Quarterly Activities Report – 31 March 2020

Tesoro Resources Limited (ASX: TSO) (**Tesoro** or the **Company**) is pleased to provide the following activities report that outlines progress achieved during the March 2020 Quarter.

HIGHLIGHTS

- Acquisition of Tesoro Australia Limited (formerly Tesoro Resources Limited) and Public Offer capital raising of $4.63 million successfully completed in January 2020.
- Re-instatement to ASX on 7th of February 2020.
- Drilling program commenced immediately at the El Zorro Gold Project, Chile.
- Significant assay results received to date include:
  - **86.45m @ 2.29g/t Au including;**
    50.50m @ 3.63g/t Au;
  - **23m @ 7.20g/t Au;**
  - **5.3m @ 25.31/t Au; and**
  - **2.3m @ 46.41 g/t Au.**
- Accelerated ownership interest in El Zorro Gold Project from 51% to 70%.
- Espina Gold Project surface sampling confirms large scale gold potential.

Overview

Tesoro holds interests in two highly prospective gold exploration projects located within the Coastal Cordillera of Chile, the flagship El Zorro Gold Project (**El Zorro**) and the Espina Gold Project (**Espina**). Both projects are favourably located and demonstrate significant scale and gold grades.

Tesoro is focussed on delineating gold resources at El Zorro, where drilling commenced in February 2020, and further early stage exploration work at Espina, to define drill targets for a maiden drill program.

As at the end of the quarter, there has been no direct impact from COVID-19 on the Company's day to day activities in Australia or Chile. All Tesoro personnel are safe and are taking appropriate measures, as advised by the respective government authorities, to avoid contracting or transmitting the COVID-19 virus. Tesoro is focussed on ensuring all personnel and contractors are safe and are not exposed to any unnecessary risk.

El Zorro Gold Project

During the quarter and following re-listing on ASX, the Company focussed its exploration efforts on El Zorro with the immediate commencement of a drilling program.

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The initial drilling program, consisting of 10 diamond drill holes, was designed to extend the Coquetas mineralised zone from 350m of strike to over 800m of strike and up to 300m depth. Mineralisation at Coquetas has previously been identified at surface and to date, has been drilled to a depth of 300m by Tesoro prior to ASX listing.

On 6 March 2020, the Company announced that exceptional wide, high-grade gold assay results had been received for part of hole ZDDH00017, the first drill hole in the initial 10 hole program at El Zorro. In line with the Company's geological model, ZDDH00017 encountered multiple wide zones of the El Zorro Tonalite (**EZT**), the main host lithology of gold mineralisation at El Zorro.

Final assays were received (ASX Announcement 12 March 2020) for hole ZDDH00017, which intercepted **86.45m @ 2.29g/t Au**, with a higher-grade zone returning **50.50m @ 3.63 g/t Au**.

At the end of the quarter, Tesoro had completed 7 holes at El Zorro for 1,831.65 metres. All holes encountered zones of altered EZT, associated sheeted veining and brecciation of between 15m and 50m down hole width. Post the end of the quarter, Tesoro completed the remaining 3 holes in the drill program for a total of 2,532 metres and expanded the program to include an additional drill hole, which is being drilled at the time of this announcement.

The Company anticipates drill results will be available over the coming weeks.

Surface mapping and outcrop sampling has identified additional targets at El Zorro. Recent field work included the collection of over 2,200 channel and rock chip samples from Coquetas, North Coquetas, Drone Hill and the Buzzard targets.

As announced on 17 April 2020, initial channel sampling results from the Coquetas prospect confirms surface gold mineralisation over 800m of strike, up to 100m wide and has been drilled to 300m deep. The Company announced further positive results of channel sampling at El Zorro, expanding the surface gold mineralisation. Surface channel assays results from the Drone Hill and Buzzard targets remain outstanding, with results expected during the June quarter.

As announced on 23 March 2020, Tesoro successfully negotiated for its 95% owned Chilean subsidiary, Tesoro Mining Chile SpA, to increase its ownership of El Zorro from its current 51% interest to 70%, subject to certain conditions as detailed in the announcement.

