

Independent Chuscal geochemical 3-D modelling identifies a significant porphyry target

HIGHLIGHTS

- Independent 3-D geochemical modelling reveals the Guayacanes and Corporacion porphyry targets at Chuscal form part of a substantial porphyry target below and untested by recent drilling.
- 3-D model plus ongoing geological modelling to inform porphyry and epithermal drill program planning for H2 2020, assuming ongoing easing of Covid restrictions.

Los Cerros Limited (ASX: LCL) (Los Cerros or the Company,) in conjunction with the Company's technical advisor Dr Steve Garwin, recently engaged Fathom Geophysics to apply a sophisticated 3-D multi-element geochemical modelling technique to the Chuscal geochemical data set. Dr Garwin has successfully used this technique previously to fine tune porphyry targets such as SolGold's Tier One Alpala discovery in Ecuador. The technique has identified a high probability porphyry target (**Fathom target**) immediately below, and adjacent to, recent drilling. (Figure 1).

The technique compares eleven selected porphyry pathfinder elements from Chuscal surface samples and drill core assays to the distribution of the same pathfinders at the Yerington porphyry - an internationally studied Cu-Mo-Au porphyry deposit in Nevada. Porphyry Cu-Au deposits are amongst the most studied in the world and it is now generally accepted that there is a zoned element signature common to most porphyry systems. Understanding that signature is critical in focussing drilling towards the high grade Cu-Au core of what can be very large mineralised porphyry systems.

The Fathom simulation considers the element profile of a Chuscal data point and places that data point in the context of the vertical dispersion of the Yerington geochemical profile. Through multiple iterations of this process the modelling forms a probability 'best fit' that identifies how close the distribution of Chuscal geochemical results matches the Yerington model, and specifically where the porphyry core is likely to be located within the Chuscal porphyry system. Based on probabilities, it then generates a 3-D target of where the high grade zone of Chuscal is likely to be based on similarities with the Yerington analogue.

The exercise generated a compelling 'high quality target', the 'Fathom' target, incorporating the previously identified Guayacanes and Corporacion porphyry targets¹, at a depth of approximately 500m, some 50-100m below the four holes drilled in the 2019 drilling program. The Fathom target core (extrapolated from comparison to the Yerington model), lies midway between the Guayacanes and Corporacion targets and extending to the northeast of previous drilling.

Logged sericite and potassic alteration near the end of LCL drill holes support proximity to a porphyry. For example, the last 8m of hole CHDDH003, to the west of the Fathom target contained gold

¹ See ASX release 20 January 2020. The Company is not aware of any new information or data that materially affects the information included in this release

mineralisation and strong sericitic alteration² consistent with being within the outer shell of the Fathom target.

Interestingly, the northeast portion of the Fathom target, although somewhat constrained by the western extent of previous surface sampling programs, corresponds to encouraging surface sampling results recently identified by the Company's technical team prior to the Fathom survey.

Los Cerros Managing Director, Jason Stirbinskis explained *"Fathom's work is based on the provision of raw geochemical data only. It is a credit to our technical team that the Fathom work supports the existing Corporacion and Guayacanes porphyry targets generated from the entire geological and geophysical database including porphyry alteration signatures, veining styles and magnetics and adds a third target of higher probability that lies between these two targets. Our Colombian geological team continues to tweak both epithermal and porphyry targets ahead of our planned resumption of drilling in H2 2020"*.

