

## High Grade Gold Potential Identified Beyond Existing Resource / Reserve at Miraflores

### HIGHLIGHTS

- New targets identified for high grade veins and shoots within, and beyond, the Miraflores resource model
- Historical high-grade drilling intersections (10.6m @ 11.97g/t Au) interpreted to represent a shoot at the intersection of two sheeted vein sets
- Untested shoot extensions identified along strike and at depth
- Testing of newly identified targets to be included in the upcoming drill program, utilising Los Cerro's own diamond rig, which is now on order

**Los Cerros Limited (ASX: LCL) (Los Cerros or the Company)** is pleased to provide an update of newly identified targets, with potential for high grade vein shoots beyond the boundaries of the existing Miraflores gold deposit, (**Miraflores**), part of the Company's Quinchia Gold Project in Colombia.

Miraflores has an existing **Resource of 877,000 Au ounces at 2.80g/t Au** and **Reserve of 457,000 Au ounces at 3.29g/t Au**<sup>1</sup>.

The objective of the recent review was to return to the foundations of the geological model to better understand the distribution of gold bearing structures within the resource envelope and beyond given recent improved understanding of regional geology.

### Miraflores History

Modern exploration at Miraflores commenced with 10 diamond holes drilled by AngloGold Ashanti and B2 Gold in 2006-2007, followed in 2010 by Seafield Resources, a TSX-V listed explorer. Over the next 4 years, Seafield completed 63 diamond drill holes for ~22,000m defining low sulphidation epithermal mineralisation in the form of a breccia pipe with a diameter of 250m x 280m extending to 600m vertically which widens and remains open at depth. Seafield interpreted 20+ veins, predominantly NW trending, which cut the breccia pipe and carry the highest gold values.

Seafield drill results included the following, encouraging intercepts<sup>2</sup> -

- **23.95m @ 4.67g/t Au** from 282.55m in QM-DH-03
- **6.0m @ 11.04 g/t Au** from 343.1m within 194.9m @ 1.57g/t from 159.4m in QM-DH-32A
- **10.6m @ 11.97g/t Au** from 233m within 1,145.7m @ 1.89g/t from 185.9m in QM-DH-33
- **60.0m @ 5.48 g/t Au** from 225m within 161.15m @ 3.23g/t Au from 183m in QM-DH-34
- **59.2m @ 5.72 g/t Au** from 182.8m within 238.15m @ 2.06g/t Au from 146m in QM-DH-50

<sup>1</sup> Refer ASX announcement dated 27 November 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply

<sup>2</sup> Refer announcement 14 March 2017. The Company confirms that it is not aware of any new information that affects the information contained in this release

The Los Cerros technical leadership are of the view that the considerable data set generated by Seafield Resources has not been fully interpreted and assimilated due, in part, to Seafield entering administration in 2014 and there-in lies the opportunity for a deeper understanding of the Miraflores structure and economic potential.

### Recent modelling reveals potential high grade zones

Recently completed drill core re-logging and 3-D modelling reveals that the highest gold grades occur within sheeted vein systems which cut white-grey breccia, a subset of the breccia pipe lithologies, which are characterised by hydrothermal quartz-carbonate cement and comb textures (Figure 1). The exercise has revealed several zones of interest both within the current resource model, but with sparse data, and also extending beyond the defined resource.

It is believed the white-grey breccia defines a zone of hydrothermal boiling associated with deposition of gold mineralisation from the hydrothermal system. Three zones of white-grey breccia are interpreted but none of these zones were specifically targeted by previous explorers, and the largest white-grey breccia zone remains open at depth (Figure 1).

