

1. Company details

Name of entity:	Los Cerros Limited
ABN:	43 119 759 349
Reporting period:	For the half-year ended 30 June 2021
Previous period:	For the half-year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	97.7% to	503
Loss from ordinary activities after tax attributable to the owners of Los Cerros Limited	up	23.4% to	(2,318,237)
Loss for the half-year attributable to the owners of Los Cerros Limited	up	23.4% to	(2,318,237)

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 \$2,318,237 (30 June 2020: loss \$1,877,960).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.44	5.83

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 2021 is attached.

12. Signed



Signed

Date: 10 September 2021

Ross Ashton
Non-Executive Chairman

Los Cerros Limited

ABN 43 119 759 349

Interim Report – 30 June 2021

Directors	Mr. Ross Ashton (Non-Executive Chairman) Mr. Jason Stirbinskis (Managing Director) Mr. Kevin Wilson (Non-Executive Director)
Chief Financial Officer and Joint Company Secretary	Mr. Blair Snowball
Joint Company Secretary	Ms. Jessamyn Lyons
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
Share Registry	Automic Group Level 5, 126 Phillip Street Sydney, NSW 2000 Australia 1300 288 664
Auditor	Grant Thornton Audit Pty Ltd Central Park Level 43, 152-158 St Georges Terrace Perth, WA 6000 Australia
Stock Exchange Listing	Los Cerros Limited shares are listed on the Australian Securities Exchange (ASX Code: LCL)
Company Website	https://www.loscerros.com.au/

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 2021.

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 Quinchia regions of the mid-Cauca Gold Belt of Colombia which hosts many major discoveries.

The Company's focus is the mineral exploration on the assets held in the Andes and the Quinchia Gold 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 \$2,318,237 (30 June 2020: loss of \$1,877,960).

During the half-year, the Company continued to demonstrate significant drilling success at its 100% owned Quinchia Gold Project in Risaralda, Colombia. Drilling at the Tesorito South porphyry continued to deliver exceptional, globally significant drill results with mineralisation expanding, and remaining open, in every lateral direction tested in the period.

Most drill core assays announced for Tesorito in the period reported gold mineralization from surface and continuing for several hundred meters down hole with most notable results being¹:

- 320m @ 1.5g/t Au from 2m below surface including 102m @ 2.11 g/t Au from 28m and 30m @ 2.47g/t Au and 0.12% Cu from 262m in TS-DH14;
- 629m @ 0.88g/t Au from surface including 460.9m @ 1.11g/t Au from surface in TS-DH16;
- 232.35m @ 1.15g/t Au from surface including 52.3m @ 2.10g/t Au from 72m in TS-DH17;
- 209m @ 1.01g/t Au from surface in TS-DH19 including 102m @ 1.33g/t Au from surface in TS-DH19; and,
- 222m @ 1.51g/t Au from surface including 59.5m @ 2.6g/t gold from surface in TS-DH24.

Of the above, Drill hole TS-DH16 is of significant importance as it is interpreted to have drilled through and exited the Tesorito South porphyry suite and then entered a new zone of porphyry mineralisation at depth, which the Company has termed the Tesorito West target. TS-DH24 also penetrated the new Tesorito West target at depth and also delivered the highest grade intercept encountered thus far with 36m @ 3.3g/t Au from surface within the above-mentioned 222m @ 1.51g/t Au.

In July 2021, the Company released drill core assays for TS-DH25 and TS-DH26¹ which were drilled from the same pad as TS-DH24 and also delivered high grade surface gold. This builds on the possibility that the Tesorito South porphyry core breaches the surface in this area and therefore introducing the potential for significant further extensions to the northeast beyond TS-DH24 drill pad.

¹ See announcement 12 July '21 (TS-DH25, '26), 22 June '21 (TS-DH24), 28 May '21 (TS-DH 18 '19 '22 '23), 19 April (TS-DH17, '20, '21), 6 April 2021 (TS-DH16), 18 March 2021 (TS-DH15), 21 January 2021 (TS-DH12 '13 '14), 10 November 2020 (TS-DH10 '11), 10 September 2020 (TS-DH08), 9 October 2020 (TS-DH09) for assay results and 31 July 2018 and 30 August 2018 for the initial reporting of the assays for drill holes TS-DH01 to TS-DH07. The Company confirms that it is not aware of any new information that affects the information contained in the announcement.