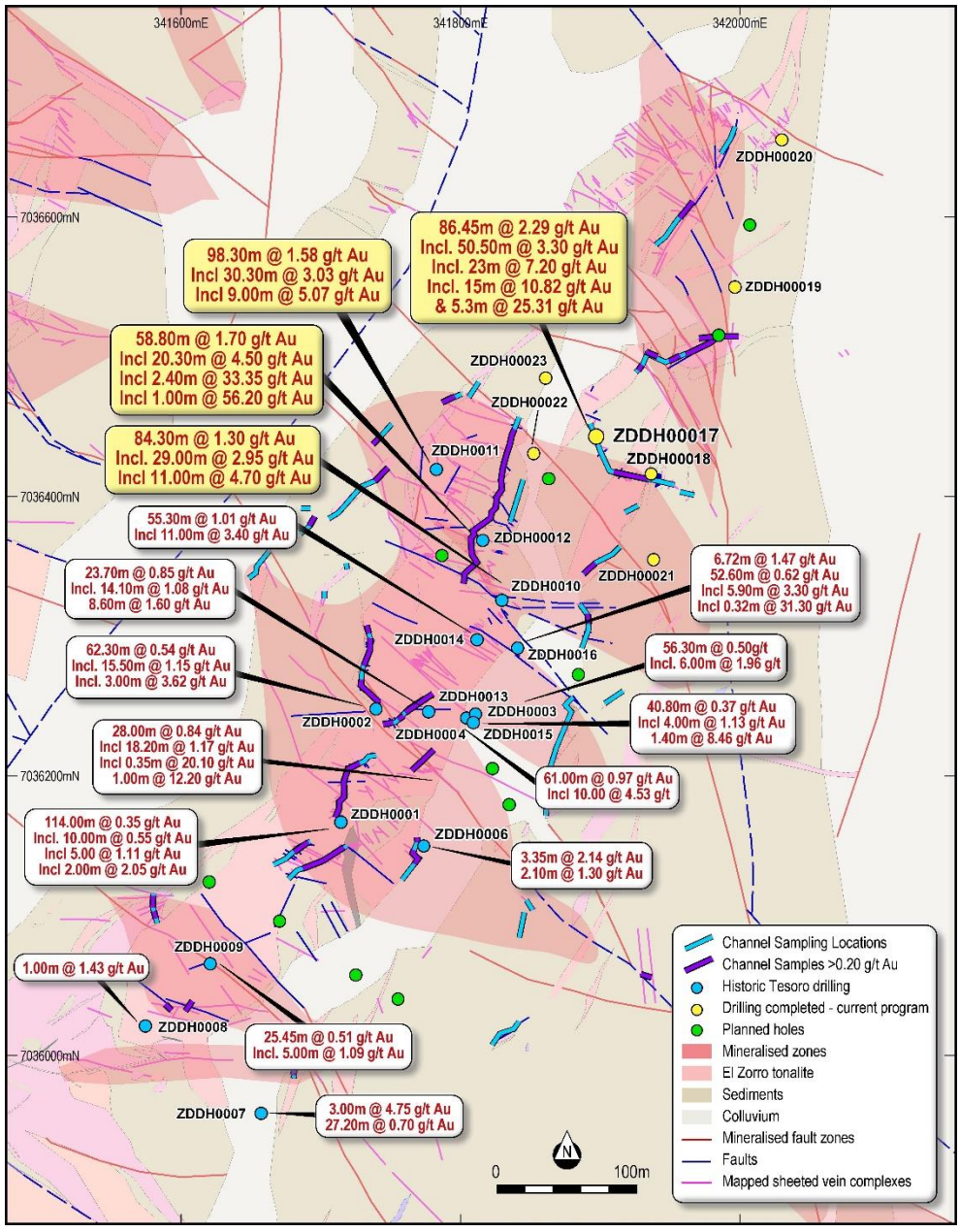

Figure 1 – El Zorro Gold Project, Coquetas area detailed geology showing mapped mineralised faults and zones with Tesoro's drilling.

Espina

As announced 6 April 2020, prior to the Company's re-admission to the ASX, in late 2019 a detailed mapping and sampling program was undertaken at Espina to assess previously identified gold mineralisation along the Puertelera and Infernillio Structures. A total of 130 rock chip, channel samples and 441 soil samples were collected.

