Capital raising for accelerated exploration and development program

- Company to undertake a capital raising to maximum of $5.98 million (before costs) comprising:
  - placement to institutional, sophisticated and professional investors to raise up to $3.26 million (before costs) (**Placement**);
  - 1:8 accelerated pro-rata non-renounceable entitlement offer at $0.06 per Share to raise up to an additional $2.72 million (before costs) involving;
    - an accelerated offer to eligible institutional Shareholders, expected to comprise the issue of up to 18,979,357 Shares to raise up to approximately $1.13 million (**Institutional Entitlement Offer**);
    - an offer to eligible retail Shareholders, expected to comprise the issue of up to 26,354,817 Shares to raise up to approximately $1.58 million (**Retail Entitlement Offer**).
- Raising price represents a 13% discount to the last closing price on the 11 June 2020.
- Funds to be used for an accelerated exploration and development program at flagship El Zorro Project, including:
  - Accelerated 4,000m to 5,000m drilling program commencing July 2020;
  - Exploration and resource estimation (targeting maiden resource during 2020);
  - Detailed Metallurgical testwork program; and
  - Commence Scoping Study early 2021.

Tesoro Resources Limited (Tesoro or **the Company)** (ASX: TSO) is pleased to announce a Placement and Accelerated Non-Renounceable Pro-Rata Entitlement Offer to raise up to $5.98 million. Funds raised pursuant to the Placement and Entitlement Offer will be used to fund an accelerated infill and extensional drilling program at the El Zorro Gold Project, a detailed metallurgical testwork program, commencing a Scoping Study at the Company's El Zorro Gold Project, working capital, as well as satisfying the costs of the capital raising.

Tesoro Managing Director Zeff Reeves commented:

"Tesoro has had exceptional exploration success at the El Zorro Gold Project since re-quotation on ASX in February. We are pleased to have the support of existing and new shareholders for the next phase of development Infill and extensional drilling at the El Zorro Project will commence in the coming weeks and we look forward to keeping our shareholders updated on our progress at the exciting El Zorro Gold Project."

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Placement

The Placement to sophisticated and professional investors, will utilise the Company's existing placement capacity under ASX Listing Rule 7.1 and will result in the issue of up to 54,401,008 new Shares at an issue price of $0.06 per Share to raise up to $3.26 million (before costs). Settlement of the Placement is expected to occur on 19 June 2020.

Participants in the Placement will not be eligible to participate in the Entitlement Offer, except to the extent they are existing eligible Shareholders, in which case they can participate to their relevant pro-rata amount.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer on the terms and conditions set out in the prospectus dated 12 June 2020 (**Prospectus**). The Institutional Entitlement Offer opens on 12 June 2020 and is expected to close on 18 June 2020, with settlement occurring on 19 June 2020.

Under the Institutional Entitlement Offer, eligible institutional Shareholders can choose to take up all, part or none of their entitlement. New Shares in relation to entitlements not taken up under the Institutional Entitlement Offer, or new Shares in relation to entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional investors and other institutional investors at the offer price through a bookbuild process. Any Shares not placed through the bookbuild process will form part of the shortfall facility. The Company has been placed in a trading halt while the Institutional Entitlement Offer and Placement is undertaken. It is expected that the trading halt will end at market open on Thursday 18 June 2020.

Retail Entitlement Offer

Eligible retail Shareholders with a registered address in Australia or New Zealand as at 18 June 2020, the Record Date (**Eligible Retail Shareholders**), have the opportunity to take up their entitlement of new Shares at the offer price and on the terms and conditions outlined in the Prospectus. The Retail Entitlement Offer is anticipated to close on 2 July 2020.

Eligible Retail Shareholders can choose to take up all, part, or none of their entitlements. Furthermore, the Retail Entitlement Offer will include a shortfall facility under which Eligible Retail Shareholders who take up their Entitlement in full may also apply for additional shares in the Retail Entitlement Offer that were not taken up by other Eligible Retail Shareholders. There is no guarantee that applicants under the shortfall facility will receive all or any of the additional shares for which they apply. The Directors reserve the right to allocate shortfall Shares to Eligible Shareholders under the Prospectus and to sophisticated and professional investors as defined in sections 708(8) and 708(11) of the Corporations Act, subject to the ASX Listing Rules and any restrictions under applicable law within 3 months of the close of the Entitlement Offer. For the avoidance of doubt, the Directors will have discretion as to how to allocate the shortfall.