During the half-year, the Company commenced the first drilling program at the Ceibal porphyry target, which is located approximately 1km south and southwest of Miraflores and Tesorito respectively. Results of the first two holes were released to the ASX on 8 July 2021². The assay results showed very encouraging and extensive mineralisation and porphyry signatures for the entire length of drill core for both holes:

- CEDDH01: 500m @ 0.52g/t Au (uncut) from surface including;
 - 72.0m @ 0.78g/t Au from surface including 24.0m @ 0.95g/t Au from 42m
- CEDDH02: 586m @ 0.51g/t Au (uncut) from surface including;
 - 52.0m @ 0.81g/t Au from 176m; and
 - 14.1m @ 1.02g/t Au from 572.5m to end of hole.

The Chuscal porphyry target drilling campaign was completed early in the half year and successfully intersected two separate indications of gold porphyry systems within the expansive Chuscal anomalous surface footprint.

In the July-September 2021 quarter the Company commissioned and commenced a regional magnetic survey that is expected to provide valuable additional vectoring information for the next Chuscal drilling campaign and assist in the definition of other targets within the Quinchia Gold Project (Figure 1).

Concurrent with the magnetic survey, a deep penetrating IP program of the Tesorito/Miraflores area was commissioned which is expected to illuminate regional controlling structures and relationships.

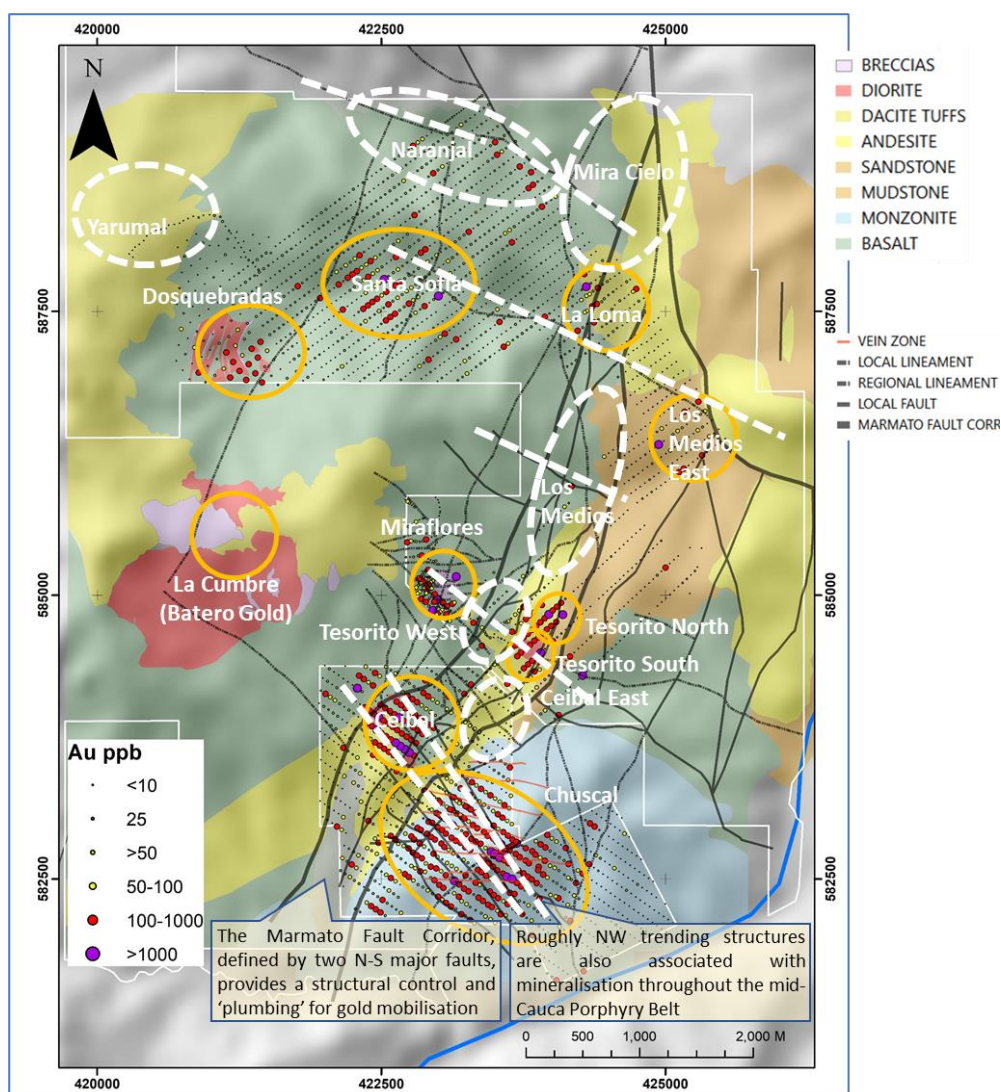


Figure 1: With an increasingly sophisticated geology model, Los Cerros has identified many new targets (white ovals) for its project generation program at Quinchia.

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

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.