Results have delineated zones of strong gold mineralisation along the Puertelera structure and a large gold in soil anomaly at the northern end of the Infernillio Structure at Dona Clara. Associated geochemical anomalism also indicates that the gold rich zone of the Espina epithermal system remains preserved and has not been eroded away, further enhancing the prospectivity of the project.

Results confirmed that the Puertelera structure contains multiple gold mineralised epithermal quartz veins with gold associated breccias and stockwork adjacent to the veins.

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Best Results from the sampling campaign include:

1m @ 10.65g/t Au;

2m @7.31g/t Au; and

3.7m @1.75g/t Au.

Tesoro plans to continue exploration at Espina with the aim of delineating drill targets. Next steps will include trenching across prospective mineralised zones along the Puertelera trend and at Dona Clara to obtain controlled bedrock samples and provide detailed geological information.

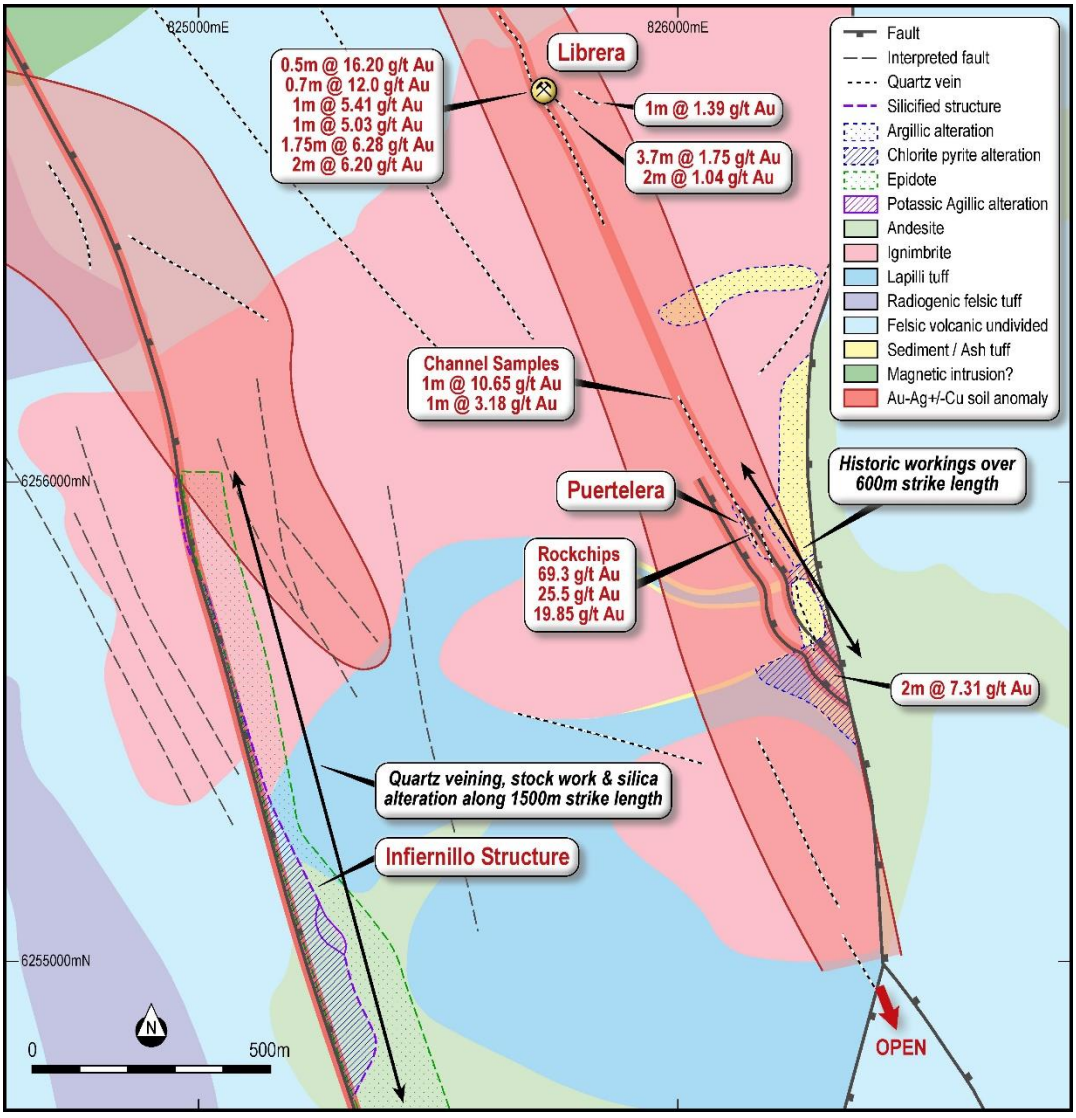

Figure 2 – Espina Geology showing Puertelera and Infernillio structures and high grade rock chip results from epithermal veins.

Corporate

The Company re-listed on the ASX on the 7th of February 2020, following completion of the acquisition of Tesoro Australia Limited (and options to earn into the El Zorro and Espina Gold Projects) and a successful capital raising of $4.63 million. Following the re-listing, Tesoro had approximately $4.02 million in cash (repaid creditors, re-listing and capital raising costs) and following the implementation of several capital preservation measures to counter any potential impact of COVID-19, the Company had $2.6 million as at 31 March 2020.

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Abnormal costs were incurred during the quarter due to the additional time required to complete the re-listing. These additional costs allowed the Company to maintain its assets and resources drill ready, enabling the Company to immediately commence its planned exploration programs upon re-listing.

