

Expanded El Zorro Geophysical Survey Identifies Potential Ternera Repeat

- Gradient Array Induced Polarisation (**GAIP**) survey completed at El Zorro expanding the previously completed GAIP survey by 700m to the north west and 700m to the south east.
- Potential for Ternera style repeats to the east-south-east of Ternera have been identified.
- The GAIP survey has helped refine the structural framework controlling gold mineralisation at Ternera, highlighting numerous undrilled target trends.
- Strong correlation between N-S faults, linking E-W faults and gold mineralisation.
- Current drilling program to be expanded to test newly identified targets and expand the Ternera gold mineralised footprint.

Tesoro Resources Limited (ASX: TSO) (Tesoro or the Company) is pleased to announce results of an expanded geophysical GAIP survey at the El Zorro Gold Project (**El Zorro**), Chile.

GAIP surveying was carried out to expand the previously surveyed area (see TSO's ASX Announcement of 10 August 2020) by 700m to the south east and also 700m to the north west. Thirty (30) lines of GAIP surveying using 50m spaced survey lines and 25m station spacing have been completed along NE-SW oriented survey lines (Figure 1).

GAIP survey data was acquired by Quantec Geoscience (Chile) and processed and interpreted by geophysical consultants Resource Potentials Pty Ltd (Perth). IP surveying measures both chargeability and electrical resistivity of the subsurface. Results from the survey have been correlated to existing drilling results and geological mapping, which indicates that IP surveying is effective in targeting potential high-grade gold bearing structures at El Zorro. The GAIP survey has also assisted in identifying additional prospective fault zones which may host gold mineralisation similar to Ternera, where Tesoro is currently drilling.

Tesoro Managing Director Zeff Reeves commented:

"Extending the GAIP survey area has provided valuable information in identifying a number of undrilled targets at El Zorro. Following the success of the previous GAIP survey in identifying sulphide minerals and structural trends associated with gold mineralisation, the decision was made to expand the existing GAIP survey coverage to help identify additional targets near the Ternera gold deposit. The processed GAIP data has highlighted several new target trends, and in particular, a Ternera lookalike anomaly pattern located approximately 300m east. This obviously provides significant scope for repeats of Ternera style of mineralisation, within the project area and supports our view that El Zorro is an emerging major gold system."

El Zorro Induced Polarisation Survey

At Ternera, high grade gold mineralisation is associated with quartz veins and breccias having a high sulphide content and is therefore conducive for detection by IP surveying techniques. GAIP surveying provides a 2D map of chargeability and resistivity/conductivity trends in the underlying geology over a survey grid area and is effective in the top 150m from land surface.

The expanded El Zorro IP survey consisted of 30 lines (approx. 42 line kms) of GAIP surveying using 50m line spacing and 25m station spacing (Figure 1).

