



Los Cerros Limited
ACN 119 759 349

Options Prospectus

This Prospectus is being issued for an offer of up to 4,400,000 SPP Additional Options exercisable at \$0.02, on the basis of one (1) free-attaching Unquoted Option for every two (2) Shares subscribed for by Eligible Shareholders under the Share Purchase Plan (**SPP Additional Options Offer**).

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

The Options offered in connection with this Prospectus should be considered as speculative nature.

Important Information

This Prospectus is dated 4 May 2020 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005 during normal business hours.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company.

The Company will not apply for Official Quotation by ASX for any of the Options offered under this Prospectus.

The Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Applications for the Options will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Options under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3. Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST unless otherwise indicated.

Corporate Directory

Directors

Jason Stirbinskis
Ross Ashton
Kevin Wilson

Managing Director
Non-Executive Chairman
Non-Executive Director

Joint Company Secretaries

Julia Beckett
Jessamyn Lyons

Registered and Principal Office

Suite 12, Level 1
11 Ventnor Avenue
West Perth WA 6005

Telephone: +61 8 6245 2050
Fax: +61 8 6245 2555
Email: info@metminco.com.au
Website: www.metminco.com.au

Share Registry*

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: 1300 554 474 (within Australia)
+61 2 8280 7100 (outside Australia)

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Auditor*

Grant Thornton Audit Pty Ltd
Collins Square, Tower 1
727 Collins Street
Melbourne, VIC, 3008

ASX Codes:

Shares: LCL
Quoted Options: LCLOA
Bonus Options: LCLOB

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Indicative Timetable

| Event | Date |
|---|-------------|
| Lodgement of Prospectus with ASIC | 4 May 2020 |
| Lodgement of Appendix 3B and Prospectus with ASX Offer opens | 5 May 2020 |
| Offer close | 19 May 2020 |
| Intended date of issue ASX announcement confirming issue | 20 May 2020 |

Note

* These dates are indicative only and may change without prior notice. As such the date the Options are expected to be issued may vary. The Company reserves the right to make amendments to the indicative timetable without providing notice, including closing the Offer early.

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Letter from the Board

Dear Shareholder

On behalf of the Directors, I am pleased to offer you the opportunity to participate in this Offer for Unquoted Options. The Offer is made to participants of the Company's recent share purchase plan (**SPP**) as a sign of goodwill from the Company for assisting the Company during its recent SPP capital raising, despite volatile share market conditions.

Why is the Company offering additional Unquoted Options to SPP Participants?

On 5 February 2020, the Company announced a two-tranche placement to raise up to \$2,100,000 at \$0.04 per share (**Placement**). On 12 February 2020, the Company announced the SPP at \$0.04 per Share. Both the Placement and the SPP were priced at \$0.04 per Share and included the issue of one Free Attaching Option for every two Shares subscribed for.

Tranche 1 of the Placement completed prior to a rapid deterioration in global equity markets due largely to the COVID-19 pandemic, which negatively affected the Company's share price.

To assist in the completion of tranche 2 of the Placement, the Board resolved to issue additional Unquoted Options exercisable at \$0.02 and expiring 2 years from the date of issue to all participants of the Placement for every 2 Shares subscribed for in the Placement (**Placement Additional Options**). The issue was announced as a sign of goodwill from the Company, and sincere gratitude to these investors for providing the capital during a very difficult time in the financial markets. These Placement Additional Options are intended to be issued in conjunction with the issue of the Shares under tranche 2 of the Placement.

The purpose of this Prospectus is to extend the offer of additional Unquoted Options to the participants in the SPP on the same terms as the Placement Additional Options were offered to participants of the Placement (**SPP Additional Options**).

The SPP Additional Options have a nil issue price, and will be exercisable at \$0.02 each and expire 2 years from the date of issue. The full terms and conditions of the SPP Additional Options are set out in Section 4.1 of this Prospectus.

Please read in full the details on how to submit your application for the SPP Additional Options under this Offer which is set out in Section 1.8 of this Prospectus.

It is important that Shareholders read this Prospectus in its entirety and seek professional advice where necessary. The SPP Additional Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 6245 2050 or mobile +61 0402 086 288. For general shareholder enquiries, please contact the Share Registry on 1300 554 474 (within Australia) or +61 2 8280 7100 (outside Australia).

On behalf of the Board, I look forward to your continued support and on updating you on the

Company's progress.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R Ashton', with a long horizontal flourish extending to the right.

Ross Ashton
Non-Executive Chairman

Investment Overview

This Section is intended to highlight key information for potential investors and shareholders. It is an overview only, and is not intended to replace the Prospectus. Shareholders and investors should read the Prospectus in full.

| Key Information | Further Information |
|--|---------------------|
| <p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for offers of Unquoted Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p> | <p>Section 4.4</p> |
| <p>Risk factors</p> <p>Potential investors and Shareholders should be aware that the issue of the SPP Additional Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • General Economic Conditions: Changes in the general economic climate in which the Company operates or holds investments in may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, currency fluctuations, inflation, supply and demand, industrial disruption, changes in investor sentiment, infectious diseases, terrorism or other hostilities and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company. The COVID-19 pandemic has negatively affected global economies and is likely to continue to negatively affect global economies for an undetermined period of time. • COVID-19 risk: The outbreak of the COVID-19 is impacting global economic markets. In particular, Colombia, where the Company's operations are substantially based, has put in place a strict lockdown and stringent quarantine measures since 24 March 2020, which are likely to be in place until at least 11 May 2020. Although there has been partial lifting of these restrictions in relation to certain sectors, these restrictions could have a significant impact on the Company's ability to conduct its operations. The full nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the | <p>Section 3</p> |

| Key Information | Further Information |
|---|---------------------|
| <p>control of the Company. The Company's ability to freely move people and equipment to and from exploration projects may be curtailed which may cause delays or cost increases. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.</p> <ul style="list-style-type: none"> <li data-bbox="209 524 1098 898"> <p>• Taxation implications: The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for the SPP Additional Options. However, investors are cautioned that the subscription of convertible securities such as the SPP Additional Options may give rise to adverse taxation consequences. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for SPP Additional Options, and in particular, tax advisers should be made aware that there is a possibility that the exercise price of the SPP Options may be lower than Company's underlying share price at the time of issue.</p> <p>The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.</p> <li data-bbox="209 1039 1086 1167"> <p>• Exercise price of Options: If SPP Additional Options are exercised, there is no guarantee that Shares issued on exercise of those SPP Additional Options will trade above the exercise price paid for those Shares.</p> <li data-bbox="209 1196 1102 1532"> <p>• Exploration success: Mining exploration and development is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of the Company's projects may be unsuccessful, resulting in a reduction of the value of those projects and diminution in the cash reserves of the Company.</p> <li data-bbox="209 1561 1086 1897"> <p>• Future Capital Requirements: The Company may have difficulty in obtaining future equity or debt funding to support exploration programs, evaluation and development of its tenements. The Company's ability to raise further equity or debt, or to divest part of its interest in a tenement, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities. Additional financing may not be available on terms acceptable to the Company, or at all.</p> <li data-bbox="209 1912 1086 2011"> <p>• Sovereign Security Risk: The Company's operations are located in Colombia and are subject to various in-country security risks. These risks and uncertainties include, but are not limited to,</p> | |

