

1. Company details

Name of entity:	Los Cerros Limited
ABN:	43 119 759 349
Reporting period:	For the half-year ended 30 June 2022
Previous period:	For the half-year ended 30 June 2021

2. Results for announcement to the market

			\$
Loss from ordinary activities after tax attributable to the owners of Los Cerros Limited	down	21.5% to	(1,820,501)
Loss for the half-year attributable to the owners of Los Cerros Limited	down	21.5% to	(1,820,501)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,820,501 (30 June 2021: loss \$2,318,237).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.24	4.05

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Los Cerros Limited for the half-year ended 30 June 2022 is attached.

12. Signed



Ross Ashton
Non-Executive Chairman

Date: 13 September 2022

Los Cerros Limited

ABN 43 119 759 349

Interim Report – 30 June 2022

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

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35 Outram Street
West Perth, WA 6005
Australia

Principal Place of Business

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Auditor

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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

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', the 'Company' or the 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were Directors of Los Cerros Limited during the whole of the financial half-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

Los Cerros Limited (ASX: LCL) (Los Cerros or the Company) is a gold/copper explorer with a dominant position within the Andes and Quinchía 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-copper Projects.

Dividends

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

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$1,820,501 (30 June 2021: loss of \$2,318,237).

The definition of a Tesorito maiden Mineral Resource Estimate (MRE) marked a major milestone for the Company and expanded the Quinchia Resource to 2.6Moz @ 1.02g/t Au¹. The Quinchia Project is a cluster of 100% owned porphyry and epithermal gold/copper targets within a 3km radius in Risaralda, Colombia (Figure 2).

The Tesorito MRE marks the emergence of the Company's development program with the first step, metallurgical studies on the Tesorito resources, commissioned during the period and completed in early July 2022.

Going forward, and in response to changing dynamics, the Company is directing greater focus towards activities that progress and de-risk the current advanced assets including commencement of investigations leading into a Quinchia-wide Preliminary Economic Assessment (PEA). The second half of 2022 will also see finalisation of the Company's largest drilling program to date which completed 80 holes for 37,000m over the past several years.

Exploration will continue in the second half of 2022, initially with surface mapping and similar investigations, while the Company also conducts a review and targeting exercise incorporating the extensive drill hole assay, geochemistry and geophysics data accumulated over the last few years.

¹ Contains a mix of Inferred, Indicated and Measured Resources. Using Tesorito MRE of 1.3Moz @ 0.81 g/t Au. The Miraflores Reserve is included in the Miraflores Resource. Refer ASX announcement dated 14 March 2017 (Miraflores Resource) and 27 November 2017 (Miraflores Reserve) and 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.

1.3Moz maiden MRE defined at Tesorito, including potential 0.5Moz high-grade 'starter pit'

Los Cerros reported an MRE (Inferred) of 1.3Moz @ 0.81g/t Au for Tesorito², with a central high-grade gold zone of 0.54Moz @ 1.23g/t Au³ providing a compelling opportunity to consider higher margin 'starter pit' mining scenarios.

Whilst the Company has elected to focus on the 1.3Moz iteration of the MRE, this occurs within a larger optimised pit shell of 2.3Moz @ 0.53g/t Au⁴ (Table 1 and Figure 1), which demonstrates potential for sustaining a longer-term mining project, involving lower grade gold that mostly defines the margins of the optimised modelled pit shell. It is also worth noting that the unconstrained MRE, capturing additional material beyond the pit optimisation, generates an Inferred Resource of 1.7Moz @ 0.71g/t Au using a 0.45g/t cut-off grade (and doubling to 3.4Moz @ 0.45g/t Au if applying a 0.25g/t Au cut-off)⁴. This raises the possibility of resource growth through refinement of optimisation parameters, an improving gold price and consideration of possible underground mining methods for mineralisation below the optimised pit shell.

CUT-OFF	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
0.25g/t Au	134.3	0.53	0.62	2,290	2,673
0.5g/t Au	50.0	0.81	0.75	1,298	1,205
0.6g/t Au	33.4	0.94	0.82	1,006	880

Table 1. Tesorito optimised pit constrained Inferred MRE as at 22 March 2022 at three different gold cut-off grades.

The Tesorito MRE includes a 0.54Moz optimised pit shell (Table 2) capturing a significant proportion of the higher grade central zone starting from surface (Figure 2). This optimised pit shell, combined with material from the Miraflores Reserve less than 1km away, is a potential economically compelling scenario to be further investigated as part of the PEA.

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 Inferred MRE, as at 22 March 2022, of an optimised pit shell at a 0.8 g/t Au cut-off capturing the central high grade porphyry core which starts from surface.