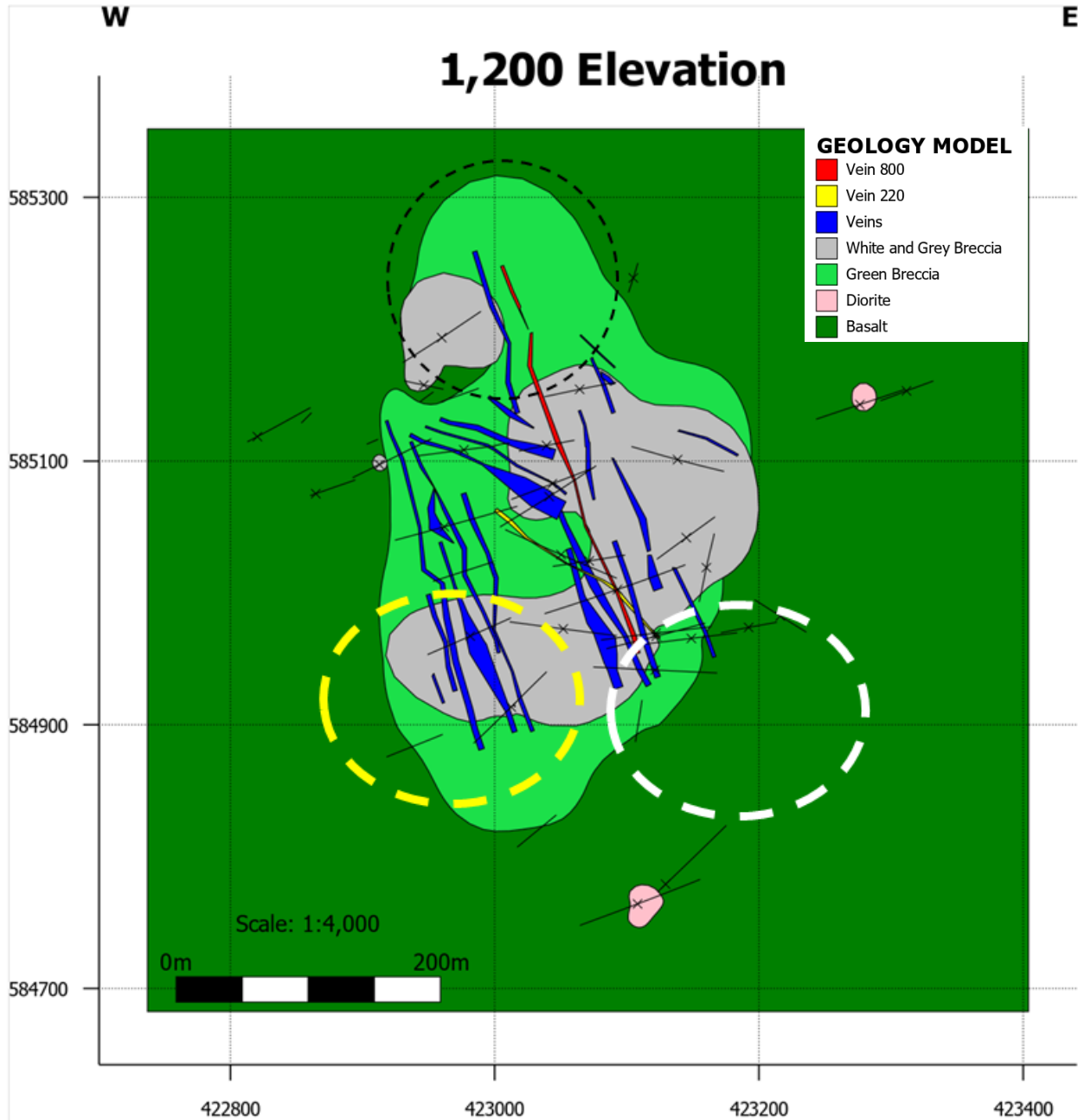
Specifically, the Company's geological team identified that high gold grade drill intercepts within the Miraflores Resource model are associated with the intersection of two vein sets with highest gold values in a southeast plunging shoot developed at the intersection of the WNW trending 220 vein set and the NNW trending 800 vein set, namely QM DH50: **59.2m @ 5.72 g/t Au**; QM DH32A: **6m @ 11.04 g/t**; and QM DH33: **10.6m @ 11.97 g/t**, as reported above.

It appears the 220/800 shoot remains open in both directions, creating two compelling targets for additional mineralisation (Figure 1). 3-D modelling also suggests the presence of other shoots parallel to the 220/800 vein set intersection. None of these vein intersections have been purposely targeted by previous drilling.

