 2020.
(1) Tranche 4 – Performance Rights vesting on delivery of a resource of at least 1 million ounces gold at Chuscal before December 2020
(2) Tranche 1 – Performance Rights vesting on a 30-day VWAP of 16c (Pre consolidation: 0.4c) before 31 December 2020.
(2) Tranche 2 – Performance Rights vesting on a 30-day VWAP of 24c (Pre consolidation: 0.6c) before 31 December 2020
(2) Tranche 3 – Performance Rights vesting on delivery of a resource of at least 1 million ounces gold at Chuscal before 31 December 2021

Performance rights carry no dividend or voting rights.

Retention rights
There were no retention rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2019.

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ consolidation/ other	Balance at the end of the year
Ordinary shares					
Kevin Wilson	36,905,172	-	-	(35,982,542)	922,630
Roger Higgins	2,123,348	-	580,625	(2703,973)	-
Glenister Lamont	2,625,000	-	689,625	(3,314,625)	-
Jason Stirbinskis	-	-	6,666,675	(6,500,008)	166,667
Ross Ashton	-	-	196,455,875	(191,544,477)	4,911,398
	41,653,520	-	204,392,800	(240,045,625)	6,000,695

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Exercised	Expired/forfeit/ consolidation/ other	Balance at the end of the year
Options over ordinary shares					
Kevin Wilson	5,017,104	2,184,527	-	(4,891,676)	2,309,955
Roger Higgins	417,636	10,617	-	(428,253)	-
Glenister Lamont	625,000	13,125	-	(638,125)	-
Jason Stirbinskis	-	81,000,000	-	(73,091,666)	7,908,334
Ross Ashton	-	67,044,780	-	(62,500,000)	4,544,780
	6,059,740	150,253,049	-	(141,549,720)	14,763,069

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Consolidated	Expired/ forfeited/ other *	Balance at the end of the year
Performance rights over ordinary shares					
Kevin Wilson	46,400,000	-	(45,240,000)	(580,000)	580,000
Nicholas Winer	-	30,000,000	(29,250,000)	(250,000)	500,000
	46,400,000	30,000,000	(74,490,000)	(830,000)	1,080,000

Following consolidation, 580,000 and 250,000 performance rights issued to Kevin Wilson and Nicholas Winer respectively expired on 31 December 2019.

Performance option holding
The number of performance options issued in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Vested	Consolidation	Expired/ forfeited/ other	Balance at the end of the year
Performance options over ordinary shares					
Roger Higgins	9,600,000	-	(9,360,000)	(120,000)	120,000
Glenister Lamont	9,600,000	-	(9,360,000)	(120,000)	120,000
	19,200,000	-	(18,720,000)	(240,000)	240,000

This concludes the remuneration report, which has been audited.

Shares under option
Listed Options
(post 40:1 share consolidation)

Grant date	Expiry date	Exercise price	Number under option
Apr, May & Dec 2018	1 Jun 2020	$0.440	13,683,636
18 Dec 2019	16 Aug 2021	$0.160	50,206,975
			63,890,611

Unlisted options
(post 40:1 share consolidation)

Grant date	Expiry date	Exercise price	Number under option
28 May 2018	31 Dec 2020	$0.9600	240,000
19 Aug 2019	1 Jul 2023	$0.3200	5,546,875
19 Aug 2019	31 Aug 2023	$0.3200	656,250
19 Aug 2019	15 Nov 2023	$0.3200	46,875
19 Aug 2019	16 Aug 2021	$0.2400	1,250,000
20 Dec 2019	30 Sep 2024	$0.1350	10,000,000
			17,740,000

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.

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 2020

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
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Melbourne VIC 3008

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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 2019, 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 A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2020

Los Cerros Limited
(Formerly known as Metminco Limited)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Interest revenue		756	3,611
Expenses			
Employee benefits expense		(1,322,075)	(1,301,801)
Depreciation and amortisation expense	4	(2,889)	(31,599)
Impairment of property, plant & equipment	11	-	(61,935)
Impairment of exploration expenditure	12	-	(3,546,813)
Share based payment expense	19	(421,107)	(739,945)
Realised loss on derivative asset		-	(228,273)
Impairment of assets held for sale	9	(1,325,663)	-
Fair value adjustment to deferred consideration	16	442,816	(383,580)
Finance costs	4	(8,312)	(22,915)
Corporate expenses	4	(858,746)	(917,514)
Occupancy		(64,001)	(133,770)
Administration	4	(598,963)	(469,434)
Total expenses		(4,158,940)	(7,837,579)
Loss before income tax expense		(4,158,184)	(7,833,968)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Los Cerros Limited		(4,158,184)	(7,833,968)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(411,065)	(50,263)
Other comprehensive loss for the year, net of tax		(411,065)	(50,263)
Total comprehensive loss for the year attributable to the owners of Los Cerros Limited		(4,569,249)	(7,884,231)
		Cents	**Cents**
Basic loss per share	30	(0.18)	(1.12)
Diluted loss per share	30	(0.18)	(1.12)

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

Los Cerros Limited
(Formerly known as Metminco Limited)
Consolidated statement of financial position
As at 31 December 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	34,213	167,614
Other receivables	7	28,258	73,323
Prepayments	8	190,976	61,426
		253,447	302,363
Asset held for sale	9	1,352,775	2,861,983
Total current assets		1,606,222	3,164,346
Non-current assets			
Property, plant and equipment	11	680,794	637,774
Exploration and evaluation	12	17,849,587	10,411,767
Total non-current assets		18,530,381	11,049,541
Total assets		20,136,603	14,213,887
Liabilities			
Current liabilities			
Trade and other payables	13	2,514,767	4,413,855
Borrowings	14	413,150	-
Provisions	15	237,608	213,133
Total current liabilities		3,165,525	4,626,988
Non-current liabilities			
Other payables	16	2,225,881	1,781,946
Total non-current liabilities		2,225,881	1,781,946
Total liabilities		5,391,406	6,408,934
Net assets		14,745,197	7,804,953
Equity			
Issued capital	17	350,163,191	339,411,378
Reserves	20	12,136,603	12,216,161
Accumulated losses		(347,554,597)	(343,822,586)
Total equity		14,745,197	7,804,953

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

Los Cerros Limited
(Formerly known as Metminco Limited)
Consolidated statement of changes in equity
For the year ended 31 December 2019

Consolidated	Issued capital $	Acquisition reserve $	Convertible note equity & option reserves $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2018	332,987,792	(41,506,662)	492,308	11,100,307	(294,481,956)	8,591,789
Loss after income tax expense for the year	-	-	-	-	(7,833,968)	(7,833,968)
Other comprehensive loss for the year, net of tax	-	-	-	(50,263)	-	(50,263)
Total comprehensive loss for the year	-	-	-	(50,263)	(7,833,968)	(7,884,231)
Shares issued during the period	7,089,392	-	-	-	-	7,089,392
Transaction costs	(665,806)	-	-	-	-	(665,806)
Equity component of convertible note	-	-	(11,448)	-	-	(11,448)
Options issued	-	-	739,945	-	-	739,945
Options expired - prior period adjustment	-	-	(54,688)	-	-	(54,688)
Transfer acquisition reserve to retained earnings	-	41,506,662	-	-	(41,506,662)	-
Balance at 31 December 2018	339,411,378	-	1,166,117	11,050,044	(343,822,586)	7,804,953

Consolidated	Issued capital $	Acquisition reserve $	Convertible note equity & option reserves $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2019	339,411,378	-	1,166,117	11,050,044	(343,822,586)	7,804,953
Loss after income tax expense for the year	-	-	-	-	(4,158,184)	(4,158,184)
Other comprehensive loss for the year, net of tax	-	-	-	(411,065)	-	(411,065)
Total comprehensive loss for the year	-	-	-	(411,065)	(4,158,184)	(4,569,249)
Shares issued during the period	10,281,652	-	-	-	-	10,281,652
Transaction costs	(447,839)	-	-	-	-	(447,839)
Equity component of convertible note	918,000	-	-	-	-	918,000
Options issued	-	-	757,680	-	-	757,680
Options expired	-	-	(426,173)	-	426,173	-
Balance at 31 December 2019	350,163,191	-	1,497,624	10,638,979	(347,554,597)	14,745,197

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

Los Cerros Limited
(Formerly known as Metminco Limited)
Consolidated statement of cash flows
For the year ended 31 December 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,176,112)	(3,361,900)
Interest received		756	3,611
Interest and other finance costs paid		(8,312)	-
Net cash used in operating activities	29	(2,183,668)	(3,358,289)
Cash flows from investing activities			
Payments for plant and equipment	11	-	(14,244)
Payments for exploration and evaluation	12	(1,353,860)	(1,752,353)
Payments against deferred acquisition consideration	16	-	(1,000,000)
Payments for purchase of land	11	-	(169,812)
Cash acquired on acquisition of Andes Resources Ltd		37,477	-
Net cash used in investing activities		(1,316,383)	(2,936,409)
Cash flows from financing activities			
Proceeds from issue of shares	17	3,404,760	7,089,392
Proceeds from borrowings		37,150	-
Proceeds from loans from related parties		376,000	-
Cash received from derivative asset		-	44,410
Share issue transaction costs	17	(447,839)	(665,806)
Cash paid for redemption of convertible notes	14	-	(842,381)
Net cash from financing activities		3,370,071	5,625,615
Net decrease in cash and cash equivalents		(129,980)	(669,083)
Cash and cash equivalents at the beginning of the financial year		167,614	834,377
Effects of exchange rate changes on cash and cash equivalents		(3,421)	2,320
Cash and cash equivalents at the end of the financial year	6	34,213	167,614

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.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. There was no impact from the transition from AASB 117 to AASB 16.

Going concern
The Consolidated Group incurred a net loss after tax of $4,158,184 (31 December 2018: $7,833,968), has net cash used in operations of $2,183,668 during year ended 31 December 2019 (31 December 2018: $3,358,289) and has a cash balance of $34,213 at that date (31 December 2018: $167,614).

It also has net current liabilities of $1,559,303 (31 December 2018: net current liabilities of $1,462,642) and net assets of $14,745,197 (31 December 2018: $7,804,953).

The Company continues to undertake exploration activities on its leases in Colombia to generate future value and create further opportunities to raise capital. The sale of the non-core Mollaccas asset in Chile generated $1.3M (after costs) that was used to reduce liabilities and provide additional working capital to continue exploration activities. A private share placement raised an initial $997,594 in February 2020 and a share purchase plan raised $352,000 in March 2020 and further capital generating options are being considered to allow the Company to continue its drilling program in Colombia in 2020. ’Directors are willing to extend related party loan repayment terms should that be required.

If all these capital raising initiatives do not materialise, then there is possibility that the Group may not be able to raise the additional financing required, which gives rise to a material uncertainty that may cast significant doubt upon the Group’s ability to continue as a going concern.

Notwithstanding the material uncertainty the Directors are satisfied that the Company and Group have sufficient cash reserves together with its strategies as alluded to above to maintain its current portfolio and meet its debts as and when they fall due. Therefore, these financial statements have been prepared on a going concern basis.

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').

Note 1. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 consolidated entity'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 consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

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 2019 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'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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 consolidated entity 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 consolidated entity 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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

Revenue recognition
The consolidated entity 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.