| Key Information | Further Information |
|--|---------------------|
| <p>terrorism, trafficking narcotics, hostage taking, labour unrest, general strikes, the risks of war or civil unrest, expropriation and nationalisation, illegal mining and changing political conditions. The region of South America, including Colombia, is currently experiencing an outbreak of civil unrest and there is a possibility that this will escalate or be sustained. It is not possible to predict if this could result in, for instance, interruptions to the Company's business plans in Colombia.</p> | |
| <p>Offer</p> <p>Pursuant to the SPP Additional Options Offer under this Prospectus, the Company offers, for nil cash consideration, up to 4,400,000 free-attaching Unquoted Options exercisable at \$0.02 with a two year expiry on the basis of one (1) free-attaching Unquoted Option for every two (2) Shares subscribed for by Eligible Shareholders under the SPP.</p> <p>No funds will be raised as a result of the Offer.</p> | <p>Section 1.1</p> |
| <p>Eligible participants</p> <p>The Offer is made only to SPP Participants who participated in the SPP.</p> | <p>Sections 1.3</p> |
| <p>Use of funds</p> <p>Nil funds will be raised as a result of the Offer.</p> <p>The Company will receive \$0.02 for each Option exercised. If all SPP Additional Options are issued and exercised, the Company will receive approximately \$88,000. There is no certainty that any SPP Additional Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the SPP Additional Options will be used towards continued development on the Company's existing projects and for working capital.</p> | <p>Section 2.4</p> |

| Key Information | | | | | Further Information | | | | | | | | | | | | | | | | | | | | |
|---|--------------------|-------------------|-------------------|--------------------|---------------------|--------|----------------|------------------|--------------------|--|-------------|------------|------------|-----------|--|-----------|-----------|-----------|---|--|--------------------|-------------------|-------------------|------------------|-----------------------|
| <p>Indicative capital structure and balance sheet</p> <p>Assuming that no existing Options are exercised, or Performance Rights converted into Shares before the Record Date, the effect of the Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Quoted Options</th> <th>Unquoted Options</th> <th>Performance Rights</th> </tr> </thead> <tbody> <tr> <td>Balance at the date of this Prospectus</td> <td>233,165,213</td> <td>66,815,798</td> <td>44,077,500</td> <td>1,080,000</td> </tr> <tr> <td>Maximum to be issued pursuant to the Offer</td> <td>-</td> <td>--</td> <td>4,400,000</td> <td>-</td> </tr> <tr> <td>Total on issue post Offer⁴</td> <td>233,165,213</td> <td>66,815,798</td> <td>48,477,500</td> <td>1,080,000</td> </tr> </tbody> </table> <p>The Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet.</p> | | | | | | Shares | Quoted Options | Unquoted Options | Performance Rights | Balance at the date of this Prospectus | 233,165,213 | 66,815,798 | 44,077,500 | 1,080,000 | Maximum to be issued pursuant to the Offer | - | -- | 4,400,000 | - | Total on issue post Offer⁴ | 233,165,213 | 66,815,798 | 48,477,500 | 1,080,000 | Sections 2.2 and 2.5. |
| | Shares | Quoted Options | Unquoted Options | Performance Rights | | | | | | | | | | | | | | | | | | | | | |
| Balance at the date of this Prospectus | 233,165,213 | 66,815,798 | 44,077,500 | 1,080,000 | | | | | | | | | | | | | | | | | | | | | |
| Maximum to be issued pursuant to the Offer | - | -- | 4,400,000 | - | | | | | | | | | | | | | | | | | | | | | |
| Total on issue post Offer⁴ | 233,165,213 | 66,815,798 | 48,477,500 | 1,080,000 | | | | | | | | | | | | | | | | | | | | | |
| <p>Directors' participation and interests</p> <p>The relevant interests of each of the Directors in Securities as at the date of this Prospectus, is set out below.</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Shares</th> <th>Quoted Options</th> <th>Unquoted Options</th> <th>Performance Rights</th> </tr> </thead> <tbody> <tr> <td>Jason Stirbinskis</td> <td>616,667</td> <td>1,908,334</td> <td>6,225,000</td> <td>-</td> </tr> <tr> <td>Ross Ashton</td> <td>6,786,398</td> <td>2,544,780</td> <td>2,937,500</td> <td>-</td> </tr> <tr> <td>Kevin Wilson</td> <td>2,172,630</td> <td>309,955</td> <td>2,625,000</td> <td>580,000</td> </tr> </tbody> </table> <p>Mr Jason Stirbinskis, the Managing Director of the Company will be offered up to 225,000 SPP Additional Options, the issue of which will be subject to Shareholder Approval.</p> <p>No other Directors will receive SPP Additional Options, however, Messrs Ross Ashton and Kevin Wilson participated in the Placement and, subject to Shareholder Approval, will be issued a further 937,500 and 625,000 Placement Additional Options, respectively.</p> | | | | | Director | Shares | Quoted Options | Unquoted Options | Performance Rights | Jason Stirbinskis | 616,667 | 1,908,334 | 6,225,000 | - | Ross Ashton | 6,786,398 | 2,544,780 | 2,937,500 | - | Kevin Wilson | 2,172,630 | 309,955 | 2,625,000 | 580,000 | Section 4.8 |
| Director | Shares | Quoted Options | Unquoted Options | Performance Rights | | | | | | | | | | | | | | | | | | | | | |
| Jason Stirbinskis | 616,667 | 1,908,334 | 6,225,000 | - | | | | | | | | | | | | | | | | | | | | | |
| Ross Ashton | 6,786,398 | 2,544,780 | 2,937,500 | - | | | | | | | | | | | | | | | | | | | | | |
| Kevin Wilson | 2,172,630 | 309,955 | 2,625,000 | 580,000 | | | | | | | | | | | | | | | | | | | | | |

| Key Information | Further Information |
|--|--|
| <p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', 'anticipates' or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3.</p> | <p>Important Information and Section 3</p> |

1. Details of the Offer

1.1 Background to the Offer

As announced on 12 February 2020, the Company undertook a capital raising comprising an offer of Shares to existing Shareholders pursuant to a share purchase plan (**SPP or Share Purchase Plan**).