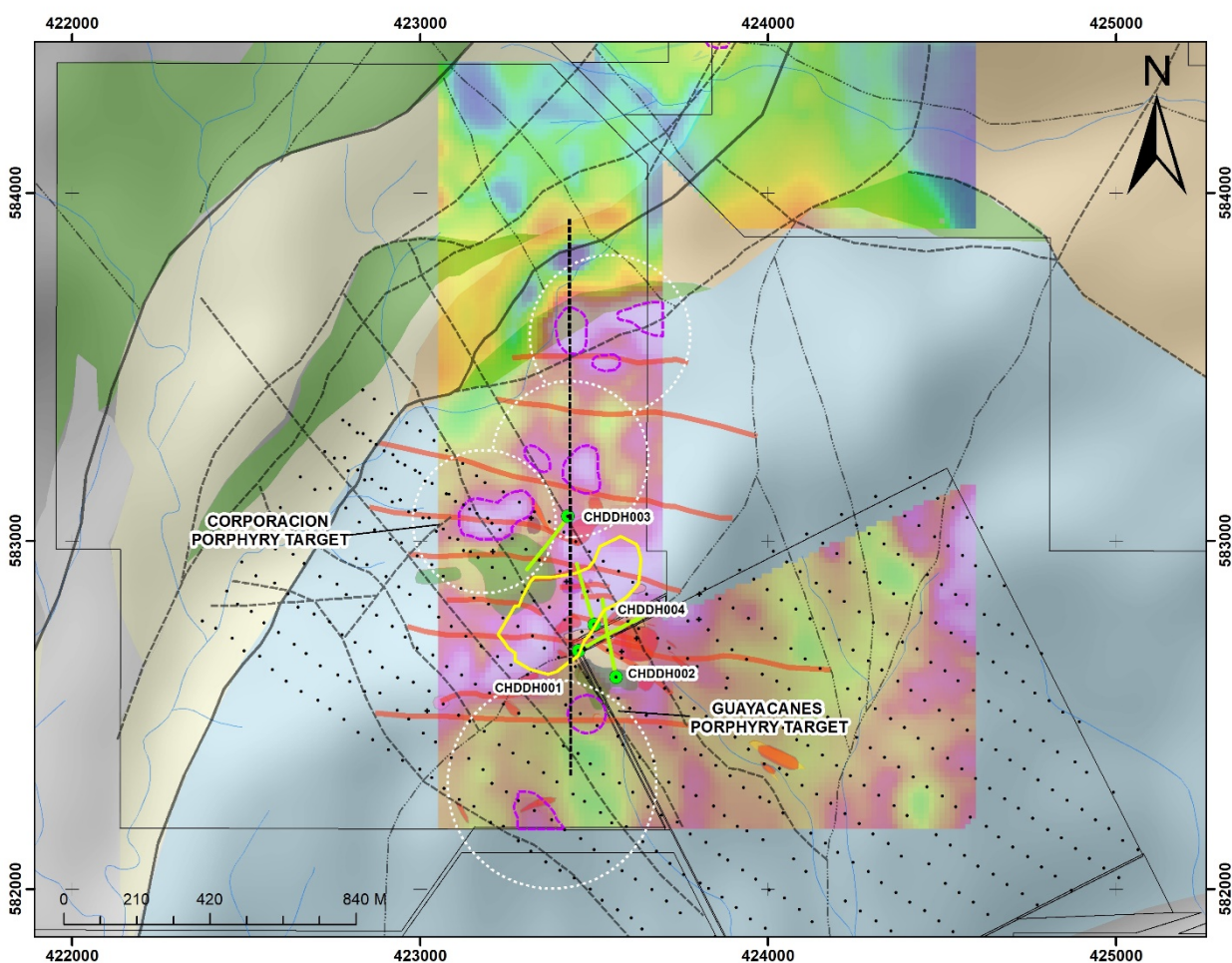


Figure 1: Chuscal plan view showing the Fathom target (yellow outline) in relation to LCL drill holes CHDD001-004 (too shallow to intersect Fathom target) and existing porphyry targets (dotted white circles) established from other data, over background magnetics. Purple bordered shapes are magnetic highs of interest. Note the north-south orientation of targets, this orientation extends northward to align to the Tesorito Prospect located 1.5km to the north.