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.

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 consolidated entity'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 consolidated entity'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.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes 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.

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

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.

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 consolidated entity'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.

Property, plant and equipment
Plant and equipment is 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 consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Exploration and evaluation assets
Where no mineral resources have been established or where such resources have not been evaluated sufficiently to permit the establishment of economically recoverable reserves, exploration in relation to each identifiable area is written off in the year when it is incurred. Exploration and evaluation expenditure is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploration of an area of interest, or by its sale. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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. 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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity 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.

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.

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.

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.

Note 1. Significant accounting policies (continued)

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 r the Binomial American Tree method of valuing securities 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 consolidated entity 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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 or not 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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

Where the business combination is achieved in stages, the consolidated entity 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 also 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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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 consolidated entity for the annual reporting period ended 31 December 2019. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Share-based payment transactions
The consolidated entity 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 either the Binomial or Black-Scholes model 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.

Fair value measurement hierarchy
The consolidated entity 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of property, plant and equipment
The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Derivative financial instruments
Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Where no mineral resources have been established or where such resources have not been evaluated sufficiently to permit the establishment of economically recoverable reserves, exploration in relation to each identifiable area is written off in the year when it is incurred. Where exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. 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. 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.

Note 3. Operating segments

Identification of reportable operating segments
The Company's primary activity is mineral exploration in the geographic area of South America. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker 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.

Intersegment transactions
There are no intersegment transactions.

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.

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
– Head office income / expenses and related assets / liabilities

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2019	Mineral Exploration $	Non-core Reconciling Items $	Total $
EBITDA	(1,666,002)	(1,156,074)	(2,822,076)
Depreciation and amortisation	(2,889)	-	(2,889)
Impairment of assets	(1,325,663)	-	(1,325,663)
Interest revenue	266	490	756
Finance costs	-	(8,312)	(8,312)
Loss before income tax expense	(2,994,288)	(1,163,896)	(4,158,184)
Income tax expense			-
Loss after income tax expense			(4,158,184)
Assets			
Segment assets	17,901,502	2,235,101	20,136,603
Total assets			20,136,603
Liabilities			
Segment liabilities	1,108,987	4,282,419	5,391,406
Total liabilities			5,391,406

Consolidated - 2018	Mineral Exploration $	Non-core Reconciling Items $	Total $
EBITDA	(888,964)	(2,901,774)	(3,790,738)
Depreciation and amortisation	(29,488)	(2,110)	(31,598)
Impairment of assets	(3,608,748)	-	(3,608,748)
Interest revenue	-	3,611	3,611
Finance costs	-	(406,495)	(406,495)
Loss before income tax expense	(4,527,200)	(3,306,768)	(7,833,968)
Income tax expense			-
Loss after income tax expense			(7,833,968)
Assets			
Segment assets	13,959,425	254,462	14,213,887
Total assets			14,213,887
Liabilities			
Segment liabilities	351,676	6,057,258	6,408,934
Total liabilities			6,408,934

Note 3. Operating segments (continued)

Geographical information

	Geographical non-current assets	
	2019	**2018**
	$	**$**
Australia	10,527	10,527
Colombia	18,519,854	11,039,014
	18,530,381	11,049,541

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. Expenses

	Consolidated	
	2019	**2018**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	2,889	31,599
Impairment		
Property, plant and equipment	-	61,935
Assets held for sale	1,325,663	-
Exploration and evaluation	-	3,546,813
Total impairment	1,325,663	3,608,748
Other expenses		
Corporate expenses	858,746	917,514
Administration expenses	598,963	469,434
Total other expenses	1,407,391	1,386,948
Fair value adjustment to deferred consideration		
Fair value adjustment to deferred consideration (i)	(442,816)	383,580
Finance costs		
Interest and finance charges paid/payable on borrowings	8,312	22,915
Share-based payments expense		
Share-based payments expense (ii)	421,107	739,945
Employee benefits expense		
Employee and directors' benefits expense	1,322,075	1,301,801

(i) The deferred consideration of $A3.5 million owing at the end of 31 December 2019:(2018: $A5m) by Miraflores Compania Minera SAS, has been discounted at 9% per annum (2018: 8%) to determine fair value. Refer to Note 16 - Non-current liabilities - other payables.

Note 4. Expenses (continued)

(ii) The value of share-based payments represents the value of shares, options and performance options and rights issued to related and non-related parties during the financial year in lieu of services rendered. (Refer to Note 19 for further information).

Note 5. Income tax

	Consolidated	
	2019	2018
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,158,184)	(7,833,968)
Tax at the statutory tax rate of 27.5%	(1,143,501)	(2,154,341)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Allowable capital raising deductions	-	(36,420)
Impairment of assets	(364,588)	(1,166,965)
Foreign exchange (gain)/loss	-	(39,639)
Provisions	-	7,524
Accruals	-	(37,382)
	(1,508,089)	(3,427,223)
Difference in overseas tax rates	-	(8,900)
Deferred tax asset not recognized during the year	1,508,089	3,436,123
Income tax expense	-	-

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Cash at bank	34,213	167,614

Note 7. Current assets - other receivables

	Consolidated	
	2019	2018
	$	$
Other receivables	28,258	73,323

Note 8. Current assets - prepayments

	Consolidated	
	2019	2018
	$	$
Prepayments	190,976	61,426

Note 9. Current assets - asset held for sale

	Consolidated	
	2019	2018
	$	$
Land	1,352,775	2,861,983

	Consolidated	
	2019	2018
	$	$
Opening Balance	2,861,983	2,586,122
Impairment	(1,325,663)	-
Impact of foreign exchange movement	(183,545)	275,861
	1,352,775	2,861,983

The Directors agreed that the land and mineral rights at Mollacas, Chile was surplus to requirements and was therefore offered for sale. The Directors have recorded the land at the valuation based on the completed sale on 10 February 2020 for A$1.3M after costs and exchange rate variations.

Note 10. Non-current assets - receivables

	Consolidated	
	2019	2018
	$	$
VAT Receivables (i)	517,042	370,057
Provision for impairment of VAT receivables	(517,042)	(370,057)
	-	-

(i) VAT incurred by Miraflores Compania Minera SAS relating to Quinchia Project in Colombia.

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2019	2018
	$	$
Land - at cost	616,734	556,792
Plant and equipment - at cost	1,418,492	1,427,412
Less: Accumulated depreciation	(1,354,432)	(1,346,430)
	64,060	80,982
	680,794	637,774

Note 11. Non-current assets - property, plant and equipment (continued)

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 $	Plant and equipment $	Total $
Balance at 1 January 2018	450,032	119,610	569,642
Additions	169,812	14,244	184,056
Disposals	-	(8,050)	(8,050)
Exchange differences	(1,117)	(13,223)	(14,340)
Impairment of assets	(61,935)	-	(61,935)
Depreciation expense	-	(31,599)	(31,599)
Balance at 31 December 2018	556,792	80,982	637,774
Disposals	-	(16,112)	(16,112)
Exchange differences	59,942	(2,079)	62,021
Depreciation expense	-	(2,889)	(2,889)
Balance at 31 December 2019	616,734	64,060	680,794

Note 12. Non-current assets - exploration and evaluation

	Consolidated	
	2019 $	**2018 $**
Exploration and evaluation	17,849,587	10,411,767

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 $	Total $
Balance at 1 January 2018	12,015,128	12,015,128
Expenditure during the year	1,752,353	1,752,353
Exchange differences	191,099	191,099
Impairment of assets	(3,546,813)	(3,546,813)
Balance at 31 December 2018	10,411,767	10,411,767
Additions	1,353,860	1,353,860
Additions through asset acquisitions (note 27)	6,375,145	6,375,145
Exchange differences	(291,185)	(291,185)
Balance at 31 December 2019	17,849,587	17,849,587

Exploration and evaluation capitalised at 31 December 2019 represents the Miraflores Gold Project within the Quinchia Gold Portfolio and tenements held by Andes Resources Ltd which are located in the Antioquia, Risaralda and Choco, Departments of Colombia.

Note 12. Non-current assets - exploration and evaluation (continued)

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 are considered for each area of interest.

Impairment:
Capitalised costs amounting to $1,353,860 for the period ended 31 December 2019 (for the year ended 31 December 2018: $1,752,353) have been included in cash flows from investing activities.

Note 13. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	1,305,543	710,426
Deferred consideration (refer Note 16)	-	2,886,751
Other payables	1,209,224	816,678
	2,514,767	4,413,855

Refer to note 21 for further information on financial risk management.

Note 14. Current liabilities - borrowings

	Consolidated 2019 $	Consolidated 2018 $
Insurance premium funding	37,150	-
Loans from related parties	376,000	-
	413,150	-

Refer to note 21 for further information on financial risk management.

Refer to note 26 for further information on related party transactions.

Note 15. Current liabilities - provisions

	Consolidated 2019 $	Consolidated 2018 $
Annual leave	237,608	213,133

Note 16. Non-current liabilities - other payables

	Consolidated 2019 $	Consolidated 2018 $
Deferred consideration (i)	2,225,881	1,781,946

Note 16. Non-current liabilities - other payables (continued)

(i) Note:

(a) In July 2019, the Company reached agreement with Company's borrowers (RMB Australia Holdings Pty Ltd) to renegotiate the terms of the Company's outstanding loan of $5,000,000. The agreement was:

(b) Deferred consideration to be settled partially by share based payments of $2m and the balance of deferred consideration to be repaid on achieving certain milestones comprising 3 payments totalling $3.5m ("Milestone Payments").

- A$1.25M at the earlier of Los Cerros market capitalisation exceeding $30M or achieving an Indicated Resources exceeding 2M oz grading not less than 4g/t;
- A$1.25M at the earlier of market capitalisation exceeding $35M or achieving a Proved and Probable Reserve exceeding 1M oz grading not less than 4g/t;
- A$1.0M at the earlier of market capitalisation exceeding $40M or confirmation by the board that it has the required funding for development.

All three Milestone Payments have a backstop date of 1 January 2025, and if any part of any Milestone Payment has not been made by that date, then it must be fully paid on 31 March 2025.

(c) Royalty payable to RMB of 2% of NSR (net smelter return) on production, capped at A$15M.

The directors believe that, based on the Company's early stage exploration process, there is insufficient certainty in future exploration success and market capitalisation increases to consider these payments as short-term. Accordingly, the full outstanding amount of $3,500,000 has been disclosed as a non- current liability, payable on 31 March 2025.

Refer to note 21 for further information on financial risk management.

The deferred consideration has been discounted at 9% per annum (2018: 8% per annum).

