

Los Cerros Limited

Annual Report 2021

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General Information

The financial statements cover Los Cerros Limited as a consolidated entity consisting of Los Cerros Limited and the entities it controlled at the end of, or during, the year ended 31 December 2021. 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

Level 3
35 Outram Street
West Perth, WA 6005
Australia

Principal Place of Business

Level 3
35 Outram Street
West Perth, WA 6005
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 30 March 2022. The Directors have the power to amend and reissue the financial statements.

Directors	Mr. Ross Ashton (Non-Executive Chairman) Mr. Jason Stirbinskis (Managing Director) Mr. Kevin Wilson (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr. Michael Allen
Registered Office	Level 3 35 Outram Street West Perth, WA 6005 Australia
Principal Places of Business	Level 3 35 Outram Street West Perth, WA 6005 Australia Carrera 36 # 2 sur – 60 Oficina 1301, Edificio Poblado Alejandría Medellín, Antioquia 050021 Colombia
Share Registry	Automic Group Deutsche Bank Tower Level 5 126 Phillip Street Sydney, NSW 2000 Australia 1300 288 664
Auditor	Grant Thornton Audit Pty Ltd Central Park Level 43, 152-158 St Georges Terrace Perth, WA 6000 Australia
Stock Exchange Listing	Los Cerros Limited shares are listed on the Australian Securities Exchange (ASX Code: LCL)
Company Website	loscerros.com.au
Australian Business Number	43 119 759 349

Dear Shareholders,

It is with great pleasure that I provide this Chairman's Report for Los Cerros for the 2021 calendar and financial year.

Los Cerros has an exciting story to tell with the prospects of the Quinchia and Andes projects and the Company's exploration program providing a steady growth platform for the future. We are committed to growing the business, and maximising returns for our shareholders through aggressive exploration programs, a continued focus on development studies and advancing our project portfolio towards operational status.

As we continue to explore in Colombia we are exposing more of the Australian market to the prospects in this jurisdiction and educating them on the value proposition. The Company will continue to act as a leader in this space and attract additional interest from Australian and international markets.

Los Cerros has a dedicated focus on bolstering our ESG (Environmental, Social and Governance) practices and operating a safe and sustainable business that engages with our shareholders, employees, the communities within which we operate, and the environment.

We remain committed to developing Los Cerros into a world class exploration and mining company with a dedication to, and respect for, the environment and a strong commitment to safety for all our employees. We will continue to promote sustainable development of those communities within which we operate, exercise labour practices that respect the culture and diversity of our employees, and commit to act with utmost integrity, honesty and in good faith.

As we all continue to navigate COVID-19, I look back on 2021 feeling proud at how the Company has performed over the last twelve months. I thank Managing Director Jason Stirbinskis and the entire Colombian workforce for their focus and dedication over the past year, during such a difficult time and look forward to an exciting year ahead.

Yours sincerely,



Ross Ashton
Non-Executive Chairman

Dear Shareholders,

I am delighted to provide the following review of Los Cerros' operations for the 2021 calendar and financial year.

It was another transformational year for Los Cerros, adding considerable investigative rigour to our compelling Tesorito porphyry discovery compared to the year prior and in doing so, illuminating the structures and circumstances that are conducive to gold mineralisation in the region. That new and continually developing regional knowledge was a catalyst for ramping up our target generation programs which in turn led to the discovery of the neighbouring Ceibal porphyry and multiple other targets at our Quinchia Project.

Our efforts in 2021 did not go unnoticed outside of the Company, with the successful completion of a A\$20M capital raise in June that welcomed two of the world's largest and most respected precious metal funds to our register. That endorsement gave us licence to be bold with a dramatically expanded drilling and field program.

Our Tesorito drilling results were well reported in the media and on many occasions individual drill intercepts ranked in the top 10 drill results in the months they were released. Impressively, at Tesorito, exploration success has delivered 16 drill hole intercepts of over 200m grading ~1g/t gold at or near surface.

In the ESG space, the Company continues to focus on sustainable development and operating in a safe and responsible manner. In December our efforts were acknowledged in Colombia when the Company was named as a finalist in the Mining Industry ESG awards and my appointment as one of the Ambassadors for 'Women in Mining Colombia' acknowledging the Company's efforts to encourage women into mining. I am proud to announce that Los Cerros' workforce is now made up of 1/3 women.

Our successes of the year are more impressive given the backdrop and disruption of COVID-19 and flow-on challenges from the pandemic. We as a company are fortunate that our success at the drill bit, the subsequent flow of funding and our exemplary management and containment of COVID-19 has allowed us to expand our workforce to over 128 employees. We have been able to employ 100 people from local towns in a time when job loss is a threat to many families in the Quinchia district.

The approaching year is expected to be another transformational year for the Company, as we are well funded to build on the Quinchia story by advancing Tesorito through resource estimation, metallurgy and Quinchia-wide engineering studies, whilst our target generation team focus on discovering our next 'Tesorito'.

To conclude, I would like to acknowledge and thank the Board as well as my Executive Team for their commitment and support over the past 12 months. Learning from and being part of such an inspirational team is humbling and I am grateful for the guidance and backing I receive from my colleagues.

Stay safe and best wishes for 2022.

Sincerely,



Jason Stirbinskis
Managing Director

About Los Cerros

Los Cerros Limited is a gold/copper explorer with a dominant position within the Andes and Quinchia regions of the mid-Cauca Gold Belt of Colombia which hosts many major discoveries (Figure 1). The 100% owned Quinchia Gold Project (Figure 2) hosts the Miraflores Gold Deposit with a **Resource of 877,000 Au ounces at 2.80g/t Au** and **Reserve of 457,000 Au ounces at 3.29g/t Au**¹. Within 3km of Miraflores is the Tesorito Gold Porphyry plus the Chuscal and Ceibal porphyry prospects. Other targets within the Quinchia Gold Project (Figure 3) include the Dosquebradas deposit which has an Inferred Resource of **459,000 ounces at 0.71g/t Au**².

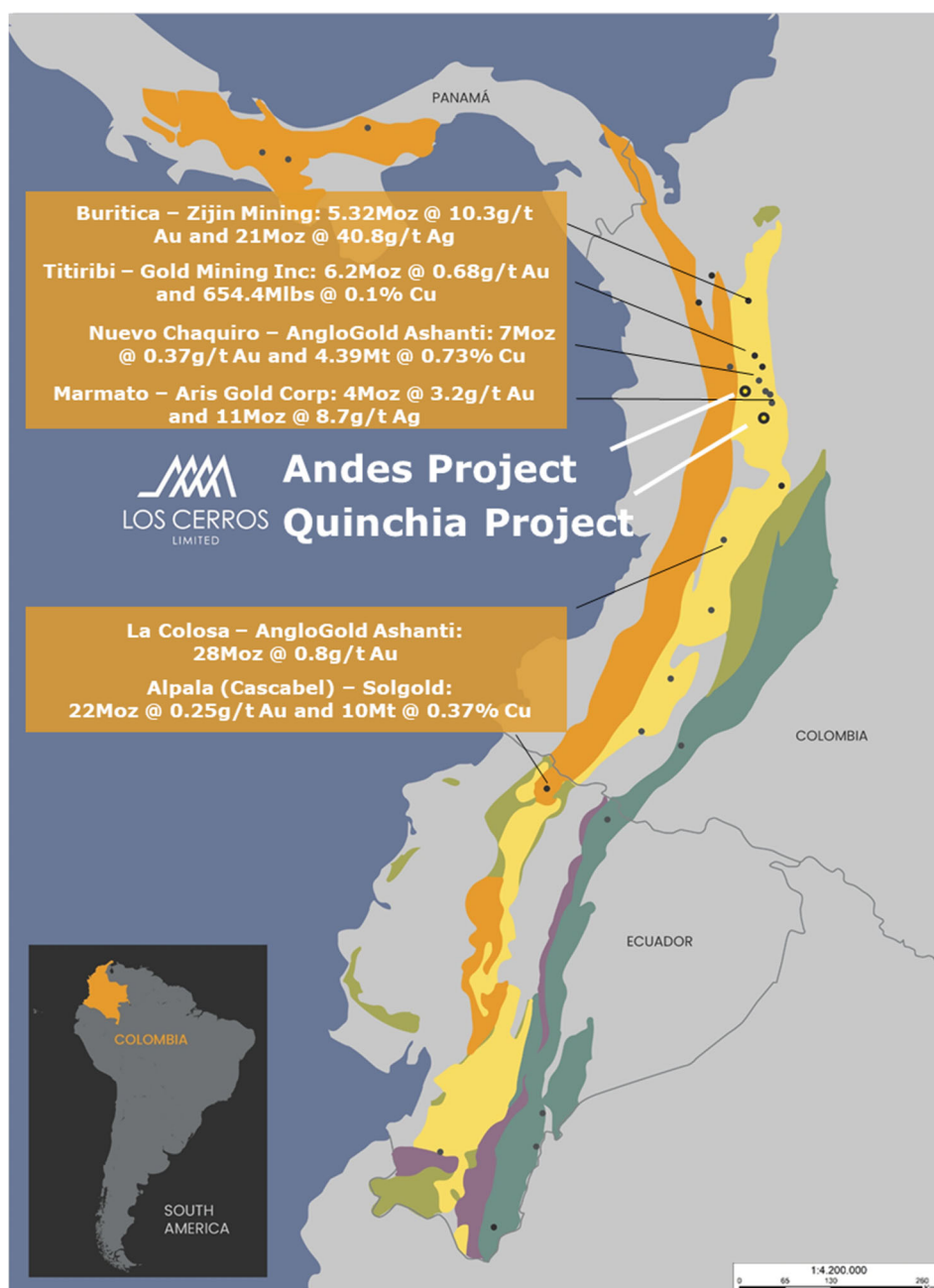


Figure 1: The Company's Andes and Quinchia Gold Projects sit on the Miocene aged, mid-Cauca Gold Belt in a sub-section of the belt that hosts many major copper-gold porphyry discoveries.

Metal volume estimates are taken from various company websites and may or may not include Inferred Resources and have not been independently verified.

¹ Refer ASX announcement dated 14 March 2017 (Resource) and 27 November 2017 (Reserve). The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements, and that all material assumptions and technical parameters underpinning the estimates continue to apply

² 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 and that all material assumptions and technical parameters underpinning the estimate continue to apply

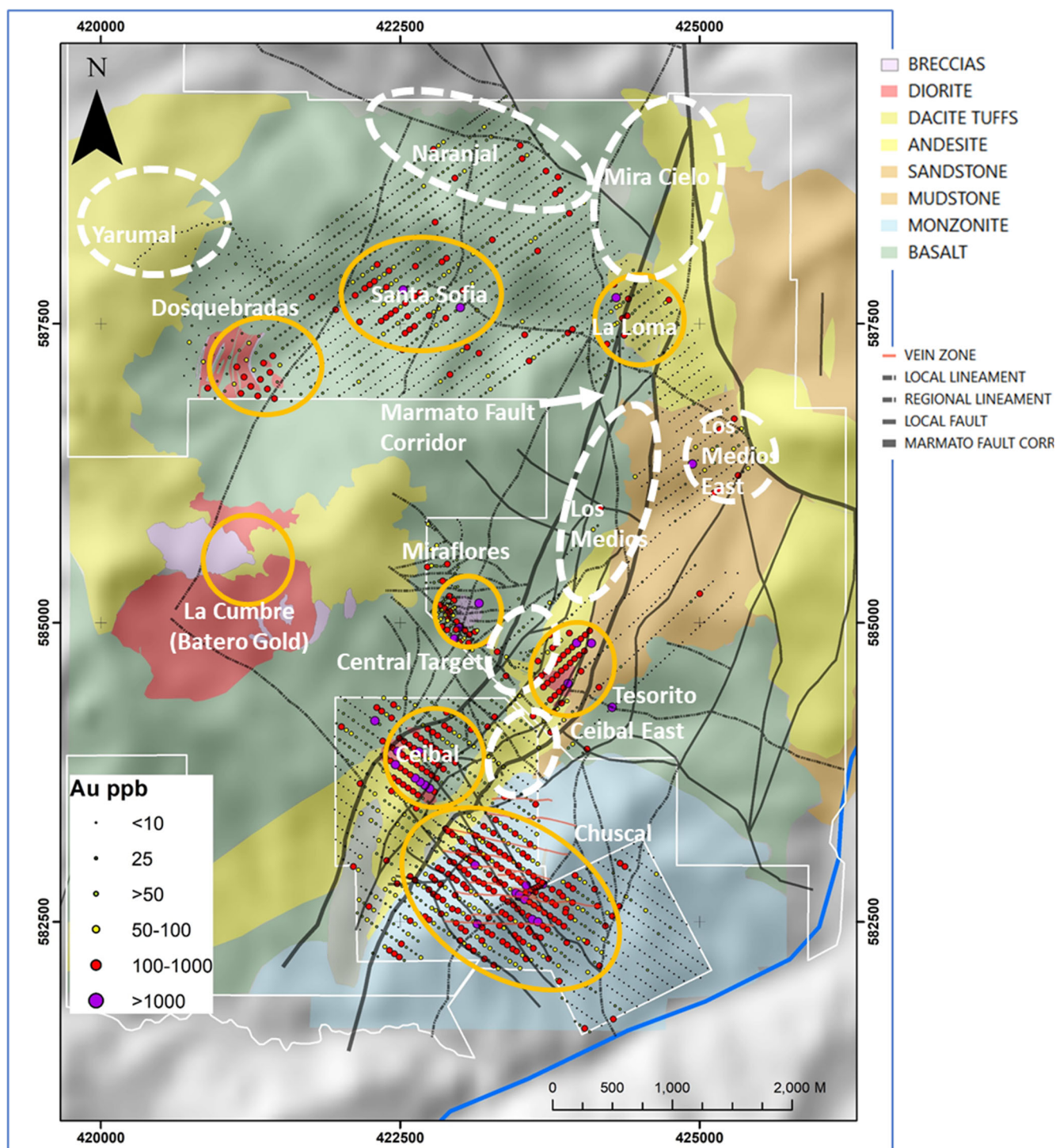


Figure 2: The Quinchia Gold Project contains multiple targets at various levels of investigation within a ~3km radius. This image reveals the major known target areas (orange circles) and earlier stage targets (white circles) over gold in soils anomalism and major structures. La Cumbre is a gold project within the area owned by TSX listed Batero Gold.