Tesorito MRE grows combined Quinchia Project Resources to 2.6Moz

The inclusion of the Tesorito MRE using a 0.5g/t Au cut-off increases the total Quinchia Project MRE to 2.6Moz gold (Table 3), with potential to add further ounces from established and early-stage exploration targets within a 3km radius of Tesorito and Miraflores.

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

Table 3. Quinchia Project MRE¹, as at 22 March 2022. Note: The Miraflores Resource includes a Reserve Estimate.

² Refer announcement 22 March 2022. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

³ At a 0.8g/t Au cut-off. Refer announcement 22 March 2022. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

⁴ At a 0.25g/t Au cut-off and US\$1,800/oz gold price. Refer announcement 22 March 2022. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

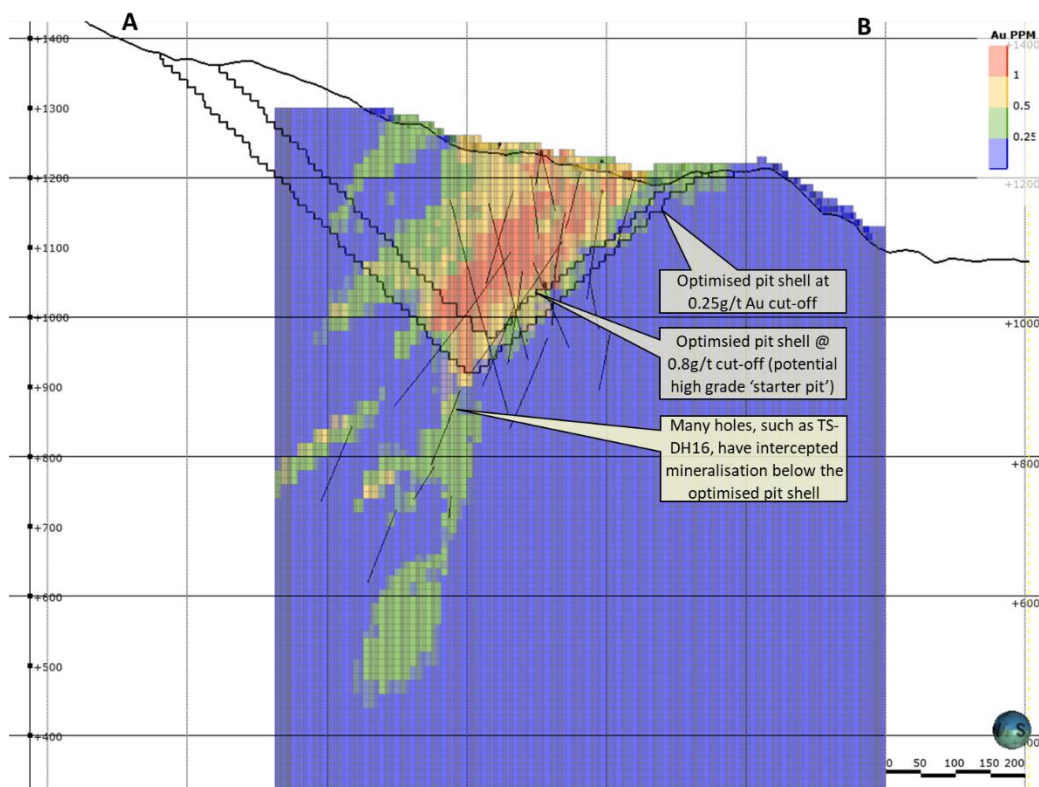
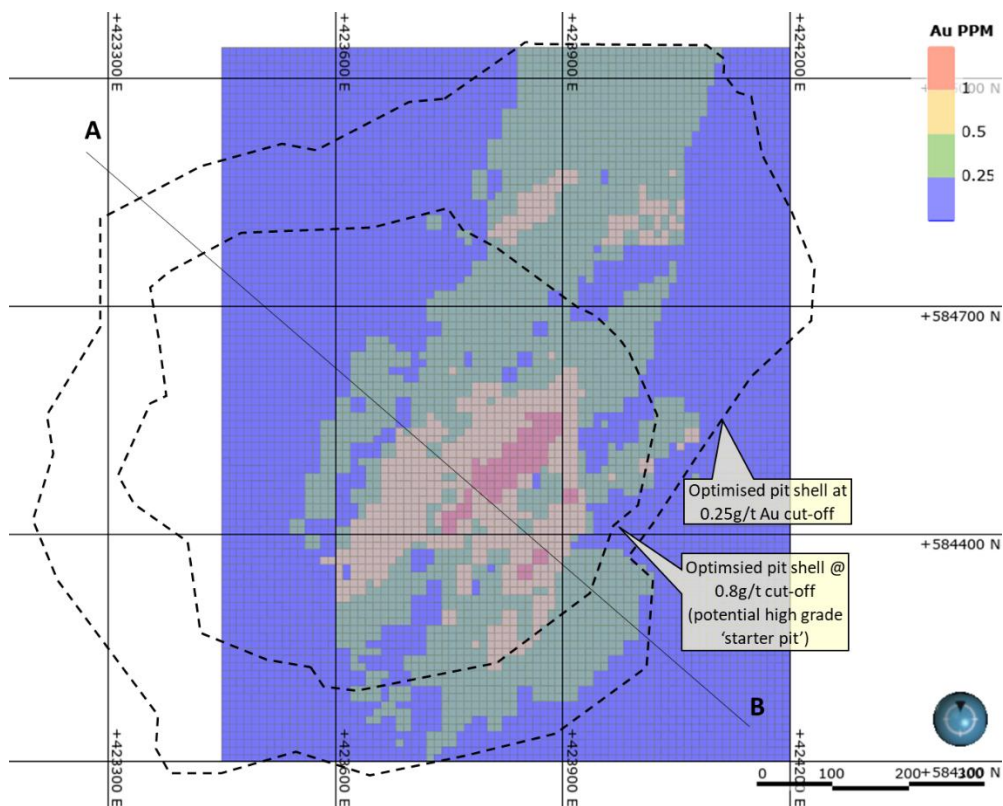