	Opening Balance 1 January $	**Settlement during the year** $	**Fair value adjustment** $	**Closing Balance 31 Dec** $
Deferred consideration (present value) - 2018	5,285,117	(1,000,000)	383,580	4,668,697
Deferred consideration (present value) - 2019	4,668,697	(2,000,000)	(442,816)	2,225,881

Note 17. Equity - issued capital

	Consolidated			
	2019 Shares	**2018 Shares**	**2019 $**	**2018 $**
Ordinary shares - fully paid	167,760,161	1,136,416,664	350,163,191	339,411,378

Note 17. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2018	101,883,843		329,987,792
Re-allocate from partly paid ordinary shares on termination of derivative asset facility with Lanstead Capital L.P.	28 Mar 2018	25,316,456	$0.1185	3,000,000
Shares issued - placement	28 Mar 2018	19,080,045	$0.0080	152,640
Shares issued - entitlements issue	24 Apr 2018	694,831,892	$0.0080	5,558,655
Shares issued - in lieu	30 Apr 2018	2,702,152	$0.0080	21,617
Shares issued - placement	22 May 2018	68,734,589	$0.0080	549,877
Shares issued - placement	3 Oct 2018	135,000,000	$0.0040	540,000
Shares issued - rights issue	17 Dec 2018	88,867,687	$0.0030	266,603
Costs of capital raising				(665,806)
Balance	31 December 2018	1,136,416,664		339,411,378
Exercise of listed options	21 Jan 2019	23,950	$0.0110	260
Share issue from renounceable rights issue shortfall	15 Feb 2019	51,500,000	$0.0030	154,500
Shares issued to extinguish convertible notes (1)	15 Aug 2019	459,000,000	$0.0020	918,000
Share issued as part of the acquisition of Andes Resources Ltd – tranche 1 (2)	15 Aug 2019	2,777,156,042	$0.0020	5,554,313
Shares issued – capital raising (3)	15 Aug 2019	1,166,000,000	$0.0020	2,332,000
Share issued pursuant to Broker Mandate (2)	15 Aug 2019	62,500,000	$0.0020	125,000
Share issue as consideration for repayment of debt (4)	30 Aug 2019	1,000,000,000	$0.0020	2,000,000
Share issued as part of the acquisition of Andes Resources Ltd – tranche 2 (2)	16 Sep 2019	6,979,175	$0.0020	13,959
Share consolidation (40 to 1)	26 Sep 2019	(6,493,085,920)	$0.0000	-
Shares issued in lieu of directors fees	27 Dec 2019	1,270,250	$0.0800	101,620
Costs of capital raising				(447,839)
Balance	31 December 2019	167,760,161		350,163,191

Note 17. Equity - issued capital (continued)

Share consolidation
On 26 September 2019, the Company implemented a share consolidation scheme, which provided shareholders with 1 new ordinary share for every 40 shares held. Share amounts and issue prices are disclosed at the pre consolidation amounts if issued prior to 26 September 2019, or at the post consolidation amounts if issued after 26 September 2019

(1) Convertible notes
On 29 March 2019 the Company issued 306 unlisted convertible notes at a price of $3,000 per note to raised $918,000 before costs. The notes were converted into fully paid ordinary shares at a conversion price of $0.002 per share on the successful completion of the acquisition of Andes Resources Limited.

(2) Acquisition of Andes Resources Ltd
A total of 2,784,135,217 shares at $0.002c per share were issued in two tranches as part of the total consideration of the acquisition of Andes Resources Ltd. In addition, 62,500,000 at $0.002c per shares were issued to a broker as part of the deal expenses.

(3) Capital Raising
1,1666,000,000 shares were issued on 15 August 2019 at a price of $0.002c per share, raising $2,332,000.

(4) *Debt to equity conversion*
1,000,000,000 shares were issued at $0.002 per share to RMB Australia Holdings Pty Ltd, as part of a debt restructuring program.

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 consolidated entity'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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity 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 consolidated entity 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 2018 Annual Report.

Note 18. Equity - options

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.

The Company conducted a 40:1 share consolidation process in September 2019. These tables reflect the revised exercise price and performance targets after consolidation and the movement in the number of options and performance rights on issue, due to the consolidation. The effects of the consolidation has not been reflected in the prior year data presented in these tables.

Options

Listed Options (ASX: LCLOA) outstanding as at 31 December 2019 and movements during the current financial year.

Grant Date	Expiry date	Ex. price (post consol) $	Outstanding at 31 Dec 2018	Issued during year	Exercised during year	Consolidation	Transfer from unquoted	Outstanding at 31 Dec 2019
24/04/2018	01/06/2020	$0.44	231,610,770	-	-	(225,820,501)	-	5,790,269
30/04/2018	01/06/2020	$0.44	9,876,512	-	-	(9,629,599)	-	246,913
22/05/2018	01/06/2020	$0.44	22,911,530	-	-	(22,338,742)	-	572,788
29/05/2018	01/06/2020	$0.44	237,970,560	-	(23,950)	(231,997,945)	-	5,948,665
24/12/2018	01/06/2020	$0.44	45,000,000	-	-	(43,875,000)	-	1,125,000
18/12/2019	16/08/2021	$0.16	-	29,356,975	-	-	-	29,356,975
18/12/2019	16/08/2021	$0.16	-	-	-	-	20,850,000	20,850,000
			547,369,372	29,356,975	(23,950)	(533,661,787)	20,850,000	63,890,610

All outstanding options above were exercisable as at 31 December 2019.

Listed Options (ASX: LCLOA) outstanding as at 31 December 2018 and movements during the prior financial year.

Grant date	Expiry date	Exercise price $	Outstanding at 31 Dec 2017	Issued during year	Exercised during year	Lapsed during year	Outstanding at 31 Dec 2018
25/04/2018	01/06/2020	$0.010	-	231,610,770	-	-	231,610,770
30/04/2018	01/06/2020	$0.010	-	9,876,512	-	-	9,876,512
22/05/2018	01/06/2020	$0.010	-	22,911,530	-	-	22,911,530
28/05/2018	01/06/2020	$0.010	-	237,970,560	-	-	237,970,560
24/12/2018	01/06/2020	$0.010	-	45,000,000	-	-	45,000,000
			-	547,369,372	-	-	547,369,372

Unlisted Options outstanding as at 31 December 2019 and movements during the current financial year.

Grant date	Expiry date	Ex. price (post consol) $	Outstanding at 31 Dec 2018	Issued during year	Lapsed during year	Consolidation	Transfer to quoted (LCLOA)	Outstanding at 31 Dec 2019
17/05/2017	17/05/2019	$3.24	12,345,639	-	(12,345,639)	-	-	-
25/05/2017	25/05/2019	$3.24	12,345,639	-	(12,345,639)	-	-	-
16/08/2018	16/08/2021	$0.1600	-	459,000,000	-	(447,525,000)	(11,475,000)	-
19/08/2019	1/07/2023	$0.3200	-	221,875,000	-	(216,328,125)	-	5,546,875
19/08/2019	31/08/2023	$0.3200	-	26,250,000	-	(25,593,750)	-	656,250
19/08/2019	15/11/2023	$0.3200	-	1,875,000	-	(1,828,125)	-	46,875
19/08/2019	15/08/2021	$0.1600	-	375,000,000	-	(365,625,000)	(9,375,000)	-
19/08/2019	16/08/2021	$0.2400	-	50,000,000	-	(48,750,000)	-	1,250,000
			24,691,278	1,134,000,000	(24,691,278)	(1,105,650,000)	(20,850,000)	7,500,000

Note 18. Equity - options (continued)

Unlisted Options outstanding as at 31 December 2018 and movements during the prior financial year.

Grant date	Expiry date	Exercise price $	Outstanding at 31 Dec 2017	Granted during year	Exercised during year	Lapsed during year	Outstanding at 31 Dec 2018
17/05/2017	17/05/2019	$0.080	12,345,639	-	-	-	12,345,639
25/05/2017	25/05/2019	$0.080	12,345,639	-	-	-	12,345,639
			24,691,278	-	-	-	24,691,278

Performance Rights and Options:

Performance rights and options outstanding as at 31 December 2019 and movements during the current financial year.

Grant date	Expiry date	Ex. price (post consol) $	Outstanding at 31 December 2018	Issued during the year	Lapsed during the year	Consolidation of	Outstanding at 31 Dec 2019	Note
28/05/2018	31/12/2019	$0.6400	9,600,000		-	-		
28/05/2018	31/12/2020	$0.9600	9,600,000		-	(9,360,000)	240,000	
29/05/2018	31/12/2019	$0.6400	11,600,000	-	(11,600,000)	-	-	1
29/05/2018	31/12/2019	$0.0000	11,600,000	-	(11,600,000)	-	-	2
29/05/2018	31/12/2020	$0.9600	11,600,000	-	-	((11,310,000)	290,000	3
29/05/2018	31/12/2020	$0.0000	11,600,000	-	-	(11,310,000)	290,000	4
13/05/2019	31/12/2019	$0.1600	-	10,000,000	(10,000,000)	-	-	5
14/05/2019	31/12/2020	$0.2400	-	10,000,000	-	(9,750,000)	250,000	6
15/05/2019	31/12/2021	$0.0000	-	10,000,000	-	(9,750,000)	250,000	7
20/12/2019	31/12/2024	$0.1350	-	4,000,000	-	-	4,000,000	8
20/12/2019	30/09/2024	$0.1350	-	2,000,000	-	-	2,000,000	9
20/12/2019	30/09/2024	$0.1400	-	2,000,000	-	-	2,000,000	10
20/12/2019	30/09/2024	$0.1400	-	2,000,000	-	-	2,000,000	11
			65,600,000	40,000,000	(42,800,000)	(51,480,000)	11,320,000	

Performance rights outstanding as at 31 December 2019 are subject to the following vesting conditions:

(1) Tranche 1 vesting on 30 day VWAP of $0.64 before December 31, 2019. This tranche lapsed during the Period.
(2) Tranche 2 vesting on delivery of resource of at least 1 million ounces gold at Tesorito before December 31, 2019. This tranche lapsed during the Period.
(3) Tranche 3 vesting on 30 day VWAP of $0.96 before December 31, 2020.
(4) Tranche 4 vesting on delivery of a resource of at least 1 million ounces gold at Chuscal before December 31, 2020.

Performance rights were issued during the period in 3 equal tranches of 10 million with the following vesting conditions:

(5) Tranche 1 vesting on 30 day VWAP of $0.16 or higher before December 31, 2019. This tranche lapsed during the Period
(6) Tranche 2 vesting on 30 day VWAP of $0.24 or higher on or before December 31, 2020.
(7) Tranche 3 vesting on delivery of at least 1 million ounces resource at Chuscal before December 31, 2021.

(8) Directors Options were issued during the period in 1 tranche of 4 million with an exercise price of $0.135, and expiring on September 30 2024. These options were issued in lieu of the recipients were paid directors fees for the next 24 months from date of issue.

Incentive Options were issued during the period in 3 equal tranches of 2 million with the following vesting conditions.

(9) Tranche 1 vesting after 12 months of service at an exercise price of $0.135 and expiring on September 30 2024.
(10 Tranche 2 vesting after 24 months of service, at an exercise price of $0.135 and expiring on September 30 2024.
(11) Tranche 3 vesting upon the discovery of 0.5Moz mineral sample, at an exercise price of $0.135, and expiring on September 30 2024.

Note 18. Equity - options (continued)

Performance rights outstanding as at 31 December 2018 and movements during the prior financial year.