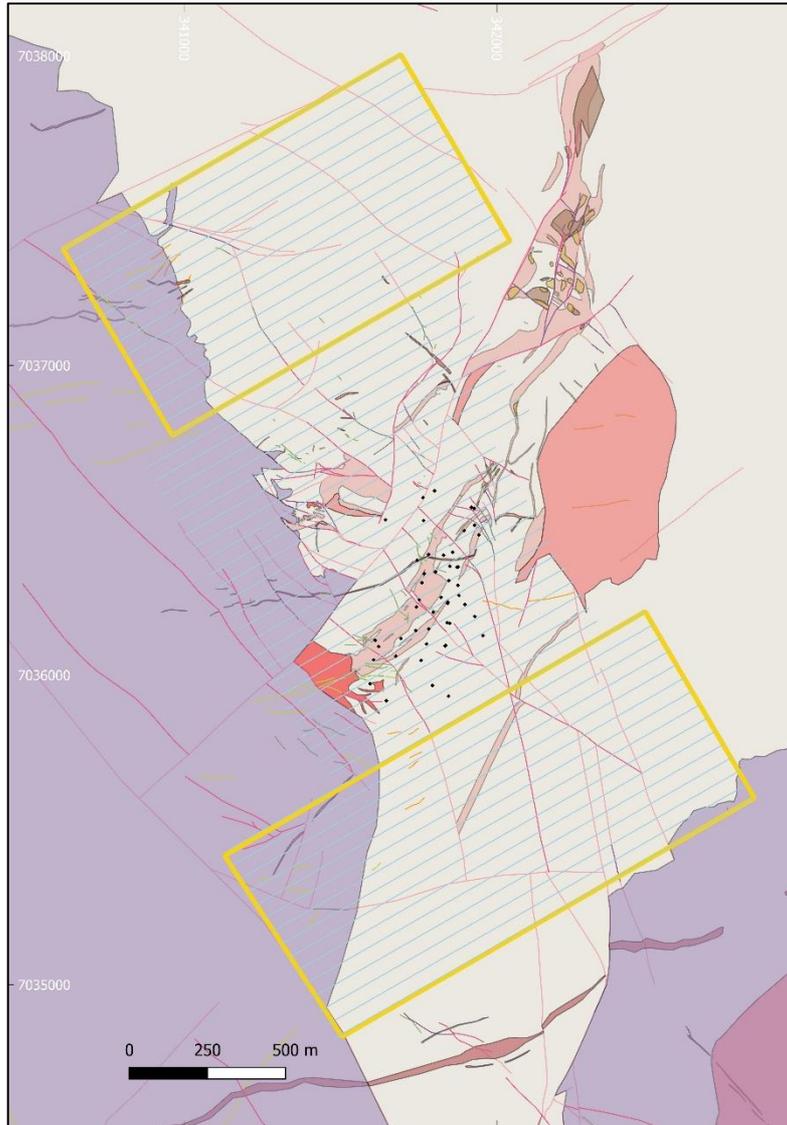


Figure 1 – GAIP survey lines (pale blue) and expanded survey areas (gold rectangles) on a geology map of El Zorro. Black diamonds are Tesoro drill collar locations. Datum-projection is PSAD56/19S.

Gradient Array IP Results

The preliminary GAIP survey data has been processed during surveying to produce initial chargeability and resistivity (and conductivity) anomaly maps over the El Zorro Project area, covering Ternera, Drone Hill and Toro Gordo. Multiple chargeability anomalies and structural trends have been identified within the survey area, with a significant chargeable anomaly trend being directly correlated to high grade gold from drill results at Ternera (Figure 2).

Following the initial GAIP survey completed in August 2020, Tesoro has successfully used the GAIP

data to more than triple the size of the drilled mineralised footprint at Ternera. The GAIP survey has been particularly useful in identifying and targeting north-south trending fault zones which are thought to have a primary control on gold mineralisation at El Zorro, and also highlighting linking east-west mineralised structures between north trending faults (Figure 2).

By correlating the Company's structural and GAIP model results to drilling, this has further refined the exploration model for Ternera, with the current GAIP results also identifying what the Company believes to be a highly prospective Ternera analogue 300m to the east of Ternera. This analogue is based on a similar anomaly pattern in the preliminary GAIP survey results characterised by coincident N-S fault zones, linking E-W faults and a similar looking chargeability anomaly trend (Figure 3).