Matters Subsequent to the End of the Financial Half-Year

On 16 July 2021, following the end of the financial half-year, the Company completed a capital raise for \$20.19 million (before costs) via private placement of ordinary shares at 16c per share, which saw some high profile North American gold funds join the registry, along with a number of institutional and high net worth investors from Australia, UK, and Asia. The capital raise consisted of a Tranche 1 of 119,612,500 ordinary shares at \$0.16 per share that were issued on 26 July 2021, and a Tranche 2 of 6,575,000 ordinary shares at \$0.16 per share that were issued on 8 September 2021, following the approval of shareholders at a General Meeting held on 31 August 2021.

The Company issued and allotted a total of 19,314,475 fully paid ordinary shares upon the exercise of 14,287,046 listed options, 2,587,429 unlisted options and 2,440,000 performance rights. This raised \$2,494,547 on the following schedule: 1,190,929 shares were issued on 12 July 2021; 3,088,522 shares were issued on 16 July 2021; 2,069,898 shares were issued on 29 July 2021; and 12,965,126 shares were issued on 18 and 19 August 2021, see table below.

	Shares Issued on 12- Jul-21	Shares Issued on 16- Jul-21	Shares Issued on 29- Jul-21	Shares Issued on 18 & 19- Aug-21	Total Shares Issued	Total Amount Received
Upon Exercise of Listed Options						
Upon exercise of listed options exercisable at \$0.16 per option on or before 16 Aug 2021	266,000	423,522	882,398	12,715,126	14,287,046	\$2,285,927
Total listed options exercised	266,000	423,522	882,398	12,715,126	14,287,046	\$2,285,927
Upon Exercise of Unlisted Options						
Upon exercise of unquoted options exercisable at \$0.10 per option on or before 6 Apr 2022	687,500	-	812,500	-	1,500,000	\$150,000
Upon exercise of unquoted options exercisable at \$0.02 per option on or before 18 May 2022	-	225,000	125,000	-	350,000	\$7,000
Upon exercise of unquoted options exercisable at \$0.07 per option on or before 1 July 2025	237,429	-	250,000	250,000	737,429	\$51,620
Total unlisted options exercised	924,929	225,000	1,187,500	250,000	2,587,429	\$208,620
Upon Exercise of Performance Rights						
Upon exercise of performance rights that were convertible before 31 January 2025 for nil consideration	-	2,440,000	-	-	2,440,000	Nil
Total performance rights exercised	-	2,440,000	-	-	2,440,000	Nil
Total shares issued upon exercise of options and performance rights	1,190,929	3,088,522	2,069,898	12,965,126	19,314,475	\$2,494,547

38,719,692 options, being the unexercised number of listed options exercisable at \$0.16 per option, lapsed at the expiry date of 16 August 2021. Also lapsed were 1,250,000 unlisted options exercisable at \$0.24 on the expiry date of 16 August 2021.

Matters Subsequent to the End of the Financial Half-Year (Continued)

The proceeds of the capital raise, along with proceeds of over \$4 million from the exercise of options since the beginning of the year, provide the Company with cash reserves of more than \$24 million as at the date of this report. Primarily, this will be applied to exploration at the Quinchia and Andes Gold Projects, including for:

- progressively ramping up from the current three diamond rigs up to five active diamond rigs;
- calculation of a maiden Mineral Resource in respect of the Tesorito South prospect;
- commencing initial metallurgical studies in respect of the Tesorito South prospect;
- completion of final submissions (EIA and community consultation) in relation to Miraflores mining approvals;
- geophysical studies and surface works at earlier-stage prospects within the Quinchia Gold Project;
- surface work and geophysical surveys at key epithermal and porphyry targets within the Andes Gold Project, subject to the granting of applications on these titles; and
- ongoing social programs.

On 12 August 2021 and on 7 September 2021, the Company issued and allotted 721,311 and 1,240,835 fully paid ordinary shares respectively as payment for services rendered.

Other than as disclosed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial 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

10 September 2021



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Auditor's Independence Declaration

To the Directors of Los Cerros Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Los Cerros Limited for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to be "B P Steedman".

B P Steedman
Partner – Audit & Assurance

Perth, 10 September 2021

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Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	24
Independent auditor's review report to the members of Los Cerros Limited	25

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 10 September 2021.