Figure 1a and b: Tesorito plan view (a) and section view (b) of the optimised pit shell (0.25g/t Au cut-off) and high-grade optimised pit shell (0.8g/t Au cut-off) over gold block model and drill traces. Note deeper gold mineralisation below the optimised pit shells.

Tesorito metallurgical test work

A substantial activity during the half-year was the first round of Tesorito metallurgical test work. Based on preliminary results released 7 July 2022⁵, the Company is reassured that Tesorito mineral processing performance is likely to be typical of high gold/low copper porphyry ores including-

- 97% recovery of gold from saprolite and 87% from other units⁶, derived from 24 hour whole ore gold leach tests;
- an optimal grind size of p80 ~75micron which is fine grind and typical of porphyry gold ores;
- there are no appreciable benefits in including a gravity beneficiation step; and
- deleterious elements such as arsenic, mercury, organic carbon and soluble copper are all low and of no processing concern.

Exploration Update

With completion of drilling for the Tesorito MRE, the Company's drilling program shifted to earlier stage targets across the Quinchia Project.

- **Central Target** Two holes were drilled from a single pad to test the Central Target geophysics anomaly between Miraflores and Tesorito deposits, beneath, but lateral to, the Miraflores gold resource. Gold grades reported from intercepts within the Central Target area were low in tenor indicating the geophysics anomaly at these depths is likely caused by non-economic mineralisation such as magnetite and sulphides. However, both drill holes intercepted Miraflores type breccia, the host rock of Miraflores mineralization, far below historic drilling and the existing Miraflores Resource envelopes. Hole QM-DH61 was collared further north to drill under the Miraflores Resource to test this gap, with assays pending at the date of this report.
- **Tesorito Deep** - A 700m deep hole (TS-DH60⁷) confirmed the western limits of the Tesorito deposit. Elevated pathfinders (magnetic susceptibility, Mo, Cu/Fe ratio, Cu/Zn ratio and others) in the final ~100m of drill core point to Tesorito mineralisation remaining open at depth and 'hugging' the Marmato Fault.

⁵ Refer ASX announcement 7 July 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement.

⁶ Unweighted, does not account for losses from soluble gold, fine carbon and other losses from the circuit.

⁷ Refer ASX announcement 9 May 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement.