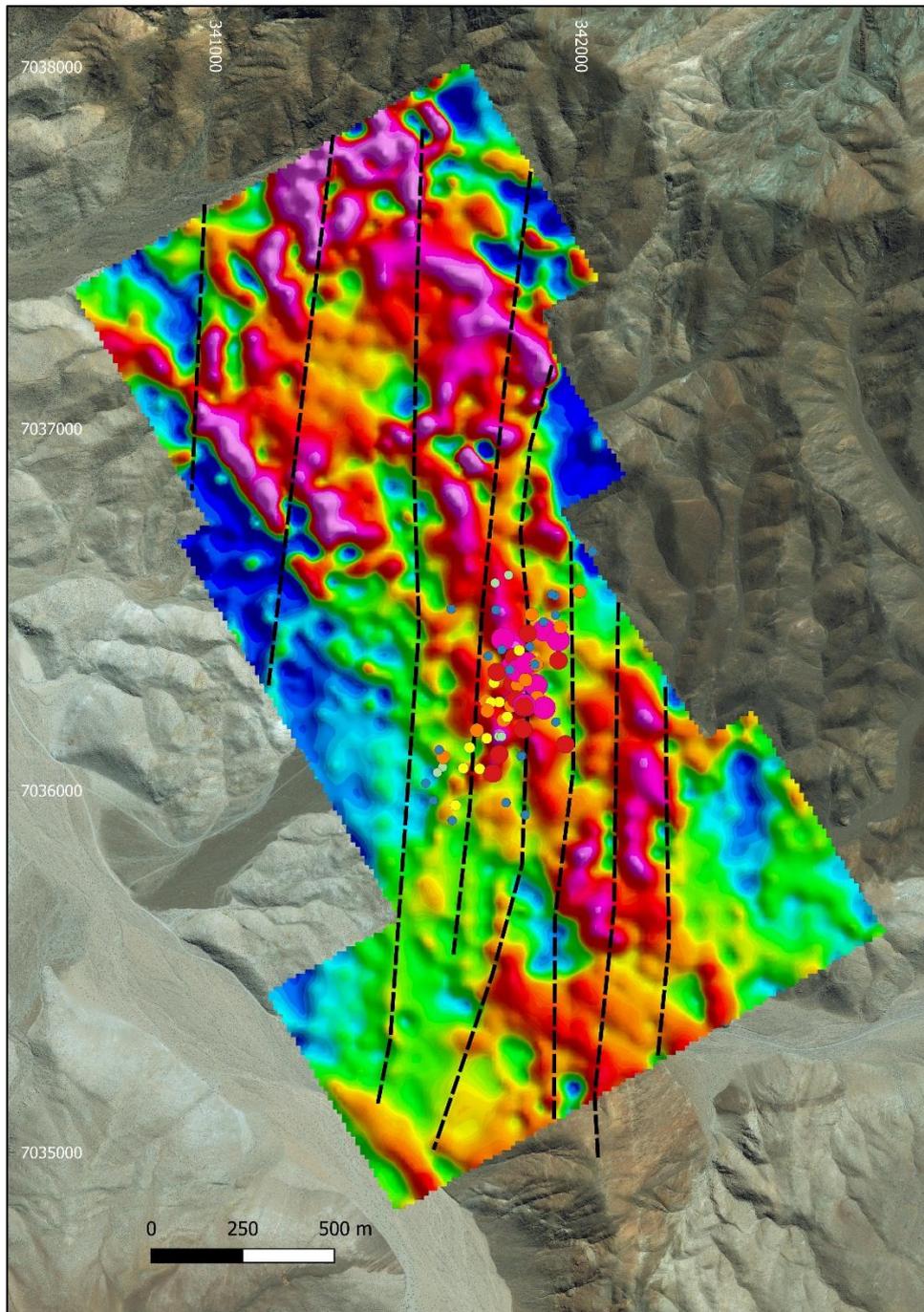


Figure 2 – El Zorro map of GAIP chargeability response with a half vertical derivative filter, showing high chargeability is represented by warm colours. The Ternera drill collars are colour coded to gram-metre gold intercepts. North trending master faults are drawn on top as dashed black lines.

