

Firm commitments for \$2.1 million raising for drilling at Quinchia Gold Project, Colombia

HIGHLIGHTS

- Commitments received for a share placement to raise up to \$2.1 million
- Funding to be applied to advancing the Quinchia Gold Project where the Company has a JORC Resource of 877,000 ounces and Reserve of 457,000¹ at the Miraflores deposit, and targeting porphyry mineralisation at the nearby Tesorito and Chuscal targets
- Los Cerros to undertake a Share Purchase Plan (SPP) to allow existing eligible shareholder to participate in the equity raising on the same terms as placement investors
- Los Cerros to provide a sale facility for less than marketable parcels following closure of the SPP to reduce overhead costs associated with a large number of small shareholdings

Los Cerros Limited (ASX: LCL) ("Los Cerros" or the "Company") is pleased to announce that it has received binding commitments for a placement to raise up to \$2.1 million (before costs) ("**Placement**").

Coincident with the Placement, the Company will undertake a share purchase plan ("**SPP**") to allow existing eligible shareholders to participate in the equity raising at the same price as investors in the Placement.

Hartleys Limited is Lead Manager to the Placement.

Los Cerros' Managing Director Jason Stirbinskis commented;

"We thank our shareholders who have supported this placement and welcome new investors to our register. With funds to be raised through this placement and SPP, we eagerly look forward to further developing the Quinchia project which includes Tesorito, Chuscal and Miraflores.

"The Company's last drilling at Tesorito intersected 253.1m @ 1.01 g/t Au from 2.9m, including 64.0m @ 1.67 g/t Au from 144m. Prior to this, earlier drilling intersected an even wider zone of 384m at 1.01g/t Au from surface², so we are highly focused on better defining this gold system given the wide and strong gold mineralisation previously discovered, and its proximity to the Reserves defined at the Miraflores deposit less than 1km away.

In 2020, we also intend to return to drilling the Chuscal prospect following conclusion of 3D modelling and geochemical profiling work to help refine our targets given the success of our first drilling program which has revealed extensive porphyry associated mineralisation overprinted by a higher-grade epithermal gold system".

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

² First announced by the Company on 30 August 2018. The Company confirms that it is not aware of any new information that affects the information contained in the announcement

Capital Raising Details

Under the Placement the Company will issue up to 52.5 million fully paid ordinary shares at an issue price of \$0.04 per share, to raise up to approximately \$2.1 million (before costs). Subject to shareholder approval, investors in the Placement will receive one (1) attaching option for every two (2) shares subscribed in the Placement, with each option having an exercise price of \$0.10 and an expiry date of two years from the date of issue.

The Placement will be settled in two tranches. In Tranche 1, the Company will issue up to 24,939,860 shares using its Listing Rule 7.1 capacity to raise up to \$997,594.40 (before costs). In tranche 2, the Company will issue up to 27,560,140 shares to raise up to \$1,102,405.60 (before costs), which will be issued subject to approval at a General Meeting indicatively scheduled for March 2020. It is intended that a Notice of Meeting will be provided to shareholders shortly.

Subject to shareholder approval at the General Meeting, directors of the Company will subscribe for up to 3,125,000 Shares to raise up to \$125,000 on the same terms as the Placement as part of Tranche 2.

Share Purchase Plan

The Company is providing an opportunity for eligible existing shareholders to participate in a Share Purchase Plan at a price of \$0.04 per share, and have the ability to apply for shares with a value of up to \$30,000 per shareholder. Subject to shareholder approval, applicants in the SPP will also receive one (1) free attaching option for every two (2) shares issued to them under the SPP, with the options having an exercise price of \$0.10 each and expiry date of two years from the date of issue.

The SPP will provide an opportunity for holders of small parcels to increase their holding in Los Cerros as the Company progresses its exploration program and ahead of the 'less than marketable parcel sale facility' as outlined below without incurring any brokerage costs.

The right to participate in the Offer under the SPP is optional and is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the issued capital of Los Cerros with a registered address in Australia or New Zealand at 5.00pm (WST) on the Record Date of 4 February 2020. Further details of the Share Purchase Plan will be mailed to shareholders shortly.

The Company reserves its right to reject or scale back any applications in whole or in part and reserves absolute discretion regarding the final amount raised under the Offer (subject to the requirements of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and the ASX Listing Rules).

Less Than Marketable Parcel Sale Facility

Los Cerros currently has some 1,859 shareholders of which approximately 1,300 shareholders hold less than a marketable parcel of shares as defined in the ASX Listing Rules (i.e. below a market value of \$500) based on the last closing share price of \$0.048 on Friday 31 January 2020 ("**LTM Parcel**").

There are administrative costs which apply regardless of the size of a shareholding. As such, the cost associated with LTM Parcels on the register is disproportionately high. The Company is highly focused on maximising the funding available to be invested into exploration and is therefore seeing to reduce unnecessary corporate costs.

Dates for the implementation of the LTM Parcel Sale Facility have not been set but the Company's current intention is to conduct it shortly after the closure of the SPP. The SPP provides an opportunity

for holders of LTM Parcels to increase their holding in Los Cerros as the Company progresses its drilling campaign.

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

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FORWARD LOOKING STATEMENTS This document contains forward looking statements concerning Los Cerros. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Los Cerros' beliefs, opinions and estimates of Los Cerros as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. No representation, warranty or undertaking, express or implied, is given or made by the Company that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur.

JORC STATEMENTS - COMPETENT PERSONS STATEMENTS

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

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

TABLE 2 - MIRAFLORES PROJECT RESOURCES AND RESERVES

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

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

Resource Classification	Tonnes (000t)	Au (gpt)	Ag (gpt)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
Measured & Indicated	9,269	2.82	2.77	840	826
Inferred	487	2.36	3.64	37	57

Notes:

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

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

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

Reserve Classification	Tonnes (Mt)	Au (gpt)	Ag (gpt)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Total	4.32	3.29	2.77	457	385

Notes:

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

Source: Ausenco, 2017