Management conducted a Conference Call Market Briefing on 30 March 2020 to update investors on the Company's activities with regard to the current Covid-19 pandemic, El Zorro drill results and activities at Espina.

The Company confirms that during the quarter ended 31 March 2020, it has used the funds raised pursuant to the Company's Prospectus dated 30 October 2019 and Supplementary Prospectus' dated 10 December 2019 and 29 January 2020 consistently with the "use of funds" statement in the Prospectus. A comparison of actual expenditure since the Company's re-listing on ASX follows:

	Prospectus (24 month period) $	**Actual (for 2 month period from re-listing) $**
El Zorro Exploration	2,175,000	540,000
Espina Exploration and Earn-in Expenditure	850,000	40,000
Project Payments	295,000	210,000
Partial repayment of Director Loan to entities associated with Geoffrey McNamara	75,000	75,000
Costs of the Offer	485,990	557,358
Corporate overheads and administration costs	830,000	207,642
Administration costs and working capital	189,010	-
Total	**4,900,000**	**1,630,000**

Payments to Related Parties

As outlined in the Appendix 5B for the quarter ending 31 March 2020 (section 6.1), during the quarter approximately $244,000 in payments were made to related parties and/or their associates as repayment of borrowings, remuneration for the Managing Director, bonus payments following the re-listing, Non-Executive Director fees and superannuation.

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



Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) Applied Geology) MBA, MAIG). Mr Reeves is a member of the Australian Institute of Geoscientists and a Director and major shareholder of the Company. Mr Reeves has sufficient experience that 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 Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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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CONCESSION SCHEDULE

El Zorro Gold Project Exploration Concessions (70%* Tesoro, option to earn up to 80%)