The Andes Gold Project (Los Cerros 90%, BHC 10% free carry to FS) is a larger area of early stage exploration in the state of Antioquia ~70km north of Quinchia. The Company has previously completed extensive preliminary surface work at many sites within the expansive footprint, including ~14,000 surface samples, to identify multiple early stage epithermal gold and porphyry gold/copper targets.

Quinchia Project

A total of 58 drill holes (all but seven drilled since September 2020) at the Tesorito porphyry has demonstrated continuity of modelled low grade surface envelopes resulting in the merger of targets previously described as Tesorito South and

Tesorito North to form one larger system now recognised as the Tesorito Porphyry. Low grade envelopes now describe an oval shape of ~1100m in a North-South direction and ~675m in an East-West direction with the emergence of a significant surface high grade central zone, which bodes well for potential project economics (Figure 3).

Throughout the year Tesorito continued to deliver spectacular drill intercepts over a wide area and has now delivered 16 drill hole intercepts of over 200m grading ~1g/t starting on or near surface, including globally significant intercepts of 320m @ 1.5g/t Au from surface and 629m @ 0.88g/t Au from surface (see Figure 3 for detail).

The Tesorito high grade core 'daylights' (reaches surface) east of early program drilling providing a very exciting boost the potential of Tesorito. The area described by the following intercepts radiating from a common drill pad bodes well for potential project economics, raising the possibility of a high-grade starter pit³:

- 222m @ 1.51g/t Au from surface including 59.5m @ 2.6g/t Au from surface within 378m @ 1.03g/t Au in TS-DH24;
- 56.0m @ 1.95g/t Au from surface, including 24.3m @ 2.69g/t Au from surface within 330m @ 0.99g/t Au in TS-DH25;
- 10.0m @ 2.13g/t Au from 2m and 30.0m @ 2.6g/t Au from 80m within 158.0m @ 1.42g/t Au from surface in TS-DH26;
- 107.6m @ 1.1g/t Au from surface, including 33.4m @ 2.51g/t Au from 2.6m in TS-DH29; and
- 144m @ 1.2g/t Au from 6m including 27.7m @ 1.94g/t Au from 6m in TS-DH30.

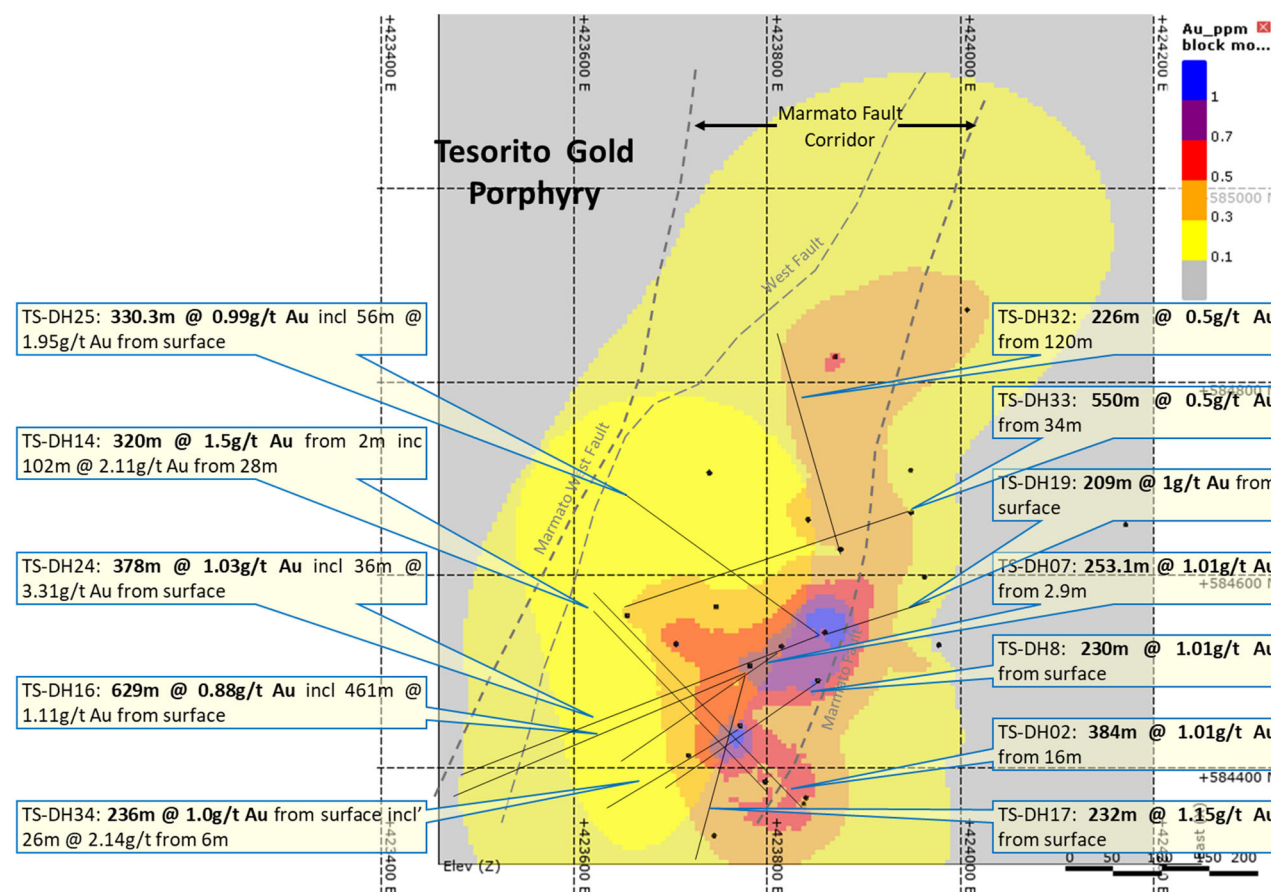


Figure 3: Plan view of Tesorito showing selected drill assay intercepts over modelled gold envelopes and key structures.⁴

³ See announcements 22 June 2021 for TS-DH24 and 12 July 2021 for TS-DH25 and TS-DH26. The Company confirms that it is not aware of any new information that affects the information contained in the announcements.

⁴ See announcement 10 Nov '21 (TS-DH31 to '39), 28 Sept '21 (TS-DH28, '29, '30), 9 Aug '21 (TS-DH27), 12 July '21 (TS-DH25, '26), 22 June '21 (TS-DH24), 28 May '21 (TS-DH 18 '19 '22 '23), 19 April (TS-DH17, '20, '21), 6 April 2021 (TS-DH16), 18 March '21 (TS-DH15), 21 January 2021 (TS-DH12 '13 '14), 10 November 2020 (TS-DH10 '11), 10 September 2020 (TS-DH08), 9 October 2020 (TS-DH09) for assay results and 31 July 2018 and 30 August 2018 for the initial reporting of the assays for drill holes TS-DH01 to TS-DH07. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

On the back of the intensive 2021/22 drill campaign, the Company commissioned a Maiden Mineral Resource Estimate (MRE) for Tesorito in Q1, 2022 generating 1.3Moz @ 0.81g/t Au and taking the total Quinchia Resource to ~2.6Moz (Table 1). A pit shell capturing the above-mentioned high-grade core added strength to the potential of a high grade starter pit with an MRE of 540koz @ 1.23g/t Au (Table 2).

Quinchia subzone	Resource Category	CUT-OFF (g/t Au)	TONNES (Mt)	Au (g/t)	Au (koz)
Tesorito	Inferred	0.50	50.0	0.81	1,298
Dosquebradas	Inferred	0.50	20.2	0.71	459
Miraflores - U.Ground	Measured + Indicated	1.20	9.3	2.82	840
Miraflores - U.Ground	Inferred	1.20	0.5	2.36	37
QUINCHIA RESOURCE			80.0	1.02	2,634

Table 1: Quinchia Mineral Resource Estimate⁵

CUT-OFF	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
0.8g/t Au	13.69	1.23	0.89	540	391

Table 2: Tesorito In Situ Inferred MRE as at 22 March 2022, of a pit shell capturing the central high grade porphyry core which starts from surface. The MRE is a subset of the larger optimized Tesorito MRE⁵

Evidence built up through the year also suggests Tesorito is part of a larger system extending to the northwest to potentially incorporate the Miraflores breccia pipe ore body ~1km Northwest. In particular, drill holes TS-DH16, '24 and '36 were intentionally extended beyond the accepted western boundary of the Tesorito porphyry and intercepted more mineralised porphyry lithology and alteration not directly attributable to Tesorito but consistent with the northwest trending larger central mineralised system hypothesis.

Buoyed by the above-mentioned drill results adding weight to the exciting prospect that Tesorito, as significant as it is, is an end member of a larger system, the Company employed deep penetrating Induced Polarisation (IP) geophysics over the area. An IP conductivity and chargeability high was revealed in the location and depths prescribed by the regional geology model with a magnetic high occurring below, which is a signature consistent with intrusive bodies such as porphyry systems (Figure 4).

A program of deep drilling targeting the central porphyry target forms part of the Q1 2022 drill program.

⁵ Contains a mix of Inferred, Indicated and Measured Resources. The Miraflores Reserve is included in the Miraflores Resource. Refer ASX announcement dated 14 March 2017 (Miraflores Resource) and 27 November 2017 (Miraflores Reserve), 25 February 2020 (Dosquebradas Resource) and 22 March 2022 (Tesorito Resource). The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements, and that all material assumptions and technical parameters underpinning the estimates continue to apply.

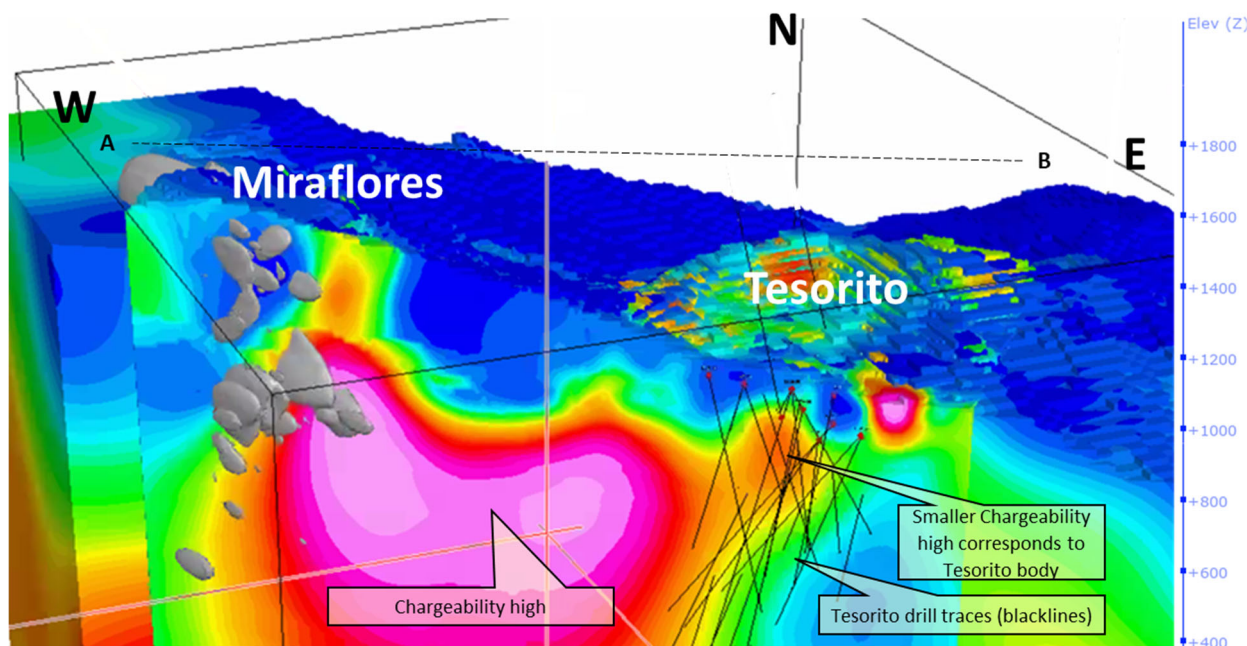


Figure 4: 3-D section looking north-northwest. A large IP chargeability high has been described between the Miraflores deposit (grey masses describing zones of >1.0g/t Au within the larger Miraflores Mineral Resource) and Tesorito prospect. NOTE: strong drill core gold assay results from across much of Tesorito south drilling correlate to a local chargeability high extending from the major chargeability high.

Quinchía Project – Ceibal porphyry discovery

On the back of encouraging soil assay results in January 2021, an initial six-hole scout diamond drilling program at Ceibal has provided an encouraging start to the investigation of this new porphyry discovery less than 1km from the Tesorito Gold Porphyry. Ceibal displays structural characteristics consistent with the Tesorito Gold Porphyry structural model – in particular, its location within the Marmato Fault Corridor and at the intersection of northwest trending faults.

All six drill holes of the Ceibal campaign generated extensive intersections (between 88m and 586m) of porphyry gold mineralisation bearing strong resemblance to the extensive low-grade intercepts at the Tesorito Gold Porphyry. Intersections of the initial campaign include⁶:

- 500m @ 0.52g/t Au from surface in CEDDH01
- 586m @ 0.51g/t Au from surface in CEDDH02
- 243.1m @ 0.49g/t Au from 87.20m in CEDDH03
- 120.00m @ 0.71g/t Au from 4m in CEDDH04
- 88.00m @ 0.51g/t Au from 314m in CEDDH05
- 252.00m @ 0.41g/t Au from 530m in CEDDH06

The causative intrusive porphyry or related wide intervals of intrusive breccia have not yet been intersected at Ceibal. However extensive sheeted type veining and trends in element, mineral and vein density, suggest the causative porphyry intrusion (porphyry core) is north of the drilled area. Magnetic susceptibility results also generated during the year revealed two northern magnetic highs, potentially representing the location of the porphyry core (Figure 2) and conforming to the regional northwest/north-northwest orientation associated with gold bearing systems throughout the Quinchia Project.