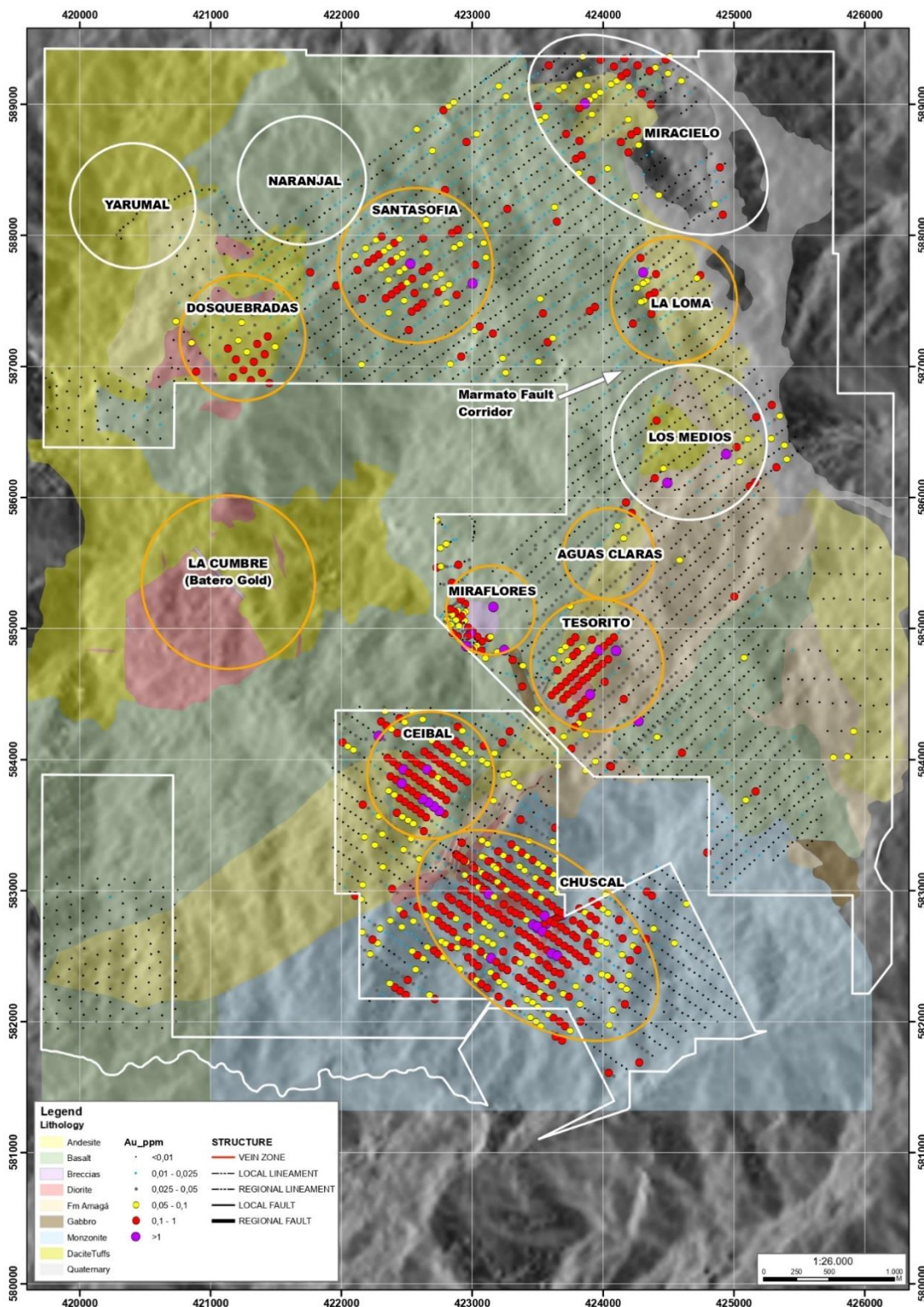


Figure 2: The Quinchia Project contains multiple targets at various levels of investigation within a ~3km radius. This image reveals the major known target areas (orange circles) and earlier stage targets (white circles) over gold geochemistry in soils anomolism and major structures. La Cumbre is a gold/copper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

Ceibal – Ceibal is a gold/copper porphyry system identified in 2021, with significant gold intercepts (eg. 500m @ 0.52g/t Au from surface in CEDDH01 and 586m @ 0.51g/t Au from surface in CEDDH02⁸). Recent drilling at three sites for 2,660m was focused on vectoring towards the, yet to be discovered, causative gold porphyry. Pathfinders reported from the two northern holes suggest a causative source closer to/under the region of 2021 drilling. The southern drill hole, which was collared near the Company's Chuscal target but drilling towards Ceibal, intercepted lithologies and ISS veining typical of the nearby Chuscal prospect (Figure 2).

Two Ceibal drilling programs have not located the causative porphyry source of the substantial gold intercepts in CHDDH01 and 02.

Tesorito North/Claras – Two drill holes for 1,449m tested the southern edge of a +400m gap along the Marmato Fault between northern most Tesorito drilling and the Claras blind porphyry target, ~1km to the north of Tesorito. Two additional holes were drilled near the Claras target area. Gold values were universally low⁹, however the alteration pathfinders identified add further weight to the inferred occurrence of a causative porphyry within this 400m gap which would explain both northern extensions of gold grade envelopes at Tesorito and the anomalism at Claras. This gap remains an area of interest (Figure 2).

Los Cerros in the Community

The Company's focus on "buy local, train local, hire local" has, over the last few years, transformed Los Cerros to essentially a Colombian enterprise immersed in the local economy and community.