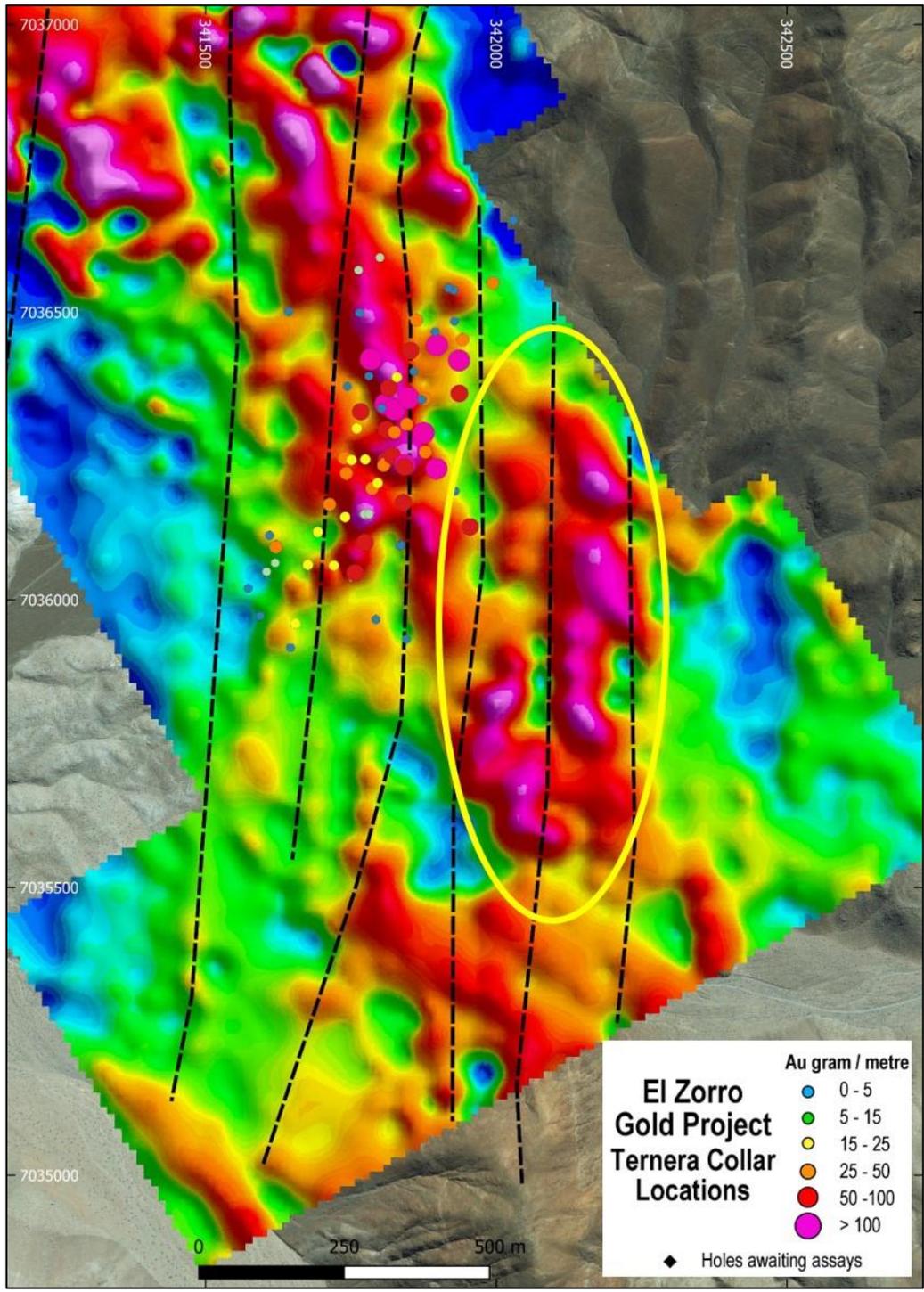


Figure 3 – Zoomed in view of the Terner area showing the GAIP chargeability response with a half vertical derivative filter, where high chargeability is represented by warm colours. The Terner drill collars are colour coded to gram-metre intercepts. North trending master faults are shown as dashed black lines. A prospective GAIP anomaly trend having a very similar, repeat pattern to Terner is highlighted as a new target area (yellow outline).