⁶ See announcement 8 July 2021 for results from drillholes CEDDH01 and '02 and 22 November 2021 for CEDDH03 to '06. The Company confirms that it is not aware of any new information that affects the information contained in the announcement

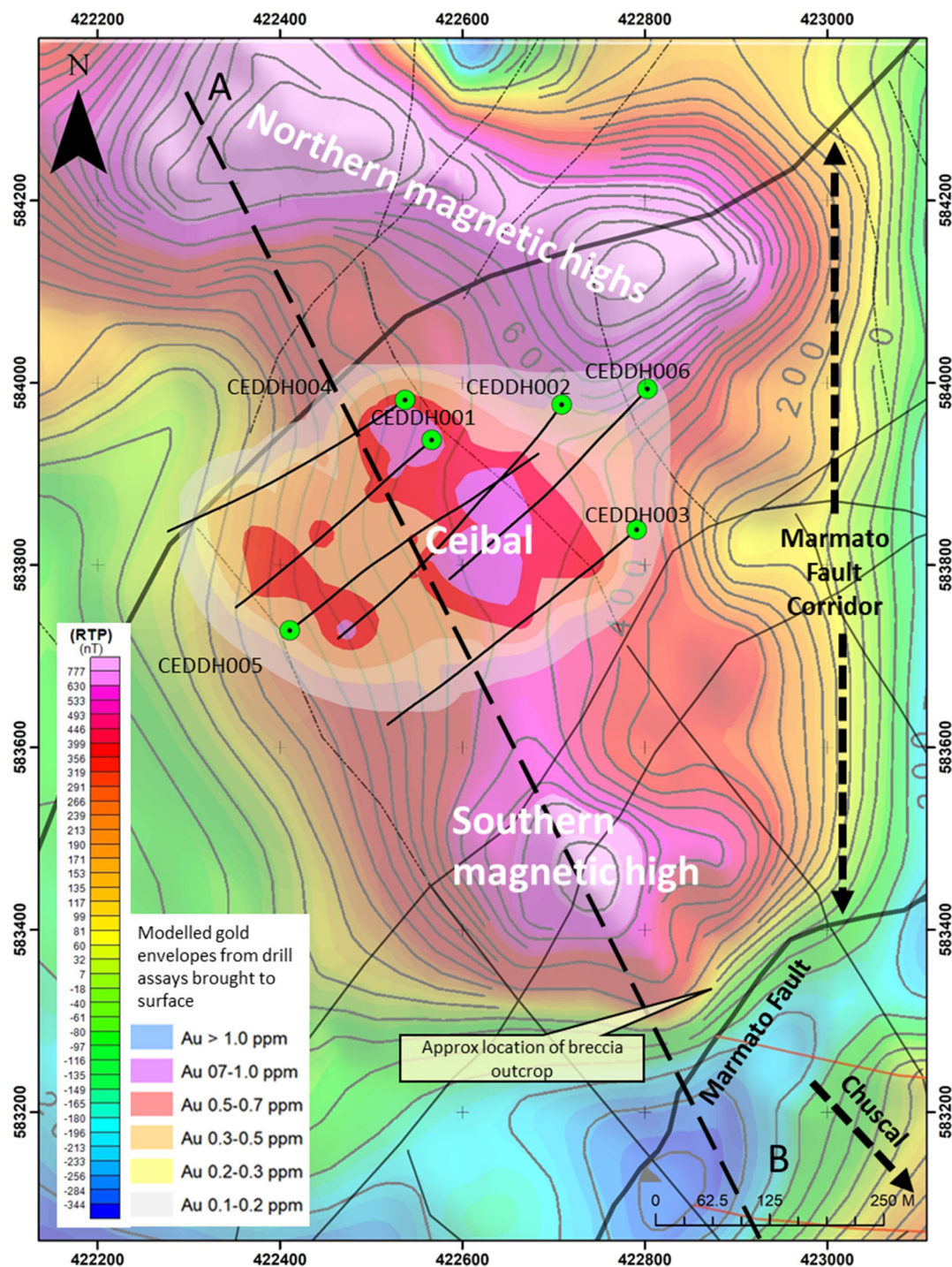


Figure 5: Drill traces and modelled gold envelopes from drill assays projected to surface at Ceibal, over regional magnetic susceptibility. The three magnetic highs are targets for follow up drilling. Note then northwest /north-northwest orientation of higher grade gold envelopes and higher magnetic susceptibility, a characteristic of mineralised systems throughout Quinchia and the broader Mid Cauca porphyry belt.

2021 target generation and geophysics provides an exciting exploration pipeline for 2022

Interpretation and assimilation of region-wide drone aero-magnetic and targeted deep penetrating IP geophysical survey programs during 2021, in conjunction with extensive field programs, have identified significant gold targets spatially associated with established Quinchia gold discoveries (Figure 2). The resulting robust project pipeline (Figure 5) will form the basis of further target generation and drilling scheduled throughout 2022 which is also likely to see a return to established targets such as Chuscal and testing for mineralised extensions to the Miraflores Resource/Reserve.



Figure 5: Los Cerros has a robust project pipeline ranging from advanced feasibility studies to expanses of greenfield areas at Andes and Quinchia

Andes Project

With significant momentum at the Company's Quinchia project, activity at the Andes project was limited to small field programs and desk top targeting/planning throughout 2021. It is anticipated that there will be similar activity within the Andes Project in 2022 plus potentially including drilling.

Our role in the Colombian community and economy

The Company's success at the drill bit, the subsequent flow of funding and our exemplary management/containment of COVID-19 has allowed us to expand our workforce to over 128 employees (250 including contractors/drillers etc). Consistent with the Company's mantra to 'Hire, Buy, Train, Invest Local' the team includes 100 people from local towns in a time when job loss is a threat to many families in the Quinchia district.

The following summarises some of the Company's 2021 activity and achievements with respect to the Company's ESG framework. Our efforts were also acknowledged in Colombia in being chosen as a finalist in the Colombian Mining Industry ESG awards and the appointment of Los Cerros' CEO as an Ambassador for 'Women In Mining Colombia' acknowledging the Company's efforts to encourage women into mining.

Objectives were set for a 25% female workforce and 25% of senior management reporting to the CEO being female in 2021 and these were met and in the case of the workforce exceeded.



EMPLOY LOCAL ENGAGE LOCAL

- 98% Colombian team (128 people)
- 86% local community
- 33% female. 11% minorities



BE OPEN AND TRANSPARENT

- 56 Community briefings, 1427 attendees
- Feedback and complaints process
- External reviews



LOOK AFTER OUR EMPLOYEES

- 235k hours worked, 1 LTI
- Vaccine program & strict COVID protocols



MINIMISE OUR FOOTPRINT

- 44 Platforms built. 41 rehabilitated
- Dedicated Environmental team



TRAIN LOCALS

- 300+ General and OHS (122 Covid)
- 80 Social awareness programs
- 19 scholarships



MODEL BEHAVIOUR

- PPE Donations and Covid support
- 24 Artisanal miners retrained
- 14 Infrastructure projects across 11 communities

Jason Stirbinskis

FORWARD LOOKING STATEMENTS

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

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity', 'Consolidated Group' or the 'Group') consisting of Los Cerros Limited (referred to hereafter as 'Los Cerros' or the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors

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

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

Principal Activities and Significant Changes in the Nature of Events

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

The Company's focus is the mineral exploration on the assets held in the Andes and the Quinchía Gold Projects. A review of the operations of the Group during the financial year and the results of those operations are set out in the Review of Operations on pages 5 to 12 of this report. There were no significant changes in the nature of events of the Company during the year.

During the year, work continued on an Environmental Impact Statement for potential gold mining operations at Miraflores and exploration drilling of gold epithermal and porphyry targets at Chuscal, Ceibal and Tesorito.

On 16 July 2021, the Company announced the outcome of its capital raising via a private share placement to professional and sophisticated investors raising in excess of \$20 million before capital raising costs to advance the Quinchía and Andes Gold Projects in Colombia. The placement shares were issued in two tranches, the first in July 2021, raising \$19,138,000 via the issue of 119,612,500 shares at \$0.16 per share. The second tranche of the placement shares was issued in September 2021, raising \$1,052,000 via the issue of 6,575,000 at \$0.16 per share.

During the year, the Company also raised an additional \$4,218,458 as a result of the substantial conversion of 14,349,733 listed options and 20,875,000 unlisted options. The Company also issued a total of 2,163,731 fully paid ordinary shares as payment for services rendered. The value of the shares totalled \$353,697. Further details are included in note 15 in the notes to the consolidated financial statements.

The COVID-19 pandemic was ongoing during the year and up to the date of this report. Los Cerros continues to monitor the situation closely, with a primary focus on the health, wellbeing and safety of all employees of the Group. The Group implemented extensive business continuity procedures to ensure ongoing operations with minimal disruptions. As in the prior financial year, there has been minimal impact to the Group to date.

Dividends

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

Review of Financial Results

The loss for the consolidated entity, after providing for income tax, amounted to \$5,306,345 (2020: \$3,717,752). Cash and cash equivalents at the end of the year were \$19,252,206 (2020: \$7,814,764). Net assets for the Company increased from \$27,346,330 at 31 December 2020 to \$44,832,156 at 31 December 2021.

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

After year-end and up to the date of this report, the Company issued and allotted a total of 1,950,000 fully paid ordinary shares upon the exercise of 1,950,000 unlisted options, raising a total of \$71,500 after year-end.

No other matter or circumstance has arisen since 31 December 2021 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

The Group's objective is to continue to explore for gold and develop its gold assets in Colombia.

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 Colombia where it operates. The Directors are not aware of any material breaches of the legislation during the year.

Information on Directors

Name:	Ross Ashton
Title:	Non-Executive Chairman
Qualifications:	BSc
Experience and Expertise:	Mr Ashton has over 50 years' experience as a geologist specialising in mineral exploration and development internationally. He was founding Managing Director of Red Back Mining Limited, a company subsequently acquired by Kinross Gold Corporation for US\$7.2 billion in 2010. He was also a director of TSX/ASX listed PMI Gold Ltd and ASX listed Brockman Resources Ltd. Both companies were involved in corporate transactions following the discovery of significant mineral resources.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	-
Interests in Shares:	10,854,029 ordinary shares
Interests in Options:	2,000,000 unquoted options (exercise price of \$0.135 expiring 30 September 2024) 937,500 unquoted options (exercise price of \$0.10 expiring 6 April 2022) 625,000 unquoted options (exercise price of \$0.32 expiring 1 July 2023)
Interests in Rights:	2,320,000 performance rights

Information on Directors (Cont.)

Name:	Kevin Wilson
Title:	Non-Executive Director
Qualifications:	BSc, MBA
Experience and Expertise:	Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Rey Resources Limited, an Australian energy exploration company, from 2008 to 2016 and the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. He has prior experience as a geologist with the Anglo American group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson is currently also Non-Executive Chairman of Navarre Minerals Limited and Non-Executive Director of Solis Minerals Ltd.
Other Current Directorships:	Non-Executive Chairman – Navarre Minerals Limited (ASX: NML) Director – Solis Minerals Ltd (ASX: SLM; TSXV: SLMN; FSE: 08W; and OTC: WMRSF)
Former Directorships (Last 3 Years):	Non-Executive Chairman – Investigator Resources Limited (ASX: IVR) (September 2017 to December 2021)
Interests in Shares:	4,982,649 ordinary shares
Interests in Options:	2,000,000 unquoted options (exercise price of \$0.135 expiring 30 September 2024) 625,000 unquoted options (exercise price of \$0.10 expiring 6 April 2022) 625,000 unquoted options (exercise price of \$0.02 expiring 18 May 2022)
Interests in Rights:	1,540,000 performance rights

Name:	Jason Stirbinskis
Title:	Managing Director
Qualifications:	BSc, MBA
Experience and Expertise:	Originally a geologist, Mr Stirbinskis is a corporate executive with over 15 years' experience leading both private and public companies in the mining and mining services space. He is experienced across a number of commodities including gold, zinc, lead, copper, and nickel and has managed projects ranging from greenfield to DFS/Development in West Africa, Scandinavia, Australia, Central Asia and most recently Colombia. He is well networked across international and Australian capital markets and skilled in leading multidisciplinary, international teams.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	Non-Executive Director – Mount Burgess Mining NL (August 2016 to July 2019).
Interests in Shares:	2,875,001 ordinary shares
Interests in Options:	6,000,000 unquoted options (exercise price of \$0.135 expiring 30 September 2024) 225,000 unquoted options (exercise price of \$0.10 expiring 6 April 2022) 1,875,000 unquoted options (exercise price of \$0.32 expiring 1 July 2023)
Interests in Rights:	7,000,000 performance rights

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

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

Chief Financial Officer (CFO) and Company Secretary

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

Previous CFO and Joint Company Secretaries

Blair Snowball was appointed CFO and Joint Company Secretary on 19 November 2020 and remained in these roles until 9 November 2021. Jessamyn Lyons, who was appointed as Joint Company Secretary on 18 November 2019, and remained in this role with Blair Snowball until 9 November 2021.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Kevin Wilson	11	11	-	-
Jason Stirbinskis	11	11	-	-
Ross Ashton	11	11	-	-

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

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the 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; and
- 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 ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board, in the absence of a Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the 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; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-Executive Directors Remuneration

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

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

Non-Executive Directors Remuneration (Cont.)

Remuneration Report (Audited) (Cont.)

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

Executive Remuneration

The 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; and
- other remuneration such as superannuation and long service leave.

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

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

Jason Stirbinskis earned \$75,000 for meeting performance hurdles during 2021.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of four years based on long-term incentive measures. These include increase in shareholders' value and project milestones. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2021.

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 or corporate objectives being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.

The Board is of the opinion that improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that performance based compensation can increase shareholder wealth if maintained over the coming years.

Voting and Comments Made at the Company's 27 May 2021 Annual General Meeting ('AGM')

At the AGM held on 27 May 2021, the shareholders of the Company approved the adoption of the remuneration report for the year ended 31 December 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Report (Audited) (Cont.)

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

(i) Ross Ashton's superannuation for 2021 included \$24,575 which was accrued as at reporting date.

(ii) Kevin Wilson's superannuation for 2021 included \$18,904 which was accrued as at reporting date.

(iii) Jason Stirbinskis' remuneration for 2021 included \$35,750 which was accrued as at reporting date.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Ross Ashton	-	-	-	-	-	68,035	68,035
Kevin Wilson	-	-	-	-	-	60,976	60,976
<i>Executive Directors:</i>							
Jason Stirbinskis	250,000	-	-	23,750	-	233,507	507,257
<i>Other Key Management Personnel:</i>							
Blair Snowball (iv)	13,800	-	-	-	-	-	13,800
	<u>263,800</u>	<u>-</u>	<u>-</u>	<u>23,750</u>	<u>-</u>	<u>362,518</u>	<u>650,068</u>

(iv) Blair Snowball's salary and fees for 2020 included an amount of \$13,800 that was accrued at 31 December 2020.

Remuneration Report (Audited) (Cont.)