The importance of local communities to the Group and its efforts have been reflected in an award in September 2022 from the Quinchia Regional Council recognising the economic and social benefits that the Group has provided to the Quinchia community.

Los Cerros does not believe it is appropriate to invest in major community capital projects before a decision to mine an asset is made, but in recognition of the need to support local communities (in addition to employment), it has backed a number of community programs. Central to that has been supporting development of sustainable businesses in the local area that draw people away from the sometimes dangerous and environmentally damaging practice of informal mining.

Amongst other entrepreneurial programs, the Group has supported the foundation and growth of a local plantain chip business (Quinchips) and more recently has supported the development of a coffee bean export business to Australia from the Quinchia region¹⁰. These projects help to build entrepreneurial skills, self-sustaining businesses, broaden employment opportunities and demonstrate that other businesses can exist along-side mining activities.

The Group is also financing 15 tertiary scholarships and other education projects focussed on developing the potential of people in the Quinchia and Andes regions.

Our main environmental focus is on the prompt rehabilitation of drilling sites.

The Group also continues its focus on employment of local staff (90%); employment of women (36%); and female representation in senior management which has reached our short-term goal of 25%.

Significant Changes in the State of Affairs

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

⁸ See ASX announcement 8 July 2021. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

⁹ See ASX announcement 9 May 2022. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

¹⁰ See ASX announcement 27 July 2022.

Matters Subsequent to the End of the Financial Half-Year

No other matter or circumstance has arisen since 30 June 2022 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 periods.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors:



Ross Ashton
Non-Executive Chairman

13 September 2022

Grant Thornton Audit Pty Ltd
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Perth WA 6850
T +61 8 9480 2000

Auditor's Independence Declaration

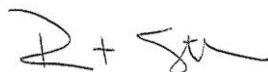
To the Directors of Los Cerros Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Los Cerros Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 13 September 2022

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

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

Registered office

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 13 September 2022.

Los Cerros Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 30 June 2022



		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Revenue			
Interest revenue		33,248	503
Expenses			
Impairment of non-current receivables		(396,304)	-
Exploration and evaluation expenditure		(429,741)	(170,849)
Share based payment expense		(297,021)	(777,527)
Employee benefits expense		(418,011)	(381,992)
Depreciation and amortisation expense		(5,437)	(3,635)
Finance costs		-	(1,321)
Occupancy		(2,269)	(25,437)
Other expenses	3	(304,966)	(957,979)
Total expenses		<u>(1,853,749)</u>	<u>(2,318,740)</u>
Loss Before Income Tax Expense		(1,820,501)	(2,318,237)
Income tax expense		-	-
Loss After Income Tax Expense for the Half-Year Attributable to the Owners of Los Cerros Limited		<u>(1,820,501)</u>	<u>(2,318,237)</u>
Other Comprehensive Income			
Items That May Be Reclassified Subsequently to Profit or Loss			
Foreign currency translation		<u>638,236</u>	<u>(945,020)</u>
Other Comprehensive Income for the Half-Year, Net of Tax		<u>638,236</u>	<u>(945,020)</u>
Total Comprehensive Income for the Half-Year Attributable to the Owners of Los Cerros Limited		<u>(1,182,265)</u>	<u>(3,263,257)</u>
		Cents	Cents
Basic loss per share	4	(0.28)	(0.49)
Diluted loss per share	4	(0.28)	(0.49)

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 30 June 2022



	Note	Consolidated 30 June 2022 \$	31 December 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		14,377,103	19,252,206
Other receivables		70,414	49,028
Prepayments		63,748	84,706
Total Current Assets		14,511,265	19,385,940
Non-Current Assets			
Property, plant and equipment		1,151,500	1,109,299
Exploration and evaluation	5	30,406,657	25,143,398
Total Non-Current Assets		31,558,157	26,252,697
Total Assets		46,069,442	45,638,637
Liabilities			
Current Liabilities			
Trade and other payables	6	797,322	579,533
Provisions		234,313	210,886
Total Current Liabilities		1,031,635	790,419
Non-Current Liabilities			
Provisions		33,082	16,062
Total Non-Current Liabilities		33,082	16,062
Total Liabilities		1,064,717	806,481
Net Assets		45,004,705	44,832,156
Equity			
Issued capital	7	392,013,414	390,955,621
Reserves	9	(141,450)	(1,076,707)
Accumulated losses		(346,866,925)	(345,046,424)
Total Equity Attributable to the Shareholders of Los Cerros Limited		45,005,039	44,832,490
Non-controlling interests		(334)	(334)
Total Equity		45,004,705	44,832,156

