

## Entitlement Issue to Raise up to \$4.3 million

### HIGHLIGHTS

- **Los Cerros to conduct a non-renounceable entitlement issue via pro-rata offer to Los Cerros shareholders to raise up to A\$4.3 million**
- **Offer priced at 3.0 cents per share**
- **Capital raise part of shareholder 're-set' ahead of maiden PNG drilling program**
- **Funds to be directed to the recently acquired PNG portfolio. Specifically:**
  - **Nickel and copper battery metals and high grade gold targets**
  - **Preparing multiple porphyry-style targets for joint venture**
  - **Working capital**
- **Existing \$8.4m cash (at end December 2022) to be predominantly directed to drilling of Kusi high grade copper-gold target**
- **Los Cerros' first drilling in PNG is expected to commence in March at the Kusi prospect where previous drilling and trenching results include<sup>1</sup>:**
  - **35m @ 3.04g/t Au from 136m** in diamond hole KSDD007
  - **8m @ 11.5g/t Au, 2.6% Cu and 24 g/t Ag** in trench FPR TR4

**Los Cerros Limited (ASX: LCL) (Los Cerros or the Company)** is pleased to invite eligible shareholders to participate in a non-renounceable pro-rata entitlement issue at an issue price of \$0.03 (3 cents) per share to raise up to A\$4.3 million (before costs and expenses of the issue) (**Entitlement Issue or Offer**).

The Entitlement Issue will be offered to eligible shareholders with a registered address in Australia or New Zealand on the basis of one (1) new share (New Share) for every five (5) shares held as at the Record Date being 7pm (AWST) on 2 March 2023. To the extent the offer is not fully subscribed, eligible shareholders will be invited to apply for shares in addition to their pro-rata entitlement.

The Entitlement Issue represents a discount of<sup>2</sup>:

- 16.7% to the Company's last closing price of 3.6 cents;
- 17.9% to the Company's 5-day VWAP of 3.65 cents;
- 27.1% to the Company's 30-day VWAP of 4.12 cents.

The Offer is being made principally to fund PNG exploration to enable the Company to focus expenditure on the Kusi high grade copper-gold target; provide additional financial capacity to fast track nickel and copper battery metal targets; prepare multiple porphyry-style targets for joint venture and for working capital.

<sup>1</sup> See ASX announcement dated 25 November 2022. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

<sup>2</sup> Based on the LCL share price at close of trade 22 February 2022.

Euroz Hartleys Limited has been engaged as Lead Manager to the Entitlement Issue.

### Los Cerros' Managing Director, Jason Stirbinskis commented:

*"Whilst Los Cerros had a treasury of \$8.4M at end of December 2022, the Board makes this entitlement offer to existing shareholders now as an important part of a strategic 're-set', including the opportunity for shareholders to participate in the offer ahead of our maiden drilling program of the recently acquired 100% owned PNG portfolio.*

*We have a great deal of compelling projects and targets as a result of our recent acquisition in PNG, and whilst we are optimistic about our initial exploration objectives, we considered it prudent to strengthen the balance sheet at this juncture to ensure we have a strong platform moving forward".*

### Background

In late 2022, Los Cerros completed the acquisition of Footprint Resources Pty Ltd (**Footprint**) with its multiple, compelling copper, gold and nickel targets in Papua New Guinea plus Footprint's in-country geological and commercial expertise, creating a new exploration focus for the Company. This is in addition to the ongoing advancement of the Quinchia Project in Colombia, where the Company's focus is on investigating economic scenarios for its Quinchia Project Mineral Resources of 2.6Moz @ 1.02g/t Au<sup>3</sup> whilst winding down exploration activities.

The Los Cerros Board are excited by the prospectivity of the PNG portfolio, which provides high-impact, new discovery potential for Los Cerros' shareholders, in a region that hosts a number of major mineral deposits such as the Wafi-Golpu copper-gold deposit and includes recent success in the junior explorer space led by the rise of TSX-V listed K92 Mining Inc (market capitalisation of over CAD \$1.6bn).