Details of Remuneration (Cont.)

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

Name	Fixed Remuneration		At Risk – STI		At Risk – LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Ross Ashton	28%	69%	-	-	72%	31%
Kevin Wilson	35%	77%	-	-	65%	23%
<i>Executive Directors:</i>						
Jason Stirbinskis	34%	84%	8%	-	58%	16%
<i>Other Key Management Personnel:</i>						
Michael Allen	89%	-	-	-	11%	-
Blair Snowball	56%	100%	-	-	44%	-

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:	No written contract
Name:	Jason Stirbinskis
Title:	Managing Director (appointed 16 August 2019)
Details:	Written contract (3 months' notice)
Name:	Michael Allen
Title:	Chief Financial Officer and Company Secretary (appointed 9 November 2021)
Details:	Written contract (1 month notice)
Name:	Blair Snowball
Title:	Chief Financial Officer (appointed 19 November 2020, resigned 9 November 2021)
Details:	Written contract (1 month notice)

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

Remuneration Report (Audited) (Cont.)

Share-Based Compensation

Issue of Performance Rights

Name	Performance Hurdle	Number of Performance Rights Granted	Grant Date	Expiry Date	VWAP Share Price Hurdle for Vesting	Fair Value at Grant Date per Performance Right	Total Fair Value at Grant Date
Michael Allen (1)	Tranche 1	770,000	22/10/2021	31/01/2025	\$0.20	\$0.0718	\$55,301
	Tranche 2	770,000	22/10/2021	31/01/2025	\$0.25	\$0.0685	\$52,760
Blair Snowball (2)	Tranche 1	1,000,000	4/06/2021	31/01/2025	N/A	\$0.1020	\$102,000
	Tranche 2	2,000,000	4/06/2021	31/01/2025	\$0.25	\$0.0923	\$184,560

Note (1):

The performance rights granted to Mr Allen on 22 October 2021 were subject to the following vesting conditions:

- Tranche 1: 770,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- Tranche 2: 770,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.

The total value of performance rights granted to Mr Allen during the year was \$108,061. This value will be recognised progressively over the period from 1 November 2021 (the start of Mr Allen's employment) to 31 December 2024, unless performance rights vest. During the 2021 financial year, \$5,697 was expensed.

Note (2):

The performance rights granted to Mr Snowball on 4 June 2021 were subject to the following vesting conditions:

- Tranche 1: 1,000,000 performance rights vesting upon the achievement of strategic projects and continuing employment to 13 September 2021.
 These performance rights vested on 13 September 2021 and was exercised by Mr Snowball and converted into fully paid ordinary shares on 23 September 2021.
- Tranche 2: 2,000,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024 and continuing employment to 11 April 2022.
 These performance rights were forfeited and cancelled upon Mr Snowball's resignation and end of service on 30 November 2021.

The total value of performance rights granted to Mr Snowball during the year was \$286,560. Of this amount \$102,000 was expensed upon the vesting of Mr Snowball's Tranche 1 performance rights. The remaining \$184,560 for Mr Snowball's Tranche 2 performance rights was not recognised due to the forfeiture and cancellation of these Tranche 2 performance rights on 30 November 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 2021.

Remuneration Report (Audited) (Cont.)

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:

<i>Ordinary Shares</i>	Balance at the Start of the Year	Acquired on Exercise of Options or Performance Rights	Other Acquisitions	Disposals / Other (i)	Balance at the End of the Year
Directors:					
Ross Ashton	8,727,499	865,661	1,260,869	-	10,854,029
Kevin Wilson	4,358,122	624,527	-	-	4,982,649
Jason Stirbinskis	616,667	2,258,334	-	-	2,875,001
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
Blair Snowball (i)	-	1,000,000	-	(1,000,000)	-
	<u>13,702,288</u>	<u>4,748,522</u>	<u>1,260,869</u>	<u>(1,000,000)</u>	<u>18,711,679</u>

(i) Blair Snowball resigned as CFO and company secretary on 9 November 2021.

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:

<i>Options Over Ordinary Shares</i>	Balance at the Start of the Year	Acquired	Exercised	Expired	Balance at the End of the Year
Directors:					
Ross Ashton	5,482,280	-	(205,661)	(1,714,119)	3,562,500
Kevin Wilson	3,434,527	-	(184,527)	-	3,250,000
Jason Stirbinskis	8,358,334	-	(258,334)	-	8,100,000
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
Blair Snowball	-	-	-	-	-
	<u>17,275,141</u>	<u>-</u>	<u>(648,522)</u>	<u>(1,714,119)</u>	<u>14,912,500</u>

At year-end, all of the above options had vested and were exercisable except for 2,000,000 options for Mr Stirbinskis which had not vested at year-end.

Remuneration Report (Audited) (Cont.)

Additional Disclosures Relating to Key Management Personnel (Cont.)

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:

<i>Performance Rights Over Ordinary Shares</i>	Balance at the Start of the Year	Received as Part of Remuneration	Exercised	Expired / Forfeited	Balance at the End of the Year
Directors:					
Ross Ashton	2,980,000	-	(660,000)	-	2,320,000
Kevin Wilson	1,980,000	-	(440,000)	-	1,540,000
Jason Stirbinskis	9,000,000	-	(2,000,000)	-	7,000,000
Other Key Management Personnel:					
Michael Allen	-	1,540,000	-	-	1,540,000
Blair Snowball	-	3,000,000	(1,000,000)	(2,000,000)	-
	<u>13,960,000</u>	<u>4,540,000</u>	<u>(4,100,000)</u>	<u>(2,000,000)</u>	<u>12,400,000</u>

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

Loans from Key Management Personnel

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

The following table outlines the movement of the loan from Kevin Wilson to the Company during the financial year.

Balance at the Start of the Year	Amounts Advanced to Group	Interest Charged	Amounts Repaid	Balance at the End of the Year
<u>58,819</u>	<u>-</u>	<u>1,321</u>	<u>(60,140)</u>	<u>-</u>

This concludes the remuneration report, which has been audited.

Options and Rights Over Equity Instruments

Unlisted Options (Vested)

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

Grant date	Expiry date	Exercise price	Number under option
19 August 2019	1 July 2023	\$0.3200	5,546,875
19 August 2019	31 August 2023	\$0.3200	656,250
19 August 2019	15 November 2023	\$0.3200	46,875
20 December 2019	30 September 2024	\$0.1350	8,000,000
6 April 2020	6 April 2022	\$0.1000	12,400,000
15 May 2020	18 May 2022	\$0.0200	3,312,500
13 August 2020	1 July 2025	\$0.0700	150,000
			<u>30,112,500</u>

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

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

Corporate Governance Statement

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

Indemnity and Insurance of Officers

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

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

Indemnity and Insurance of Auditor

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

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

Proceedings on Behalf of the Company

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

Non-Audit Services

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

Auditor's Independence Declaration

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

Auditor

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

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

On behalf of the Directors



Ross Ashton
Non-Executive Chairman

30 March 2022

Auditor's Independence Declaration

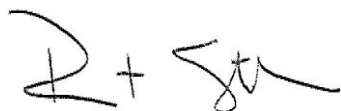
To the Directors of Los Cerros Limited

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 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 30 March 2022

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Los Cerros Limited
Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Year Ended 31 December 2021



	Note	Consolidated 2021 \$	Consolidated 2020 \$
Revenue			
Interest revenue		4,980	231
Foreign exchange gains recognised on disposal of subsidiaries		-	528,105
Other revenue		-	84,624
Total revenue		<u>4,980</u>	<u>612,960</u>
Expenses			
Employee benefits expense		(553,252)	(985,466)
Depreciation and amortisation expense	9	(8,451)	(19,163)
Exploration and evaluation expenditure		(749,073)	(536,564)
Reversal of historical impairment of exploration expenditure		-	197,443
Share-based payment expense	17	(1,159,726)	(362,518)
Finance costs		(1,321)	(61,867)
Impairment of non-current receivables	7	(960,147)	-
Fair value adjustment to deferred consideration		-	15,881
Occupancy		(7,102)	(100,785)
Other expenses	4	(1,872,253)	(2,477,673)
Total expenses		<u>(5,311,325)</u>	<u>(4,330,712)</u>
Loss Before Income Tax Expense		(5,306,345)	(3,717,752)
Income tax expense	5	-	-
Loss After Income Tax Expense for the Year Attributable to the Owners of Los Cerros Limited		(5,306,345)	(3,717,752)
Other Comprehensive Loss			
Items That May Be Reclassified Subsequently to Profit or Loss			
Foreign currency translation		<u>(1,898,378)</u>	<u>(1,538,735)</u>
Other Comprehensive Loss for the Year, Net of Tax		<u>(1,898,378)</u>	<u>(1,538,735)</u>
Total Comprehensive Loss for the Year Attributable to the Owners of Los Cerros Limited		<u>(7,204,723)</u>	<u>(5,256,487)</u>
		Cents per Share	Cents per Share
Basic loss per share	27	(1.00)	(1.22)
Diluted loss per share	27	(1.00)	(1.22)

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

Los Cerros Limited
Consolidated Statement of Financial Position
As at 31 December 2021



	Note	Consolidated 2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	6	19,252,206	7,814,764
Other receivables	7	49,028	64,610
Prepayments	8	84,706	169,848
Total Current Assets		19,385,940	8,049,222
Non-Current Assets			
Property, plant and equipment	9	1,109,299	1,133,026
Exploration and evaluation	10	25,143,398	18,853,659
Total Non-Current Assets		26,252,697	19,986,685
Total Assets		45,638,637	28,035,907
Liabilities			
Current Liabilities			
Trade and other payables	11	579,533	492,480
Borrowings	12	-	50,000
Provisions	13	210,886	147,097
Total Current Liabilities		790,419	689,577
Non-Current Liabilities			
Provisions	14	16,062	-
Total Non-Current Liabilities		16,062	-
Total Liabilities		806,481	689,577
Net Assets		44,832,156	27,346,330
Equity			
Issued capital	15	390,955,621	367,424,798
Reserves	18	(1,076,707)	3,046,625
Accumulated losses		(345,046,424)	(343,125,093)
Equity Attributable to the Shareholders of Los Cerros Limited		44,832,490	27,346,330
Non-controlling interests		(334)	-
Total Equity		44,832,156	27,346,330

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

Los Cerros Limited
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021



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

Consolidated	Issued Capital \$	Share-Based Payments Reserves \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Equity Attributable to the Shareholders of Los Cerros Limited \$	Non- Controlling Interests \$	Total Equity \$
Balance at 1 January 2020	350,163,191	1,497,624	10,638,979	(347,554,597)	14,745,197	-	14,745,197
Reclassification of historical realised foreign currency transactions	-	-	(8,147,256)	8,147,256	-	-	-
Loss after income tax expense for the year	-	-	-	(3,717,752)	(3,717,752)	-	(3,717,752)
Other comprehensive loss for the year, net of tax	-	-	(1,538,735)	-	(1,538,735)	-	(1,538,735)
Total comprehensive loss for the year	-	-	(1,538,735)	(3,717,752)	(5,256,487)	-	(5,256,487)
Shares issued during the period	17,781,344	-	-	-	17,781,344	-	17,781,344
Options exercised	615,276	-	-	-	615,276	-	615,276
Transaction costs	(1,135,013)	-	-	-	(1,135,013)	-	(1,135,013)
Issue of options to purchase interests in Chuscal	-	34,648	-	-	34,648	-	34,648
Issue of options as part of settlement of legal claims	-	198,847	-	-	198,847	-	198,847
Other share-based payments	-	362,518	-	-	362,518	-	362,518
Balance at 31 December 2020	367,424,798	2,093,637	952,988	(343,125,093)	27,346,330	-	27,346,330

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

Los Cerros Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021



		Consolidated	
	Note	2021	2020
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,817,535)	(4,536,260)
Payments for exploration and evaluation expenses		(749,073)	-
Proceeds from government stimulus		-	84,624
Interest received		4,980	231
Interest and other finance costs paid		(10,141)	(61,867)
Settlement of legal claims		-	(202,684)
Net Cash Used in Operating Activities	26	(3,571,769)	(4,715,956)
Cash Flows from Investing Activities			
Payments for plant and equipment	9	(260,267)	(599,363)
Payments for exploration and evaluation	10	(7,789,825)	(1,975,251)
Payments against deferred acquisition consideration		-	(2,210,000)
Proceeds from assets held for sale		-	1,402,705
Proceeds from sale of plant and equipment		13,905	11,288
Proceeds from sale of subsidiaries, net of cash disposed		-	140,627
Net Cash Used in Investing Activities		(8,036,187)	(3,229,994)
Cash Flows from Financing Activities			
Proceeds from issue of shares	15	20,220,000	15,947,270
Proceeds from exercise of options	15	4,218,458	615,276
Share issue transaction costs		(1,332,540)	(540,048)
Repayment of borrowings		-	(37,150)
Proceeds from loans from related parties		-	20,000
Repayment of loans from related parties		(50,000)	(346,000)
Net Cash from Financing Activities		23,055,918	15,659,348
Net increase/(decrease) in cash and cash equivalents		11,447,962	7,713,398
Cash and cash equivalents at the beginning of the financial year		7,814,764	34,213
Effects of exchange rate changes on cash and cash equivalents		(10,520)	67,153
Cash and Cash Equivalents at the End of the Financial Year	6	19,252,206	7,814,764

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

Note 1. Significant Accounting Policies

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

(a) New or Amended Accounting Standards and Interpretations Adopted

The 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.

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(c) Going Concern

The Consolidated Group incurred a net loss after tax of \$5,306,345 (2020: \$3,717,752). The Consolidated Group's net cash used in operations was \$3,571,769 during year ended 31 December 2021 (2020: \$4,715,956); its net cash used in investing activities was \$8,036,187 (2020: \$3,229,994).

The Company has a cash balance of \$19,252,206 at 31 December 2021 (2020: \$7,814,764). The Group is in the process of an extensive exploration program in Colombia and the Directors intend to raise further capital to provide additional funds.

If additional capital is not obtained, then the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(d) Basis of Preparation

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

Historical Cost Convention

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

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 29.

(e) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Los Cerros Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Los Cerros Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity', 'Consolidated Group' or the 'Group'.

Note 1. Significant Accounting Policies (Cont.)

(d) Principles of Consolidation (Cont.)

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.

(f) Operating Segments

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

(g) Foreign Currency Translation

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

Foreign Currency Transactions

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

Foreign Operations

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

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

(h) Revenue Recognition

The 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.