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

Los Cerros Limited
Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2022



					Equity attributable to the Shareholders of Los Cerros Limited	Non- Controlling Interests	
Consolidated	Issued Capital	Share-Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses			Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	367,425,035	2,093,637	952,942	(343,125,618)	27,345,996	-	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 half-year	-	-	-	(2,318,237)	(2,318,237)	-	(2,318,237)
Other comprehensive loss for the half-year, net of tax	-	-	(945,020)	-	(945,020)	-	(945,020)
Total comprehensive income for the half-year	-	-	(945,020)	(2,318,237)	(3,262,923)	(334)	(3,263,257)
Shares issued during the period	53,700	-	-	-	53,700	-	53,700
Options exercised, net of transaction costs	1,559,157	-	-	-	1,559,157	-	1,559,157
Share-based payments	-	777,527	-	-	777,527	-	777,527
Balance at 30 June 2021	369,037,892	2,871,164	(1,240,186)	(344,194,842)	26,473,123	(334)	26,473,457
					Equity attributable to the Shareholders of Los Cerros Limited	Non- Controlling Interests	
Consolidated	Issued Capital	Share-Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses			Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	390,955,621	1,116,837	(2,193,544)	(345,046,424)	44,832,490	(334)	44,832,156
Loss after income tax expense for the half-year	-	-	-	(1,820,501)	(1,820,501)	-	(1,820,501)
Other comprehensive loss for the half-year, net of tax	-	-	638,236	-	638,236	-	638,236
Total comprehensive income for the half-year	-	-	638,236	(1,820,501)	(1,182,265)	-	(1,182,265)
Options exercised, net of transaction costs	1,057,793	-	-	-	1,057,793	-	1,057,793
Share-based payments	-	297,021	-	-	297,021	-	297,021
Balance at 30 June 2022	392,013,414	1,413,858	(1,555,308)	(346,866,925)	45,005,039	(334)	45,004,705

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

Los Cerros Limited
Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2022



		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,211,963)	(1,704,225)
Interest received		21,927	503
Interest and other finance costs paid		-	(11,462)
Net Cash Used in Operating Activities		<u>(1,190,036)</u>	<u>(1,715,184)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		(14,157)	(241,873)
Payments for exploration and evaluation	5	<u>(4,896,957)</u>	<u>(2,325,943)</u>
Net Cash Used in Investing Activities		<u>(4,911,114)</u>	<u>(2,567,816)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	30,000
Proceeds from exercise of options	7	1,057,793	1,559,159
Repayment of loans from related parties		-	(50,000)
Net Cash from Financing Activities		<u>1,057,793</u>	<u>1,539,159</u>
Net decrease in cash and cash equivalents		(5,043,357)	(2,743,841)
Cash and cash equivalents at the beginning of the financial half-year		19,251,206	7,814,764
Effects of exchange rate changes on cash and cash equivalents		<u>168,254</u>	<u>13,255</u>
Cash and Cash Equivalents at the End of the Financial Half-Year		<u>14,377,103</u>	<u>5,084,178</u>

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

Note 1. Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(a) No New or Amended Accounting Standards for the period

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) No 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 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(c) Going Concern

During the half-year ended 30 June 2022 the Consolidated Group incurred a net loss after tax of \$1,820,501 (2021: \$2,318,237). The Consolidated Group's net cash used in operations was \$1,190,036 during the period ended 30 June 2022 (2021: \$1,715,184); its net cash used in investing activities was \$4,911,114 (2021: \$2,567,816).

The Company had a cash balance of \$14,377,103 at 30 June 2022 (2021: \$19,252,206).

Note 2. Operating Segments

Identification of Reportable Operating Segments

The Company's primary activity is mineral exploration in the geographic area of South America. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers "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.

Intersegment Transactions

There are no intersegment transactions.

Note 2. Operating Segments (Continued)

Segment Assets

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

Segment Liabilities

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

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

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

Operating Segment Information

	Mineral exploration \$	Non-core Reconciling Items \$	Total \$
Consolidated - 30 June 2022			
EBITDA*	(512,148)	(1,147,511)	(1,659,659)
Impairment of non-current receivables	(396,304)	-	(396,304)
Net foreign exchange (loss)/gain	54,625	153,026	207,651
Depreciation and amortisation	(4,676)	(761)	(5,437)
Interest revenue	11,065	22,183	33,248
Loss before income tax expense	<u>(847,438)</u>	<u>(973,063)</u>	<u>(1,820,501)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,820,501)</u>
Assets			
Segment assets	<u>31,969,647</u>	<u>14,100,127</u>	<u>46,069,774</u>
Total assets			<u>46,069,774</u>
Liabilities			
Segment liabilities	<u>497,763</u>	<u>566,954</u>	<u>1,064,717</u>
Total liabilities			<u>1,064,717</u>