Under the SPP, Shareholders in Australia and New Zealand registered on the Record Date (**Eligible Shareholders**) were offered the opportunity to subscribe for up to 750,000 Shares each at an issue price of \$0.04, together with 1 free-attaching Option for every 2 Shares subscribed for and issued (exercisable at \$0.10 each, on or before 5.00pm (WST) on 6 April 2022) (**Free Attaching Option**).

As announced on 5 March 2020, the Company issued 8,800,000 Shares at an issue price of \$0.04 per Share to SPP Participants, to raise \$352,000 (before costs). The issue of Free Attaching Options under the SPP was approved by Shareholders at a general meeting held 30 March 2020 and 4,400,000 Free Attaching Options were issued to SPP Participants on 6 April 2020.

In conjunction with the SPP, the Company is also conducting a two tranche placement to raise up to \$2,100,000 (as announced on 5 February 2020) with an issue price of \$0.04 per Share subscribed for and 1 Free Attaching Option offered for every 2 Shares subscribed for (**Placement**). Currently, 43,875,000 Shares and 21,937,500 Unquoted Options have been issued pursuant to the Placement. The Balance of the Shares and Free-Attaching Options under the second part of tranche 2 of the Placement intended to be issued around 5 June 2020.

Tranche 1 of the Placement completed prior to a rapid deterioration in global equity markets due largely to the novel coronavirus (**COVID-19**) pandemic, which negatively affected the Company's share price.

As announced on 3 April 2020, due to the rapid deterioration in global equity markets, the Company resolved to issue additional Unquoted Options with a \$0.02 exercise price and an expiry date 2 years from the date of issue to all Placement Participants for every 2 Shares subscribed for (**Placement Additional Options**). It was noted that the Company would investigate how to extend this benefit to SPP Participants.

The Company has subsequently resolved, pursuant to this Prospectus, to offer the SPP Additional Options to each SPP Participant.

The funds raised from the SPP, as well as any funds raised from the exercise of the SPP Additional Options, are to be used towards continuing and expanding the drilling program within the Quinchia portfolio and advancing Andes exploration portfolio, general working capital and the costs of the SPP.

1.2 The SPP Additional Options Offer

Pursuant to the SPP Additional Options Offer under this Prospectus, the Company offers, for nil cash consideration, up to 4,400,000 SPP Additional Options exercisable at \$0.02 with a two year expiry on the basis of 1 SPP Additional Option for every 2 Shares subscribed for by SPP Participants.

No funds will be raised from the issue of Options pursuant to the SPP Additional Options Offer.

All of the SPP Additional Options offered under this Prospectus will be issued on the terms and conditions set out in section 4.1 of this Prospectus.

All of the Shares issued upon the future exercise of the SPP Additional Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 4.2 of this Prospectus.

The Company intends to issue 4,175,000 SPP Additional Options utilising its existing placement capacity under Listing Rule 7.1 and as such, does not intend to seek shareholder approval for the issue of these Options.

Mr Jason Stirbinskis, the Managing Director of the Company, subscribed for 450,000 Shares under the SPP, and accordingly will be offered up to 225,000 SPP Additional Options. The Company intends to seek shareholder approval under Listing Rule 10.11 in respect of the issue of the SPP Additional Options to Mr Stirbinskis.

Details of the purpose and effect of the SPP Additional Options Offer are set out in Section 2.

1.3 **Eligible participants**

Only SPP Participants may participate in the SPP Additional Options Offer.

1.4 **Opening and Closing Dates**

The Company will accept Application Forms from the opening date 5 May 2020 until 19 May 2020 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules. The Company reserves the right to make amendments to the indicative timetable without providing notice, including closing the Offer early.

1.5 **Effect on Control**

The Company is of the view that the SPP Additional Options Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the SPP Additional Options Offer.

1.6 **Minimum Subscription**

There is no minimum subscription.

1.7 **Underwriting**

The SPP Additional Options Offer is not underwritten.

1.8 **Applications**

The Offer is only being extended to the SPP Participants and is not open to the general public.

Applications must be made using the Application Form attached to this Prospectus. No payment is required as the Options are being issued as additional free-attaching Unquoted Options to the SPP.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Options under the Offer.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning the Application Form you will be deemed to have represented that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the SPP Additional Options to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you have a registered address in Australia;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that the SPP Additional Options are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the SPP Additional Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

1.9 **ASX Listing**

The Company will not apply to the ASX for quotation of the SPP Additional Options offered under this Prospectus. ASX takes no responsibility for the contents of this Prospectus.

1.10 **Issue**

SPP Additional Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out on page iv of this Prospectus.

Holding statements for SPP Additional Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out on page iv of this Prospectus as soon as practicable after their issue.

1.11 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Shareholders will not receive a certificate but will receive a statement of their holding of Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Options issued to you under this Prospectus, provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.12 **Overseas SPP Participants**

This Prospectus does not, and is not intended to, constitute an offer of SPP Additional Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Options may not be offered or sold, in any country outside Australia where it would be unlawful to do so.

It was not practicable for the Company to comply with securities laws of overseas jurisdictions in relation to the SPP. The Company formed this view having considered:

- (a) the number of overseas SPP Participants;
- (b) the number and value of the securities under the SPP that would be offered to those overseas SPP Participants; and
- (c) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Therefore the SPP was only extended to those Shareholders residing in Australia or New Zealand (however only Shareholders residing in Australia participated in the SPP).

Accordingly, the SPP Additional Options Offer is not being extended, and SPP Additional Options will not be issued to, Shareholders with a registered address which is outside of Australia.

1.13 **Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to SPP Participants. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.14 **Risk factors**

An investment in the SPP Additional Options should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

1.15 **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for the SPP Additional Options. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for SPP Additional Options, and in particular, tax advisers should be made aware that there is a possibility that the exercise price of the SPP Additional Options may be lower than the Company's underlying share price at the time of issue, which may give rise to taxation liabilities for subscribers.

1.16 **Major activities and financial information**

A summary of the major activities and financial information relating to the Company, for the financial year ended 31 December 2019, can be found in the Company's Annual Report announced on ASX on 1 April 2020 and, for the half-year ended 30 June 2019, the Half Year Accounts announced on ASX on 12 September 2019. The Company's continuous disclosure notices (i.e. ASX announcements) since 1 April 2020 are listed in Section 4.5. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements.

1.17 **Privacy**

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess the Application, service your needs as a Security holder, facilitate distribution payments and corporate communications to you as a Security holder, and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.18 **Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 6245 2050 or on mobile + 61 402 086 288.