Grant date	Expiry date	Exercise price $	Outstanding at 31 Dec 2017	Issued during year	Exercised during year	Lapsed during year	Outstanding at 31 Dec 2018
28/05/2018	31/12/2018	$0.0100	-	9,600,000	-	(9,600,000)	-
28/05/2018	31/12/2019	$0.0200	-	9,600,000	-	-	9,600,000
28/05/2018	31/12/2020	$0.0200	-	9,600,000	-	-	9,600,000
28/05/2018	31/12/2018	$0.0100	-	11,600,000	-	(11,600,000)	-
28/05/2018	31/12/2019	$0.0200	-	11,600,000	-	-	11,600,000
21/05/2018	31/12/2019	$0.0000	-	11,600,000	-	-	11,600,000
28/05/2018	31/12/2020	$0.0200	-	11,600,000	-	-	11,600,000
28/05/2018	31/12/2020	$0.0000	-	11,600,000	-	-	11,600,000
			-	86,800,000	-	(21,200,000)	65,600,000

Note 19. Equity - share based payment expenses

	Consolidated 2019 $	Consolidated 2018 $
(1) Shares	101,620	-
(2) Options	270,810	690,589
(3) Long-term incentive plan	48,677	49,354
	421,107	739,943

(1) Shares

	Consolidated 2019 $	Consolidated 2018 $
The following shares were issued in satisfaction of fees for services provided by past directors of the Company for the period from 1 July 2018 to 16 August 2019, as approved by Shareholders at the General Meeting held on 28 November 2019.		
Roger Higgins (580,625 shares @ $0.08 post consolidation)	46,450	-
Glenister Lamont (689,625 shares @ $0.08 post consolidation)	55,170	-
	101,620	-

Note 19. Equity - share based payment expenses (continued)

(2) Options

The Group has determined the fair value of its options, performance options and performance rights ('options and rights') using the Binomial American Tree method of valuing securities. The following options and rights were issued during the year ended 31 December 2019 alongside the key inputs utilised in the pricing model, including the Group's risk-free borrowing rate and volatility of the Group's shares.

The following options were awarded to convertible note holders in lieu of interest during the year ended 31 December 2019

Awarded during the year	Award date and vesting date	Expiry date	Fair value of option at award date $	Exercise price(post consol) $	Value of options granted during the year $	Amount of expense recognised $	Risk free rate %	Expected volatility %
459,000,000	16/08/2019	16/08/2021	$0.00059	$0.164	270,810	270,810	1.00%	87.00%

The following options in lieu of services rendered were awarded during the year ended 31 December 2018.

Awarded during the year	Award date and vesting date	Expiry date	Fair value of option at award date $	Exercise price $	Value of options granted during the year $	Amount of expense recognised $	Risk free rate %	Expected volatility %
9,867,512	30/04/2018	01/06/2020	$0.00215	$0.011	21,234	21,234	2.12%	67.20%
231,610,545	24/04/2018	01/06/2020	$0.00289	$0.011	669,355	669,355	2.12%	67.20%
					690,589	690,589		

Note 19. Equity - share based payment expenses (continued)

(3) 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 17 May 2019. The Group has determined the fair value of its performance rights and options issues (for services rendered), using the Binomial American Tree method of valuing securities.

The following options and rights issued during the year ended 31 December 2019 to related parties under the Company's Long-Term Incentive Plan (following approval at AGM held on 17 May 2019), alongside the key inputs utilised in the pricing model, including the Group's risk-free borrowing rate and volatility of the Group's shares, are as follows.

Performance Rights and Performance Options.

Recipient	Terms of issue	Options issued	$ Share based payment value $
Nicholas Winer (1)	Performance Rights issued under terms of Company's Employee Long Term Incentive Plan	750,000	17,500
Kevin Wilson (2)	Director options issued under terms of Company's Employee Long Term Incentive Plan	2,000,000	94,000
Jason Stirbinskis (3)	Incentive options issued under terms of Company's Employee Long Term Incentive Plan	6,000,000	282,000
Ross Ashton (2)	Director options issued under terms of Company's Employee Long Term Incentive Plan	2,000,000	94,000
		10,750,000	487,500

(1) These options were issued prior to the Company's 40: 1 share consolidation program. The actual number of options granted was 30,000,000.

(2) These options were granted in lieu of board fees for a future period of 24 months from the date of issue.

(3) The following performance conditions are applicable to the options awarded in the year:
- Tranche 1 – 2,000,000 Incentive options vesting upon the 12 month anniversary of Mr Stirbinskis' appointment;
- Tranche 2 - 2,000,000 Incentive options vesting upon 24 months of Mr Stirbinskis' appointment;
- Tranche 3 -2,000,000 Incentive options vesting upon the announcement of an additional inferred mineral resource of at least 0.5Moz AUEq@>1.75g/t, or at least 1Moz AUEq@>0.9g/t AuEq.

Note 19. Equity - share based payment expenses (continued)

The following performance rights were awarded during the year ended 31 December 2019.

(a) Awarded to Nicholas Winer

Awarded during the year	Award date	Vesting date	Expiry date	Service period date (days)	No. vested and lapsed during the year	Value of performance rights granted during the year ($)	Amount of expense recognised ($)
10,000,000	21/03/2019	31/12/2019	31/12/2019	233	10,000,000	$0.00015	-
10,000,000	21/03/2019	31/12/2020	31/12/2020	599	-	$0.00024	929
10,000,000	21/03/2019	31/12/2021	31/12/2021	964	-	$0.00136	3,255
30,000,000					10,000,000		4,184

The following performance conditions are applicable to the rights awarded in the year.

Tranche 1: 10,000,000 Performance Rights (post share consolidation this reduced to 250,000) vesting on 30 day VWAP of 16 cents before 31 December 2019; and
Tranche 2: 10,000,000 Performance Rights (post share consolidation this reduced to 250,000) vesting on 30 day VWAP of 24 cents before 31 December 2020; and
Tranche 3 - 10,000,000 Performance Rights (post share consolidation this reduced to 250,000) vesting on delivery of a resource of at least 1 million ounces gold at Chuscal before December 31, 2021.

The performance rights are seen as incentivising Mr Winer to achieve share price targets that if achieved, will be to the benefit of all Shareholders.

The following Incentive Options were awarded during the year ended 31 December 2019.

(b) Awarded to Jason Stirbinskis

Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance option at award date ($)	Service period date (days)	Value of performance option granted during the year ($)	Amount of expense recognised ($)
2,000,000 *	20/12/2019	16/08/2020	30/09/2024	$0.047	1,746	94,000	592
2,000,000 **	20/12/2019	16/08/2021	30/09/2024	$0.047	1,746	94,000	592
2,000,000 ***	20/12/2019	30/09/2024	30/09/2024	$0.047	1,746	94,000	592
						282,000	1,776

All options have an exercise value of $0.135.

The following performance conditions are applicable to the options awarded in the year.

* Tranche 1 – 2,000,000 Incentive options vesting upon the 12 months anniversary of Mr Stirbinskis' appointment;
** Tranche 2 - 2,000,000 Incentive options vesting upon 24 months of Mr Stirbinskis' appointment;
*** Tranche 3 - 2,000,000 Incentive options vesting upon the announcement of an additional inferred mineral resource of at least 0.5Moz AUEq@>1.75g/t, or at least 1Moz AUEq@>0.9g/t AuEq.

Note 19. Equity - share based payment expenses (continued)

The 6 million incentive options are seen as incentivising Mr Stirbinskis to remain with the Company and continue to manage the exploration activities of the Company to achieve mineral discoveries, that if achieved, will be to the benefit of all Shareholders.

The following Directors Options were issued during the year ended 31 December 2019.

(c) Directors Options awarded to Kevin Wilson and Ross Ashton in a single tranche of 2,000,000 options each.

Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance option at award date ($)	Service period date (days)	Value of performance option granted during the year ($)	Amount of expense recognised ($)
4,000,000	20/12/2019	20/12/2019	30/09/2024	$0.047	1,746	188,000	1,184

These options were granted to Kevin Wilson and Ross Ashton in lieu of cash remuneration for their board duties over the next 24 months, amounting to a saving to the Company of $200,000 in aggregate

The following performance rights were awarded during the year ended 31 December 2018 (pre consolidation)

(d) Awarded to Kevin Wilson

Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance right at award date ($)	Service period date (days)	No lapsed by 31 Dec 2019	Amount of expense recognised in prior year ($)	Amount of expense recognised in current year ($)
11,600,000	29/05/2018	31/12/2018	31/12/2018	$0.00146	217	11,600,000	-	-
11,600,000(i)	29/05/2018	31/12/2018	31/12/2019	$0.00182	582	11,600,000	7,778	-
11,600,000(ii)	29/05/2018	31/12/2018	31/12/2019	$0.00348	582	11,600,000	14,872	-
11,600,000(iii)	22/05/2018	31/12/2018	31/12/2020	$0.00187	948	-	4,898	8,361
11,600,000(iv)	29/05/2018	31/12/2018	31/12/2020	$0.00432	948	-	11,316	19,315
58,000,000						34,800,000	38,864	27,676

(i) Tranche 1 vesting on 30 day VWAP of $0.64 before December 31, 2019. This tranche lapsed during the Period.
(ii) Tranche 2 vesting on delivery of resource of at least 1 million ounces gold at Tesorito before December 31, 2019. This tranche lapsed during the Period.
(iii) Tranche 3 vesting on 30 day VWAP of $0.96 before December 31, 2020.
(iv) Tranche 4 vesting on delivery of a resource of at least 1 million ounces gold at Chuscal before December 31, 2020.

Note 19. Equity - share based payment expenses (continued)

The following performance options were awarded during the year ended 31 December 2018 (pre consolidation)

(e) Awarded in equal amounts to Glenister Lamont and Roger Higgins

Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance option at award date ($)	Service period date (days)	No. lapsed by 31 Dec 2019	Amount of expense recognised in prior year ($)	Amount of expense recognised in current year ($)
9,600,000	29/05/2018	31/12/2018	31/12/2018	$0.00146	217	9,600,000	-	-
9,600,000 (i)	29/05/2018	31/12/2018	31/12/2019	$0.00182	582	9,600,000	5,424	-
9,600,000 (ii)	29/05/2018	31/12/2018	31/12/2020	$0.00187	948	-	5,424	13,858
19,200,000						19,200,000	10,848	13,858

The following performance conditions are applicable to the options awarded are.

(i) Tranche 2: 4,800,000 Options (post consolidation: 120,000) vesting on 30 day VWAP of 1.6 cents (post consolidation $0.64) before 31 December 2019; and
(ii) Tranche 3: 4,800,000 Options (post consolidation: 120,000) vesting on 30 day VWAP of 2.4 (post consolidation: $0.96) before 31 December 2020

Note 20. Equity - reserves

	Consolidated 2019 $	Consolidated 2018 $
Foreign currency reserve	10,638,979	11,050,044
Options reserve	1,497,624	1,166,117
	12,136,603	12,216,161

Note 21. Financial risk management

Financial risk management objectives

The consolidated entity'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 consolidated entity'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 consolidated entity. The consolidated entity 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 consolidated entity 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 consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and, if appropriate, hedges financial risks within the consolidated entity'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.

Note 21. Financial risk management (continued)

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

	Consolidated 2019 $	Consolidated 2018 $
Cash and receivables		
Cash and cash equivalents	34,213	167,614
Trade and other receivables	28,258	73,323
Total cash and receivables	62,471	240,937
Financial liabilities (at amortised cost)		
Trade and other payables	2,514,767	1,527,104
Deferred consideration	2,225,881	4,668,697
Total financial liabilities	4,740,648	6,195,801

Market risk

Foreign currency risk
The consolidated entity 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.