Note 2. Operating Segments (Continued)

	Mineral exploration \$	Non-core Reconciling Items \$	Total \$
Consolidated - 30 June 2021			
EBITDA*	(964,313)	(1,349,471)	(2,313,784)
Depreciation and amortisation	(2,137)	(1,498)	(3,635)
Interest revenue	-	503	503
Finance costs	-	(1,321)	(1,321)
Loss before income tax expense	<u>(966,450)</u>	<u>(1,351,787)</u>	<u>(2,318,237)</u>
Income tax expense			-
Loss after income tax expense			<u>(2,318,237)</u>
Assets			
Segment assets	<u>22,138,275</u>	<u>5,053,775</u>	<u>27,192,050</u>
Total assets			<u>27,192,050</u>
Liabilities			
Segment liabilities	<u>248,493</u>	<u>470,100</u>	<u>718,593</u>
Total liabilities			<u>718,593</u>

*Earnings before income tax, depreciation, and amortisation ("EBITDA")

Geographical Information

	Sales to external customers		Geographical non-current assets	
	30 June 2022 \$	30 June 2021 \$	30 June 2022 \$	31 December 2021 \$
Australia	-	-	29,146	29,907
Colombia	-	-	31,529,011	26,222,790
	<u>-</u>	<u>-</u>	<u>31,558,157</u>	<u>26,252,697</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 3. Other Expenses

	Consolidated	
	30 June 2022 \$	30 June 2021 \$
Other expenses include the following specific expenses:		
Other expenses		
Foreign exchange gain/(loss)	207,651	(11,281)
Administration expenses	<u>(512,617)</u>	<u>(946,698)</u>
Total other expenses	<u>(304,966)</u>	<u>(957,979)</u>

Note 4. Loss per Share

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax attributable to the owners of Los Cerros Limited	(1,820,501)	(2,318,237)
	Cents	Cents
Basic loss per share	(0.28)	(0.49)
Diluted loss per share	(0.28)	(0.49)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	643,483,174	471,385,203
Weighted average number of ordinary shares used in calculating diluted earnings per share	643,483,174	471,385,203

Note 5. Non-Current Assets - Exploration and Evaluation

	Consolidated	
	30 June 2022	31 December 2021
	\$	\$
Exploration and evaluation	30,406,657	25,143,398

Reconciliations

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

Consolidated	Half-Year to 30 June 2022	Full Year to 31 December 2021
	\$	\$
Opening balance	25,143,398	18,853,659
Write-off of expenditure	(149)	-
Additions	4,665,916	8,015,319
Foreign exchange differences	597,492	(1,725,580)
Closing balance	30,406,657	25,143,398

Exploration and evaluation capitalised at 30 June 2022 represents the Miraflores and Tesorito Prospects within the Quinchia Project, and tenements held by Andes Resources Pty Ltd which are located in the Antioquia, Risaralda and Choco, Departments (States) of Colombia.

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 *Exploration for and Evaluation of Mineral Resources* are considered for each area of interest. No impairment has been recognised in the current and previous financial years, in accordance with the requirements of AASB 6.

Note 6. Current Liabilities - Trade and Other Payables

	Consolidated	
	30 June 2022	31 December 2021
	\$	\$
Trade payables	484,067	100,543
Other payables	313,255	478,990
	<u>797,322</u>	<u>579,533</u>

Note 7. Equity - Issued Capital

Movements in ordinary share capital

	Consolidated			
	30 June 2022		31 December 2021	
	Number of		Number of	
Notes	Ordinary	\$	Ordinary	\$
	Shares		Shares	
On issue at 1 January – fully paid	636,716,355	390,955,621	468,779,522	367,424,798
Issue of share capital during the year:				
Shares issued for cash	-	-	126,448,369	20,220,000
Shares issued for non-cash	-	-	2,163,731	353,697
Exercise of listed options				
(exercisable at \$0.16 each)	-	-	14,349,733	2,295,958
Exercise of unlisted options				
(exercisable at \$0.02 each)	4,137,500	82,750	1,162,500	23,250
Exercise of unlisted options				
(exercisable at \$0.07 each)	600,000	42,000	2,400,000	168,000
Exercise of unlisted options				
(exercisable at \$0.10 each)	9,195,000	919,500	17,312,500	1,731,250
Shares issued to related parties upon the				
exercise of vested performance rights	-	-	4,100,000	-
Less: Costs of capital raising ¹	-	13,543	-	(1,261,332)
Balance at 30 June – fully paid	<u>650,648,855</u>	<u>392,013,414</u>	<u>636,716,355</u>	<u>390,955,621</u>

¹ A reassessment of the Company's 31 December 2021 business activity statement resulted in an increase in the amount of GST that the Company was able to claim with reference to capital raising costs. This resulted in a refund of \$13,543 during the period ended 30 June 2022 from the Australian Taxation Office.