For general shareholder enquiries, please contact the Share Registry on 1300 554 474 (within Australia) or +61 2 8280 7100(outside Australia).

2. Effect of the Offer

2.1 Purpose of the Offer

The purpose of the SPP Additional Options Offer is to issue up to 4,400,000 SPP Additional Options on the basis of 1 SPP Additional Option for every 2 Shares subscribed for under the SPP.

No funds will be raised through the issue of the SPP Additional Options pursuant to this Prospectus, however if all SPP Additional Options are subscribed for and exercised, the Company will receive approximately \$88,000.

This Prospectus has also been issued to facilitate secondary trading of the Shares to be issued upon exercise of the SPP Additional Options to be issued under the SPP Additional Options Offer. Issuing the SPP Additional Options under this Prospectus will enable persons who are issued the SPP Options to on-sell the Shares issued on exercise of the SPP Options pursuant to ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

2.2 Capital structure on completion of the SPP Additional Options Offer

Assuming that no existing Options are exercised, or Performance Rights converted into Shares before the Record Date, the effect of the SPP Additional Options Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.

| | Shares | Quoted Options | Unquoted Options | Performance Rights |
|---|--------------------|-------------------------|-------------------------|------------------------|
| Balance at the date of this Prospectus | 233,165,213 | 66,815,798 ¹ | 44,077,500 ² | 1,080,000 ³ |
| Maximum to be issued pursuant to the SPP Additional Options Offer | - | -- | 4,400,000 | - |
| Total on issue post Offer⁴ | 233,165,213 | 66,815,798 | 48,477,500 | 1,080,000 |

Notes:

1. Comprising:
 - (i) 13,683,823 Quoted Options (LCLOA) with an exercise price of \$0.44 and expiry on 1 June 2020; and
 - (ii) 53,131,975 Bonus Options (LCLOB) with an exercise price of \$0.16 and expiry on 16 August 2021.
2. Comprised of:
 - (iii) 4,400,000 Unquoted Options exercisable at \$0.10, expiring on 6 April 2022;
 - (iv) 21,937,500 Unquoted Options exercisable at \$0.10, expiring on 6 April 2022;
 - (v) 5,546,875 Unquoted Options exercisable at \$0.32, expiring on 1 July 2023;
 - (vi) 656,250 Unquoted Options exercisable at \$0.32, expiring on 31 August 2023;
 - (vii) 46,875 Unquoted Options exercisable at \$0.32, expiring on 15 November 2023;

- (viii) 1,250,000 Unquoted Options exercisable at \$0.24, expiring on 16 August 2021;
 - (ix) 240,000 Unquoted Options (LTIP) exercisable at \$0.024, expiring 31 December 2020;
 - (x) 6,000,000 Unquoted Incentive Options exercisable at \$0.135, expiring on 30 September 2024;
and
 - (xi) 4,000,000 Unquoted Director Options exercisable at \$0.135, expiring on 30 September 2024.
3. Comprised of 1,080,000 Performance Rights (terms and conditions summarised in the notice of annual general meeting announced 26 April 2018).
 4. As announced on 3 April 2020, the Company intends to issue up to an additional 26,562,500 Options to Placement Participants. The Company also intends to issue the final Shares under tranche 2 of the Placement on or around 5 June 2020. The Additional Placement Options are intended to be issued around the same time as the issue of the final shares under tranche 2 of the Placement.

2.3 Substantial Holders

Those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|--------------------------------|--------------------|--------------|
| RMB Australia Holdings Limited | 25,200,000 | 10.81 |
| Sandfire Resources NL | 25,197,571 | 10.81 |
| Lizeng Pty Ltd <Lizeng A/C> | 21,250,000 | 9.11 |
| Citicorp Nominees Pty Limited | 19,247,811 | 8.26 |
| Subtotal | 90,895,382 | 38.99 |
| TOTAL SHARES ON ISSUE | 233,165,213 | 100 |

The Offers will have no effect on the quantity of Shares held by these substantial Shareholders as only Unquoted Options are being issued.

2.4 Use of funds

Nil funds will be raised as a result of the Offer.

The Company will receive \$0.02 for each SPP Additional Option exercised. If all SPP Additional Options are issued and exercised, the Company will receive approximately \$88,000 (before costs). There is no certainty that any SPP Additional Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the Options will be used towards continued development on the Company's existing projects, evaluation of new opportunities and for working capital. Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and Share Registry fees, legal, tax and audit fees, insurance and travel costs and payment of creditors or other liabilities. The Company notes there are extra costs associated with the Options. Upon each exercise of Options, the

Company must lodge an Appendix 2A with the ASX and will, accordingly, incur further costs in this regard.

The application of funds will depend on when Options are exercised and the status of the Company's projects and requirements at the relevant time.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

2.5 **Effect on Balance Sheet**

The Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet unless the Options are exercised.

2.6 **Market price of Shares**

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Lowest: \$0.016 on 23 March and 24 March 2020; and

Highest: \$0.041 on 22 April and 30 April 2020.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.040.

3. Risk Factors

As with any investment in Securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its security holders are exposed. Shareholders should read the entire Prospectus and consider consulting their professional advisers.

The Directors consider that the following summary represents some of the major risk factors which Shareholders and potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Shareholders and potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Risks specific to the SPP Additional Options Offer

- (a) **Exercise price of Options:** If the SPP Additional Options are exercised, there is no guarantee that Shares issued on exercise of those SPP Additional Options will trade above the exercise price paid for those Shares.
- (b) **Dilution:** If you do not exercise the SPP Additional Options, because you allow those SPP Additional Options to expire without being exercised, or you do not receive SPP Additional Options because you are an Excluded Holder, and other Shareholders exercise their SPP Additional Options, your shareholding will be diluted.

3.2 Risks specific to the Company

(a) **Coronavirus (COVID-19) risk**

The outbreak of COVID-19 is impacting global economic markets.

In particular, Colombia, where the Company's operations are substantially based, has put in place a strict lockdown and stringent quarantine measures since 24 March 2020, which are likely to be in place until at least 11 May 2020. Although there has been partial lifting of these restrictions in relation to certain sectors these restrictions could have a significant impact on the Company's ability to conduct its operations. The full nature and extent of the effect of the outbreak on the performance of the Company remains unknown.

The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company's ability to freely move people and equipment to and from exploration projects may be constrained by these measures which may cause delays or cost increases. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

(b) **Exploration risk**

Mining exploration and development is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of the Company's projects may be unsuccessful, resulting in a reduction of the value of those projects, diminution in the cash reserves of the Company. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Future capital requirements**

The Company may have difficulty in obtaining future equity or debt funding to support exploration programs, evaluation and development of its tenements. Further finance will be required to extend the Company's current drilling program.