(i) Income Tax

Note 1. Significant Accounting Policies (Cont.)

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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

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

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

(j) Current and Non-Current Classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the 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.

(k) 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.

(l) Trade and Other Receivables

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

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

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

Note 1. Significant Accounting Policies (Cont.)

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

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

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

(n) Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the 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.

(o) 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.

(p) Exploration and Evaluation Assets

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

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

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

Note 1. Significant Accounting Policies (Cont.)

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

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

(q) Impairment of Non-Financial Assets

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

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

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

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

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the 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.

(s) Borrowings

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

(t) Finance Costs

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

(u) Employee Benefits

Short-Term Employee Benefits

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

Note 1. Significant Accounting Policies (Cont.)

(u) Employee Benefits (Cont.)

Share-Based Payments (Cont.)

Share-Based Payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the American Trinomial Tree or American Trinomial Barrier Option 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.

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.

(v) Fair Value Measurement

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

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

(w) Issued Capital

Ordinary shares are classified as equity.

Note 1. Significant Accounting Policies (Cont.)

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

(x) Business Combinations

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

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

On the acquisition of a business, the 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.

(y) Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

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

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

Note 1. Significant Accounting Policies (Cont.)

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

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

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

Note 2. Critical Accounting Judgements, Estimates and Assumptions

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

(a) Share-Based Payment Transactions

The 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 American Trinomial Tree or American Trinomial Barrier Option method taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(b) Fair Value Measurement Hierarchy

The 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.

(c) 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.

(d) Exploration and Evaluation Costs

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. 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

(a) Identification of Reportable Operating Segments

Note 3. Operating Segments (Cont.)

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

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

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

(b) Accounting Policies Adopted

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

(c) Intersegment Transactions

There are no intersegment transactions.

(d) Segment Assets

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

(e) Segment Liabilities

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

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

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

(f) Operating Segment Information

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

Liabilities

Los Cerros Limited
Notes to the Consolidated Financial Statements (Cont.)
31 December 2021



Note 3. Operating Segments (Cont.)

Segment liabilities	314,430	492,051	806,481
Total Liabilities			806,481

	Mineral Exploration \$	Non-Core Reconciling Items \$	Total \$
Consolidated – 2020			
EBITDA	(2,170,690)	(2,191,811)	(4,362,501)
Foreign exchange gains recognised on disposal of subsidiaries	-	528,105	528,105
Depreciation and amortisation	(10,969)	(8,194)	(19,163)
Reversal of historical impairment of exploration expenditure	197,443	-	197,443
Interest revenue	78	153	231
Finance costs	-	(61,867)	(61,867)
Loss Before Income Tax Expense	(1,984,138)	(1,733,614)	(3,717,752)
Income tax expense			-
Loss After Income Tax Expense			(3,717,752)
Assets			
Segment assets	20,364,544	7,671,363	28,035,907
Total Assets			28,035,907
Liabilities			
Segment liabilities	129,591	559,986	689,577
Total Liabilities			689,577

Note 3. Operating Segments (Cont.)

(g) Geographical Information

	Geographical Non-Current Assets	
	2021	2020
	\$	\$
Australia	29,907	2,333
Colombia	26,222,790	19,984,352
	<u>26,252,697</u>	<u>19,986,685</u>

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

Note 4. Other Expenses

	Consolidated	
	2021	2020
	\$	\$
Other expenses include the following specific expenses:		
Other Expenses		
Foreign exchange loss	122,780	382,387
Corporate expenses	1,161,354	1,137,012
Settlement of legal claims (a)	-	401,531
Administration expenses	588,118	556,743
Total Other Expenses	<u>1,872,253</u>	<u>2,477,673</u>

(a) On 26 February 2020, Mr Simon Brown, a former director of one of the Company's subsidiaries, Andes Resources Pty Ltd (previously Andes Resources Ltd), commenced civil proceedings in the District Court of Western Australia for redundancy and unpaid annual leave. Mr Brown's claims were fully settled on 21 August 2020 under the terms and conditions of the deed of settlement, via a cash payment of \$202,684 and the issue of 3,000,000 unquoted options to Mr Brown. The unquoted options have an exercise price of \$0.07 per option and expire on 1 July 2025 and were valued at \$198,847.

The input used in the measurement of the fair value at grant date of the unquoted options rights were as follows:

Issue date share price	\$0.087
Expected volatility	100%
Rights life	4.88 years
Grant date fair value	\$0.0663

Since the grant of the unquoted options in 2020, Mr Brown has exercised 2,400,000 of the options during the current year (2020: nil), with the remaining 600,000 exercisable at 31 December 2021. Since year-end Mr Brown has exercised a further 450,000 options.

Los Cerros Limited
Notes to the Consolidated Financial Statements (Cont.)
31 December 2021



Note 5. Income Tax

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(5,306,345)	(3,717,752)
Tax at the statutory tax rate of 30% (2020: 30%)	(1,591,904)	(1,115,326)
Add/(Less):		
Non-deductible expenses/(income)	1,086,019	542,314
Temporary differences and tax loss not brought to account as a deferred tax asset	520,959	585,864
International tax rate differential	(15,074)	(12,852)
Income tax expense	-	-
Unused tax losses for which no deferred tax asset has been recognised	44,127,141	43,451,168

Note 6. Current Assets – Cash and Cash Equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank	11,251,358	7,814,764
Short-term deposits	8,000,848	-
	19,252,206	7,814,764

Note 7. Receivables

	Consolidated	
	2021	2020
	\$	\$
Current Assets		
Other receivables	49,028	64,610
Non-Current Assets		
VAT receivables (a)	1,651,404	691,257
Provision for impairment of VAT receivables	(1,651,404)	(691,257)
	-	-

(a) Relates to VAT incurred by Miraflores Compania Minera SAS relating to Quinchía Gold Project in Colombia.

Note 8. Current Assets – Prepayments

	Consolidated	
	2021	2020
	\$	\$
Prepayments	84,706	169,848

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

	Consolidated	
	2021	2020
	\$	\$
Land – at cost	481,169	538,994
Plant and equipment – at cost	1,181,504	1,107,217
Less: Accumulated depreciation	(553,374)	(513,185)
	<u>628,130</u>	<u>594,032</u>
	<u>1,109,299</u>	<u>1,133,026</u>

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	Total
	\$	Equipment	\$
	\$	\$	\$
Balance at 1 January 2020	616,734	64,060	680,794
Additions	-	599,363	599,363
Other disposals	-	(11,288)	(11,288)
Depreciation expense	-	(19,163)	(19,163)
Depreciation capitalised to exploration and evaluation	-	(11,003)	(11,003)
Exchange differences	(77,740)	(27,937)	(105,677)
Balance at 31 December 2020	538,994	594,032	1,133,026
Additions	-	290,947	290,947
Disposals	-	(148,208)	(148,208)
Depreciation expense	-	(8,451)	(8,451)
Depreciation capitalised to exploration and evaluation	-	(36,943)	(36,943)
Exchange differences	(57,825)	(63,247)	(121,072)
Balance at 31 December 2021	<u>481,169</u>	<u>628,130</u>	<u>1,109,299</u>

Note 10. Non-Current Assets – Exploration and Evaluation

	Consolidated	
	2021	2020
	\$	\$
Exploration and evaluation	<u>25,143,398</u>	<u>18,853,659</u>

Reconciliations

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

Consolidated	Exploration and Evaluation Expenditure
	\$
Balance at 1 January 2020	17,849,587
Additions	2,594,238
Reversal of historical impairment of exploration and evaluation expenditure	197,443
Disposal through sale of subsidiaries	(186,481)
Exchange differences	<u>(1,601,128)</u>
Balance at 31 December 2020	18,853,659
Additions	8,015,319
Exchange differences	<u>(1,725,580)</u>
Balance at 31 December 2021	<u>25,143,398</u>

Exploration and evaluation capitalised at 31 December 2021 represents the Miraflores Prospect within the Quinchía Gold Project (including the Chuscal Prospect which was fully acquired from AngloGold Ashanti Colombia SA during the previous year); and tenements held by Andes Resources Pty Ltd (previously Andes Resources Ltd) which are located in the Antioquia, Risaralda and Choco, Departments (States) of Colombia.

Capitalised costs amounting to \$7,789,825 for the year ended 31 December 2021 (2020: \$1,975,251) have been included in cash flows from investing activities.

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. No impairment indicators were identified during the current and previous financial years.

Note 11. Current Liabilities – Trade and Other Payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	100,543	74,609
Other payables	<u>478,990</u>	<u>417,871</u>
	<u>579,533</u>	<u>492,480</u>

Note 12. Current Liabilities – Borrowings

		Consolidated	
	Note	2021	2020
		\$	\$
Loans from related parties	24	<u>-</u>	<u>50,000</u>

Note 13. Current Liabilities – Provisions

	Consolidated	
	2021	2020
	\$	\$
Annual leave	210,886	147,097

Note 14. Non-Current Liabilities – Provisions

	Consolidated	
	2021	2020
	\$	\$
Long service leave	16,062	-

Note 15. Equity – Issued Capital

		2021		Consolidated		2020
	Notes	Number of Ordinary Shares	\$		Number of Ordinary Shares	\$
On issue at 1 January – fully paid		468,779,522	367,424,798		167,760,161	350,163,191
Issue of share capital during the year:						
Shares issued for cash	(1), (3)	126,448,369	20,220,000		242,735,128	15,947,270
Shares issued for non-cash	(2), (4)	2,163,731	353,697		30,020,049	1,647,690
Exercise of listed options (exercisable at \$0.16 each)		14,349,733	2,295,958		62,550	10,008
Exercise of listed options (exercisable at \$0.44 each)		-	-		41	18
Exercise of unlisted options (exercisable at \$0.02 each)		1,162,500	23,250		24,637,500	492,750
Exercise of unlisted options (exercisable at \$0.07 each)		2,400,000	168,000		-	-
Exercise of unlisted options (exercisable at \$0.10 each)		17,312,500	1,731,250		1,125,000	112,500
Shares issued to related parties upon the exercise of vested performance rights		4,100,000	-		-	-
Shares issued to directors in lieu of unpaid salary		-	-		2,439,093	186,384
Less: Costs of capital raising		-	(1,261,332)		-	(1,135,013)
Balance at 31 December – fully paid		<u>636,716,355</u>	<u>390,955,621</u>		<u>468,779,522</u>	<u>367,424,798</u>

Note 15. Equity – Issued Capital (Cont.)

Notes to the Movements in Ordinary Share Capital During the Current Financial Year

(1) The Company undertook the following capital raising during the current financial year:

- 260,869 shares were issued at \$0.115 each to Mr Ross Ashton on 8 June 2021, following shareholder approval on 26 May 2021;
- A private share placement was made with professional and sophisticated investors in 2 tranches, the first on 26 July 2021 (119,612,500 shares at \$0.16 each) and the second on 8 September 2021 (6,575,000 shares at \$0.16 each), raising \$20,190,000 to advance the Quinchía and Andes Gold Projects in Colombia.

(2) During the current financial year, the Company issued the following shares in consideration for services rendered:

- On 29 March 2021, 167,517 shares were issued and allotted to Dr Minlu Fu at a price of \$0.1119 per share under the terms and conditions of a basic services agreement in consideration for the provision of consultancy services;
- On 30 June 2021, 34,068 shares were issued to Andover Holdings (WA) Pty Ltd at a price of \$0.1453 per share in lieu of services provided; and
- On 12 August 2021 and 7 September 2021, 721,311 shares and 1,240,835 shares (respectively) were issued and allotted to S3 Consortium Pty Ltd at a price of \$0.1525 per share and \$0.1773 per share (respectively) under the terms and conditions of a basic services agreement in consideration for the provision of consultancy services.

Notes to the Movements in Ordinary Share Capital During the Previous Financial Year

(3) The Company issued the following shares for cash during the previous financial year:

- On 9 January 2020, 224,161 shares were issued at \$0.08 per share to Sandfire Resources NL under the terms and conditions of the Sandfire Collaboration Agreement;
- A share placement was made with sophisticated investors in 2 tranches to raise capital to advance the Quinchía Gold Project. Tranche 1 (24,939,860 shares at \$0.04 each) was issued in February 2020 and Tranche 2 (28,185,140 shares at \$0.04 each) was issued on 6 April 2020, 18 May 2020 and 5 June 2020. During this period, the Company also undertook a Share Purchase Plan to allow existing eligible shareholders to participate in the equity raising on the same terms as placement investors. The Share Purchase Plan shares (8,800,000 shares) were issued on 5 March 2020 at \$0.04 each; and
- Share placements were also made on:
 - 21 July 2020 – 49,500,000 shares were issued at \$0.04 each, raising \$1,980,000;
 - 30 July 2020 – 11,140,778 shares were issued at \$0.0525 each, raising \$584,891;
 - 3 September 2020 – 38,000,000 shares were issued at \$0.04 each, raising \$1,520,000;
 - 10 September 2020 – 750,000 shares were issued at \$0.04 each, raising \$30,000; and
 - 22 September 2020 – 81,195,189 shares were issued at \$0.1150 each, raising \$9,337,446.

(4) During the previous financial year, the Company issued the following shares in consideration for services rendered:

- On 6 April 2020, 12,505,891 shares were issued and allotted to various consultants and creditors of the Company at a price of \$0.04 per share to settle amounts payable for services rendered previously;
- On 11 September 2020, 1,300,000 shares were issued and allotted to S3 Consortium Pty Ltd at a price of \$0.0769 per share under the terms and conditions of a basic services agreement in consideration for the provision of consultancy services;
- On 22 September 2020, 5,737,561 shares were issued and allotted to Hartleys Limited at a price of \$0.115 each in consideration for placement and brokerage fees related to the share placements made by the Company in September 2020;
- On 9 October 2020, 10,476,597 shares were issued and allotted to AngloGold Ashanti Colombia SA pursuant to the terms of the agreement with AngloGold Ashanti Colombia SA in consideration for their interests' in the Chuscal joint venture, as approved by shareholders at the General Meeting held on 23 June 2020. The shares were issued and allotted at a deemed value of \$0.037 per share.

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.

Note 15. Equity – Issued Capital (Cont.)

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 2020 Annual Report.

Note 16. Equity – Options and Performance Rights

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

(a) Options

Listed Options (ASX: LCLOB) Outstanding as at 31 December 2021 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2021
18/12/2019	16/08/2021	\$0.1600	50,144,425	-	(14,349,733)	(35,794,692)	-
6/04/2020	16/08/2021	\$0.1600	2,925,000	-	-	(2,925,000)	-
			<u>53,069,425</u>	<u>-</u>	<u>(14,349,733)</u>	<u>(38,719,692)</u>	<u>-</u>

(a) Options (Cont.)