Price risk
Exposure to other price risk arises on derivative asset may result in the fair value of cash flows from the equity swap receipts due to movement in the Company's share price. The future receipts are calculated as the difference between the benchmark share price and the 5 day VWAP of the Company's share price as quoted on the ASX. The movement in the Company's share price cannot be reliably determined.

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 2019 $	Consolidated 2018 $
Cash assets held in Australian dollars and subject to floating interest rate	17,452	145,732
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	9,565	3,984
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	1,932	2,580
Australian currency equivalent of cash assets held in other currencies and subject to floating interest rate	5,264	15,318
Total cash assets	34,213	167,614

Note 21. Financial risk management (continued)

Sensitivity Analysis
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 2019, 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	31 December 2019 $	31 December 2018 $
Change in profit		
Increase in interest rate by 2%	684	3,352
Decrease in interest rate by 2%	(684)	(3,352)
Change in equity		
Increase in interest rate by 2%	684	3,352
Decrease in interest rate by 2%	(684)	(3,352)

Foreign Currency Risk Sensitivity Analysis
At 31 December 2019, 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	31 December 2019 $	31 December 2018 $
Change in profit		
Improvement in AUD to USD by 5%	(478)	(199)
Decline in AUD to USD by 5%	478	199
Change in equity		
Improvement in AUD to USD by 5%	(478)	(199)
Decline in AUD to USD by 5%	478	199
Change in profit		
Improvement in AUD to GBP by 5%	(97)	(661)
Decline in AUD to GBP by 5%	97	661
Change in equity		
Improvement in AUD to GBP by 5%	(97)	(661)
Decline in AUD to GBP by 5%	97	661
Change in profit		
Improvement in AUD to CLP by 5%	(262)	(104)
Decline in AUD to CLP by 5%	262	104
Change in equity		
Improvement in AUD to CLP by 5%	(262)	(104)
Decline in AUD to CLP by 5%	262	104

Note 21. Financial risk management (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity 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 consolidated entity does not hold any collateral.

The consolidated entity 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 consolidated entity 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.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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

31 December 2019 Consolidated Group	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Trade and other payables	(2,514,767)	-	-	(2,514,767)
Deferred consideration	-	-	(2,225,881)	(2,225,881)
Cash and cash equivalents	34,213	-	-	34,213
Other receivables	28,258	-	-	28,258
Net (outflow)/inflow on financial instruments	(2,452,296)	-	(2,225,881)	(4,678,177)

31 December 2018 Consolidated Group	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Trade and other payables	(1,527,104)	-	-	(1,527,104)
Deferred consideration	(2,886,751)	(1,781,946)	-	(4,668,697)
Cash and cash equivalents	167,614	-	-	167,614
Other receivables	73,323	-	-	73,323
Net (outflow)/inflow on financial instruments	(4,172,918)	(1,781,946)	-	(5,954,864)

Fair value of financial instruments

Fair value estimation

Note 21. Financial risk management (continued)

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 consolidated entity are as follows:

	2019		2018	
Consolidated	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Assets				
Cash and cash equivalents	34,213	34,213	167,614	167,614
Trade receivables	28,258	28,258	73,323	73,323
Asset held for sale	1,352,775	1,352,775	2,861,983	2,861,983
	1,415,246	1,415,246	3,102,920	3,102,920
Liabilities				
Trade payables	1,305,543	1,305,543	710,462	710,462
Other payables	1,209,224	1,209,224	816,678	816,678
Deferred consideration	2,225,881	2,225,881	4,668,697	4,668,697
	4,740,648	4,740,648	6,195,837	6,195,837

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 22. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	550,960	988,059
Post-employment benefits	27,469	27,320
Termination benefits	-	12,069
Share-based payments	48,679	49,354
	627,108	1,076,802

Note 23. 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 2019 $	Consolidated 2018 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	120,000	126,480
Other services - network firms		
Tax Services - Chile	3,000	-
Other firms		
Audit or review of the financial statements	18,512	15,462
Preparation of the tax return	10,840	8,288
	29,352	23,750

Note 24. 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$2 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 remote. The Company intends to defend the proceeding.

Under the terms of a Memorandum of Understanding with Ausenco Chile Limitada (‘Ausenco’) dated 30 November 2017, LCL (formerly Metminco Limited) has agreed that Ausenco will provide a Guaranteed Maximum Price and a Lump Sum Turnkey price and will enter into an EPC for the development of the Miraflores mine. As at balance date, if LCL withdraws from this agreement, Metminco has agreed to pay Ausenco $838,500 representing 150% of the $559,000 liability which is owed to Ausenco by Miraflores and accrued as a liability. Pursuant to a letter agreement dated 7 February 2020 between LCL and Ausenco, LCL has agreed to pay Ausenco the $559,000 liability which is owed to Ausenco by Miraflores in the form of cash and shares.

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

Note 25. Commitments

	Consolidated 2019 $	2018 $
Lease commitments - operating (i)		
Committed at the reporting date :		
Within one year	41,970	51,580
Exploration Tenement Licence Commitments (ii)		
Committed at the reporting date:		
Within one year	216,116	457,458
Between one and five years	5,505	-
Total commitment	221,621	457,458
Less: Future finance charges	-	-
Net commitment recognised	221,621	457,458

(i) The Group has lease commitments over premises in Colombia with terms ranging up to 13 months. Rent is payable monthly in advance.

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

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

Note 26. Related party transactions

Parent entity
Los Cerros Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Joint ventures
Interests in joint ventures are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

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

	Consolidated 2019 $	2018 $
Payment for other expenses:		
Interest payable to key management personnel	8,132	-

* Interest of $5,660 payable to Kevin Wilson during the year.
** Interest of $2,472 payable to Ross Ashton during the year.

Note 26. Related party transactions (continued)

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	
	2019 $	2018 $
Current borrowings:		
Loans from key management personnel	376,000	-

* On 1 March 2019 Kevin Wilson made an unsecured loan to the company of $50,000; and on 1 November 2019 Kevin Wilson made an unsecured loan to the company of $150,000. Both loans are at an annual interest rate of 9.0% and maturing on 1 February 2020 or later by mutual agreement. On 13 February 2020 $75,000 was repaid to Mr Wilson.

** Between 1 November 2019 and 1 December 2019 Ross Ashton made unsecured loans to the company totalling $176,000 at an annual interest rate of 9.0% and maturing on 1 February 2020 or later by mutual agreement. On 13 February 2020 $121,000 was repaid to Mr Ashton.

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

Note 27. Business combinations

On 16 August 2019, Metminco Limited (subsequently renamed Los Cerros Limited) acquired 100% of the ordinary shares of Andes Resources Limited for the total consideration transferred of $5,938,145 comprising shares and options. Andes Resources Limited owns an array of tenements and applications in Metminco Limited's area of interest, and the acquisition results in the Company holding a dominant position in the richly gold-copper endowed Mid-Cauca Gold Belt, with multiple exploration assets in richly endowed gold camps within this area.

Note 27. Business combinations (continued)

Andes Resources Limited does not qualify as a 'business", under the guidelines stipulated in *AASB 3 (business qualifications)* and has been accounted for as an asset acquisition.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	37,477
Exploration costs	6,375,145
Trade and other payables	(228,282)
Employee benefits	(64,040)
Other liabilities	(39,155)
Net assets acquired	6,081,145
Goodwill	-
Acquisition-date fair value of the total consideration transferred	6,081,145
Representing:	
2,784,135,217 ordinary shares in Metminco Limited at $0.002 per share to Andes (pre consolidation)	5,568,270
250,000,000 options, at a strike price of $0.008, expiring between 1st July 2023 and 15th November 2023 (pre consolidation)	148,625
375,000,000 options at a strike price of $0.004, expiring on 16th August 2021 (pre consolidation)	221,250
	5,938,145
Shares and options issued to consultants directly involved in the acquisition:	
62,500,000 ordinary shares in Metminco Limited at $0.002 per share (pre consolidation)	125,000
50,000,000 options at a strike price of $0.006, expiring on 16th August 2021 (pre consolidation)	18,000
	143,000
Total value of consideration	6,081,145

Note 28. Events after the reporting period

On 21 January 2020, the Company changed its name from Metminco Limited to Los Cerros Limited, and its ASX code to 'LCL'.

On 10 February 2020, the Company completed the sale of its non-core Mollacas project in Chile for receipt of A$1.3M after costs and exchange rate variations.

On 13 February 2020, the Company announced the raising of $592,594 from the issue of 14,816,860 ordinary shares at 4c per share representing a placement of shares to sophisticated investors forming part of a $2.1 million capital raising.

On 17 February, the Company announced the raising of $405,000 from the issue of 14,816,860 ordinary shares at 4c per share representing a placement of shares to sophisticated investors forming part of a $2.1 million capital raising.

On 26 February 2020, a former director of Andes Resources Limited commenced civil proceedings in the District Court of WA for redundancy and unpaid annual leave.

On 3 March 2020, the Company announced the raising of $352,000 from a share purchase plan for an issue of 8.8M shares at 4c per share and 4.4M free attaching options.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities (continued)

On 30 March 2020, the Company held an Extraordinary General Meeting of shareholders to approve, amongst other matters, the issue of placement shares and options to sophisticated investors, the issue of placement shares and options to related and non-related parties, the issue of share purchase plan options to a related party, and the issue of shares to creditors.

Covid-19 was declared a pandemic by the World Health Organisation in March 2020. The full impact of the virus on the economy in Australia, Colombia and Chile and on the businesses is not yet known. However, the directors do not consider the impact likely to compromise the ability of the entity to continue operating for the foreseeable future.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(4,158,184)	(7,833,968)
Adjustments for:		
Depreciation and amortisation	2,889	31,599
Impairment of property, plant and equipment	-	61,935
Share-based payments	421,107	762,860
Foreign exchange differences	-	7,339
Non cash financing charges on deferred acquisition consideration	(442,816)	383,580
Realised loss on derivative asset	-	228,273
Impairment of exploration assets	-	3,546,813
Impairment of land held for resale	1,325,663	-
Change in operating assets and liabilities:		
Decrease in other receivables	45,065	94,059
Increase in prepayments	(129,550)	(12,816)
Increase/(decrease) in trade and other payables	728,603	(653,882)
Increase in employee benefits	24,475	25,919
Net cash used in operating activities	(2,183,668)	(3,358,289)

Note 30. Loss per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Los Cerros Limited	(4,158,184)	(7,833,968)
	Cents	**Cents**
Basic loss per share	(0.18)	(1.12)
Diluted loss per share	(0.18)	(1.12)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	2,259,390,888	699,682,616
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,259,390,888	699,682,616

Note 31. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Controlled Entities consolidated		-	-
Subsidiaries of Los Cerros Limited:		-	-
Hampton Mining Limited	Australia	100%	100%
North Hill Holdings Group Inc.	British Virgin Islands	100%	100%
Andes Resources Limited	Australia	100%	-
Wholly owned subsidiaries of North Hill Holdings Group Inc.:		-	-
Cerro Norte Mining Inc.	British Virgin Islands	100%	100%
North Hill Ovalle Inc.	British Virgin Islands	100%	100%
North Hill Perú Inc.	British Virgin Islands	100%	100%
North Hill Colombia Inc.	British Virgin Islands	100%	100%
Minera Hampton Chile Limitada	Chile	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%	-
Andes Resources E.P. S.A.S.	Colombia	100%	-
Andes Holdings S.A.S	Colombia	100%	-
Ni Maria J S.A.S	Colombia	50%	-

Note 32. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

		Ownership interest	
	Principal place of business /	**2019**	**2018**
Name	**Country of incorporation**	**%**	**%**
Chuscal JV (i)	Colombia	10%	10%
Ni Maria J S.A.S (ii)	Colombia	50%	-

(i) Key Terms of the Chuscal JV

In December 2018 Los Cerros Limited and Anglo Gold Ashanti ("AngloGold") formed the Chuscal JV with ownership: MNC 10% and AGA 90%.
Los Cerros Limited have the right to earn a further 41% interest in the JV by spending US$2.5 million over 3 years, including at least 7,500m of drilling. AngloGold holds a free carried interest during this period.