Los Cerros Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 30 June 2021



	Note	Consolidated	
		30 June 2021	30 June 2020
		\$	\$
Revenue			
Interest revenue calculated using the effective interest method		503	21,838
Expenses			
Employee benefits expense		(381,992)	(577,179)
Depreciation and amortisation expense		(3,635)	(2,864)
Exploration and evaluation expenditure	5	(170,849)	-
Share based payment expense		(777,527)	(77,500)
Finance costs		(1,321)	(13,995)
Fair value adjustment to deferred consideration		-	(100,451)
Occupancy		(25,437)	(15,783)
Other expenses	3	(957,979)	(1,112,026)
Total expenses		<u>(2,318,740)</u>	<u>(1,899,798)</u>
Loss Before Income Tax Expense		(2,318,237)	(1,877,960)
Income tax expense		-	-
Loss After Income Tax Expense for the Half-Year Attributable to the Owners of Los Cerros Limited		(2,318,237)	(1,877,960)
Other Comprehensive Income			
<i>Items That May Be Reclassified Subsequently to Profit or Loss</i>			
Foreign currency translation		<u>(945,020)</u>	<u>(212,037)</u>
Other Comprehensive Income for the Half-Year, Net of Tax		<u>(945,020)</u>	<u>(212,037)</u>
Total Comprehensive Income for the Half-Year Attributable to the Owners of Los Cerros Limited		<u>(3,263,257)</u>	<u>(2,089,997)</u>
		Cents	Cents
Basic loss per share	4	(0.49)	(0.88)
Diluted loss per share	4	(0.49)	(0.88)

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 2021



		Consolidated	
	Note	30 June 2021 \$	31 December 2020 \$
Assets			
Current Assets			
Cash and cash equivalents		5,084,178	7,814,764
Other receivables		20,244	64,610
Prepayments		39,753	169,848
Total Current Assets		<u>5,144,175</u>	<u>8,049,222</u>
Non-Current Assets			
Property, plant and equipment		1,271,308	1,133,026
Exploration and evaluation	5	20,776,567	18,853,659
Total Non-Current Assets		<u>22,047,875</u>	<u>19,986,685</u>
Total Assets		<u>27,192,050</u>	<u>28,035,907</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	563,703	492,480
Borrowings	7	-	50,000
Provisions		154,890	147,097
Total Current Liabilities		<u>718,593</u>	<u>689,577</u>
Total Liabilities		<u>718,593</u>	<u>689,577</u>
Net Assets		<u>26,473,457</u>	<u>27,346,330</u>
Equity			
Issued capital	8	369,037,655	367,424,798
Reserves	10	2,879,132	3,046,625
Accumulated losses		(345,443,330)	(343,125,093)
Total Equity		<u>26,473,457</u>	<u>27,346,330</u>

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

Los Cerros Limited
Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2021



Consolidated	Issued Capital \$	Share-Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2020	350,163,191	1,497,624	10,638,979	(347,554,597)	14,745,197
Loss after income tax expense for the half-year	-	-	-	(1,877,960)	(1,877,960)
Other comprehensive loss for the half-year, net of tax	-	-	(212,037)	-	(212,037)
Total comprehensive income for the half-year	-	-	(212,037)	(1,877,960)	(2,089,997)
Shares issued during the period	3,335,487	-	-	-	3,335,487
Options exercised – shares to be allotted	6,250	-	-	-	6,250
Transaction costs	(234,121)	-	-	-	(234,121)
Balance at 30 June 2020	353,270,807	1,497,624	10,426,942	(349,432,557)	15,762,816

Consolidated	Issued Capital \$	Share-Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2021	367,424,798	2,093,637	952,988	(343,125,093)	27,346,330
Loss after income tax expense for the half-year	-	-	-	(2,318,237)	(2,318,237)
Other comprehensive loss for the half-year, net of tax	-	-	(945,020)	-	(945,020)
Total comprehensive income for the half-year	-	-	(945,020)	(2,318,237)	(3,263,257)
Shares issued during the period	53,700	-	-	-	53,700
Options exercised	1,559,157	-	-	-	1,559,157
Share-based payments	-	777,527	-	-	777,527
Balance at 30 June 2021	369,037,655	2,871,164	7,968	(345,443,330)	26,473,457

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

Los Cerros Limited
Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2021



	Consolidated	
Note	30 June 2021	30 June 2020
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(1,704,225)	(1,503,794)
Interest received	503	-
Interest and other finance costs paid	(11,462)	-
Net Cash Used in Operating Activities	<u>(1,715,184)</u>	<u>(1,503,794)</u>
Cash Flows from Investing Activities		
Payments for plant and equipment	(241,873)	-
Payments for exploration and evaluation	4 (2,325,943)	(1,541,046)
Proceeds from assets held for sale	-	<u>1,402,105</u>
Net Cash Used in Investing Activities	<u>(2,567,816)</u>	<u>(138,941)</u>
Cash Flows from Financing Activities		
Proceeds from issue of shares	30,000	2,841,201
Proceeds from exercise of options	1,559,159	-
Share issue transaction costs	-	(322,852)
Repayment of borrowings	-	(195,907)
Repayment of loans from related parties	(50,000)	-
Net Cash from Financing Activities	<u>1,539,159</u>	<u>2,322,442</u>
Net (decrease)/increase in cash and cash equivalents	(2,743,841)	679,707
Cash and cash equivalents at the beginning of the financial half-year	7,814,764	34,213
Effects of exchange rate changes on cash and cash equivalents	13,255	232,590
Cash and Cash Equivalents at the End of the Financial Half-Year	<u>5,084,178</u>	<u>946,510</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 2021 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 2020 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.