Chargeability – is a measure of the ability of minerals within the rock to store an electrical charge on the boundaries of conductive minerals and is closely associated with disseminated sulphide mineralisation. In general, chargeability highs are associated with high sulphide content or graphitic units.

Resistivity – is a measure of how rock material can resist the flow of electrons in the rock, and the inverse of this is electrical conductivity. High resistivity (equivalent to low conductivity) is often associated with silica-rich zones or increased quartz veining and fracturing. Low resistivity

(equivalent to high conductivity) is associated with high sulphide content, clays formed by weathering or fractured rock, or by graphitic units.

Next Steps

Results from the expanded GAIP survey program have highlighted additional undrilled targets outside of the immediate Ternera area at Drone Hill and immediately east of Ternera. The potential eastern repetition of Ternera mineralisation will be prioritised, with initial detailed surface mapping and sampling underway with a view to drill the target zone in early 2021, should field inspection results be positive.

Drilling at Ternera continues, with assays pending for 20 holes. These results are now being received regularly from the laboratory in Santiago.

Authorised by the Board of Tesoro Resources Limited.

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About Tesoro

Tesoro Resources Limited was established with a strategy of acquiring, exploring and developing mining projects in the Coastal Cordillera region of Chile. The Coastal Cordillera region is host to multiple world class copper and gold mines, has well established infrastructure, service providers and an experienced mining workforce. Large areas of the Coastal Cordillera remain unexplored due to the unconsolidated nature of mining concession ownership, but Tesoro, via its in-country network and experience has been able secure rights to a district scale gold project in-line with the Company's strategy. Tesoro has rights to acquire up to 80% of the El Zorro Gold Project.



Competent Persons Statement

The information in this report that relates to Geophysical Results is based on information compiled by Dr Jayson Meyers who is a Fellow of the Australian Institute of Geoscientists. Dr Meyers is a consultant to Tesoro Resources Limited and 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. Dr Meyers consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears. Dr Meyers does not hold any securities in the Company.

Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Tesoro.