Unlisted Options Outstanding as at 31 December 2021 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2021
19/08/2019	1/07/2023	\$0.3200	5,546,875	-	-	-	5,546,875
19/08/2019	31/08/2023	\$0.3200	656,250	-	-	-	656,250
19/08/2019	15/11/2023	\$0.3200	46,875	-	-	-	46,875
19/08/2019	16/08/2021	\$0.2400	1,250,000	-	-	(1,250,000)	-
6/04/2020	6/04/2022	\$0.1000	29,837,500	-	(17,312,500)	-	12,525,000
15/05/2020	18/05/2022	\$0.0200	5,850,000	-	(1,162,500)	-	4,687,500
13/08/2020	1/07/2025	\$0.0700	3,000,000	-	(2,400,000)	-	600,000
23/06/2020	9/10/2021	\$0.1600	15,430,648	-	-	(15,430,648)	-

Note 16. Equity – Options and Performance Rights (Cont.)

61,618,148	-	(20,875,000)	(16,680,648)	24,062,500
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All outstanding unlisted options above were exercisable at 31 December 2021.

Subsequent to 31 December 2021, to the date of this report, a total of 1,375,000 options, exercisable at 2 cents per option, 450,000 options, exercisable at 7 cents per option, and 125,000 options, exercisable at 10 cents were exercised, raising a total of \$71,500 after year-end.

(b) Performance Rights and Options

Performance Rights and Options Outstanding as at 31 December 2021 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2021	Note
15/05/2019	31/12/2021	-	250,000	-	-	(250,000)	-	(1)
20/12/2019	30/09/2024	\$0.1350	4,000,000	-	-	-	4,000,000*	(2)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000*	(3)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000*	(4)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000	(5)
23/10/2020	31/01/2025	-	3,100,000	-	(3,100,000)	-	-	(6)
23/10/2020	31/01/2025	-	5,430,000	-	-	-	5,430,000	(7)
23/10/2020	31/01/2025	-	5,430,000	-	-	-	5,430,000	(8)
4/06/2021	31/01/2025	-	-	1,000,000	(1,000,000)	-	-	(9)
4/06/2021	31/01/2025	-	-	2,000,000	-	(2,000,000)	-	(10)
11/06/2021	31/01/2025	-	-	325,000	-	-	325,000	(11)
11/06/2021	31/01/2025	-	-	820,000	-	-	820,000	(12)
11/06/2021	31/01/2025	-	-	820,000	-	-	820,000	(13)
22/10/2021	31/01/2025	-	-	770,000	-	-	770,000	(14)
22/10/2021	31/01/2025	-	-	770,000	-	-	770,000	(15)
			<u>24,210,000</u>	<u>6,505,000</u>	<u>(4,100,000)</u>	<u>(2,250,000)</u>	<u>24,365,000</u>	

* Vested and exercisable at year-end.

(b) Performance Rights and Options (Cont.)

Performance rights and options outstanding as at 31 December 2021 are subject to the following vesting conditions:

- (1) Tranche 3 vesting on delivery of a resource of at least 1 million ounces resource at Chuscal before 31 December 2021. These performance rights lapsed during the current financial year.
- (2) Director Options were issued to Ross Ashton and Kevin Wilson (2 million each) during year ending 31 December 2019, with an exercise price of \$0.135, and expiring on 30 September 2024. These options were issued in lieu of the recipients being paid directors fees for the 24 months from the date of issue. These options fully vested during the year and are exercisable at 31 December 2021.
- (3) Tranche 1 of Director Options issued to Jason Stirbinskis, vesting after 12 months of service at an exercise price of \$0.135 and expiring on 30 September 2024. These options fully vested during the previous financial year and are exercisable at 31 December 2021.
- (4) Tranche 2 of Director Options issued to Jason Stirbinskis, vesting after 24 months of service, at an exercise price of \$0.135 and expiring on 30 September 2024. These options fully vested during the current financial year and are exercisable at 31 December 2021.
- (5) Tranche 3 of Director Options issued to Jason Stirbinskis, vesting upon the discovery of 0.5Moz gold resource at more than 1.75g/t or 1Moz gold resource at more than 0.9g/t, at an exercise price of \$0.135, and expiring on 30 September 2024. These options vested and became exercisable on 22 March 2022.

Note 16. Equity – Options and Performance Rights (Cont.)

- (6) Tranche 1 of Performance Rights issued to Directors, vesting upon the achievement of the greater of the two following milestones:
- (a) the Company achieving a 20-day volume weighted average price (VWAP) of not less than \$0.15 on or before 31 December 2024; or
 - (b) the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).

On 21 January 2021 the Performance Rights vested when the Company's share price reached \$0.205. All of the Performance Rights were exercised by the Directors and converted into fully paid ordinary shares during the current financial year.

- (7) Tranche 2 of Performance Rights issued to Directors, vesting upon the achievement of the greater of the two following milestones:
- (a) the Company achieving a 20-day VWAP of not less than \$0.20 on or before 31 December 2024; or
 - (b) the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- (8) Tranche 3 of Performance Rights issued to Directors, vesting upon the achievement of the greater of the two following milestones:
- (a) the Company achieving a 20-day VWAP of not less than \$0.25 on or before 31 December 2024; or
 - (b) the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e., 105% of \$0.185, being a vesting hurdle of \$0.19425).

- (9) Tranche 1 of Performance Rights issued to the previous CFO and Joint Company Secretary, Mr Blair Snowball, vesting upon the achievement of strategic projects and continuing employment to 13 September 2021.

In September 2021, the Performance Rights vested upon Mr Snowball's achievement of strategic projects and continuing employment to 13 September 2021. The Performance Rights were exercised by Mr Snowball and converted into fully paid ordinary shares during the current financial year.

(b) Performance Rights and Options (Cont.)

- (10) Tranche 2 of Performance Rights issued to the previous CFO and Joint Company Secretary, Mr Blair Snowball, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024 and continuing employment to 11 April 2022.

In November 2021, the Performance Rights were forfeited upon Mr Snowball's resignation and end of service as CFO and Joint Company Secretary.

- (11) Tranche 1 of Performance Rights issued to the Group's Colombian employees, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- (12) Tranche 2 of Performance Rights issued to the Group's Colombian employees, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.
- (13) Tranche 3 of Performance Rights issued to the Group's Colombian employees, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.30 on or before 31 December 2024.
- (14) Tranche 1 of Performance Rights issued to the CFO and Company Secretary, Michael Allen, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- (15) Tranche 2 of Performance Rights issued to the CFO and Company Secretary, Michael Allen, vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.

Note 17. Equity – Share-Based Payment Expenses

		Consolidated	
		2021	2020
	Note	\$	\$
Director options issued under Company's Employee Long Term Incentive Plan	(b)	149,009	263,979
Performance rights issued under Company's Employee Long Term Incentive Plan – directors	(c)	870,784	98,539
Performance rights issued under Company's Employee Long Term Incentive Plan – employees	(c)	139,933	-
		<u>1,159,726</u>	<u>362,518</u>

(a) Long Term Incentive Plan

Performance rights and performance options issued to related parties under the Company's Long-Term Incentive Plan was approved at AGM held on 28 May 2018. During the previous financial year the shareholders approved a new Performance Rights and Options Plan at the 23 October 2020 General Meeting. The Performance Rights and Options Plan was slightly amended at the 31 August 2021 General Meeting to update the definition of 'change of control'.

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

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

(b) Director Performance Options

Recipient	Grant Date	Performance Options Issued No.	Value of Performance Options \$	Share-Based Payment Value 2021 \$	Share-Based Payment Value 2020 \$
Ross Ashton (i)	20/12/2019	2,000,000	94,000	46,408	47,000
Kevin Wilson (i)	20/12/2019	2,000,000	94,000	46,408	47,000
Jason Stirbinskis (ii)	20/12/2019	6,000,000	282,000	56,193	169,979
		<u>10,000,000</u>	<u>470,000</u>	<u>149,009</u>	<u>263,979</u>

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

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

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

(ii) Director Performance Options Issued to Jason Stirbinskis

These options were granted to Jason Stirbinskis in three tranches with the following performance conditions:

- Tranche 1: 2,000,000 performance options vesting upon the 12-month anniversary of Mr Stirbinskis's appointment;
- Tranche 2: 2,000,000 performance options vesting upon 24 months of Mr Stirbinskis's appointment; and
- Tranche 3: 2,000,000 performance options vesting upon the announcement of an additional inferred mineral resource of at least 0.5Moz gold equivalent @ > 1.75g/t, or at least 1Moz gold equivalent @ > 0.9g/t.

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

The Directors have assessed that the conditions for the Tranche 3 performance options are more than probable to be achieved by the expiry date of 30 September 2024 and therefore the total value of the performance options incorporates all performance options granted. Tranche 3 performance options vested on 22 March 2022 with the release of the Tesorito maiden Inferred Mineral Resource Estimate of 1Moz @ 0.94g/t Au.

Note 17. Equity – Share-Based Payment Expenses (Cont.)

(c) Performance Rights

Recipient	Grant Date	Performance Rights Issued No.	Value of Performance Rights \$	Performance Rights on Hand 2021 No.	Performance Rights on Hand 2020 No.	Share-Based Payment Value 2021 \$	Share-Based Payment Value 2020 \$
Nicholas Winer (i)	21/03/2019	750,000	17,500	-	250,000	-	-
Ross Ashton (ii)	23/10/2020	2,980,000	469,372	2,320,000	2,980,000	185,681	21,035
Kevin Wilson (iii)	23/10/2020	1,980,000	311,868	1,540,000	1,980,000	123,543	13,976
Jason Stirbinskis (iv)	23/10/2020	9,000,000	1,417,584	7,000,000	9,000,000	561,560	63,528
Blair Snowball (v)	4/06/2021	3,000,000	286,560	-	-	102,000	-
Colombian employees (vi)	11/06/2021	1,965,000	205,418	1,965,000	-	32,236	-
Michael Allen (vii)	22/10/2021	1,540,000	108,062	1,540,000	-	5,697	-
				<u>14,365,000</u>	<u>14,210,000</u>	<u>1,010,717</u>	<u>98,539</u>

(c) Performance Rights (Cont.)

(i) Performance Rights Issued to Nicholas Winer

These performance rights expired during the year.

(ii) Performance Rights Issued to Ross Ashton

The following performance conditions are applicable to the performance rights granted to Mr Ashton on 23 October 2020:

- Tranche 1 – 660,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day volume weighted average price (VWAP) of not less than \$0.15 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 2 – 1,160,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.20 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 3 – 1,160,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.25 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).

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

	Tranche 1 23 October 2020 31 December 2024	Tranche 2 23 October 2020 31 December 2024	Tranche 2 23 October 2020 31 December 2024
Grant date			
Vesting period ends	31 December 2024	31 December 2024	31 December 2024
Share price at grant date	\$0.185	\$0.185	\$0.185
Expected volatility	100%	100%	100%
Rights life	4.27 years	4.27 years	4.27 years
Risk-free borrowing rate	0.29%	0.29%	0.29%
Provision for employee exit	16%	16%	16%
Fair value per performance right at grant date	\$0.1596	\$0.1578	\$0.1560
Total value of performance rights	\$105,336	\$183,090	\$180,946

Note 17. Equity – Share-Based Payment Expenses (Cont.)

On 21 January 2021, the 660,000 Tranche 1 performance rights vested when the Company's share price reached \$0.205. Mr Ashton exercised these performance rights, converting them into fully paid ordinary shares on 15 February 2021.

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

(c) Performance Rights (Cont.)

(iii) Performance Rights Issued to Kevin Wilson

The following performance conditions are applicable to the performance rights granted to Mr Wilson on 23 October 2020:

- Tranche 1 – 440,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.15 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 2 – 770,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.20 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 3 – 770,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.25 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).

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

	Tranche 1	Tranche 2	Tranche 2
Grant date	23 October 2020	23 October 2020	23 October 2020
Vesting period ends	31 December 2024	31 December 2024	31 December 2024
Share price at grant date	\$0.185	\$0.185	\$0.185
Expected volatility	100%	100%	100%
Rights life	4.27 years	4.27 years	4.27 years
Risk-free borrowing rate	0.29%	0.29%	0.29%
Provision for employee exit	16%	16%	16%
Fair value per performance right at grant date	\$0.1596	\$0.1578	\$0.1560
Total value of performance rights	\$70,224	\$121,534	\$120,111

On 21 January 2021, the 440,000 Tranche 1 performance rights vested when the Company's share price reached \$0.205. Mr Wilson exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

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

Note 17. Equity – Share-Based Payment Expenses (Cont.)

(c) Performance Rights (Cont.)

(iv) Performance Rights Issued to Jason Stirbinskis

The following performance conditions are applicable to the performance rights granted to Mr Stirbinskis on 23 October 2020:

- Tranche 1 – 2,000,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.15 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 2 – 3,500,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.20 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).
- Tranche 3 – 3,500,000 performance rights vesting upon the achievement of the greater of the two following milestones:
 - the Company achieving a 20-day VWAP of not less than \$0.25 on or before 31 December 2024; or
 - the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).

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

	Tranche 1	Tranche 2	Tranche 2
Grant date	23 October 2020	23 October 2020	23 October 2020
Vesting period ends	31 December 2024	31 December 2024	31 December 2024
Share price at grant date	\$0.185	\$0.185	\$0.185
Expected volatility	100%	100%	100%
Rights life	4.27 years	4.27 years	4.27 years
Risk-free borrowing rate	0.29%	0.29%	0.29%
Provision for employee exit	16%	16%	16%
Fair value per performance right at grant date	\$0.1596	\$0.1578	\$0.1560
Total value of performance rights	\$319,200	\$552,426	\$545,958

On 21 January 2021, the 2,000,000 Tranche 1 performance rights vested when the Company's share price reached \$0.205. Mr Stirbinskis exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

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

Note 17. Equity – Share-Based Payment Expenses (Cont.)

(c) Performance Rights (Cont.)

(v) Performance Rights Issued to Blair Snowball

The following performance conditions were applicable to the performance rights granted to Mr Snowball on 4 June 2021:

- Tranche 1: 1,000,000 performance rights vesting upon the achievement of strategic projects and continuing employment to 13 September 2021.
- Tranche 2: 2,000,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024 and continuing employment to 11 April 2022.