New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There are no new or amended Accounting Standards or Interpretations that are not yet mandatory or have not been early adopted.

Going Concern

During the half-year ended 30 June 2021 the Consolidated Group incurred a net loss after tax of \$2,318,237 and concluded with a cash balance of \$5,084,178 at 30 June 2021 (year ended 31 December 2020: net loss after tax of \$3,717,752 and concluded with a cash balance of \$7,814,764 at 31 December 2020). Since 30 June 2021 and until the release of this Report, the Company has announced the completion of a \$20 million capital raise and a further \$2,494,547 received from exercised options. As at the date of this Report, the Company has approximately \$24 million in cash and cash equivalents. This sum is expected to comfortably fund an upgraded exploration program and enable the Company to meet its debts as and when they fall due over the coming 12 months. Therefore, these financial statements have been prepared on a going concern basis.

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) 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 Chief Operating Decision Makers ("CODM") is on a monthly basis.

Intersegment Transactions

There are no intersegment transactions.

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

Note 2. Operating Segments (Continued)

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

Operating Segment Information

	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>
Consolidated - 30 June 2020			
EBITDA*	(873,869)	(987,232)	(1,861,101)
Depreciation and amortisation	(2,864)	-	(2,864)
Finance costs	-	(13,995)	(13,995)
Loss before income tax expense	<u>(876,733)</u>	<u>(1,001,227)</u>	<u>(1,877,960)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,877,960)</u>
Assets			
Segment assets	<u>16,562,910</u>	<u>2,885,630</u>	<u>19,448,540</u>
Total assets			<u>19,448,540</u>
Liabilities			
Segment liabilities	<u>249,837</u>	<u>3,435,887</u>	<u>3,685,724</u>
Total liabilities			<u>3,685,724</u>

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

Geographical Information

	Sales to external customers		Geographical non-current assets	
	30 June 2021	30 June 2020	30 June 2021	31 December 2020
	\$	\$	\$	\$
Australia	-	-	835	2,333
Colombia	-	-	22,047,040	19,984,352

Note 2. Operating Segments (Continued)

-	-	22,047,875	19,986,685
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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 2021	30 June 2020
	\$	\$
Other expenses include the following specific expenses:		
Other expenses		
Foreign exchange loss	11,281	122,090
Corporate expenses	368,928	629,652
Administration expenses	577,770	360,284
Total other expenses	957,979	1,112,026

Note 4. Loss per Share

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Loss after income tax attributable to the owners of Los Cerros Limited	(2,318,237)	(1,877,960)
	Cents	Cents
Basic loss per share	(0.49)	(0.88)
Diluted loss per share	(0.49)	(0.88)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	471,385,203	213,786,641
Weighted average number of ordinary shares used in calculating diluted earnings per share	471,385,203	213,786,641

Note 5. Non-Current Assets - Exploration and Evaluation

	Consolidated 30 June 2021	31 December 2020
	\$	\$
Exploration and evaluation	20,776,567	18,853,659

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 2021	Full Year to 31 December 2020
	\$	\$
Opening balance	18,853,659	17,849,587
Additions	2,820,283	2,594,238
Reversal of historical impairment of exploration and evaluation expenditure	-	197,443
Disposal through sale of subsidiaries	-	(186,481)
Exchange differences	(897,375)	(1,601,128)
	<u>20,776,567</u>	<u>18,853,659</u>
Closing balance	<u>20,776,567</u>	<u>18,853,659</u>

Exploration and evaluation capitalised at 30 June 2021 represents the Miraflores Prospect within the Quinchia Gold Project (including the Chuscal Prospect that was fully acquired from AngloGold Ashanti Colombia SA during the year ended 31 December 2020) and tenements held by Andes Resources Pty Ltd (via its subsidiary, Andes Resources EP S.A.S.) which are located in the Antioquia, Risaralda and Choco, Departments (States) of Colombia.

Capitalised costs amounting to \$2,325,943 (including the effects of exchange differences) for the half-year ended 30 June 2021 (for the half-year ended 30 June 2020: \$1,541,046) have been included in cash flows from investing activities.

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 *Exploration for and Evaluation of Mineral Resources* are considered for each area of interest. No capitalised amounts were impaired during the half-years ended 30 June 2020 and 30 June 2021.

