

Diamond Rig Purchased to Accelerate Exploration

HIGHLIGHTS

- Purchase Order placed for acquisition of diamond drill rig and ancillary drilling equipment in readiness for drilling at the Quinchia Gold Project, Colombia
- Orders were placed under the \$2M Strategic Partnership Agreement with Hongkong Ausino for supply of exploration equipment and services
- Strategic Partnership aims to accelerate drilling activity and reduce costs
- First ~2,500m drilling program to focus on Quinchia (Tesorito and Chuscal), subject to COVID-19 restrictions, then to other targets within the Company's Quinchia and Andes Gold Projects
- Miraflores geological model review identifies compelling targets for high grade veins and shoots within, and beyond, the established resource model
- Highly encouraging previous gold intersections at the Tesorito and Chuscal targets, included:

Tesorito Prospect¹

- **253.1m @ 1.01g/t Au** from 2.9m
 - **incl 64m @ 1.67g/t Au** from 144m in TS-DH-07; and
- **384m @ 1.01g/t** from 16m incl 0.7m @ 3.43g/t Au and 2.63% Cu from 390.8m in TS-DH-02

Chuscal Prospect²

- **350m @ 0.57g/t Au from surface, incl.**
 - **2m @ 5.56g/t Au and 29g/t Ag from surface**
 - **2m @ 3.09g/t Au and 0.77g/t Ag from 222m to 224m**
 - **8m @ 2.82g/t Au and 29.96g/t Ag from 342m to 350m**

Los Cerros Limited (ASX: LCL) (Los Cerros or the Company) is pleased to advise that the first Purchase Order (**PO**) under the terms of the Los Cerros / Hongkong Ausino (**Ausino**) Strategic Partnership Agreement (**SPA**)³ has been placed and set to deliver the Company its own diamond drill rig to drive larger and more cost effective drill programmes.

Ausino has commenced acquiring the extensive list of capital items and consumables including major items such as an Atlas Copco C5C diamond drill rig and drill rods. The SPA is a significant strategic initiative by Los Cerros to fund ~\$2M of drilling and geophysics activity across the Company's

¹ First announced by the Company on 30 August 2018. The Company confirms that it is not aware of any new information that affects the information contained in the announcement

² See announcement 25 November 2020. The Company confirms that it is not aware of any new information that affects the information contained in the announcement

³ See announcement 22 April 2020 for further details of the SPA

extensive and highly prospective ~100kHa holding in Colombia and is expected to be the focus of on-ground activity for up to the next 18 months.

Through owning its own rig and similar assets the Company expects to realise material savings in its exploration programs in the long term whilst also driving a steady flow of drilling and geophysics activity.

As a priority, the Company's first drilling program will focus on the Tesorito and Chuscal gold porphyry/epithermal targets and possibly the Miraflores deposit as a result of recent and ongoing revelations from the Company's review of the Miraflores structural controls. The drilling is intended to start as soon as possible allowing for COVID-19 restrictions and shipping logistics.

Los Cerros' Managing Director Jason Stirbinskis commented:

"The Company is very encouraged by the recently completed geochemical targeting and profiling work conducted by Fathom Geophysics⁴ which identified a compelling porphyry target at Chuscal, and gave further weight to two other priority porphyry targets defined via other vectoring techniques.

The planned drilling program is intended to test these targets in addition to further developing our understanding of the high grade epithermal veins overprinting the Chuscal target area and to drill the Tesorito Porphyry roughly 1km north of Chuscal and just ~500m from the proposed plant site defined in the Company's Miraflores Feasibility Study".

The 2017 Tesorito drill program included impressive intercepts such as:

- **253.1m @ 1.01g/t Au** from 2.9m **incl 64m @ 1.67g/t Au** from 144m in TS-DH-07; and
- **384m @ 1.01g/t** from 16m **incl 0.7m @ 3.43g/t Au** and 2.63% Cu from 390.8m in TS-DH-02

The drill program and subsequent interpretive work at Tesorito suggests there is an internal structure to the distribution of higher gold grades within the relatively uniform backdrop of lower grade material and that the porphyry extends further north beyond the limits of the 2017 drill program.

At the Miraflores deposit reviewing historical results continues. 3-D modelling has focussed on understanding the orientation and relationships of several vein sets that carry high grade gold within the background mineralised breccia. The exercise has revealed several zones of interest both within the current resource model, but with sparse data, and also extending beyond the defined resource.

Mr Stirbinskis added: *"The developing work at Miraflores is very promising and could lead to the definition of higher grade regions within the existing Reserve and potentially grow the size of the Resource with additional mineralisation beyond the current 250m x 280m wide breccia pipe, The team are currently validating their interpretation with field work and additional observations of the extensive core library. We will keep the market informed of this development which could quite possibly elevate Miraflores to a candidate for 2020 first round drilling."*

Longer term, Los Cerros has aspirations to conduct IP programs and drilling over other targets within the Quinchia Gold Project and within the ~90kHa of the Andes Gold Project where the Company has identified many compelling targets through extensive surface sampling and mapping.