New Shares under the Retail Entitlement Offer are expected to be issued on or around 9 July 2020.

The Board of Tesoro encourages all eligible Shareholders take up their entitlement.

An electronic copy of the Prospectus, along with information with respect to applying for your entitlement under the Retail Entitlement Offer, will be accessible on ASX's website (www.asx.com.au), the Company's website (www.tesororesources.com.au) or via the Company's share registry (https://investor.automic.com.au/#/home).

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Your acceptance of the Retail Entitlement Offer must be made on the Entitlement and Acceptance Form which will be available at https://investor.automic.com.au/#/home from 23 June 2020.

Use of funds

The funds raised from the Placement and Entitlement Offer will be used by the Company as follows:

Use of funds	Amount (A$)
El Zorro Exploration and Resource Estimation	4,681394
El Zorro Detailed Metallurgical Testwork	200,000
Scoping Study and Project Development	1,250,000
Costs of the Offer	480,000
Corporate Overheads and administration costs	1,000,000
Working Capital	500,000
Total	**8,111,394**

Timetable of Placement and Entitlement Offer

Event	Date
Announcement of Entitlement Offer Lodgement of Appendix 3B with ASX Lodgement of Prospectus with ASIC and ASX Opening date of the Cleansing Offer	12 June 2020
Company conducts Institutional Offer	12 June 2020 – 18 June 2020
Announcement of results of Institutional Offer and the Placement	18 June 2020
Trading halt lifted Trading resumes on an ex-entitlement basis	18 June 2020
Record Date for the Entitlement Offer	18 June 2020
Settlement of Institutional Offer and Placements	19 June 2020
Quotation of Shares issued under the Institutional Offer and Placement	22 June 2020
Prospectus despatched to Shareholders Company announces the despatch has completed Opening Date for Retail Offer	23 June 2020
Last day to extend Retail Offer closing date	29 June 2020
Closing Date of Retail Offer	2 July 2020
Announcement of results of Retail Offer	7 July 2020
Closing Date of the Cleansing Offer	7 July 2020
Settlement of the Retail Offer Lodgement of an Appendix 2A on ASX	9 July 2020
Quotation of Shares issued under the Retail Offer	10 July 2020
Expected despatch of holding statements for retail holders	14 July 2020

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Subject to the ASX Listing Rules, the dates in the table above are indicative only and are subject to change. The directors of the Company may extend the closing date of the Entitlement Offer by giving at least 3 business days' notice to ASX before the closing date. In addition, the Company reserves the right to withdraw the Entitlement Offer at any time before new Shares are issued pursuant to it, in which case any application moneys received from applicants will be refunded without interest in accordance with the requirements of the *Corporations Act 2001* (Cth).

Lead Manager

PAC Partners Securities Pty Limited (**PAC Partners**) has been appointed as lead manager to both the Placement and Entitlement Offer. PAC Partners will receive a 6% capital raising fee, comprising a management fee of 2% (plus GST) and selling fee of 4% (plus GST). The PAC Partners selling fee will not be payable on the gross proceeds of funds procured from the Company's network of individual investors.

Further information

For further information on the Entitlement Offer and Placement, please refer to the Prospectus, the Company's announcements available on ASX's website (www.asx.com.au) or the Company's website (www.tesororesources.com.au). Alternatively, please contact the Company Secretary by phone on +61 8 9322 1587 or email at info@tesororesources.com.au.

Authorised by the Board of Tesoro Resources Limited.

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About Tesoro

Tesoro Resources Limited was established with a strategy of acquiring, exploring and developing mining projects in the Coastal Cordillera region of Chile. The Coastal Cordillera region is host to multiple world class copper and gold mines, has well established infrastructure, service providers and an experienced mining workforce. Large areas of the Coastal Cordillera remain unexplored due to the unconsolidated nature of mining concession ownership, but Tesoro, via its in-country network and experience has been able secure rights to a district scale gold project in-line with the Company's strategy. Tesoro has rights to acquire up to 80% of the El Zorro Gold Project.



Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast. Nothing contained in this announcement nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Tesoro.