In line with prior periods, any additional expenditure relating to the tenements held by Andes Resources EP S.A.S. was directly expensed and recognised in the statement of profit or loss and other comprehensive income.

Note 6. Current Liabilities - Trade and Other Payables

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Trade payables	338,381	74,609
Other payables	225,322	417,871
	<u>563,703</u>	<u>492,480</u>

Note 7. Current Liabilities - Borrowings

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Loans from related parties	-	50,000
	<u>-</u>	<u>50,000</u>

Refer to Note 11 for further information on related party transactions.

Note 8. Equity - Issued Capital

	Consolidated			
	30 June 2021 Shares	31 December 2020 Shares	30 June 2021 \$	31 December 2020 \$
Ordinary shares - fully paid	486,264,734	468,779,522	369,037,655	367,424,798

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening balance	1 January 2021	468,779,522		367,424,798
Exercise of listed options	1 February 2021	7,511	\$0.1600	1,202
Exercise of unlisted options	1 February 2021	1,250,000	\$0.1000	125,000
Exercise of unlisted options	16 February 2021	62,500	\$0.0200	1,250
Exercise of unlisted options	16 February 2021	62,500	\$0.1000	6,250
Shares issued to related parties upon exercise of vested performance rights	15 February 2021	660,000	-	-
Exercise of unlisted options	9 March 2021	187,500	\$0.1000	18,750
Shares issued in lieu of services	29 March 2021	167,517	\$0.1119	18,747
Exercise of unlisted options	8 April 2021	70,000	\$0.0700	4,900
Exercise of listed options	8 April 2021	4,000	\$0.1600	640
Exercise of unlisted options	28 April 2021	158,571	\$0.0700	11,100
Exercise of unlisted options	28 April 2021	625,000	\$0.1000	62,500
Exercise of unlisted options	28 April 2021	500,000	\$0.0200	10,000
Exercise of listed options	28 April 2021	10,364	\$0.1600	1,658
Exercise of unlisted options	21 May 2021	200,000	\$0.0700	14,000
Exercise of unlisted options	21 May 2021	125,000	\$0.1000	12,500
Exercise of unlisted options	21 May 2021	62,500	\$0.0200	1,250
Exercise of listed options	21 May 2021	32,517	\$0.1600	5,203
Exercise of unlisted options	8 June 2021	209,000	\$0.0700	14,630
Exercise of unlisted options	8 June 2021	62,500	\$0.0200	1,250
Exercise of listed options	8 June 2021	161	\$0.1600	26
Placement	8 June 2021	260,869	\$0.1150	30,000
Exercise of unlisted options	28 June 2021	12,500,000	\$0.1000	1,250,000
Exercise of unlisted options	28 June 2021	225,000	\$0.0700	15,750
Exercise of listed options	28 June 2021	8,134	\$0.1600	1,301
Shares issued in lieu of services	30 June 2021	34,068	\$0.1453	4,950
Closing balance	30 June 2021	486,264,734		369,037,655

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 9. 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

Note 9. Equity - Options and Performance Rights (Continued)

performance targets. The terms and conditions for each type of option or performance right are listed in the following tables.

Options

Listed Options (ASX: LCL0B) outstanding as at 30 June 2021 and movements during the financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2021
18/12/2019	16/08/2021	\$0.1600	50,144,425	-	(62,687)	-	50,081,738
6/04/2020	16/08/2021	\$0.1600	2,925,000	-	-	-	2,925,000
			<u>53,069,425</u>	<u>-</u>	<u>(62,687)</u>	<u>-</u>	<u>53,006,738</u>

All outstanding listed options above were exercisable as at 30 June 2021.

Unlisted Options outstanding as at 30 June 2021 and movements during the financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2021
19/08/2019	1/07/2023	\$0.3200	5,546,875	-	-	-	5,546,875
19/08/2019	31/08/2023	\$0.3200	656,250	-	-	-	656,250
19/08/2019	15/11/2023	\$0.3200	46,875	-	-	-	46,875
19/08/2019	16/08/2021	\$0.2400	1,250,000	-	-	-	1,250,000
6/04/2020	6/04/2022	\$0.1000	29,837,500	-	(14,750,000)	-	15,087,500
15/05/2020	18/05/2022	\$0.0200	5,850,000	-	(687,500)	-	5,162,500
13/08/2020	1/07/2025	\$0.0700	3,000,000	-	(862,571)	-	2,137,429
23/06/2020	9/10/2021	\$0.1600	15,430,648	-	-	-	15,430,648
			<u>61,618,148</u>	<u>-</u>	<u>(16,300,071)</u>	<u>-</u>	<u>45,318,077</u>

All outstanding unlisted options above were exercisable at 30 June 2021.