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

*"Many impressive intercepts at Miraflores can be spatially attributed to the white-grey breccia and the 800 and 220 vein sets. Better understanding of these associations has given weight to the potential continuity of high grade zones, which is an important factor when considering the practicalities of mining the ore and also provides areas of investigation for potential extensions of high grade mineralisation.*

*The Company remains focussed on the investigation of Tesorito and Chuscal, both of which have great potential and are less than 2kms from Miraflores. However, this recent work by our geologists has elevated our interest in Miraflores, especially given strong gold forecasts and the advanced nature of Miraflores' engineering and approvals. To test the modelling, Miraflores targets will be added to the planned drilling program at Tesorito and Chuscal."*



**Figure 1:** Modelling of high grade distribution has revealed three regions justifying further testing, two associated with the potential extensions of shoots - white dashed circle at depth and black dashed circle near surface in the above plan. The depth extent of white-grey breccia (yellow circle) has not been tested and is the third target.

### Miraflores Feasibility and Status

Miraflores has a Reserve of 457,000 Au ounces at 3.29g/t Au based on a 2017 Feasibility Study (FS)<sup>3</sup>. The study generated the following parameters based on a US\$72m CapEx for a retreat long hole stope with backfill mining operation feeding a 1,300tpd conventional cyanide leaching facility producing an average 4koz gold/month (48koz/yr) over a 10 year operating life.

<sup>3</sup> Refer ASX announcement dated 27 November 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply

It is worth noting that current consensus gold price forecasts far exceed the upper limit of US\$1,400/oz used in the 2017 sensitivity analysis.

Sensitivity to Gold Price				
Key Financial Indicators*	Unit	US\$1,200 Au/oz	US\$1,300 Au/oz	US\$1,400 Au/oz
C1 Cash Cost**	US\$ per Au/oz	595	599	603
AISC-cost	US\$ per Au/oz	639	643	647
EBITDA (LoM average)	US\$m/annum	27.3	29.4	35.8
NPV @ 5%	US\$m	75	96.1	117
NPV @ 8%	US\$m	55	72.3	89.8
IRR	%	21	25	28
Payback	Years	4.1	3.6	3.3

\* A variance of +15 -10% can be applied i.e. within the contingency. Contingency of 7.67%.  
\*\* C1 Cash Costs includes Government Royalty.

Authorities have approved a construction and operations plan (PTO) based on the parameters described in the Miraflores FS. The Company's final significant mine construction approvals step is the submission and approval of the Environmental Impact Assessment (EIA). Much of the work towards the EIA has been completed however this will require updating closer to the submission date. The Company is not currently progressing with finalisation of the EIA inputs until the Company has committed to a development pathway because inputs to the EIA are required to be up to date and might change based on final facility design.

Miraflores is part of the 7,500ha Quinchia Gold Project (Figure 2) which also includes Chuscal and Tesorito Prospects and the Dosquebradas Deposit which has an Inferred Resource of 459,000 Au ounces grading 0.71g/t Au<sup>4</sup>. There are also additional early stage exploration targets within a 3km radius of Miraflores. The Company's regional strategy is to advance the targets within the Quinchia Gold Project and re-enforce a production scenario leveraging Miraflores and using the proposed processing facility as a central hub. The Company is also committed to accelerated exploration for large scale gold-copper porphyry targets such as Tesorito and Chuscal (Figure 2). Quinchia sits within the Mid-Cauca Porphyry belt which hosts many multi-million-ounce porphyry discoveries.