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

	Tranche 1	Tranche 2
Grant date	4 June 2021	4 June 2021
Vesting period ends	13 September 2021	31 December 2024
Share price at grant date	\$0.17	\$0.17
Expected volatility	100%	100%
Rights life	3.66 years	3.66 years
Risk-free borrowing rate	0.11%	0.11%
Provision for employee exit	40%	40%
Fair value per performance right at grant date	\$0.1020	\$0.0923
Total value of performance rights	\$102,000	\$184,560

On 13 September 2021, the 1,000,000 Tranche 1 performance rights vested upon Mr Snowball's achievement of strategic projects and continuing employment to 13 September 2021. Mr Snowball exercised these performance rights, converting them into fully paid ordinary shares on 23 September 2021.

The 2,000,000 Tranche 2 performance rights were forfeited in November 2021 upon Mr Snowball's resignation and end of service as CFO and Joint Company Secretary. The performance rights were thereafter cancelled on 31 December 2021. As such, the total value of the share-based payment expense incorporated for Mr Snowball's performance rights only includes the value of the Tranche 1 performance rights which were converted into shares.

(vi) Performance Rights Issued to Colombian Employees

The following performance conditions are applicable to the performance rights granted to the Group's Colombian employees on 11 June 2021:

- Tranche 1: 325,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- Tranche 2: 820,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.
- Tranche 3: 820,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.30 on or before 31 December 2024.

(c) Performance Rights (Cont.)

(vi) Performance Rights Issued to Colombian Employees (Cont.)

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

	Tranche 1	Tranche 2	Tranche 3
Grant date	11 June 2021	11 June 2021	11 June 2021
Vesting period ends	31 December 2024	31 December 2024	31 December 2024
Share price at grant date	\$0.1750	\$0.1750	\$0.1750
Expected volatility	100%	100%	100%
Rights life	3.64 years	3.64 years	3.64 years
Risk-free borrowing rate	0.08%	0.08%	0.08%
Provision for employee exit	34%	34%	34%
Fair value per performance right at grant date	\$0.1092	\$0.1055	\$0.1018
Total value of performance rights	\$35,486	\$86,489	\$83,443

Note 17. Equity – Share-Based Payment Expenses (Cont.)

None of the performance rights milestones were achieved during the year, and as such none of the performance rights were exercisable at year end. The Directors have assessed that the conditions for these performance rights are more than probable to be achieved by the expiry date of 31 December 2024 and therefore the total value of the performance rights incorporates all performance rights granted.

(vii) Performance Rights Issued to Michael Allen

The following performance conditions are applicable to the performance rights granted to Mr Allen on 22 October 2021:

- Tranche 1: 770,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- Tranche 2: 770,000 performance rights vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.

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

	Tranche 1	Tranche 2
Grant date	22 October 2021	22 October 2021
Vesting period ends	31 December 2024	31 December 2024
Share price at grant date	\$0.1350	\$0.1350
Expected volatility	100%	100%
Rights life	3.28 years	3.28 years
Risk-free borrowing rate	0.65%	0.65%
Provision for employee exit	40%	40%
Fair value per performance right at grant date	\$0.0718	\$0.0685
Total value of performance rights	\$55,301	\$52,760

None of the performance rights milestones were achieved during the year, and as such none of the performance rights were exercisable at year end. The Directors have assessed that the conditions for these performance rights are more than probable to be achieved by the expiry date of 31 December 2024 and therefore the total value of the performance rights incorporates all performance rights granted.

Note 18. Equity – Reserves

	Consolidated	
	2021	2020
	\$	\$
Foreign currency reserve	(2,193,544)	952,988
Share-based payments reserve	1,116,837	2,093,637
	(1,076,707)	3,046,625

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

Note 19. Financial Risk Management

(a) 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.

Note 19. Financial Risk Management (Cont.)

(a) Financial Risk Management Objectives (Cont.)

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.

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

	Consolidated	
	2021	2020
	\$	\$
Cash and Receivables		
Cash and cash equivalents	19,252,206	7,814,764
Trade and other receivables	49,028	64,610
Total Cash and Receivables	<u>19,301,234</u>	<u>7,879,374</u>
Financial Liabilities (at Amortised Cost)		
Trade and other payables	579,533	492,480
Borrowings	-	50,000
Total Financial Liabilities	<u>579,533</u>	<u>542,480</u>

(b) 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.

Note 19. Financial Risk Management (Cont.)

(b) Market Risk (Cont.)

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	
	2021	2020
	\$	\$
Cash assets held in Australian dollars and subject to floating interest rate	10,778,669	7,003,009
Cash assets held in Australian dollars and subject to fixed interest rate	8,000,849	-
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	166,327	578,321
Australian currency equivalent of cash assets held in other currencies and subject to floating interest rate	306,361	233,434
Total Cash Assets	19,252,206	7,814,764

Sensitivity Analyses

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

Interest Rate Sensitivity Analysis

At 31 December 2021 and at 31 December 2020, 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	
	2021	2020
	\$	\$
Change in Profit		
Increase in interest rate by 2%	225,027	156,295
Decrease in interest rate by 2%	(225,027)	(156,295)
Change in Equity		
Increase in interest rate by 2%	225,027	156,295
Decrease in interest rate by 2%	(225,027)	(156,295)

Note 19. Financial Risk Management (Cont.)

(b) Market Risk (Cont.)

Sensitivity Analyses (Cont.)

Foreign Currency Risk Sensitivity Analysis

At 31 December 2021 and at 31 December 2020, 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	
	2021	2020
	\$	\$
Change in Profit		
Improvement in AUD to USD by 5%	(8,316)	(28,916)
Decline in AUD to USD by 5%	8,316	28,916
Change in Equity		
Improvement in AUD to USD by 5%	(8,316)	(28,916)
Decline in AUD to USD by 5%	8,316	28,916
Change in Profit		
Improvement in AUD to COP by 5%	(15,318)	(11,671)
Decline in AUD to COP by 5%	15,318	11,671
Change in Equity		
Improvement in AUD to COP by 5%	(15,318)	(11,671)
Decline in AUD to COP by 5%	15,318	11,671

(c) 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.

(d) 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

Note 19. Financial Risk Management (Cont.)

(d) Liquidity Risk (Cont.)

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

	Consolidated			
	Within 1 Year \$	1 to 5 Years \$	Over 5 Years \$	Total \$
31 December 2020				
Cash and cash equivalents	7,814,764	-	-	7,814,764
Other receivables	64,610	-	-	64,610
Trade and other payables	(492,480)	-	-	(492,480)
Borrowings	(50,000)	-	-	(50,000)
Net inflow on financial instruments	7,336,894	-	-	7,336,894

(e) Fair Value of Financial Instruments

Fair Value Estimation

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

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

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

Consolidated	2021		2020	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Assets				
Cash and cash equivalents	19,252,206	19,252,206	7,814,764	7,814,764
Trade receivables	49,028	49,028	64,610	64,610
	19,301,234	19,301,234	7,879,374	7,879,374
Liabilities				
Trade payables	100,543	100,543	74,609	74,609
Other payables	478,990	478,990	417,871	417,871
Borrowings	-	-	50,000	50,000
Deferred consideration	-	-	-	-
	579,533	579,533	542,480	542,480

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

Note 19. Financial Risk Management (Cont.)

(e) Fair Value of Financial Instruments (Cont.)

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 20. 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	
	2021	2020
	\$	\$
Short-term employee benefits	530,267	263,800
Post-employment benefits	82,708	23,750
Share-based payments	1,127,490	362,518
	1,740,465	650,068

Note 21. 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	
	2021	2020
	\$	\$
Audit Services – Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	62,996	65,023

Note 22. 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 unlikely. The Company continues to defend the proceeding.

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

Note 23. Commitments

	Consolidated	
	2021	2020
	\$	\$
Exploration Tenement Licence Commitments (a)		
Committed at the reporting date:		
Within one year	44,167	41,007
Between one and five years	-	-
Total Commitment	44,167	41,007
Less: Future finance charges	-	-
Net Commitment Recognised	44,167	41,007

Note 25. Commitments (cont.)

Lease Commitments – Operating (b)

Committed at the reporting date:

Within one year	41,168	63,494
Between one and five years	-	-
Total Commitment	41,168	63,494
Less: Future finance charges	-	-
Net Commitment Recognised	41,168	63,494

Total Commitments

Committed at the reporting date:

Within one year	85,335	104,501
Between one and five years	-	-
Total Commitment	85,335	104,501
Less: Future finance charges	-	-
Net Commitment Recognised	85,335	104,501

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

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

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

Note 24. Related Party Transactions

Parent Entity

Los Cerros Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 28.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 20 and the remuneration report included in the Directors' report.

Transactions with Related Parties

The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Payment for Other Expenses:</i>		
Interest payable to key management personnel*	1,321	8,819

* Interest of \$1,321 (2020: \$8,819) payable to Kevin Wilson during the year.

Receivable from and Payable to Related Parties

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

Loans to/from Related Parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021	2020
	\$	\$
<i>Current Borrowings:</i>		

Note 24. Related Party Transactions (Cont.)

Loans from key management personnel* - 50,000

The above loan balance to key management personnel relates to unsecured loan amounts previously made by Kevin Wilson to the Company during the years ended 31 December 2019 and 31 December 2020, of which the balance remaining at 31 December 2020 was \$50,000. The remaining balance of \$50,000 plus interest (calculated at a rate of 9.0% per annum) was repaid to Mr Wilson on 31 March 2021, thereby extinguishing the loan.

Terms and Conditions

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

Note 25. Events After the Reporting Period

After year-end and up to the date of this report, the Company issued and allotted a total of 1,950,000 fully paid ordinary shares upon the exercise of 1,950,000 unlisted options, raising a total of \$71,500 after year-end.

No other matter or circumstance has arisen since 31 December 2021 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 26. Reconciliation of Loss after Income Tax to Net Cash Used in Operating Activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(5,306,345)	(3,717,752)
Adjustments for:		
Depreciation and amortisation	8,451	19,163
Foreign exchange loss	122,780	382,387
Other net foreign exchange differences	(100,041)	-
Impairment of non-current receivables	960,147	-
Share-based payment expense	1,159,726	362,518
Equity-settled share-based payment transactions	401,205	1,050,322
Non-cash financing charges on deferred acquisition consideration	-	(15,881)
Reversal of historical impairment of exploration expenditure	-	(197,443)
Foreign exchange gains recognised on disposal of subsidiaries	-	(528,105)
Change in operating assets and liabilities:		
Increase in other receivables	(944,565)	(36,709)
(Increase)/Decrease in prepayments	(8,436)	21,128
Increase/(Decrease) in trade and other payables	55,458	(1,965,073)
Increase/(Decrease) in employee benefits	79,851	(90,511)
Net Cash Used in Operating Activities	<u>(3,571,769)</u>	<u>(4,715,956)</u>

Note 27. Loss per Share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Los Cerros Limited	<u>(5,306,345)</u>	<u>(3,717,752)</u>
	Consolidated	
	2021	2020

Note 27. Loss per Share (Cont.)

	Cents per Share	Cents per Share
Basic loss per share	(1.00)	(1.22)
Diluted loss per share	(1.00)	(1.22)
	Consolidated	
	2021	2020
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	530,899,235	304,494,368
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>530,899,235</u>	<u>304,494,368</u>

Note 28. Interests in Subsidiaries

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

Name	Principal Place of Business / Country of Incorporation	Ownership Interest 2021 %	Ownership Interest 2020 %
Subsidiaries of Los Cerros Limited:			
Hampton Mining Limited	Australia	100%	100%
North Hill Holdings Group Inc.	British Virgin Islands	100%	100%
Andes Resources Ltd	Australia	100%	100%
Wholly owned subsidiaries of North Hill Holdings Group Inc.:			
North Hill Colombia Inc.	British Virgin Islands	100%	100%
Miraflores Hampton Colombia SAS	Colombia	100%	100%
Miraflores Compania Minera SAS	Colombia	100%	100%
Subsidiaries of Andes Resources Ltd:			
Andes Resources Inc.	Canada	100%	100%
Andes Resources E.P. S.A.S.	Colombia	100%	100%
Andes Holdings S.A.S.	Colombia	90%	90%
Ni Maria J S.A.S. (i)	Colombia	77%	77%

- (i) Ni Maria J S.A.S was formed on 31 May 2018 to acquire the San Pablo mining permits. Upon completion of the mining permits acquisition, the Group will hold 100% ownership of the entity.

Note 29. Parent Entity Information

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

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

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(7,474,838)	(1,118,984)
Total Comprehensive Loss	(7,474,838)	(1,118,984)

(b) Statement of Financial Position

	Parent	
	2021	2020
	\$	\$
Total current assets	19,026,328	7,669,030
Total Assets	45,324,209	32,043,819
Total current liabilities	475,990	559,986
Total Liabilities	492,053	559,986
Equity		
Issued capital	390,955,621	367,424,798
Options reserve	1,116,837	2,093,637
Accumulated losses	(347,240,302)	(338,034,602)
Total Equity	44,832,156	31,483,833

(c) Contingent Liabilities and Guarantees

The parent entity had no contingent liabilities or guarantees as at 31 December 2021 and as at 31 December 2020.

Los Cerros Limited
Directors' Declaration
31 December 2021



In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 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

30 March 2022

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 consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group incurred a net loss of \$5,306,345 during the year ended 31 December 2021, and as of that date, the Group's net cash used in operations was \$3,571,769. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Note 10 At 31 December 2021 the carrying value of Exploration Assets was \$25,143,398. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the potential existence of impairment triggers.	Our procedures included, amongst others: • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: ○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; ○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.
Share-Based Payments – Note 17 At 31 December 2021, the Group recorded a total of \$1.1 million of share based payments. The share-based payments included performance rights that were issued to directors and employees that contained both market and non-market based vesting conditions and options issued in prior period which continued to vest. The rights and options require assessment at each reporting date in line with AASB 2 <i>Share-based Payment</i>. The process undertaken by management to assess the value of share-based payments requires a significant element of management judgement. The area is a key audit matter due to the inherent judgement required to value the issued options and rights as well as the material value of the share based payments.	Our procedures included, amongst others: • Agreeing the issue of options and performance rights to applicable share agreements; • Assessing and testing the assumptions applied by management for reasonableness and historical accuracy; • Agreeing key inputs to the relevant terms within the share agreements; • Verifying the mathematical accuracy of the valuation provided by management using the appropriate pricing model; • Utilising auditor expert to assess the reasonableness managements key inputs and value the issued performance rights; • Assessing the accounting treatment in accordance with AASB 2; • Evaluating and challenging management's judgements regarding vesting conditions; and • Assessing the adequacy of the Group's disclosures in respect to share-based payments.