Subsequent to 30 June 2021, to the date of this report, a total of 14,287,046 listed options, 2,587,429 unlisted options and 2,440,000 performance rights were exercised, and 38,719,692 listed options and 1,250,000 unlisted options expired on 16 August 2021 (see Note 15 for further details).

Note 9. Equity - Options and Performance Rights (Continued)

Performance Rights and Options

Performance rights and options outstanding as at 30 June 2021 and movements during the current financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2020	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2021	Note
15/05/2019	31/12/2021	\$0.0000	250,000	-	-	-	250,000	(1)
20/12/2019	30/09/2024	\$0.1350	4,000,000	-	-	-	4,000,000	(2)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000	(3)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000	(4)
20/12/2019	30/09/2024	\$0.1350	2,000,000	-	-	-	2,000,000	(5)
23/10/2020	31/01/2025	\$0.0000	3,100,000	-	(660,000)	-	2,440,000	(6)
23/10/2020	31/01/2025	\$0.0000	5,430,000	-	-	-	5,430,000	(7)
23/10/2020	31/01/2025	\$0.0000	5,430,000	-	-	-	5,430,000	(8)
4/06/2021	31/01/2025	\$0.0000	-	1,000,000	-	-	1,000,000	(9)
4/06/2021	31/01/2025	\$0.0000	-	2,000,000	-	-	2,000,000	(10)
11/06/2021	31/01/2025	\$0.0000	-	325,000	-	-	325,000	(11)
11/06/2021	31/01/2025	\$0.0000	-	820,000	-	-	820,000	(12)
11/06/2021	31/01/2025	\$0.0000	-	820,000	-	-	820,000	(13)
			<u>24,210,000</u>	<u>4,965,000</u>	<u>(660,000)</u>	<u>-</u>	<u>28,515,000</u>	

Performance rights and options outstanding as at 30 June 2021 are subject to the following vesting conditions:

- (1) Tranche 3 vesting on delivery of a resource of at least 1 million ounces resource at Chuscal before 31 December 2021.
- (2) Directors 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.
- (3) Tranche 1 vesting after 12 months of service at an exercise price of \$0.135, and expiring on 30 September 2024.
- (4) Tranche 2 vesting after 24 months of service, at an exercise price of \$0.135 and expiring on 30 September 2024.
- (5) 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.
- (6) Tranche 1 vesting upon the achievement of the greater of the two following milestones:
 - (a) the Company achieving a 20-day volume weighted average price (VWAP) of not less than \$0.15 on or before 31 December 2024; or
 - (b) the Company achieving a closing share price that is 105% of the Company's closing share price on 23 October 2020 (i.e. 105% of \$0.185, being a vesting hurdle of \$0.19425).

On 21 January 2021 the Performance Rights vested when the Company's share price reached \$0.205.
- (7) 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).

Note 9. Equity - Options and Performance Rights (Continued)

Performance Rights and Options (Continued)

- (8) 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).
- (9) Tranche 1 vesting upon the achievement of strategic projects and continuing employment to 13 September 2021.
- (10) Tranche 2 vesting upon the achievement of the Company's Shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024 and continuing employment to 11 April 2022.
- (11) Tranche 1 vesting upon the achievement of the Company's Shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- (12) Tranche 2 vesting upon the achievement of the Company's Shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.
- (13) Tranche 3 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.

Note 10. Equity - Reserves

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Foreign currency reserve	7,968	952,988
Options reserve	2,871,164	2,093,637
	2,879,132	3,046,625

Note 11. Related Party Transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Payment for other expenses:		
Interest paid to key management personnel * **	1,321	2,760

* Interest of \$1,321 (2020: \$1,380) was paid to director Kevin Wilson during the period.

** Interest of \$nil (2020: \$1,380) was paid to director Ross Ashton during the period.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 11. Related Party Transactions (Continued)

	Consolidated 30 June 2021	Consolidated 31 December 2020
	\$	\$
Current borrowings:		
Loans from key management personnel *	-	50,000

* The balance at 31 December 2020 of \$50,000 relates to the balance of unsecured loans previously made by director Kevin Wilson to the Company (\$50,000 on 1 March 2019 and \$150,000 on 1 November 2019), after repayments made to 31 December 2020 of \$150,000.

Both loans were at an annual interest rate of 9.0% and the remaining balance of \$50,000 plus interest was repaid on 31 March 2021.

Terms and conditions

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

Note 12. Contingent Liabilities

The Company is aware that a former director and chief executive officer of one of the Company's subsidiaries (Miraflores Compañía Minera SAS, previously Minera Seafield S.A.S.) previously lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking termination payments, unpaid bonus payments and damages in the amount of approximately US\$2 million. The Directors are of the opinion that the claim can be successfully defended and believe that the risk of the Company facing an unfavourable judgement is remote. The Company intends to defend the proceeding.