Name	First Term Expiry date	Area (ha)	Type
ZORRO 1A	Application	200	Exploration
ZORRO 2A	Application	200	Exploration
ZORRO 3A	Application	200	Exploration
ZORRO 4A	Application	100	Exploration
ZORRO 5A	Application	200	Exploration
ZORRO 6A	Application	200	Exploration
Bloody Good Shot 10	2/Aug/2020	300	Exploration
Bloody Good Shot 9	2/Aug/2020	300	Exploration
Bloody Good Shot 8	2/Aug/2020	200	Exploration
Bloody Good Shot 7	2/Aug/2020	100	Exploration
Bloody Good Shot 6	3/Aug/2020	200	Exploration
Bloody Good Shot 5	3/Aug/2020	200	Exploration
Bloody Good Shot 4	3/Aug/2020	300	Exploration
Bloody Good Shot 3	3/Aug/2020	300	Exploration
Bloody Good Shot 2	3/Aug/2020	300	Exploration
Bloody Good Shot 1	3/Aug/2020	300	Exploration
Bloody Good Shot 11	22/Oct/2020	200	Exploration
Bloody Good Shot 12	22/Oct/2020	200	Exploration
Bloody Good Shot 13	22/Oct/2020	200	Exploration
Punta de Diamante 1	14/Feb/2021	200	Exploration
Punta de Diamante 2	14/Feb/2021	300	Exploration
Punta de Diamante 3	14/Feb/2021	300	Exploration
La Negra Coja 19	14/Feb/2021	200	Exploration
La Negra Coja 18	14/Feb/2021	300	Exploration
La Negra Coja 17	14/Feb/2021	300	Exploration
La Negra Coja 16	18/Feb/2021	200	Exploration
La Negra Coja 15	18/Feb/2021	300	Exploration
La Negra Coja 14	20/Feb/2021	300	Exploration
La Negra Coja 13	20/Feb/2021	300	Exploration
La Negra Coja 12	20/Feb/2021	200	Exploration
La Negra Coja 11	20/Feb/2021	300	Exploration
La Negra Coja 10	20/Feb/2021	300	Exploration
La Negra Coja 9	22/Feb/2021	200	Exploration
La Negra Coja 8	22/Feb/2021	300	Exploration
La Negra Coja 7	22/Feb/2021	8300	Exploration
La Negra Coja 6	22/Feb/2021	200	Exploration
La Negra Coja 5	1/Mar/2021	300	Exploration
La Negra Coja 4	1/Mar/2021	200	Exploration
La Negra Coja 3	5/Mar/2021	300	Exploration
La Negra Coja 2	5/Mar/2021	300	Exploration
La Negra Coja 1	7/Mar/2021	200	Exploration

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El Zorro Gold Project Exploitation Concessions (70%* Tesoro, option to earn up to 80%)

Name	Status	Area (ha)
LAS COQUETAS 1/10	Granted	140
PATON UNO, 1/29	Granted	240
PATON DOS, 1/29	Granted	230
LEON DOS 1-30	Granted	100
LEON UNO 1-30	Granted	200

Espina Gold Project Exploration Concessions (0% Tesoro, option to earn up to 90%)

Name	First time expiry	Area (ha)	Type
PAINE 5	4-Jul-20	100	Exploration
PAINE 3	4-Jul-20	300	Exploration
PAINE 1	4-Jul-20	200	Exploration
PAINE 6	12-Jun-20	200	Exploration
PAINE 4	18-Dec-20	300	Exploration
PAINE 2	22-Jun-20	300	Exploration
ISLA 2	29-Jun-20	200	Exploration
ISLA 3	29-Jun-20	300	Exploration
ISLA 5	29-Jun-20	200	Exploration
ISLA 7	29-Jun-20	100	Exploration
ISLA 1	18-Jun-20	200	Exploration
ISLA 4	18-Jun-20	300	Exploration
ISLA 6	15-Jun-20	100	Exploration
ESPERANZA UNO, 1/228	No Expiry	228	Exploitation
ESPERANZA TRES, 1/300	No Expiry	300	Exploitation
ESPERANZA DOS, 1/300	No Expiry	300	Exploitation
ESPERANZA CUATRO, 1/300	No Expiry	300	Exploitation
ESPERANZA CINCO, 1/200	No Expiry	200	Exploitation
LA ESPERANZA UNO, 1/120	No Expiry	120	Exploitation
LA ESPERANZA DOS, 1/10	No Expiry	100	Exploitation
LA ESPERANZA CUATRO, 1/55	No Expiry	55	Exploitation
LA ESPERANZA CINCO, 1/200	No Expiry	200	Exploitation
LA ESPERANZA SEIS, 1/138	No Expiry	138	Exploitation
LA ESPERANZA SIETE, 1/200	No Expiry	200	Exploitation
LA ESPERANZA NUEVE, 1/200	No Expiry	200	Exploitation
LA ESPERANZA DIEZ, 1/200	No Expiry	200	Exploitation
LA PERSEVERANCIA, 1/9	No Expiry	90	Exploitation

* Subject to conditions as set out in ASX announcement dated 23 March 2020.

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