### 2020 Drill Program

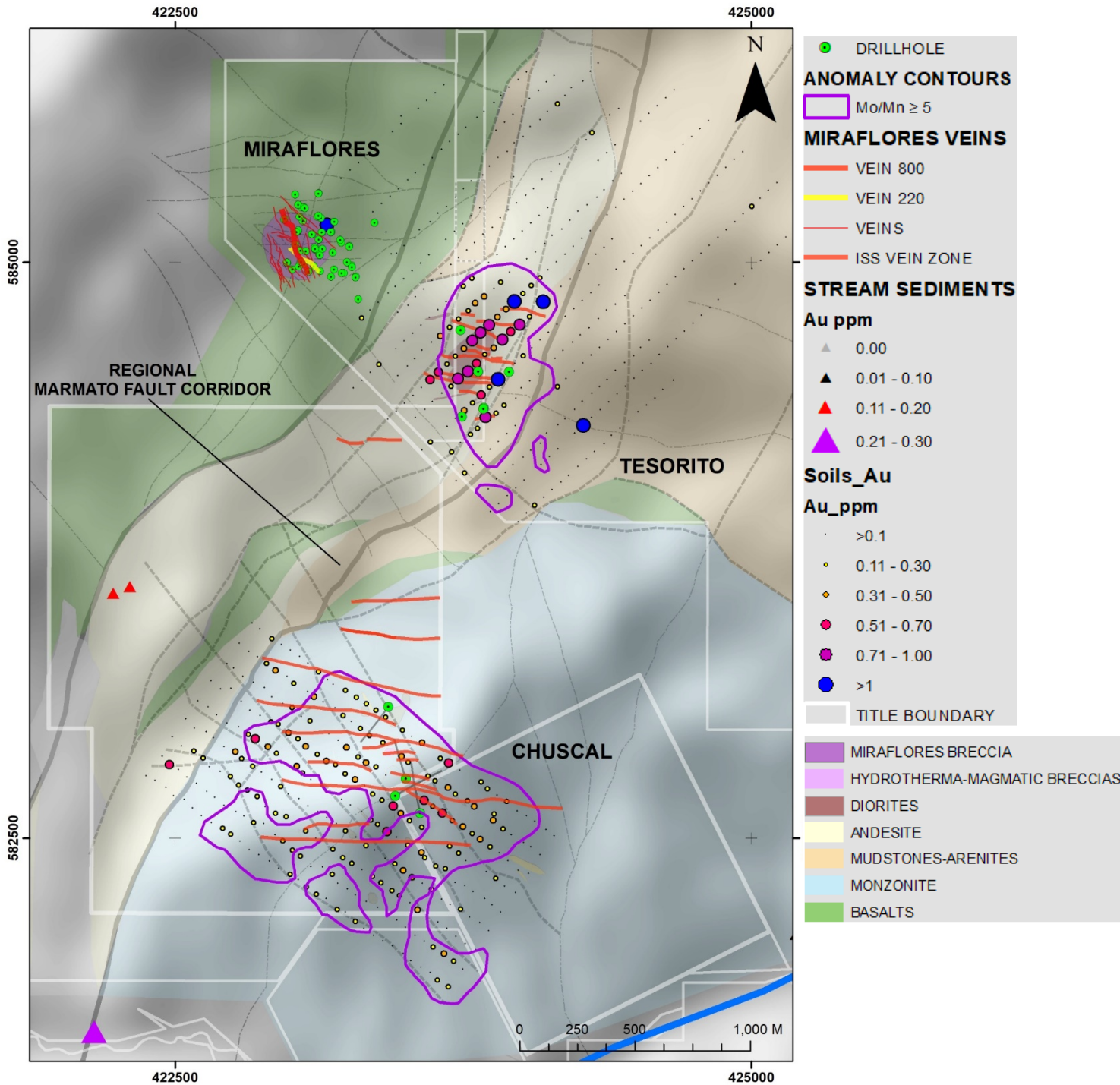
Los Cerros has recently placed orders for a drill rig and supporting equipment as part of the Los Cerros / Hongkong Ausino Strategic Partnership Agreement (**SPA**)<sup>5</sup>. The SPA is a significant strategic initiative by Los Cerros to fund ~\$2M of drilling and geophysics activity across the Company's extensive and highly prospective ~100kHa holding in Colombia and is expected to be the focus of on-ground activity for up to the next 18 months.

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

<sup>4</sup> 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

<sup>5</sup> See announcement 22 April 2020 for further details of the SPA

As a priority, the Company's 2020 drilling program will focus on the Tesorito and Chuscal gold porphyry/epithermal targets and the Miraflores deposit as mentioned above. The drilling is intended to start as soon as possible allowing for COVID-19 restrictions and shipping logistics.



**Figure 2:** A subset of the Quinchia Gold Project. Note the general north-south trend of the anomalous zones - which reflects deep crustal controls extending for the entire length of the Mid-Cauca Porphyry Belt. Locally, this regional influence is expressed as the major Marmato Fault Corridor.

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

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

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

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

### MIRAFLORES PROJECT RESOURCES AND RESERVES

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

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

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

**Notes:**

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

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

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

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

**Notes:**

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

Source: Ausenco, 2017

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

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

**Notes:**

- i) No more than 6m internal waste is included in the weighted intervals
- ii) Inferred Mineral Resources shown using various cut offs.
- iii) Based on gold selling price of US\$1,470/oz.
- iv) Mineral Resource estimated by Resource Development Associates Inc.
- v) First publicly released on 25 February 2020. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.