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

Note 13. Commitments

	Consolidated 30 June 2021	Consolidated 31 December 2020
	\$	\$
<i>Exploration Tenement Licence Commitments (i)</i>		
Committed at the reporting date:		
Within one year	39,552	41,007
One to five years	-	-
Total commitment	<u>39,552</u>	<u>41,007</u>
Net commitment recognised	<u>39,552</u>	<u>41,007</u>

(i) Represents mining and exploration licence fees for tenements held by the Group.

Note 13. Commitments (Continued)

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<i>Lease Commitments (ii)</i>		
Committed at the reporting date:		
Within one year	37,399	-
One to five years	-	-
	37,399	-
Total commitment	37,399	-
Net commitment recognised	37,399	-

(ii) Represents short-term leases or leases of low-value assets.

The Company has no other material commitment other than as disclosed above.

Note 14. Interests in Joint Ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2021	31 December 2020
		%	%
Ni Maria J S.A.S	Colombia	50%	50%

Ni Maria J S.A.S Ni Maria J S.A.S was formed on 31 May 2018 as a special purpose joint venture vehicle to acquire the San Pablo mining permits. Upon completion of the mining permits acquisition, the Group will hold 100% ownership of the entity.

Note 15. Events After the Reporting Period

After 30 June 2021, the Company issued and allotted a total of 19,314,475 fully paid ordinary shares upon the exercise of 14,287,046 listed options, 2,587,429 unlisted options and 2,440,000 performance rights. 1,190,929 shares were issued on 12 July 2021, 3,088,522 shares were issued on 16 July 2021, 2,069,898 shares were issued on 29 July 2021 and 12,965,126 shares were issued on 18 and 19 August 2021 as follows:

	Shares Issued on 12- Jul-21	Shares Issued on 16- Jul-21	Shares Issued on 29- Jul-21	Shares Issued on 18- & 19 Aug-21	Total Shares Issued	Total Amount Received
Upon Exercise of Listed Options						
Upon exercise of listed options exercisable at \$0.16 per option on or before 16 Aug 2021	266,000	423,522	882,398	12,715,126	14,287,046	\$2,285,927
Total listed options exercised	266,000	423,522	882,398	12,715,126	14,287,046	\$2,285,927
Upon Exercise of Unlisted Options						
Upon exercise of unquoted options exercisable at \$0.10 per option on or before 6 Apr 2022	687,500	-	812,500	-	1,500,000	\$150,000
Upon exercise of unquoted options exercisable at \$0.02 per option on or before 18 May 2022	-	225,000	125,000	-	350,000	\$7,000
Upon exercise of unquoted options exercisable at \$0.07 per option on or before 1 July 2025	237,429	-	250,000	250,000	737,429	\$51,620
Total unlisted options exercised	924,929	225,000	1,187,500	250,000	2,587,429	\$208,620
Upon Exercise of Performance Rights						
Upon exercise of performance rights that were convertible before 31 January 2025 for nil consideration	-	2,440,000	-	-	2,440,000	Nil
Total performance rights exercised	-	2,440,000	-	-	2,440,000	Nil
Total shares issued upon exercise of options and performance rights	1,190,929	3,088,522	2,069,898	12,965,126	19,314,475	\$2,494,547

38,719,692 options, being the unexercised number of listed options exercisable at \$0.16 per option, lapsed at the expiry date of 16 August 2021. Also lapsed were 1,250,000 unlisted options exercisable at \$0.24 and with an expiry date of 16 August 2021.

On 16 July 2021, the Company announced the outcome of its capital raise via private placement to professional and sophisticated investors to raise \$20 million (before capital raising costs), indicating it received firm bids in excess of the \$20 million target. The capital raise consisted of a Tranche 1 of 119,612,500 ordinary shares at \$0.16 per share that were issued on 26 July 2021, and a Tranche 2 of 6,575,000 ordinary shares at \$0.16 per share that were issued on 8 September 2021, following the approval of shareholders at a General Meeting held on 31 August 2021.

On 12 August 2021 and on 7 September 2021, the Company issued and allotted 721,311 and 1,240,835 fully paid ordinary shares respectively as payment for services rendered.

Other than as disclosed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial 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 2021 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

10 September 2021



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Independent Auditor's Review Report

To the Members of Los Cerros Limited

Report on the review of 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 statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 Los Cerros Limited's financial position as at 30 June 2021 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 2021 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.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in cursive script, appearing to be "B P Steedman".

B P Steedman
Partner – Audit & Assurance

Perth, 10 September 2021