Once
Los Cerros Limited has earned its 51% interest, the parties may participate pro rata or dilute. On a party being diluted to a 9.9% interest, the participation of the diluting party reverts to a 2% Net Profit Royalty.

AngloGold has a one-off right to buy back a 21% interest from
Los Cerros Limited on the publication of a JORC resource of at least 3 million ounces of gold with the price of the 21% interest to be agreed between the parties or determined by an independent valuer at that time. On exercise of the buyback right ownership will be AngloGold 70% and
Los Cerros Limited 30%; AngloGold will be manager of the JV; and AngloGold will free carry
Los Cerros Limited through feasibility and until permits have been granted for a development proposal of an operation to produce over 250,000oz annual gold production.

As at 31 December 2019, the amount invested into the JV by the Company was $144,841.

(ii) Ni Maria J S.A.S
Ni Maria J S.A.S was formed on 31 May 2018 as a special purpose joint venture vehicle to acquire the San Pablo mining permits. Upon completion of the mining permits acquisition, the Group will hold 100% ownership of the entity.

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(4,569,249)	(7,884,231)
Total comprehensive loss	(4,569,249)	(7,884,231)

Note 33. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	130,484	243,935
Total assets	19,027,616	13,862,211
Total current liabilities	2,056,538	4,275,312
Total liabilities	4,282,419	6,057,258
Equity		
Issued capital	350,163,191	339,411,378
Options reserve	1,497,624	1,166,117
Accumulated losses	(336,915,618)	(332,772,542)
Total equity	14,745,197	7,804,953

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
North Hill Colombia Inc., a wholly owned subsidiary of
Los Cerros Limited, the parent entity, entered into a sale and purchase deed dated 30 May 2016 with RMB Australia Holdings Limited under which North Hill Colombia Inc. purchased the entire issued share capital of Miraflores Compania Minera SA. Los Cerros Limited guaranteed the obligations of North Hill Colombia Inc. under the sale and purchase deed.

Miraflores Compania Minera SA, a wholly owned subsidiary of
Los Cerros Limited, the parent entity, entered into a joint venture agreement dated 8 November 2018 with AngloGold Ashanti Colombia S.A under which, amongst other rights and obligations, Miraflores Compania Minera SA can earn an interest in the Chuscal Project.
Los Cerros Limited guaranteed the obligations of Miraflores Compania Minera SA under the joint venture agreement.

The parent entity has no other guarantees in relation to its subsidiaries as at 31 December 2019 and 31 December 2018.

Contingent liabilities
Other than guarantees entered into by the parent entity in relation to the debts of its subsidiaries, the parent entity had no contingent liabilities as at 31 December 2019 and 31 December 2018.

Los Cerros Limited
(Formerly known as Metminco Limited)
Directors' declaration
31 December 2019

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 consolidated entity's financial position as at 31 December 2019 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 2020

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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 Los Cerros Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 2019 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* (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 in the financial statements, which indicates that the Group incurred a net loss of $4,158,184 during the year ended 31 December 2019, and as of that date, the Group's current liabilities exceeded its current assets by $1,559,303. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Emphasis of matter – COVID-19

We draw attention to Note 28 of the financial report, which describes the circumstances relating to the material subsequent event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financials. 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* and *Emphasis of matter – COVID-19* sections, 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
Capitalisation of Exploration Costs (Note 1 & Note 12)	
At 31 December 2019 the carrying value of Exploration and Evaluation Assets was $17.8m. As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the evaluation for any impairment indicators, in accordance with AASB 6: *Exploration for and Evaluation of Mineral Resources.*	Our procedures included, amongst others: • Evaluating management's assessment of each impairment trigger per AASB 6; • Assessing that the Group had the rights to explore in the relevant exploration area, which included obtaining external confirmation of continued rights to tenure; • Enquiring that management had the intention to carry out exploration and evaluation activity in the relevant exploration area. We also assessed management's cash-flow forecast models to assess the level of the budgeted expenditure on these areas; • Assessing whether any data exists to suggest that the carrying value of these exploration and evaluation assets is unlikely to be recovered through development or sale; • Assessing management's application of AASB 136: Impairment of Assets where impairment indicators were identified; and • Assessing the adequacy of the financial report disclosures.
Acquisition of Andes Resources (Note 1 & Note 27)	
On 16 August 2019, Los Cerros Limited announced that it had completed a share acquisition of Andes Resources Limited for an agreed purchase price of $6.2M. Given the material transaction involved in this acquisition and the significant judgement over the valuation of assets acquired and shares issued as consideration, this has been considered a key audit matter.	Our procedures included, amongst others: • Reviewing relevant market announcements and other supporting information; • Assessing whether or not the transaction was classified as a business combination of an asset acquisition under AASB 3; • Recalculating and assessing inputs by management in the share valuation on date of acquisition for consideration paid including assessment of the valuation of options issued; • Testing of material balances on Andes Balance Sheet as on date of acquisition to supporting documentation; and • Assessed whether the relative fair value of assets and liabilities acquired on acquisition are appropriate.

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 2019, 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 Group 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.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 the Directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Los Cerros Limited, for the year ended 31 December 2019 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 A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2020

Los Cerros Limited
(Formerly known as Metminco Limited)
Shareholder information
31 December 2019

The shareholder information set out below was applicable as at 5 March 2020.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	877	117,714
1,001 to 5,000	249	681,742
5,001 to 10,000	129	933,389
10,001 to 100,000	363	13,276,556
100,001 and over	221	186,714,781
	1,839	201,724,182
Holding less than a marketable parcel	1,309	2,386,040

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

LCL - FULLY PAID ORDINARY SHARES	**Ordinary shares** Number held	% of total shares issued
RMB AUSTRALIA HOLDINGS LIMITED	25,200,000	12.49
SANDFIRE RESOURCES NL	25,197,571	12.49
CITICORP NOMINEES PTY LIMITED	18,988,196	9.41
LIZENG PTY LTD [LIZENG A/C]	8,750,000	4.34
SIMON RICHARD BROWN	5,846,589	2.90
FRESHWATER RESOURCES PTY LTD [THE ASHTON SUPERFUND A/C]	3,883,095	1.92
TOPSERV CVBA	2,687,500	1.33
MR STEPHEN FRANK BELBEN + MRS PAMELA JUNE BELBEN [BELBEN SUPER FUND A/C]	2,398,782	1.19
BNP PARIBAS NOMINEES PTY LTD [IB AU NOMS RETAILCLIENT DRP]	2,306,682	1.14
MS JIALING LIU	2,293,500	1.14
TREADSTONE SERVICE COMPANY PTY LIMITED [THREADSTONE IUT #1 A/C]	2,123,440	1.05
ASHGROVE W PTY LTD	1,942,550	0.96
PA & MC PRICE PTY LTD [THE UPWOOD FUND A/C	1,756,862	0.87
MISS MELANIE PERRE	1,585,220	0.79
MR ROLAND STANIFORTH + MRS KATHRYN MAY STANIFORTH [STANIFORTH SUPER A/C]	1,562,500	0.77
ZENIX NOMINEES PTY LTD	1,562,500	0.77
METAL TIGER PLC	1,500,000	0.74
ANDOVER HOLDINGS (WA) PTY LTD [PRICE FAMILY A/C]	1,475,242	0.73
MR CRAIG JOHN TERRETT	1,408,600	0.70
OSIRIS CAPITAL INVESTMENTS PTY LTD	1,350,000	0.67
	113,818,829	56.40

LCLOA.ASX [LISTED OPTION EXP 01 JUNE 2020 @A$0.44]

	Options over ordinary shares	
	Number held	% of total options issued
ALEXIOS ADAMIDES NEUROSURGERY PTY LTD [A ADAMIDES FAMILY S/F A/C]	875,000	6.39
FORTUNE 20 PTY LTD	728,334	5.32
MR LUKE MILOJEVIC	687,500	5.02
MR ALEXIS ADAMIDES	550,000	4.02
MR CHARBEL BOUSTANI	540,000	3.95
ESM LIMITED	450,000	3.29
OLIVE CAPITAL PTY LTD	442,709	3.24
MICKWARNRICH PTY LTD [MICKWARNRICH SUPERFUND A/C]	375,645	2.75
MRS KAVEENAR SAMUELL	315,586	2.31
MR ALEXIS ADAMIDES	249,760	1.83
REDFIELD ASSET MANAGEMENT PTY LIMITED [DISCRETIONARY A/C]	246,913	1.80
MR BENJAMIN SCOTT WALE [WALE FAMILY A/C]	182,458	1.33
ST BARNABAS INVESTMENTS PTY LTD [THE MELVISTA FAMILY A/C]	178,997	1.31
TROCA ENTERPRISES PTY LTD [COULSON SUPER A/C]	166,667	1.22
RED DOG FUND PTY LTD [ARCHIBALD FUND A/C]	156,250	1.14
MR RICARDO COELHO & MRS JACINTA COELHO	155,000	1.13
MR MATTHEW DEAN QUINN	145,904	1.07
BNP PARIBAS NOMINEES PTY LTD [IB AU NOMS RETAILCLIENT DRP]	138,432	1.01
MR KEVIN WILSON & MRS JOLA WILSON LINCOLN SUPERFUND NO 1	125,428	0.92
NAUTICAL HOLDINGS WA PTY LTD [ABANDON SHIP SUPER FUND A/C]	125,428	0.92
	6,836,011	49.97

LCLOB.ASX [BONUS OPTION -16/08/2021 $0.16]

