Tesoro to accelerate to 70% ownership of El Zorro

- Tesoro to increase its ownership of the El Zorro Gold Project, Chile to 70%
- No further expenditure commitments required to reach 70% ownership

Tesoro Resources Limited (Tesoro or **the Company)** is pleased to announce that it has successfully negotiated for its 95% owned Chilean subsidiary, Tesoro Mining Chile SpA, to increase its ownership of the El Zorro Gold Project (Project) from its current 51% interest to 70%. Key terms of the variation to effect the increase in interest of the Project are:

- Bringing forward the payment of USD50,000 for cost reimbursement for development expenditure incurred on the Project by the Company's joint venture partner to now be paid upon signing of the variation (currently payable on or before 17 January 2021);
- Subject to shareholder approval, issuing 5,000,000 ordinary shares in the Company to the Company's joint venture partner (subject to ASX escrow until 5 February 2022, being 24 months from the date of the Company's re-listing on ASX); and
- No further expenditure commitments or obligations are required to reach 70% ownership.

Tesoro Managing Director Zeff Reeves commented:

"We are pleased to have negotiated the accelerated increase in ownership of El Zorro to 70% without the requirement of meeting any further expenditure commitments. I cannot thank enough our joint partner in the El Zorro Project, who has shown their faith in the asset and the work that Tesoro is doing on the ground in agreeing to terms that allow us to accelerate to 70% ownership. We are excited at the emerging gold system at El Zorro and the Tesoro team is committed to delivering a maiden gold resource at the Project during 2020."

El Zorro Acquisition Agreement and Increase to 70% Ownership

As described in the Company's (then known as Plukka Ltd) prospectus dated 29 October 2019, Tesoro entered into a Purchase Option Agreement to acquire the El Zorro Gold Project on 17 July 2017. To date, Tesoro has earned a beneficial interest in the project of 51%. The current earn-in terms of the El Zorro Purchase Option Agreement are:

El Zorro Project payment schedule:

Stage	Project Payment (USD)*	Date to complete	Status	Tesoro ownership achieved
1	**100,000**	**17 January 2018**	**Complete**	**10%**
2	**50,000**	**1 October 2018**	**Complete**	**51%**
3	50,000	17 January 2021	Incomplete	70%
4	50,000	17 January 2022	Incomplete	80%

*Reimbursement for development expenditure incurred by the joint venture partner on the Project.

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Exploration commitment schedule:

Stage	Expenditure (USD)	Date to complete	Status
1	Nil	Nil	Nil
2	2,000,000	17 July 2020	Incomplete, **approx. USD$1.5 million of expenditure has been completed**, with USD$500,000 remaining to complete this stage. Tesoro has acquired a 51% beneficial ownership interest in El Zorro but must complete this expenditure requirement by July 2020 to prevent clawback to 10% ownership.
3	1,500,000	17 January 2021	Incomplete
4	Nil	Nil	Nil – feasibility study to be completed

Under the revised terms, Tesoro will now go directly to 70% ownership of the Project with no further expenditure commitments by issuing 5,000,000 shares to the El Zorro joint venture partner (subject to shareholder approval) and bringing forward the USD50,000 cost reimbursement payment outlined at Stage 3 of the El Zorro Project payment schedule.

The issue of the 5,000,000 shares is subject to shareholder approval under Listing Rules 7.1 and 11.1.2. The Company will issue a Notice of General Meeting to seek shareholder approval for the issue of these shares shortly. If shareholders do not approve the share issue, the variation will not be implemented and the Company's ownership of the El Zorro Gold Project will remain at 51% and subject to the exploration project payment and commitment schedules set out above.

The shares will be subject to ASX escrow until 5 February 2022, being 24 months from the date of the Company's re-listing on ASX.

In order to reach 80% ownership, Tesoro is required to make the final USD50,000 Stage 4 project payment by 17 January 2022 and deliver a feasibility study.

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 two district scale gold projects in-line with the Company's strategy. Tesoro has rights to acquire up to 80% of the El Zorro Gold Project and 100% of the Espina 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.

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