The Company has announced a 3,000m diamond drilling program at the Kusi target within the Ono Project, targeting commencement in March 2023 testing drill and trench intersections of <sup>1,4</sup>.

- **10.1m @ 2.39g/t Au from surface** in diamond hole KSDD003
- **20m @ 2.89g/t Au from 107m** in diamond hole KSDD004
- **35m @ 3.04g/t Au from 136m** in diamond hole KSDD007
- **20m @ 3.84g/t Au** in trench FPR TR 1
- **71m @ 4.96g/t Au, 4.77g/t Ag & 0.37% Cu** in trench KSTC45A
- **8m @ 11.5g/t Ay, 2.6% Cu and 24 g/t Ag** in trench FPR TR4
- **24m @ 4.68g/t Au** in trench Leah's Lode Extension

<sup>3</sup> 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 announcements 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.

<sup>4</sup> See ASX announcement dated 16 February 2023. The Company confirms that it is not aware of new information the affects the information contained in the original announcement.

In recent weeks, the Company has released expanded and updated information on several key assets to fully inform shareholders ahead of their consideration to participate in the Offer -

- ASX Release 16 February 2023 - Leah's Lode discovery and update on Kusi drilling program, PNG<sup>4</sup>.
- ASX Release 17 February 2023 - Review of Imou Project, PNG.
- ASX Release 23 February 2023 - Review of Ubei Project, PNG.

## Offer Timetable

The Offer is scheduled to close at 5pm (AEST) on 20 March 2023.

To participate in the Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and Application Monies, or BPAY<sup>®</sup> payment is received by this time. If you wish to apply for your entitlement but have not received your personalised Offer Document by 10 March 2023, you are encouraged to contact the Company Secretary on +61 9463 2463.

The table below provides an indicative timetable for the Entitlement Offer:

Event	Date
Announcement of Offer & Appendix 3B	Thursday, 23 February 2023
Lodgement of Offer Document with ASX	Thursday, 23 February 2023
Ex date	Wednesday 1 March 2023
Record Date for determining Entitlements	Thursday 2 March 2023
Offer Document despatched to Shareholders & Company announces despatch has been completed	Tuesday, 7 March 2023
Last day to extend Closing Date	Wednesday, 15 March 2023
Closing Date	Monday, 20 March 2023
Securities quoted on a deferred settlement basis from market open	Tuesday, 21 March 2023
Announcement of results of issue	Monday, 27 March 2023
Issue date and shares entered into security holdings	Monday, 27 March 2023
Quotation of shares issued under the Offer	Tuesday, 28 March 2023

These dates are indicative only and may change, subject to the Corporations Act and ASX Listing Rules.

Shareholders should be aware that subscribing for Securities involves a number of risks. The key risk factors of which investors should be aware will be set out in the risk section of the Offer Document being provided to shareholders and which will also be announced on the ASX. Shareholders should carefully consider the risk factors that affect the Company specifically.

Further information about the Offer and shareholders' entitlement to participate in the Offer will be set out in an Offer Document. On behalf of the Board, I would like to thank shareholders for their continued support.

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

**For further enquiries contact:**

**Jason Stirbinskis**

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**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.

**JORC STATEMENTS - COMPETENT PERSONS STATEMENTS**

The technical information related to Los Cerros' assets contained in this report that relates to Exploration Results is based on information compiled by Mr John Dobe, who is a Member of the Australasian Institute of Mining and Metallurgy and who is a Geologist employed by Los Cerros on a full-time basis. Mr Dobe 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 Dobe consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

## 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
<b>QUINCHIA RESOURCE</b>			<b>80.0</b>	<b>1.02</b>	<b>2,634</b>
<i>Note: Miraflores Resource includes Miraflores Reserve</i>					
MIRAFLORES RESERVE					
CATEGORY	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
<b>Total</b>	<b>4.32</b>	<b>3.29</b>	<b>2.77</b>	<b>457</b>	<b>385</b>

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

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