The Company's ability to raise further equity or debt, or to divest all or part of its interest in a tenement, and the terms of such transactions, will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, the Company will require additional financing to establish mining operations and production facilities. The Company may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Additional financing may not be available on terms acceptable to the Company, or at all. Significantly, any additional equity financing or the exercising of Options, may dilute your existing shareholdings; and debt financing, if available, may restrict financing and future activities. If the Company fails to obtain additional financing, as needed, it may have to reduce the scope of its operations or anticipated expansion of its operations, forfeit its interest in some or all of its tenements, incur financial penalties and/ or reduce or terminate its operations.

(d) **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for the SPP Additional Options. However, investors are cautioned that the subscription of convertible securities such as the SPP Additional Options may give rise to adverse taxation consequences. As a result, Shareholders should consult their professional tax adviser in connection with

subscribing for SPP Additional Options, and in particular, tax advisers should be made aware that there is a possibility that the exercise price of the SPP Options may be lower than Company's underlying share price at the time of issue.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

(e) **Regulatory risks**

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species, social licence obligations, bribery, corruption and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

(f) **Foreign governments and legal systems risk**

Colombia, where the Company's operating assets reside, and other jurisdictions in which they may operate in the future, differ from the legal system found in Australia. This could lead to exposure to any or all of the following risks:

- (i) lack of guidance or interpretation of the applicable rules and regulations;
- (ii) delays in redress or greater discretion on the part of governmental authorities; and
- (iii) restrictions on the potential extraction and export of mineral ores or concentrates.

Whilst there is no evidence of material impact of this risk has had on operations in these countries, the Company cannot guarantee that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected or even forfeited as a result of the actions of government authorities or others, and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain. In addition, political instability and changes in foreign law, including taxation law, may affect the Company's ability to operate successfully, profitably or optimally in foreign jurisdictions.

(g) **Sovereign Security Risks**

The Company's operations are located in Colombia and are subject to various in-country security risks. These risks and uncertainties include, but are not limited to, terrorism, trafficking narcotics, hostage taking, labour unrest, general strikes, the risks of war or civil unrest, expropriation and nationalisation, illegal mining and changing political conditions. The region of South America, including Colombia, is currently

experiencing a period of civil unrest and there is a possibility that this will escalate or be sustained. It is not possible to predict if this will result in, for instance, interruptions to the Company's business plans in Colombia.

In 2016, after more than 50 years of conflict, the government of Colombia signed a peace agreement with the country's largest guerrilla group, the Fuerzas Armadas Revolucionarias de Colombia (**FARC**). However, several other armed groups remain active across parts of the country.

It is not possible for the Company to predict the extent to which the abovementioned risks and uncertainties may adversely impact on the Company's operations.

(h) **Tenure, access and grant of applications**

The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary grants or renewals of licences/permits for the proposed operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that the Company will hold all licences/permits necessary to develop or continue operating at any particular property.

In February 2020, Colombian Mining Authority released a new tenement management and mining system (ANNA). ANNA contains tenement application boundaries that are inconsistent with, and/or define a smaller application area than, the Company's prior understanding of tenement application boundaries relevant to a small subset of exploration licence included in the Andes Gold Project. The inconsistencies are not unique to the Company and the Company is currently consulting with its local counsel in relation to the legal standing of the revised boundaries.

(i) **Chuscal expenditure and contract risk**

The Company is party to a farm-in joint venture agreement with AngloGold, which currently owns the Chuscal project. The farm-in joint venture agreement with AngloGold was finalised in December 2018 and the exploration licences granted to AngloGold in May 2019. The earn-in period for the joint venture commenced 22 May 2019. The Company is required to spend US\$2,500,000 by 22 May 2022 in order to obtain a 51% interest in the Chuscal licences. The Company has commenced exploration at Chuscal and as at 31 March 2020 had spent approximately COP\$1,970,191,671..

On 30 April 2020, the Company announced that it had entered a binding term sheet with AngloGold, pursuant to which it intends to acquire a 100% interest in the Chuscal licences (**AngloGold Term Sheet**) through the issue of Securities to AngloGold. The AngloGold Term Sheet is subject to several conditions precedent, including the entry into a full form sale agreement and shareholder approval of the issue of Securities to AngloGold. There is no guarantee that the AngloGold Term Sheet will be completed. In the event that the AngloGold Term Sheet is not completed, the farm in joint venture will remain on foot, and the Company will be required to have spent US\$2,500,000 by 22 May 2022 in order to obtain a 51% interest in the Chuscal licences.

(j) **Environmental risk**

Mining and exploration has become subject to increasing environmental responsibility and liability in Australia and Colombia. The potential for liability is an "ever present" risk. The use and disposal of chemicals and other materials in the mining industry is under constant legislative scrutiny and regulation. Consistent with this, the Company may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored and, as far as possible, minimised. The discovery of any endangered species of fauna and flora may impact upon the Company's ability to freely explore or develop its tenements.

There is no guarantee that nature reserves or parks will not be decreed by government agencies in the areas in which the Company works. These could constrain the Company's ability to operate on its existing or future licences.

(k) **Social Licence**

In order to explore, develop or operate in communities, the general acceptance of certain stakeholder populations may be required. This may include formal agreements that can require extended negotiations with large numbers of stakeholders, for example indigenous communities and groups with native title rights or informal miners. There can be no guarantee these negotiations will be concluded successfully or not be protracted and cause significant delay to the Company's plans.

(l) **Mine development risk**

Possible future development of a mining operation at any of the Company's future projects is dependent on a number of factors including, but not limited to, delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, climate change, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(m) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

(n) **Insurance risks**

There are significant exploration and operating risks associated with exploring for gold and other metals, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company and its subsidiaries will be subject to liability for environmental risks such as pollution and damage of the environment. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

(o) **Ability to exploit successful discoveries**

Even if an apparently viable deposit is identified, there is no guarantee that the Company can economically exploit it. That is, it may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which it has an interest because such exploitation may require further intensive capital input as well as further licences, mining concessions and clearances from relevant authorities. The Company notes that it may or may not be possible for such conditions to be satisfied.

(p) **Loss of key management personnel**

The Company's success largely depends upon key management personnel for the management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that the Company will be adversely affected, particularly in respect of the rate at which its exploration programs and tenements are developed or prioritised, if one or more of the key management personnel cease their employment.

(q) **Exploration costs**

The exploration costs of the Company are premised upon a number of assumptions and estimates as regards the method and timing of exploration. These assumptions and estimates are, by their nature, speculative and subject to a number of uncertainties. Consequently, the Company does not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect the Company's budget and forecast cashflows and ultimately the trading price of its Securities.