	Options over ordinary shares	
	Number held	% of total options issued
SANDFIRE RESOURCES NL	7,182,182	14.31
RMB AUSTRALIA HOLDINGS LIMITED	5,040,000	10.04
FRESHWATER RESOURCES PTY LTD [THE ASHTON SUPERFUND A/C]	1,714,119	3.41
TOPSERV CVBA	1,687,500	3.36
TREADSTONE SERVICE COMPANY PTY LIMITED [THREADSTONE IUT #1 A/C]	1,178,201	2.35
SIMON RICHARD BROWN	1,169,318	2.33
BNP PARIBAS NOMINEES PTY LTD [IB AU NOMS RETAILCLIENT DRP]	951,327	1.89
MR ALEXIS ADAMIDES	946,530	1.89
RED DOG FUND PTY LTD [ARCHIBALD FUND A/C]	923,875	1.84
OCEAN REEF HOLDINGS PTY LTD	900,000	1.79
CITICORP NOMINEES PTY LIMITED	879,955	1.75
MR PETER ANTHONY SPORA	875,000	1.74
OSIRIS CAPITAL INVESTMENTS PTY LTD	870,000	1.73
TROCA ENTERPRISES PTY LTD [COULSON SUPER A/C]	820,000	1.63
KHE SANH PTY LTD [TRADING NO 1 A/C]	750,000	1.49
MR WILLIAM HENRY HERNSTADT	750,000	1.49
ZERRIN INVESTMENTS PTY LTD	725,000	1.44
DALROW PTY LTD	720,000	1.43
FORTUNE 20 PTY LTD	660,000	1.31
CARROLL SUPERANNUATION FUND PTYLTD [THE GERARD SUPER FUND A/C]	625,000	1.24
	29,368,007	58.46

Substantial holders
There are no substantial holders in the Company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

Los Cerros Limited
(Formerly known as Metminco Limited)
Shareholder information
31 December 2019

TENEMENTS held as at 20 March 2020

Quinchia Gold Project, Colombia

TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)	STAGE
010-87M (4)	Miraflores Compañía Minera S.A.S.	Contribution contract	Exploration
DLK-142 (6)	Monica María Uribe Perez (*JV AGAC)	Concession	Exploration
DLK-14544X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08353X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08355X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08356X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08357X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FCG-08358X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
FKH-145510X	Miraflores Compañía Minera S.A.S.	Concession	Exploration
GC4-15002X (6)	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Concession	Exploration
GC4-15005X (6)	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Concession	Exploration
GC4-150010X (3)	AngloGold Ashanti Colombia S.A.S	Concession	Exploration
TDR-11411 (5)	Miraflores Compañía Minera S.A.S.	Application	Exploration
GC4-15001X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
GC4-15004X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
GC4-15006X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
GC4-15007X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
GC4-15008X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
GC4-15009X	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
KHL-15421	AngloGold Ashanti Colombia S.A.S (*JV AGAC)	Application	Exploration
OG2-08112	Miraflores Compañía Minera S.A.S	Application	Exploration
OG2-10591	Miraflores Compañía Minera S.A.S	Application	Exploration
OG2-8073	Miraflores Compañía Minera S.A.S	Application	Exploration

*JV AGAC	AshantiGold Ashanti Colombia joint venture tenement

(1) All titles are part of the Quinchia Gold Portfolio, Quinchia, Department of Risaralda, Colombia.
(2) MCM (Miraflores Compañia Minera SAS) a 100%-owned subsidiary of North Hill Holdings Group Inc., owned as to 100% by Metminco.
(3) Concessions at exploration stage have 3 year life extendable for two years to a maximum 11 years.
(4) 15 year life extendable for 15 years.
(5) Applications have neither legal liabilities nor certainty that they will be granted in whole or in part. If there was open ground at the time of lodging, a contract for exploration and potential exploration will be offered to the applicant. MCM has a beneficial interest of 100% of the tenement when the application is granted.
(6) Metminco has a 10% beneficial interest in these tenements, with the right to earn up to 51% interest through a JV with AngloGold.

Tenements held by Andes Resources

TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)	STAGE
T5630005 (6.2)	Andes Elias Ruiz (2.1)	Exploration License (4)	Exploration in process of transformation to Concession contract
P8717011 (6.2)	Nicanor Maria Restrepo Restrepo - Mineria Integral de Colombia S.A.S. - MININCOL S.A.S. (2.1)	Special Permission (5)	Exploration in process of transformation to Concession contract
HINC-03-5843 (6.1)	Grupo de Bullet S.A.S (2.2)	Concession contract	Exploration
KI7-14021 (6.1)	Frontera S.O.M (2.2)	Concession contract	Exploration
18821 (6.1)	Puerto de Oro S.A & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
18821X (6.1)	Puerto de Oro S.A & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
19697 (6.1)	Puerto de Oro S.A (2.2)	Application (6)	Exploration
20982 (6.1)	Colombian Development Corporation S.A.S (2.2)	Application (6)	Exploration
HD6-08151X (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
HD6-08152X (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
HD6-08153X (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
HD6-086 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
PKA-08231 (6.1)	Nacional de Minerales y Metals SAS (2.2)	Application (6)	Exploration
HKU-08011 (6.1)	Leo S.O.M (2.2)	Application (6)	Exploration
JC4-08003X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08007X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08008X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08004X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08005X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08009X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JC4-08006X (6.1)	Acuario S.O.M (2.2)	Application (6)	Exploration
JCC-16191X (6.1)	Achagua S.O.M (2.2)	Application (6)	Exploration
JGS-16391 (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JGS-16394X (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JGS-16393X (6.1)	Cholo S.O.M (2.2)	Application (6)	Exploration
JII-08221 (6.1)	El Crucero S.O.M (2.2)	Application (6)	Exploration
JII-08221Sec2 (6.1)	El Crucero S.O.M (2.2)	Application (6)	Exploration
JJR-08052X (6.1)	El Percal S.O.M (2.2)	Application (6)	Exploration
KCJ-08041 (6.1)	Eros S.O.M (2.2)	Application (6)	Exploration
KGD-08051 (6.1)	Esquimal S.O.M (2.2)	Application (6)	Exploration
KGD-08052X (6.1)	Esquimal S.O.M (2.2)	Application (6)	Exploration
KI7-14022X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
KI7-14023X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
KI7-14024X (6.1)	Sociedad Frontera S.O.M (2.2)	Application (6)	Exploration
LJQ-08007 and sectors 2-9 (6.1)	Grupo de Bullet S.A.S (2.2)	Application (6)	Exploration
OG2-08124 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
OG2-08159 (6.1)	Negocios Mineros S.A (2.2)	Application (6)	Exploration
OG2-081813 (6.1)	Minerales OTU S.A.S (2.2)	Application (6)	Exploration
OG2-09375 (6.1)	Minerales OTU S.A.S (2.2)	Application (6)	Exploration
PDN-09001 (6.1)	Nacional de Minerales y Metales SAS (2.2)	Application (6)	Exploration
PCK-08191 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration

PCK-08192 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
QL2-12161 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
RHA-08101 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
RI2-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TG9-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGC-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGD-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGH-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGH-08002X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGI-08001 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
THF-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TII-08021 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TJO-08031 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TLB-08151 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
UA2-10471 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
UAF-08011 (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08002X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08003X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration
TGG-08004X (6.2)	Andes Resources EP S.A.S (2.3)	Application (6)	Exploration

Los Cerros Limited
(Formerly known as Metminco Limited)
Shareholder information
31 December 2019

(1) All titles are part of the Andes Resources EP S.A.S ("Andes") Gold Portfolio, located in Antioquia, Risaralda and Choco, Departments of Colombia.

(2) The Titleholders of the tenements are:
2.1 Tenements in process of acquisition for Andes Resources.
2.2 The titleholder of the applications are various companies associated with Grupo de Bullet and covered under the Interest Transfer Agreement – see note 6,1
2.3 Andes Resources EP S.A.S subsidiary company of Los Cerros.

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

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

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

(6) Applications have neither legal liabilities nor certainty that they will be granted in whole or in part. If the ground was open ground at the time of lodging, a contract for exploration and potential exploitation will be offered to the applicant. ANDES has a beneficial interest of the tenement when the application is granted:
6.1 Pursuant to the Interest Transfer Agreement, Andes has a 90% beneficial interest in these tenements, and Grupo de Bullet has a 10% of the interests.
6.2 Andes will acquire 100% of the interests of the tenements directly or through its subsidiary companies
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Vallecillo Project, Chile (Mining Exploration Concessions)

SERNAGEOMIN NATIONAL ROLL	COURT NUMBER	COURT	CONCESSION NAME
04203-0717-9	360-04	3º Ovalle	ANDREA UNO 1/200
04203-0718-7	361-04	3º Ovalle	ANDREA DOS 1/300
04203-0719-5	362-04	3º Ovalle	ANDREA TRES 1/300
04206-0542-0	522-04	1º Ovalle	ANDREA CUATRO 1/300
04203-0720-9	364-04	3º Ovalle	ANDREA CINCO 1/300
04203-0721-7	365-04	3º Ovalle	ANDREA SEIS 1/300
04203-0722-5	366-04	3º Ovalle	ANDREA SIETE 1/300
04203-0723-3	367-04	3º Ovalle	ANDREA OCHO 1/200
04203-0724-1	368-04	3º Ovalle	ANDREA NUEVE 1/200
04203-0725-K	369-04	3º Ovalle	ANDREA DIEZ 1/300
04203-0726-8	370-04	3º Ovalle	ANDREA ONCE 1/300
04203-0727-6	371-04	3º Ovalle	ANDREA DOCE 1/300
04203-0728-4	372-04	3º Ovalle	ANDREA TRECE 1/300
04203-0747-0	137-2005	1º Ovalle	ANDREA CATORCE 1/300
04203-0748-9	138-2005	1º Ovalle	ANDREA QUINCE 1/300
04203-0749-7	139-2005	1º Ovalle	ANDREA DIECISEIS 1/300
04203-0750-0	140-2005	1º Ovalle	ANDREA DIECISIETE 1/300
04203-0751-9	141-2005	1º Ovalle	ANDREA DIECIOCHO 1/300
04203-0752-7	142-2005	1º Ovalle	ANDREA DIECINUEVE 1/300
04203-0267-3	26,947	1º Ovalle	CHIFLON 1/40 *
04203-0256-8	26,925	1º Ovalle	COLORADO 1/150 *
04203-0287-8	26,925	1º Ovalle	COLORADO 1/150 (28/30-47) *
Claim Registered	V-676-2012	3° Ovalle	EL VALLECITO 6, 1/300

Vallecillo Project, Chile (Mining Exploration Concessions and Exploration Concession Applications)