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 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 23 of the Directors' report for the year ended 31 December 2021.

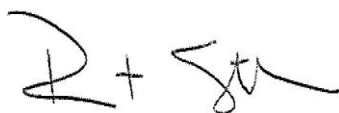
In our opinion, the Remuneration Report of Los Cerros Limited, for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

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 AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 30 March 2022

The shareholder information set out below was applicable as at 21 March 2022.

Distribution of Fully Paid Ordinary Shares

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

	Number of Holders of Ordinary Shares	Percentage of Issued Ordinary Shares
1 to 1,000	201	0.00%
1,001 to 5,000	691	0.41%
5,001 to 10,000	905	1.09%
10,001 to 100,000	2,286	13.39%
100,001 and over	680	85.11%
	4,763	100.00%

There were 360 holdings of less than a marketable parcel.

Unquoted Equity Securities

Class	Number of Unquoted Equity Securities	Number of Holders	Number of Holders Holding 20% or More in the Class
Options exercisable at \$0.10 expiring 06/04/2022	12,400,000	54	0
Options exercisable at \$0.02 expiring 18/05/2022	3,312,500	22	0
Options exercisable at \$0.07 expiring 01/07/2025	150,000	1	1
Class A Options exercisable at \$0.32 expiring 01/07/2023	5,546,875	6	2
Class B Options exercisable at \$0.32 expiring 31/08/2023	656,250	5	1
Class C Options exercisable at \$0.32 expiring 15/11/2023	46,875	1	1
Incentive Options exercisable at \$0.135 expiring 30/09/2024	10,000,000	3	3
Performance Rights expiring 31 January 2025 (Tranche 1)	1,965,000	4	3
Performance Rights expiring 31 January 2025 (Tranche 2)	5,430,000	4	1
Performance Rights expiring 31 January 2025 (Tranche 3)	5,430,000	4	1

All Performance Rights and 4 million of the Incentive Options remain subject to vesting.

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
Lizeng Pty Ltd <Lizeng A/C>	55,167,517	8.64%
J P Morgan Nominees Australia Pty Limited	40,951,110	6.41%
HSBC Custody Nominees (Australia) Limited	36,840,848	5.77%
Mr Phillip Richard Perry	24,700,001	3.87%
Citicorp Nominees Pty Limited	14,591,228	2.28%
Batman Invest Pty Ltd <Batman Invest A/C>	12,740,000	1.99%
AngloGold Ashanti Holdings Plc	10,476,597	1.64%
Mr Ross Ashton	10,194,029	1.60%
Mr Peter Piotr Mackow	7,845,000	1.23%
Mrs Marisa Mackow	7,405,000	1.16%
BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	6,927,919	1.08%
CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	6,057,498	0.95%
Treadstone Service Company Pty Limited <Threadstone IUT #1 A/C>	5,112,580	0.80%
Mrs Jialing Liu	5,029,311	0.79%
Kaos Investments Pty Limited	4,600,000	0.72%
HS Superannuation Pty Ltd <HS Superannuation Fund A/C>	4,400,017	0.69%
Mr Phillip Richard Perry & Mrs Tetyana Perry <Doneska Super Fund A/C>	4,278,270	0.67%
BNP Paribas Nominees Pty Ltd ACF Clearstream	4,225,268	0.66%
HJH Nominees Pty Ltd	4,042,474	0.63%
Whale Watch Holdings Limited	4,000,000	0.63%
Topserv CVBA	4,000,000	0.63%
	273,584,667	42.84%

Substantial Holders

Substantial shareholders as disclosed in the most recent substantial shareholder notices given to the Company are as follows:

Substantial Holders	Shares Held	% of Issued Capital	Unlisted Options Held
Lizeng Pty Ltd	21,250,000	9.11%	Nil
Franklin Resources Inc.	32,250,000	5.05%	Nil

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.

Mineral Tenements held as at 31 December 2021

Quinchia Gold Project, Colombia			
TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)(5)	STAGE
010-87M (4)	MCM	Contribution contract	Exploration
DLK-142	MCM	Concession	Exploration
DLK-14544X	MCM	Concession	Exploration
FCG-08353X	MCM	Concession	Exploration
FCG-08355X	MCM	Concession	Exploration
FCG-08356X	MCM	Concession	Exploration
FCG-08357X	MCM	Concession	Exploration
FCG-08358X	MCM	Concession	Exploration
FKH-145510X	MCM	Concession	Exploration
GC4-15002X (6)	AGA	Concession	Exploration
GC4-15005X (6)	AGA	Concession	Exploration
GC4-150010X (6)	AGA	Concession	Exploration
TDR-11411	MCM	Application	Exploration
GC4-159 (6)	AGA	Application	Exploration
GC4-15001X (6)	AGA	Application	Exploration
GC4-15004X (6)	AGA	Application	Exploration
GC4-15006X (6)	AGA	Application	Exploration
GC4-15007X (6)	AGA	Application	Exploration
GC4-15008X (6)	AGA	Application	Exploration
GC4-15009X (6)	AGA	Application	Exploration
KHL-15421 (6)	AGA	Application	Exploration
OG2-08112	MCM	Application	Exploration
OG2-10591	MCM	Application	Exploration
OG2-8073	MCM	Application	Exploration
502321	MCM	Application	Exploration
502322	MCM	Application	Exploration

- (1) All titles are part of the Quinchia Gold Project, Quinchia, Department of Risaralda, Colombia.
- (2) MCM (Miraflones Compañía Minera SAS) a 100%-owned subsidiary of North Hill Holdings Group Inc., owned as to 100% by Los Cerros.
- (3) Concessions at Exploration Stage have 3 year life extendable for 2 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) AGA (AngloGold Ashanti Colombia SAS). Los Cerros has a 100% beneficial interest in these tenements which are in the process of transfer to MCM.

Andes Gold Project, Colombia			
TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)	STAGE
T5630005	Andes (2.3)	Exploitation License (4)	Exploitation

Mineral Tenements held as at 31 December 2021 (Cont.)

Andes Gold Project, Colombia			
TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)	STAGE
El Columpio			
P8717011	Nicanor Maria Restrepo Restrepo – Minería	Special Permission (5)	Exploitation
San Pablo	Integral de Colombia – MININCOL (2.1)		
HINC-03-5843	Grupo de Bullet (2.2)	Concession (3)	Exploration
KI7-14021	Frontera (2.2)	Concession (3)	Exploration
18821	Puerto de Oro & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
18821X	Puerto de Oro & Claudia Naranjo Ruiz (2.2)	Application (6)	Exploration
19697	Puerto de Oro (2.2)	Application (6)	Exploration
20982	Colombian Development Corporation (2.2)	Application (6)	Exploration
HD6-08152X	Negocios Mineros (2.2)	Application (6)	Exploration
HD6-086	Negocios Mineros (2.2)	Application (6)	Exploration
PKA-08231	Nacional de Minerales y Metales (2.2)	Application (6)	Exploration
HKU-08011	Leo (2.2)	Application (6)	Exploration
JC4-08003X	Acuario (2.2)	Application (6)	Exploration
JC4-08007X	Acuario (2.2)	Application (6)	Exploration
JC4-08008X	Acuario (2.2)	Application (6)	Exploration
JC4-08004X	Acuario (2.2)	Application (6)	Exploration
JC4-08005X	Acuario (2.2)	Application (6)	Exploration
JC4-08009X	Acuario (2.2)	Application (6)	Exploration
JC4-08006X	Acuario (2.2)	Application (6)	Exploration
JCC-16191X	Achagua (2.2)	Application (6)	Exploration
JGS-16391	Cholo (2.2)	Application (6)	Exploration
JGS-16394X	Cholo (2.2)	Application (6)	Exploration
JGS-16393X	Cholo (2.2)	Application (6)	Exploration
JII-08221	El Crucero (2.2)	Application (6)	Exploration
JJR-08052X	El Percal (2.2)	Application (6)	Exploration
KCJ-08041	Eros (2.2)	Application (6)	Exploration
KGD-08051	Esquimal (2.2)	Application (6)	Exploration
KGD-08052X	Esquimal (2.2)	Application (6)	Exploration
KI7-14022X	Sociedad Frontera (2.2)	Application (6)	Exploration
KI7-14023X	Sociedad Frontera (2.2)	Application (6)	Exploration
KI7-14024X	Sociedad Frontera (2.2)	Application (6)	Exploration
LJQ-08007	Grupo de Bullet (2.2)	Application (6)	Exploration
OG2-08124	Negocios Mineros (2.2)	Application (6)	Exploration
OG2-08159	Negocios Mineros (2.2)	Application (6)	Exploration
OG2-09375	Minerales OTU (2.2)	Application (6)	Exploration
PDN-09001	Nacional de Minerales y Metales (2.2)	Application (6)	Exploration
RHA-08102X	Andes (2.3)	Application (6)	Exploration
RI2-08011	Andes (2.3)	Application (6)	Exploration

Mineral Tenements held as at 31 December 2021 (Cont.)

Andes Gold Project, Colombia			
TENEMENT (1)	TITLEHOLDER (2)	TYPE OF CONTRACT (3)	STAGE
TG9-08001	Andes (2.3)	Application (6)	Exploration
TGC-08001	Andes (2.3)	Application (6)	Exploration
TGD-08001	Andes (2.3)	Application (6)	Exploration
TGG-08001	Andes (2.3)	Application (6)	Exploration
TGH-08001	Andes (2.3)	Application (6)	Exploration
TGH-08002X	Andes (2.3)	Application (6)	Exploration
TGI-08001	Andes (2.3)	Application (6)	Exploration
THF-08011	Andes (2.3)	Application (6)	Exploration
TII-08021	Andes (2.3)	Application (6)	Exploration
TJO-08031	Andes (2.3)	Application (6)	Exploration
TLB-08151	Andes (2.3)	Application (6)	Exploration
UA2-10471	Andes (2.3)	Application (6)	Exploration
UAF-08011	Andes (2.3)	Application (6)	Exploration
501061	Andes (2.3)	Application (6)	Exploration
TGG-08002X	Andes (2.3)	Application (6)	Exploration
TGG-08003X	Andes (2.3)	Application (6)	Exploration
TGG-08004X	Andes (2.3)	Application (6)	Exploration
501773	Andes (2.3)	Application (6)	Exploration
501814	Andes (2.3)	Application (6)	Exploration
501815	Andes (2.3)	Application (6)	Exploration
501528	Andes (2.3)	Application (6)	Exploration
501529	Andes (2.3)	Application (6)	Exploration
501530	Andes (2.3)	Application (6)	Exploration
501533	Andes (2.3)	Application (6)	Exploration
501773	Andes (2.3)	Application (6)	Exploration
502587	Andes (2.3)	Application (6)	Exploration
502590	Andes (2.3)	Application (6)	Exploration
502729	Andes (2.3)	Application (6)	Exploration
502752	Andes (2.3)	Application (6)	Exploration
503564	Andes (2.3)	Application (6)	Exploration
503894	Andes (2.3)	Application (6)	Exploration
503895	Andes (2.3)	Application (6)	Exploration

Mineral Tenements held as at 31 December 2021 (Cont.)

- (1) All titles are part of the Andes Gold Project, located in Antioquia, Risaralda and Choco, Departments of Colombia. Pursuant to the Interest Transfer Agreement with Bullet Holding Corporation (Bullet), Andes has a 90% beneficial interest, and Bullet has a 10% interest. All tenements have been crossed checked against the National Mining Authority Registry (ANNA) and reflect the status reported in ANNA. The Colombian Mining Authority's migration to a new tenement management and cadastre system (ANNA) has generated inconsistencies and issues concerning certain mineral tenement boundaries. In addition, there is uncertainty regarding the application and constitutionality of Presidential Decree 1955/19, the purpose of which was to re-instate certain land rights over free land to qualifying informal miners. The issues are not unique to Los Cerros and have the potential to reduce the footprint of a subset of exploration licence applications within the Company's Andes Gold Project. The Company is monitoring the situation and will keep the market informed of developments.
- (2) The Titleholders of the tenements are:
 - (2.1) Tenements in process of acquisition by Andes Resources EP S.A.S (Andes).
 - (2.2) The titleholders of the applications are various companies associated with Bullet and covered under the Interest Transfer Agreement – see note (1).
 - (2.3) Andes is a subsidiary company of Los Cerros.
- (3) Concessions at Exploration Stage have 3 year life extendable for 2 years to a maximum of 11 years.
- (4) 10 year life extendable for 10 years and the tenement is in process of transformation to Concession contract.
- (5) 5 year life extendable for 5 years and the tenement is in process of transformation to Concession contract.
- (6) Applications have neither legal liabilities nor certainty that they will be granted in whole or in part. If the ground was open ground at the time of lodging, a contract for exploration and potential exploitation will be offered to the applicant. Andes has a beneficial interest in the tenement when the application is granted.

Mineral Resources and Reserves Statement

QUINCHIA GOLD PROJECT - MINERAL RESOURCE ESTIMATE (MRE)

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

Note: Miraflores Resource includes Miraflores Reserve

MIRAFLORES RESERVE

CATEGORY	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Proved	1.7	2.75	2.2	150	120
Probable	2.6	3.64	3.13	307	264
Total	4.3	3.29	2.77	457	385

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

Deposit

Miraflores Mineral Resource Estimate and Ore Reserve and explanatory notes
 Miraflores Ore Reserve Estimate and explanatory notes
 Dosquebradas Mineral Resource Estimate and explanatory notes
 Tesorito Resource Mineral Resource Estimate and explanatory notes

Release Date

27 November 2017
 14 March 2017
 25 February 2020
 22 March 2022

The difference between the position as at 31 December 2021 and the table above is the Tesorito Mineral Resource Estimate announced on 22 March 2022. No changes to the Company's Resource and Reserve position occurred during the year to 31 December 2021.

COMPETENT PERSON'S STATEMENT

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore 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 who is employed by Los Cerros. 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 his information in the form and context in which it appears. The information in this announcement that relates to Los Cerros' Exploration Results have been extracted from various Los Cerros ASX announcements and are available to view on the Company's website at www.loscerros.com.au/site/content/or through the ASX website at www.asx.com.au (using ticker code "LCL"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.