Ordinary shares

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

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

Share buy-back

There is no current on-market share buy-back.

Note 8. Equity - Options and Performance Rights

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

Options

Unlisted Options outstanding as at 30 June 2022 and movements during the financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2021	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2022
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
6/04/2020	6/04/2022	\$0.1000	12,525,000	-	(9,195,000)	(3,330,000)	-
15/05/2020	18/05/2022	\$0.0200	4,687,500	-	(4,137,500)	(550,000)	-
13/08/2020	1/07/2025	\$0.0700	600,000	-	(600,000)	-	-
			<u>24,062,500</u>	<u>-</u>	<u>(13,932,500)</u>	<u>(3,880,000)</u>	<u>6,250,000</u>

All outstanding unlisted options above were exercisable at 30 June 2022.

Performance Rights and Options

Performance rights and options outstanding as at 30 June 2022 and movements during the current financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2021	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2022	Note
20/12/2019	30/09/2024	\$0.1350	4,000,000	-	-	-	4,000,000	(1)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000	(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)
23/10/2020	31/01/2025	\$0.0000	5,430,000	-	-	-	5,430,000	(5)
23/10/2020	31/01/2025	\$0.0000	5,430,000	-	-	-	5,430,000	(6)
11/06/2021	31/01/2025	\$0.0000	325,000	-	-	-	325,000	Error! Reference source not found.
11/06/2021	31/01/2025	\$0.0000	820,000	-	-	-	820,000	Error! Reference source not found.
11/06/2021	31/01/2025	\$0.0000	820,000	-	-	-	820,000	Error! Reference

Note 8. Equity - Options and Performance Rights (Continued)

								ence sourc e not foun d.
22/10/2021	31/01/2025	\$0.0000	770,000	-	-	-	770,000	(10)
22/10/2021	31/01/2025	\$0.0000	770,000	-	-	-	770,000	(11)
			24,365,000	-	-	-	24,365,000	

Performance rights and options outstanding as at 30 June 2022 are subject to the following vesting conditions:

- (1) Options were issued during year ending 31 December 2019 in 1 tranche of 4 million 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 date of issue.
- (2) Tranche 1 vesting after 12 months of service at an exercise price of \$0.135 and expiring on 30 September 2024.
- (3) Tranche 2 vesting after 24 months of service, at an exercise price of \$0.135 and expiring on 30 September 2024.
- (4) Tranche 3 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.
- (5) Tranche 2 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).
- (6) Tranche 3 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).
- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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 8. Equity - Options and Performance Rights (Continued)

Note 9. Equity - Reserves

	Consolidated 30 June 2022 \$	31 December 2021 \$
Foreign currency reserve	(1,555,308)	(2,193,544)
Share based payment reserve	1,413,858	1,116,837
	<u>(141,450)</u>	<u>(1,076,707)</u>

Note 10. Related Party Transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 30 June 2022 \$	31 Dec 2021 \$
Payment for other expenses:		
Interest paid to key management personnel *	-	1,321

* Nil Interest (2021: \$1,321 was payable to directors).

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

There are no loans made to Directors of Company and/or their related parties as at 30 June 2022 (2021: nil).

Note 11. Contingent Liabilities

The parent entity had no contingent liabilities or guarantees as at 30 June 2022 and as at 31 December 2021.

Note 12. Commitments

	Consolidated 30 June 2022 \$	31 December 2021 \$
Exploration Tenement Licence Commitments (a)		
Committed at the reporting date:		
Within one year	53,479	44,167
One to five years	-	-
Net commitment recognised	<u>53,479</u>	<u>44,167</u>

Note 12. Commitments (Continued)

Lease commitments - Operating (b) (Continued)

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

	Consolidated	
	30 June 2022	31 December 2021
	\$	\$
Lease Commitments - Operating (b)		
Committed at the reporting date:		
Within one year	15,652	41,168
One to five years	-	-
Net commitment recognised	15,652	41,168

(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 13. Events After the Reporting Period

No other matter or circumstance has arisen since 30 June 2022 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 periods.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors:



Ross Ashton
Non-Executive Chairman
Ross Ashton

13 September 2022

Independent Auditor's Report

To the Members of Los Cerros Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Los Cerros Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2022, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Los Cerros Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Los Cerros Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance
Perth, 13th September 2022