(r) **Commodity Prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest as well as the Company's ability to raise capital.

(s) **Tax rules**

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares and the grant of Options involves tax considerations that may differ for each Shareholder. There could be a variety of taxation consequences for

Shareholders in relation to the grant of Options including adverse consequences. Each Shareholder is encouraged to seek professional tax advice in connection with any investment and in relation to the grant of Options in the Company particularly given the current share price of the Company as against the exercise price of the Options.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact the Company's future financial performance and position.

Resulting changes in tax arrangements may adversely impact the Company's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to the Company from time to time, could materially adversely affect the Company's future financial performance and position.

(t) **Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is aware that a former director of a company that was acquired by the Company (Minera Seafield, now called Miraflores Compania Minera SAS) 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 4,512,082,939 Colombian Pesos. 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 next court hearing has been deferred subject to confirmation from the Colombian courts. The Company intends to defend the proceeding.

The Company's subsidiary, Miraflores Compania Minera S.A.S received advice from Phillipi, Prietocarrizosa Ferrero Du & Uria, an international law firm operating in Colombia, setting out that the probability that the claim against Miraflores Compania Minera S.A.S. would be successful was "low".

As announced on 26 February 2020, Mr Simon Brown an employee of Andes, a wholly owned subsidiary of the Company, commenced civil proceedings in the District Court of Western Australia against the Company and Andes for claimed damages in relation to a breach of an alleged settlement agreement. The claim is for an amount of approximately \$220,000. The Company is currently defending the claim, which includes negotiating proposed settlement offers.

(u) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may positively or negatively affect the operating and financial performance of the Company's business.

(v) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(w) **Land Access risk**

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights.

Mineral rights in Colombia are governed under the National Mining Code which defines the procedures and obligations that need to be met to obtain and maintain the mineral rights. Exploration applications are granted on a first come first served basis. Applications are subject to analysis by the authorities to define the area within the application boundary that was "available" at the time of application. There is no guarantee that all or part of the application will be granted until the authorities have conducted this study.

Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it already owns.

Access to land for exploration and evaluation purposes can be obtained by: private access and compensation agreement with the landowner; purchase of surface rights; or through judicial rulings. However, access rights to the licences can be affected by many factors including:

- (i) travel restrictions, quarantining procedures or other impediments to the free movement of personnel as a result of COVID-19;
- (ii) presence of small artisanal mining operations which are common in the gold bearing areas of Colombia;
- (iii) surface title land ownership negotiations, which are required before ground disturbing exploration activities can commence within the jurisdiction where the Company operates;
- (iv) sporadic lawlessness and sovereign security issues (refer to Sovereign Security Risks in Section 3.2(g));
- (v) permitting for exploration activities, which are required in order to undertake most exploration and exploitation activities within the jurisdictions where the Company operates;
- (vi) social licence to operate (refer to Social Licence Risks in Section 3.2(k)); and
- (vii) natural occurrences including inclement weather, volcanic eruptions, lahars and earthquakes.

All of these issues have the potential to delay, curtail and preclude the Company's operations. Whilst the Company will have the potential to influence some of these access issues, and retains staff to manage those instances where negotiations are required to gain access, it is not possible for the Company to predict the extent to which the above-mentioned risks and uncertainties may adversely impact on the Company's operations.

(x) **Going Concern risk**

The most recent full year accounts of the Company include a material uncertainty as to each entity's ability to continue as a going concern. Further funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Company's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including sale of the Company's Chilean assets, prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

If adequate funds are not available on acceptable terms the Company may not be able to develop its projects and it may impact on the Company's ability to continue as a going concern.

3.3 **General risks**

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) **General Economic Conditions:** Changes in the general economic climate in which the Company operates or holds investments in may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, currency fluctuations, inflation, supply and demand, industrial disruption, changes in investor sentiment, infectious diseases, terrorism or other hostilities and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company. COVID-19 has negatively affected global economies and is likely to continue to negatively affect global economies for an undetermined period of time.

(b) **Economic Risks**

General economic conditions, movements in commodity prices, interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(c) **Security risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

(d) **Coronavirus disease risk**

The outbreak of COVID-19 is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share prices.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

In the event that COVID-19 negatively impacts the Company's ability to attract further capital, the Company intends to mitigate this by adjusting its working capital position and evaluating funding positions.

(e) **Climate change risk**

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and

longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

3.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the SPP Additional Options offered under this Prospectus.

Therefore, the SPP Additional Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those SPP Additional Options.

Shareholders should consider that their investment in the Company is highly speculative and should consult their professional advisers for further advice.

4. Additional information

4.1 Terms and conditions of the SPP Additional Options

The terms and conditions of the SPP Additional Options (for the purpose of this Section 4.1, referred to as the "Options") are as follows:

(a) **Entitlement**

Each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

(b) **Issue Price**

The Options are free-attaching and have a nil issue price.

(c) **Exercise Price and Expiry Date**

Each Option has an exercise price of \$0.02 and will expire two years after the date of issue (**Expiry Date**).

Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(e) **Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(f) **Transferability of the Options**

The Options will be transferable with the Board's consent and subject to compliance with the Corporations Act and Listing Rules.

(g) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in a form reasonably acceptable to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

(i) **Timing of Issue of Shares**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (iii) issue the Shares specified in the Notice of Exercise;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph (d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) **Change of control**

A change of control occurs where:

- (i) a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or
- (ii) a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued capital of the Company.

On the occurrence of a Change of Control Event, the Board will determine in its sole and absolute discretion, how unvested Options will be dealt with.

(k) **Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

(l) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(n) **Adjustment for Entitlements Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue to which paragraph (m) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

4.2 **Rights and liabilities attaching to Shares**

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is two Shareholders and the quorum must be present at all times during the meeting.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. Where there are two or more joint Shareholders and more than one of them is present

at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

(c) **Alteration of Capital**

Subject to the Constitution, Corporations Act and the Listing Rules, the Company in general meeting may increase, divide, consolidate or reduce its share capital if it complies with the Constitution, Corporations Act and the Listing Rules.

(d) **Variation of Rights**

Subject to the Constitution, Corporations Act and Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors or the ASX.

The Company must not prevent, delay or in any way interfere with the registration of a proper ASX Settlement transfer. However, the Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Constitution, the Listing Rules or the ASX Settlement Rules.

(f) **Dividends**

The Directors, subject to the Constitution, the Corporations Act and the Listing Rules, may determine that a dividend is payable and fix the amount, the time for payment, and the method of payment. The Directors may, before declaring any dividend, set aside out of the profits of the Company, such sums as they think proper as reserves, which may be used in the business of the Company or be invested in such investments as the Directors think fit.