Appendix 1 – JORC TABLES

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. 	<p>IP data collected using an Iris Elrec system and 15KVa transmitter using standard methods for Gradient Array IP and Dipole-Dipole IP surveying, data were quality checked by Quantec and geophysical consultants in Perth, Australia, and were considered to be of excellent quality</p> <p>Tesoro has completed 74 diamond drill holes for 19,579m in 2017, 2018 and 2020 (ZDDH0001 to ZDDH0074). Diamond drill holes were drilled with HQ. Sampling was half core at geologically defined and significant mineralisation boundaries. Tesoro considers the sampling methodologies to be appropriate for this style of mineralisation.</p>
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<p>Tesoro Diamond drill holes were drilled with HQ. Sampling was half core at geological and significant mineralisation boundaries. Tesoro consider this appropriate for the style of mineralisation.</p>
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done, this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<p>Diamond drilling was used to obtain ½ core samples of various lengths (minimum 0.25m), from which 1kg of material was pulverised passing 200 mesh to produce a 50g charge for fire assay fusion with a gravimetric finish. Multielement assays were completed by 4-acid digest with a 2.5g charge. Tesoro consider these appropriate assay techniques.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). 	<p>Tesoro has completed 74 diamond drill holes for 19,579m. Diamond drill holes were drilled with HQ. Sampling was half core at geological and significant mineralisation boundaries. Standard tube was used.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<p>Core recovery was estimated using the drillers recorded depth marks against the length of the core recovered. Reviewing the core photos, there are occasional shears/faults where core is broken. There is however no significant core loss.</p>
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<p>A single tube system was employed and in general core recovery good.</p>
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<p>There appears to be no potential sample bias as there was no regular loss of core.</p>
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<p>Geological core logging to a resolution of 25 cm was undertaken with a record kept of, inter alia, colour, lithology, weathering, grain size, mineralisation, alteration, geotechnical characteristics etc. Diamond core is stored at the Company's warehouse.</p> <p>Tesoro consider the data to be of an appropriate level of detail to support a future resource estimation.</p>
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. 	<p>Logging of diamond core was qualitative and diamond core was photographed.</p>
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<p>All drilled intervals are logged and recorded.</p>
Subsampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<p>Drill core was cut, and half core was collected for analysis</p>
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. 	<p>Tesoro has not completed any percussion drilling.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<p>Collection of half core ensured the nature, quality and appropriateness of the collected sample.</p> <p>The sample preparation of crushing half core at the lab to mm size prior to splitting off a 50g charge (either by cone/quarter or riffle) for pulverisation provides an appropriate and representative sample for analysis.</p>
	<ul style="list-style-type: none"> Quality control procedures adopted for all subsampling stages to maximise representivity of samples. 	<p>Half core was collected for the entirety of the Tesoro drilling, as such there was consistency throughout the drilling. Core was logged by a qualified geoscientist. Each subsample is considered to be representative of the interval.</p>
	<ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. 	<p>Sampling of half core is representative of the in-situ material. There are field duplicate samples collected from the diamond core with irregular results. Field drill core duplicates are irregular by nature and it has been recommended by Tesoro's consultants to use coarse reject material to monitor the sample preparation.</p>
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<p>sample sizes collected were considered appropriate to reasonably represent the material being tested.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<p>Assays were undertaken at the accredited laboratories at Bureau Veritas, Santiago and ALS Santiago, both of which are fully certified. Core samples of various lengths were assayed (minimum 0.25m) from which 1kg of material was pulverized passing 200 mesh to produce a 50 g charge for fire assay fusion with gravimetric finish. Multielement assays were completed by 4-acid digest with a 2.5 g charge.</p> <p>All techniques are appropriate for the element being determined.</p>
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<p>Standard chemical analyses were used for grade determination.</p> <p>All surveys were ground-based Induced Polarisation (IP) surveys. Data was collected by Quantec Geoscience (Chile), 30 line km of GAIP using an Iris Elrec-Pro receiver and Iris VIP 10000 receiver.</p>
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<p>El Zorro Project QAQC procedures included the insertion of Certified Reference Materials (CRMs) (5%) and blank material (2%), Check samples (5%) and check assaying 5%</p> <p>Cube Consulting Pty Ltd manage the database for Tesoro and note in there</p> <p>The laboratories used have generally demonstrated analytical accuracy at an acceptable level within 95% confidence limits.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<p>A number of independent consulting geoscientists (Cube Consulting, Oliver, and Cooley) external to Tesoro have verified the intersections for holes ZDDH0001 to ZDDH0016. Holes ZDDH0017 onwards have been verified by multiple appropriately qualified Company personnel..</p>
	<ul style="list-style-type: none"> The use of twinned holes. 	<p>no twinned holes have been completed</p>
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<p>Tesoro drilling is digitally entered and stored following documented core handling protocols.</p> <p>The protocols are considered adequate.</p> <p>Geophysical survey data are recorded as contoured plans and sections with original source data files stored electronically</p>
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<p>No adjustments were made to Tesoro Drilling</p>
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<p>Tesoro drill hole collars have been surveyed accurately using differential GPS for holes ZDDH0001 to ZDDH0016. Holes ZDDH0017 onwards have been surveyed using handheld GPS and will be surveyed using differential GPS once the drill program has concluded.</p> <p>Geophysical survey lines are orientated and located using GPS</p>
	<ul style="list-style-type: none"> Specification of the grid system used. 	<p>The grid system used PSAD56 19S</p>
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<p>The topography generated from the historical data has been used for the current control. A new topographic survey is planned.</p>
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<p>Drill hole spacing is variable between 40m and 200m</p>
	<ul style="list-style-type: none"> Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the 	<p>The spacing of drill holes is variable and satisfactory for reconnaissance level drilling. The holes are not intended to be used for resource estimates at this stage of exploration.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	Sample composites was not employed.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<p>Drill holes were drilled across the interpreted strike of the mineralization</p> <p>IP survey lines were orientated perpendicular to the interpreted strike of the geology</p>
	<ul style="list-style-type: none"> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	Tesoro diamond drilling at various orientations does not reveal any bias regarding the orientation of the mineralised horizons.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	Chain of Custody of digital data is managed by the Company. Physical material was stored on site and, when necessary, delivered to the assay laboratory. Thereafter laboratory samples were controlled by the nominated laboratory which to date has been Bureau Veritas and ALS Santiago. All sample collection was controlled by digital sample control file(s) and hardcopy ticket books.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	No audits have been undertaken.