SERNAGEOMIN NATIONAL ROLL	COURT NUMBER	COURT	CONCESSION NAME
04206-1175-7	V-25-11	2ºOvalle	ANDREA 26
04203-2363-8	V-26-11	2ºOvalle	ANDREA 27
04206-1167-6	V-27-11	2ºOvalle	EL VALLECITO 29
04206-1168-4	V-28-11	2ºOvalle	EL VALLECITO 30
04206-1169-2	V-29-11	2ºOvalle	EL VALLECITO 31
04206-1170-6	V-30-11	2ºOvalle	EL VALLECITO 32
04206-1171-4	V-31-11	2ºOvalle	EL VALLECITO 33
04206-1172-2	V-32-11	2ºOvalle	EL VALLECITO 34
04206-1173-0	V-33-11	2ºOvalle	EL VALLECITO 35
04206-1174-9	V34-11	2ºOvalle	EL VALLECITO 36
04203-2357-3	V-35-11	2ºOvalle	EL VALLECITO 37
04203-2358-1	V-36-11	2ºOvalle	EL VALLECITO 38
04203-2359-K	V-37-11	2ºOvalle	EL VALLECITO 39
04203-2360-3	V-38-11	2ºOvalle	EL VALLECITO 40
04206-1184-6	V-458-11	3º Ovalle	EL VALLECITO 41
04206-1185-4	V-459-11	3º Ovalle	EL VALLECITO 42
04206-1186-2	V-460-11	3º Ovalle	EL VALLECITO 43
Renewal in Process	V-677-2012	3° Ovalle	VALLECILLO 1
Renewal in Process	V-678-2012	3° Ovalle	VALLECILLO 2
Renewal in Process	V-679-2012	3° Ovalle	VALLECILLO 3
Renewal in Process	V-680-2012	3° Ovalle	VALLECILLO 4
Renewal in Process	V-681-2012	3° Ovalle	VALLECILLO 5
Renewal in Process	V-682-2012	3° Ovalle	VALLECILLO 7
Renewal in Process	V-683-2012	3° Ovalle	VALLECILLO 8
Renewal in Process	V-684-2012	3° Ovalle	VALLECILLO 9
Renewal in Process	V-490-2012	3º Ovalle	VALLECILLO 11
Renewal in Process	V-491-2012	3º Ovalle	VALLECILLO 12
Renewal in Process	V-547-2012	3º Ovalle	VALLECILLO 13
Renewal in Process	V-548-2012	3º Ovalle	VALLECILLO 14
Renewal in Process	V-550-2012	3º Ovalle	VALLECILLO 15
Renewal in Process	V-551-2012	3º Ovalle	VALLECILLO 16
Renewal in Process	V-552-2012	3º Ovalle	VALLECILLO 17
Renewal in Process	V-553-2012	3º Ovalle	VALLECILLO 18
Renewal in Process	V-554-2012	3º Ovalle	VALLECILLO 19
Renewal in Process	V-555-2012	3º Ovalle	VALLECILLO 20
Renewal in Process	V-556-2012	3º Ovalle	VALLECILLO 21
Renewal in Process	V-557-2012	3º Ovalle	VALLECILLO 22
Renewal in Process	V-558-2012	3º Ovalle	VALLECILLO 23
Renewal in Process	V-559-2012	3º Ovalle	VALLECILLO 24
Renewal in Process	V-560-2012	3º Ovalle	VALLECILLO 25
Renewal in Process	V-561-2012	3º Ovalle	VALLECILLO 26
Renewal in Process	V-562-2012	3º Ovalle	VALLECILLO 27
Renewal in Process	V-563-2012	3º Ovalle	VALLECILLO 28
Renewal in Process	V-492-2012	3º Ovalle	VALLECILLO 44
Renewal in Process	V-493-2012	3º Ovalle	VALLECILLO 45
Renewal in Process	V-494-2012	3º Ovalle	VALLECILLO 46
Renewal in Process	V-694-2012	3° Ovalle	VALLECILLO 47
Renewal in Process	V-695-2012	3° Ovalle	VALLECILLO 48
Renewal in Process	V-701-2012	3° Ovalle	VALLECILLO 49

Loica Project, Chile (Mining Exploration Concessions and Exploration Concession Application)

04203-0995-3	221-09	2º Ovalle	CANGURO 2, 1
04203-0731-4	508	1ª Ovalle	TORCA 25 1/85
04203-0732-2	509	1ª Ovalle	TORCA 26 1/260
04203-0733-0	510	1ª Ovalle	TORCA 27 1/265
04203-0734-9	511	1ª Ovalle	TORCA 28 1/300
04203-0735-7	512	1ª Ovalle	TORCA 31 1/200
04203-0736-5	513	1ª Ovalle	TORCA 32 1/300
04203-0737-3	514	1ª Ovalle	TORCA 33 1/261
04203-0738-1	515	1ª Ovalle	TORCA 35 1/78
04203-0739-K	516	1ª Ovalle	TORCA 36 1/300
04203-0740-3	517	1ª Ovalle	TORCA 37 1/300
04203-0741-1	518	1ª Ovalle	TORCA 38 1/292
04203-0742-K	519	1ª Ovalle	TORCA 39 1/300
04203-0743-8	520	1ª Ovalle	TORCA 40 1/200
04203-0744-6	521	1ª Ovalle	TORCA 41 1/300

(i) All tenements in Chile are held by Minera Hampton Chile Limitada, a wholly owned subsidiary of North Hill Ovalle Inc, itself wholly owned by North Hill Holdings Group Inc which is a 100% subsidiary of Metminco Limited.
(ii) All tenements are of type Propiedad.

Los Cerros Limited
(Formerly known as Metminco Limited)
Shareholder information
31 December 2019

ANNUAL MINERAL RESOURCES AND RESERVES STATEMENT - 31 DECEMBER 2019

APPENDIX 1

Summarised below are the Mineral Resources that have been estimated by Metal Mining Consultants, and the Ore Reserves estimated by Ausenco for the Company's Miraflores Gold Project located in Colombia; and the Mineral Resources that have been estimated by SRK Consulting (Chile) S.A, for the Company's Mollacas and Vallecillo projects located in Chile.

The Miraflores Project Mineral Resource estimate has been estimated by Metal Mining Consultants in accordance with the JORC Code (2012 Edition) and first publicly reported on 14 March 2017. The Miraflores Project Ore Reserve estimate has been estimated by Ausenco in accordance with the JORC Code (2012 Edition) and first publicly reported on 27 October 2017. The Mollacas and Vallecillo projects resource estimates were completed by SRK Consulting (Chile) S.A., in accordance with the JORC Code (2004 Edition) and first publicly reported on the 23 July 2012 and 31 October 2012 respectively. No material changes have occurred after the reporting of these resource estimates since their first reporting.

MIRAFLORES PROJECT - COLOMBIA

Table 1: Mineral Resource Statement, 14 March 2017.

Resource Classification	Tonnes ('000)	Au (g/t)	Ag (g/t)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
Measured & Indicated	**9,269**	**2.82**	**2.77**	**840**	**826**
Inferred	487	2.36	3.64	37	57

Note:
(i) Reported at a 1.2g/t gold % Cu cut-off.
(ii) Mineral Resource estimated by Metal Mining Consultants Inc.
(iii) First publicly released on 14 March 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.
(iv) These Mineral Resources are inclusive of the Ore Reserves listed in Table 2 below.
(v) Rounding may result in minor discrepancies.

Table 2: Miraflores Mineral Reserve Estimate as at 27 November 2017 (100% basis)

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

Note:
(vi) Rounding-off of numbers may result in minor computational errors, which are not deemed to be significant.
(vii) These Ore Reserves are included in the Mineral Resources listed in Table 1 above.
(viii) First publicly released on 27 November 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Ore Reserve estimation.
(ix) Source: Ausenco, 2017

DOSQUEBRADAS PROSPECT - COLOMBIA

Table 3: Mineral Resource Statement, 24 February 2020.

Resource Classification	Tonnes (000)	Au (gpt)	Au (koz)	Ag (gpt)	Ag (koz)	Cu (%)	Cu (pounds)
Inferred	20,206	0.71	459.1	0.7	431.7	0.05	24,867

Note:
(i) Reported at a cut-off of 0.5gpt Au
(ii) Mineral Resource estimated by Mr. Scott E. Wilson of Resource Development Associates Inc
(iii) First publicly released on 25 February 2020. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.
(iv) Rounding may result in minor discrepancies.

MOLLACAS PROJECT – CHILE (divested in January 2020)

Table 3: Mineral Resource Statement, 23 July 2012 (Copper Leach Project – Oxides & Secondary Sulphides).

Category	Tonnes ('000)	Cu T (%)	Cu Sol (%)	Au (g/t)
Measured	11,168	0.55	0.44	0.12
Indicated	4,314	0.41	0.29	0.14
Measured & Indicated	15,482	0.51	0.40	0.13

Note:
(i) Reported at a cut-off of 0.20% Cu.
(ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.
(iii) First publicly released on 23 July 2012. No material change has occurred after that date that may affect the JORC Code (2004 Edition) Mineral Resource estimation.
(iv) Rounding may result in minor discrepancies.
(v) Cu Sol is copper metal that is heap leach soluble; Cu T is total copper including soluble copper.

VALLECILLO PROJECT (LA COLORADA DEPOSIT) - CHILE

Table 4: Mineral Resource Statement, 31 October 2012.

Category	Tonnes ('000)	Au (g/t)	Ag (g/t)	Zn (%)	Cu (%)	Pb (%)
Measured	5,516	0.84	9.99	1.12	0.06	0.32
Indicated	2,570	0.80	10.23	0.94	0.07	0.35
Measured & Indicated	8,086	0.82	10.06	1.06	0.06	0.33
Inferred	773	0.50	8.62	0.48	0.12	0.17

Notes:
(i) Reported at a cut-off of 0.20g/t Au.
(ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.
(iii) First publicly released on 31 October 2012. No material change has occurred after that date that may affect the JORC Code (2004 Edition) Mineral Resource estimation.
(iv) Rounding may result in minor discrepancies.

COMPETENT PERSON'S STATEMENT

Metminco

The information in this report that relates to Exploration Results is based on information compiled by Gavin Daneel, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy and is engaged as a Consultant in Australia. The annual mineral resources and ore reserves statement as a whole in the form and context in which it appears in this report is also approved by Mr. Daneel.

Gavin Daneel is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation, type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr. Daneel, as Competent Person for this report, has consented to the inclusion of the information in the form and context in which it appears herein.

Ausenco

The Company's Ore Reserve estimates for the Miraflores Gold Project have been independently reviewed and signed off by Mr. Boris Caro who is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Member of the Chilean Mining Commission. Mr. Caro is an independent consultant contracted by Ausenco to review and sign off the Ore Reserve estimate. Mr. Caro has a broad international experience leading mining projects in several countries and he was a Qualified Person of Fortuna Silver Mines in 2014 and 2015. Mr. Caro has over five years' experience relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr. Caro visited the site in August 2017 for 3 days as part of the study team to review all aspects of the study including an investigation of the mine, plant and site layouts. Mr. Caro consented to be named in the first publicly released announcement and inclusion of information attributed to him in the form and context in which it appears therein.

Metal Mining Consultants Inc.

The information provided as it relates to Exploration Results and Mineral Resources of the Miraflores Gold Project is based on information compiled by Scott Wilson, President of Metal Mining Consultants Inc. in Colorado, USA. Mr. Wilson, a Qualified Person for JORC (2012 Edition) compliant statements, reviewed the technical information presented in this document.

Mr. Wilson has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr. Wilson consented to be named in the first publicly reported announcement and inclusion of information attributed to him in the form and context in which it appears therein.

Resource Development Associates Inc

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

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

SRK Consulting (Chile) S.A.

Metminco supplied SRK with geological models and supporting drill hole data. Copper and gold grades for Mollacas and gold, silver, zinc, copper and lead grades for Vallecillo were estimated into block models using ordinary kriging with GEMCOM software.

The information provided in this Annual Report as it relates to Exploration Results and Mineral Resources of the Mollacas and Vallecillo projects is based on information compiled by George G. Even, Principal Geologist and Mr. Ernesto Jaramillo, Principal Resource Geologist of SRK Consulting in Santiago, Chile. Mr. Ernesto Jaramillo performed the resource estimation. Mr. Even has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr. Even and Mr. Jaramillo consented to be named in the first publicly reported announcement and inclusion of information attributed to them in the form and context in which it appeared therein.