(g) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.5 below). Copies of all documents announced to the ASX can be found at <https://loscerros.com.au/site/news/ASX-Announcements>.

4.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 31 December 2019, being the last financial statements for a financial year of the Company lodged with ASX on 1 April 2020;
- (b) the half year report of the Company for the half year ended 30 June 2019 as lodged with ASX on 12 September 2019; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in Section 4.5(a) above until the date of this Prospectus:

| Date lodged | Subject of Announcement |
|---------------|--|
| 1 May 2020 | Option Expiry |
| 30 April 2020 | Quarterly Activities Report and Quarterly Cashflow Report |
| 30 April 2020 | LCL acquires 100% Chuscal, welcomes AngloGold as shareholder |
| 23 April 2020 | Appendix 3Y - Kevin Wilson - Amended |
| 22 April 2020 | Change of Registered Office |

| Date lodged | Subject of Announcement |
|--------------------|---|
| 22 April 2020 | \$2M Strategic Partnership to accelerate exploration activity |
| 21 April 2020 | Becoming a substantial holder |
| 8 April 2020 | Change in substantial holding from SFR |
| 8 April 2020 | Change in substantial holding |
| 6 April 2020 | Appendix 3Y - Kevin Wilson |
| 6 April 2020 | Appendix 3Y - Jason Stirbinskis |
| 6 April 2020 | Appendix 3Y - Ross Ashton |
| 6 April 2020 | Change in substantial holding |
| 6 April 2020 | Appendix 3G |
| 6 April 2020 | Cleansing Statement / Appendix 2A |
| 6 April 2020 | Exploration Update - Chuscal, Colombia |
| 3 April 2020 | Update to Appendix 3B |
| 3 April 2020 | Company Update and COVID-19 Response |
| 1 April 2020 | Appendix 4G and Corporate Governance Statement |

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.12 and the consents provided by the Directors to the issue of this Prospectus.

4.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Options under this Prospectus.

4.8 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director (or entity in which they are a partner or director) holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offer.

(b) Security holdings

The relevant interests of each of the Directors in Securities as at the date of this Prospectus, is set out below.

| Director | Shares | Quoted Options | Unquoted Options | Performance Rights |
|-------------------|-----------|----------------|------------------|--------------------|
| Jason Stirbinskis | 616,667 | 1,908,334 | 6,225,000 | - |
| Ross Ashton | 6,786,398 | 2,544,780 | 2,937,500 | - |
| Kevin Wilson | 2,172,630 | 309,955 | 2,625,000 | 580,000 |

Mr Jason Stirbinskis, the Managing Director of the Company will be offered up to 225,000 SPP Additional Options, the issue of which will be subject to Shareholder Approval.

No other Directors will receive SPP Additional Options, however, Messrs Ross Ashton and Kevin Wilson participated in the Placement and, subject to Shareholder Approval, will be issued a further 937,500 and 625,000 Placement Additional Options, respectively.

(c) Remuneration of Directors

The Constitution of the Company provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors in a general meeting, to be divided among the Directors and in default of agreement then in equal shares. The current maximum total

aggregate amount of directors' fees payable to Non-Executive Directors without the approval of holders is set at \$600,000 per annum.

The Company may also pay the Director's travelling and other expenses they properly incur.

A Managing Director and Executive Directors are entitled to receive such remuneration as the Directors determine. Their remuneration must not include a commission on or percentage of operating revenue.

As at the date of this Prospectus, the Company has one executive director: Mr Jason Stirbinskis. The total annual base salary payable to Mr Stirbinskis is \$200,000 (excluding superannuation) pursuant to an executive services agreement entered into between Andes and Mr Stirbinskis, which was subsequently novated to the Company. Under the executive services agreement, Mr Stirbinskis was issued options to acquire fully paid ordinary shares in the capital of Andes (**Andes Options**). As part of the Company's acquisition of Andes, Mr Stirbinskis was issued Options replacing his Andes Options. The Options on issue to Mr Stirbinskis are set out in Section 4.8(b). No further issues of securities are contemplated under the executive services agreement.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (**FY**), inclusive of directors fees, consultancy fees, superannuation benefits and share-based payments.

| Director | FY ended 31 Dec 2019 (\$) | FY ended 31 Dec 2018 (\$) |
|--|----------------------------------|----------------------------------|
| Jason Stirbinskis ¹ | 91,442 | - |
| Ross Ashton ² | 19,342 | - |
| Kevin Wilson ³ | 144,934 | 192,832 |
| Roger Higgins ⁴ | 30,578 | 42,745 |
| Glenister Lamont ⁵ | 38,246 | 35,136 |
| Francisco Vergara-Irarrazaval ⁶ | - | 15,625 |
| Ram Venkat ⁷ | - | 76,253 |
| William Howe ⁹ | 52,482 | 225,000 |

Notes:

1. Mr Stirbinskis was appointed as a Director on 16 August 2019 following completion of the Company's takeover of Andes Resources Limited (**Andes**). See above for further details of his remuneration.
2. Mr Ashton was appointed as a Director on 16 August 2019 following completion of the Company's takeover of Andes and as non-executive Chairman on 28 November 2019.

Mr Ashton received 2,000,000 Unquoted Options for his services as a director for two years, on the terms and conditions set out in the Company's notice of meeting dated 25 October 2019. He will receive no cash fees over this period.

3. Mr Wilson was appointed as a Director on 23 March 2018. Mr Wilson resigned his role as Executive Chairman on 16 August 2019, following completion of the Company's takeover of Andes and his role as Chairman on 28 November 2019. Mr Wilson received 2,000,000 Unquoted Options for his services as a director for two years on the terms and conditions set out in the Company's notice of meeting dated 25 October 2019. He will receive no cash fees over this period.
4. Mr Higgins resigned on 16 August 2019 following completion of the Company's takeover of Andes. On 27 December 2019, Mr Higgins received 580,625 Shares in settlement for outstanding director's fees for the period 1 July 2018 to 16 August 2019.
5. Mr Lamont resigned on 16 August 2019 following completion of the Company's takeover of Andes. On 27 December 2019, Mr Higgins received 689,625 Shares in settlement for outstanding director's fees for the period 1 July 2018 to 16 August 2019.
6. Mr Vergara-Irarrazaval resigned 28 May 2018.
7. Mr Venkat resigned 19 March 2018.
9. Mr Howe resigned 23 March 2018. Payments were made to Mr Howe in 2019 in respect of outstanding salary and leave entitlements accrued prior to his resignation.

(d) **Director Loans**

Mr Ross Ashton and Mr Kevin Wilson have each entered into separate unsecured loan agreements on the terms below to meet cashflows and to support the operating activities of the Company (**Director Loan Agreements**).