Under the terms of the SPA, Los Cerros has the discretion to pay for the PO in cash or in shares using a 20-day VWAP. The Company advises that the first PO totalling approximately A\$650,000 will be satisfied by the issue of new LCL shares at a deemed issue price of \$0.0525 per share.

⁴ See announcement 15 May 2020

The Company will provide specifics of the drilling program including target sites and timing as the planning phase develops.

Quinchia Gold Project

Chuscal and Tesorito prospects are part of the larger Quinchia Gold Project which also comprises Miraflores, Dosquebradas and other established targets and untested areas of interest within the ~7,500ha parcel (Figure 1).

The Miraflores Gold Deposit has an existing **Resource of 877,000 Au ounces at 2.80g/t Au** and **Reserve of 457,000 Au ounces at 3.29g/t Au**⁵. The Dosquebradas Deposit has an Inferred Resource of 459,000 Au ounces grading 0.71g/t Au⁶.

With further exploration success elsewhere within the Quinchia Gold Project, leveraging existing mine planning, plant design and approval status of Miraflores (Mining Authority approval of PTO (construction and operation plan)), the ability to fast track towards gold production becomes a compelling opportunity.

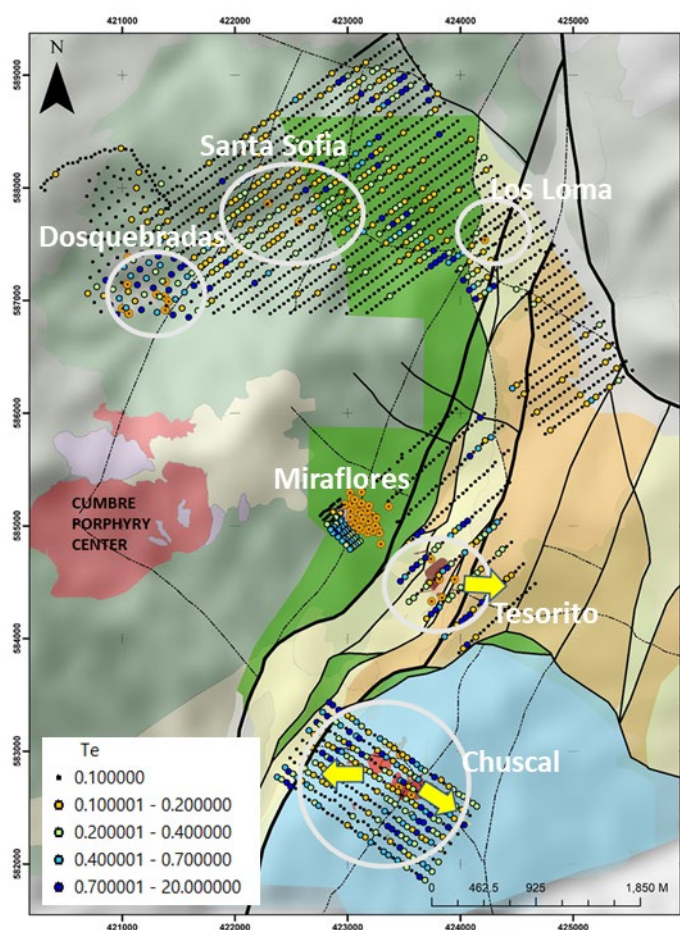


Figure 1: The Quinchia Gold Project area contains multiple targets at various levels of investigation and untested regions of considerable continuing interest within a ~3km radius. This image reveals the major known target areas and tellurium anomalism, a pathfinder element associated with substantial intrusive bodies such as porphyries.

⁵ Refer ASX announcement dated 27 November 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply

⁶ Inferred Mineral Resources using 0.5g/t Au cut-off grade. See announcement 25 February 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement

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

For further enquiries contact:

Jason Stirbinskis

Managing Director
Los Cerros Limited
12/11 Ventnor Avenue
WEST PERTH WA 6005
jstirbinskis@metminco.com.au

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JORC STATEMENTS - COMPETENT PERSONS STATEMENTS

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

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

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

MIRAFLORES PROJECT RESOURCES AND RESERVES

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

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

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

Notes:

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

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

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

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

Notes:

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

Source: Ausenco, 2017

Dosquebradas Inferred Mineral Resource Estimate, as at 25 February 2020 (100% basis)

Cut-Off (g/t Au)	Tonnes ('000t)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)	Cu (%)	Cu (pounds)
0.3	57,794	0.50	920.8	0.6	1,036	0.04	56,767
0.4	34,593	0.60	664.1	0.6	683.8	0.05	38,428
0.5	20,206	0.71	459.1	0.7	431.7	0.06	24,867

Notes:

- i) No more than 6m internal waste is included in the weighted intervals
- ii) Inferred Mineral Resources shown using various cut offs.
- iii) Based on gold selling price of US\$1,470/oz.
- iv) Mineral Resource estimated by Resource Development Associates Inc.
- v) 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.