(Criteria in this section apply to all succeeding sections)

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> 	Information regarding tenure is included in the Company's most recent quarterly report released to the ASX on 20 th October 2020
	<ul style="list-style-type: none"> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	The Concession is believed to be in good standing with the governing authority and there is no known impediment to operating in the area.
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	Little historical exploration has been undertaken in either project area. Coeur d'Alene's Chilean exploration division undertook activities on the Coquetas prospect, under an option agreement with the previous owners between April 1990 and January 1993.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>The mineralisation model is to likely to be intrusive related gold deposit. The key characteristics that are consistent with this style deposit include:</p> <ul style="list-style-type: none"> • Low sulphide content, (typically <5%); reduced ore mineral assemblage that typically comprises pyrite and lacks primary magnetite or hematite • Mineralisation occurs as sheeted vein deposits or stockwork assemblages and often combine gold with variably elevated Bi, W, As, Mo, Te, and/or Sb but low concentrations of base metals as seen in the initial four holes by Tesoro at El Zorro • Restricted and commonly weak proximal hydrothermal alteration • Intrusions of intermediate to felsic composition.
Drillhole information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drillhole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>downhole length and interception depth</i> 	See prospectus dated 30 th October 2019 lodged by Plukka Ltd

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ hole length. ● If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> ● In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. 	<p>El Zorro: No cutting of grades has been undertaken at this early stage of exploration.</p> <p>Channel intercepts are calculated using a length weighted averaging method.</p>
	<ul style="list-style-type: none"> ● Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<p>Along Channel length weighted average results are calculated using a 0.20g/t Au cut off and a maximum of 5m internal dilution</p>
	<ul style="list-style-type: none"> ● The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p>No metal equivalents are reported.</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> ● These relationships are particularly important in the reporting of Exploration Results. 	
	<ul style="list-style-type: none"> ● If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. 	<p>EL Zorro: The mineralisation forms sub-vertical sheeted veins and individual veins and may form plunging zones within the mineralised structures. Drilling and sampling by Tesoro has been undertaken to test these orientations.</p>
	<ul style="list-style-type: none"> ● If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known'). 	<p>EL Zorro: Exploration results are reported as along channel widths as the true width is not known with any certainty.</p>
Diagrams	<ul style="list-style-type: none"> ● Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views. 	<p>Relevant maps and diagrams are included in the body of the report.</p>
Balanced reporting	<ul style="list-style-type: none"> ● Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<p>All assay results from sampling are reported.</p>
Other substantive exploration data	<ul style="list-style-type: none"> ● Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<p>All material exploration data is reported in the body of the report.</p>
Further work	<ul style="list-style-type: none"> ● The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). 	<p>El Zorro: Further work will be focused on drill testing the Coquetas mineralisation and additional prospects as defined in the work program. Core will be used for metallurgical testwork and resource modelling is planned.</p>
	<ul style="list-style-type: none"> ● Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<p>Diagrams have been included in the body of this report.</p>