The Director Loan Agreements were made on arms-length terms and have an interest rate of 9% per annum accruing daily on the amounts drawn.

The Director Loan Agreements are each for up to an amount of \$150,000 and the full \$150,000 has been drawn-down on both Director Loan Agreements.

Principal repayments have been made by the Company as follows:

- (i) \$85,000 to Ross Ashton in respect of his Director Loan Agreement; and
- (ii) \$35,000 to Kevin Wilson in respect of his Director Loan Agreement.

Interest accrued up until the dates of the principal repayments that have been made has been repaid.

Both Mr Wilson and Mr Ashton has the right to demand the repayment of the remaining balances, being principal of:

- (i) \$65,000 owing to Mr Ross Ashton; and
- (ii) \$115,000 owing to Mr Kevin Wilson,

under the Director Loan Agreements but, as at the date of this Prospectus, neither has exercised their right to do so.

4.9 Related party transactions

Mr Jason Stirbinskis, the Managing Director of the Company will be offered up to 225,000 SPP Additional Options, the issue of which will be subject to Shareholder Approval.

No other Directors will receive SPP Additional Options, however, Messrs Ross Ashton and Kevin Wilson participated in the Placement and, subject to Shareholder Approval, will be issued a further 937,500 and 625,000 Placement Additional Options, respectively.

There are no other related party transactions involved in the Offer.

4.10 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Options offered under this Prospectus.

HWL Ebsworth Lawyers will be paid approximately \$10,000 (plus GST) in fees for legal services in connection with the Offer.

Link Market Services Ltd has been appointed to conduct the Company's share registry functions and will provide administrative services in respect of this Offer, and will be paid for these services on standard industry terms and conditions.

4.11 Expenses of Offer

The estimated expenses of the Offer are as follows:

| Estimated expenses of the Entitlement Offer | \$ |
|--|---------------|
| ASIC lodgement fee | 3,206 |
| Legal and preparation expenses | 10,000 |
| Printing, mailing and other expenses | 3,874 |
| Total | 17,080 |

4.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with

their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HWL Ebsworth Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. HWL Ebsworth Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Link Market Services Limited has given its written consent to being named as the Share Registry to the Company in this Prospectus. Link Market Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Phillipi, Prietocarrizosa Ferrero Du & Uria has given its written consent to being named as the Colombian solicitors to the Company in this Prospectus in respect of the litigation set out in Section 3.2(t) of this Prospectus. Phillipi, Prietocarrizosa Ferrero Du & Uria has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

5. **Directors' Statement and Consent**

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'Ross Ashton', with a horizontal line drawn through the signature.

Ross Ashton
Non-Executive Chairman

Dated: 4 May 2020

6. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

| | |
|---------------------------------------|---|
| \$ | means Australian dollars. |
| AngloGold | means AngloGold Ashanti Colombia SA. |
| AngloGold Term Sheet | has the meaning given in Section 3.2(i). |
| Andes | means Andes Resources Limited (ACN 166 866 691), a wholly owned subsidiary of the Company. |
| Andes Gold Project | means the gold projects in Colombia in which the Company holds an interest through Andes. |
| ASIC | means Australian Securities and Investments Commission. |
| ASX | means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited. |
| ASX Settlement | means ASX Settlement Pty Limited ACN 008 504 532. |
| ASX Settlement Operating Rules | means ASX Settlement Operating Rules of ASX Settlement. |
| Board | means the Directors meeting as a board. |
| Business Day | means Monday to Friday inclusive, other than a day that ASX declares is not a business day. |
| CHESS | means ASX Clearing House Electronic Subregistry System. |
| Chuscal | means the Chuscal Gold Project in Quinchia, Colombia. |
| Company | means Los Cerros Limited (ACN 119 759 349). |
| Constitution | means the constitution of the Company as at the date of this Prospectus. |
| COP | means Colombian Pesos. |
| Corporations Act | means <i>Corporations Act 2001</i> (Cth). |
| COVID-19 | has the meaning given in Section 1.1. |
| Director Loan Agreements | means the loan agreements between the Company and Ross Ashton, and the Company and Kevin Wilson dated 1 November 2019. |

| | |
|-------------------------------------|---|
| Directors | mean the directors of the Company as at the date of this Prospectus. |
| Eligible Shareholder | means a Shareholder eligible to participate in the SPP. |
| Excluded Holder | means a Shareholder who is not an SPP Participant. |
| Free Attaching Option | means an Option with an exercise price of \$0.10 and an expiry date of 6 April 2022. |
| Issue Date | means the date specified in the Indicative Timetable. |
| Issuer Sponsored | means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS. |
| Listing Rules | means the listing rules of ASX. |
| Official List | means the official list of ASX. |
| Official Quotation | means quotation of Securities on the Official List. |
| Option | means the right to acquire one Share in the capital of the Company. |
| Optionholder | means a holder of an Option. |
| Placement | means the two tranche placement announced by the Company on 5 February 2020 to raise up to \$2.1 million at \$0.04 per Share. |
| Placement Additional Options | means Unquoted Options with an exercise price of \$0.02 and an expiry date 2 years from the date of issue, to be issued to Placement Participants on the basis of 1 Option for every 2 Shares subscribed for under the Placement. |
| Placement Participants | means persons who subscribed and were allocated Securities under the Placement. |
| Prospectus | means this prospectus dated 4 May 2020. |
| Quoted Option | means a right to acquire one Share in the capital of the Company that is quoted on the Official List. |
| Repayment Date | means the date for repayment under the Director Loan Agreements, being 1 February 2020 or as agreed. |
| Section | means a section of this Prospectus. |
| Securities | mean any securities including Shares, Options (including Bonus Options) or Performance Shares issued or granted by the Company. |

| | |
|--|---|
| Securityholders | means a holder of Securities. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Share Registry | means Link Market Services Limited (ACN 083 214 537). |
| Shareholder | means a holder of Shares. |
| SPP | means the share purchase plan announced by the Company on 12 February 2020 in which eligible shareholders could subscribe for up to \$30,000 worth of Shares at an issue price of \$0.04 per share with one Free Attaching Option for every two Shares issued exercisable at \$0.10, expiring two years from the date of issue. |
| SPP Additional Options | means the Options issued on the terms disclosed in Section 4.1. |
| SPP Additional Options Offer or Offer | means the offer contained in this Prospectus to SPP Participants of 1 Unquoted Option for every two shares subscribed for under the SPP. |
| SPP Participants | means persons who subscribed for and were allocated Securities under the SPP. |
| Unquoted Option | Unquoted Option means a right to acquire one Share in the capital of the Company that is not quoted on the Official List. |
| WST | means Western Standard Time. |