² See ASX release 23 December 2019. The Company is not aware of any new information or data that materially affects the information included in this release

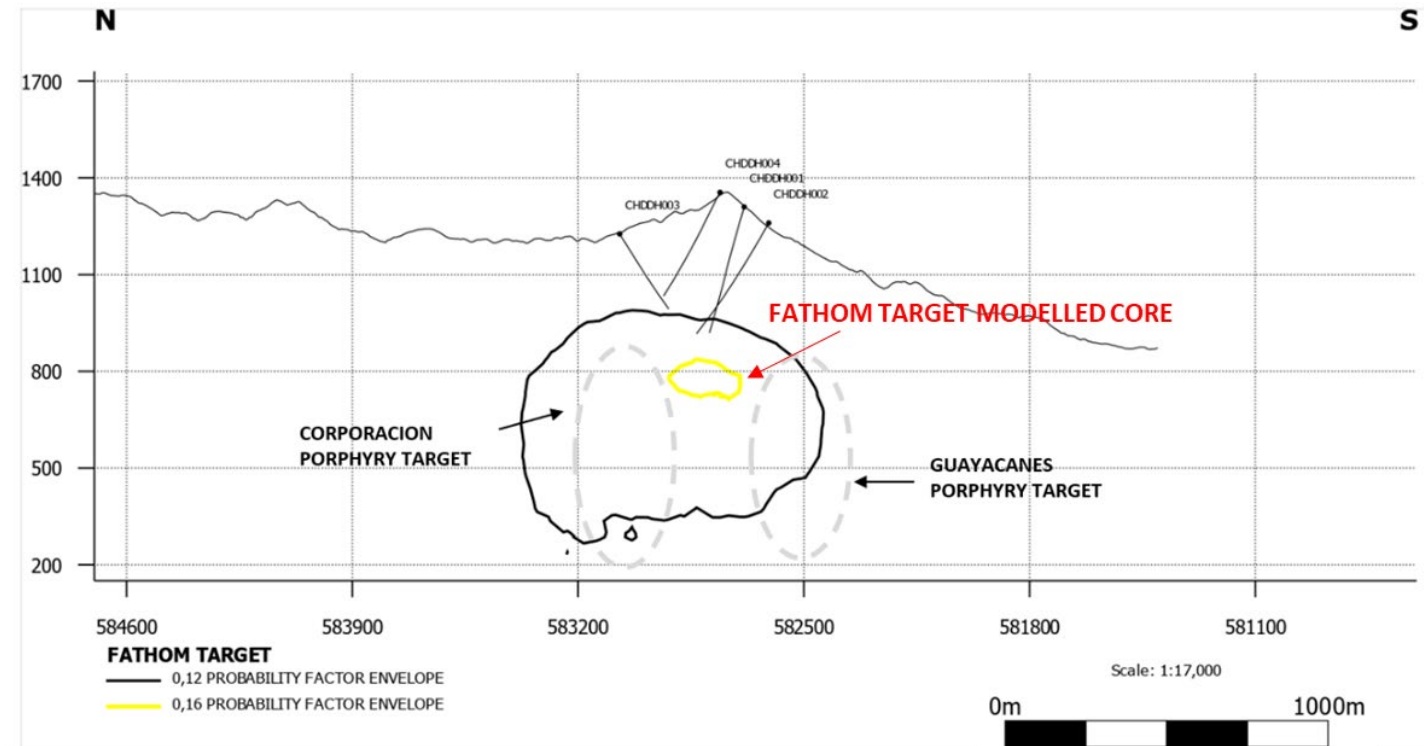


Figure 2: Cross section projection showing location of Fathom target in relation to the 2019 drilling program holes and the two porphyry targets established from other methods. See Figure 1 for north-south location of cross section.

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

For further enquiries contact:

Jason Stirbinskis

Managing Director
Los Cerros Limited
Suite 12, Level 1
11 Ventnor Avenue
West Perth WA 6005

jstirbinskis@metminco.com.aum

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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.

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