



Termination of the Espina Option Agreement

Tesoro Resources Limited (Tesoro or the Company) (ASX:TSO) wishes to advise it has resolved to provide notice to Inversiones Cabo de Esperanza Limitada and Colonial Resources S.C.M. (**Espina JV Partners**) to terminate the Espina Option Agreement, pursuant to which the Company's 95% owned subsidiary, Tesoro Chile, has the right to earn up to a 100% interest in the Espina Gold Project (**EGP**).

The early stage EGP is located within the Santiago Metropolitan region which has been subject to strict lockdown restrictions in response to the COVID-19 pandemic. Lockdown restrictions prohibit unauthorised movements of personnel and activities deemed non-essential. The Metropolitan Region has been subject to lockdown restrictions since 26 March 2020 and restrictions are currently in place until the 5 June 2020. Since 26 March, lockdown restrictions have been extended twice and there is no certainty that restrictions will end on the 5 June.

The lockdown has impacted the Company's ability to carry out exploration activities in a timely manner at Espina and to meet certain Stage 1 project expenditure commitments as part of the Espina Option Agreement. The Company has been negotiating in good faith with its Espina JV Partners to gain an extension to the Stage 1 expenditure commitment (as detailed in the Company's Prospectus dated 30 October 2019 and supplementary prospectus' dated 10 December 2019 and 29 January 2020) but has unfortunately been unable to reach agreement. The Espina JV Partner is in no way connected to the El Zorro Gold Project.

The Board has taken the decision to terminate the Espina Option Agreement as soon as possible so as not to incur any further costs associated with holding the project or administering the JV while uncertainty around COVID-19 restrictions in the Santiago Metropolitan Region remains.

Funding previously allocated to the EGP will be diverted to the Company's flagship El Zorro Gold Project for ongoing field work including mapping, sampling, and Phase 2 drilling.

COVID-19 restrictions have had no material impact on the Company's exploration activities at El Zorro and are not expected to do so. El Zorro is in Region III of Chile, approximately 1,000km north of Santiago.

The Company expects to lodge the formal paperwork to terminate the JV shortly.

Tesoro Managing Director Zeff Reeves commented:

"We are disappointed about having to terminate the early stage Espina JV, however this will allow funding previously allocated to Espina to now be used to accelerate work at our exciting El Zorro Gold Project. El Zorro continues to grow with every drill hole, and we are planning to commence Phase 2 drilling at El Zorro in July 2020 to further expand and define the Ternera deposit."

The Company expects to receive results for holes ZDDH00026, ZDDH00027 and preliminary metallurgical test work during June 2020.

Work continues at El Zorro and the Company also continues to review other projects within Chile which are complementary to its existing project and business strategy.

Authorised by the Board of Tesoro Resources Limited.

For more information, please contact:

Zeff Reeves
Managing Director
zeff.reeves@tesororesources.com.au

Peter Taylor
Investor Relations
Peter@nwrcommunications.com.au
0412 036 231

About Tesoro Resources

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.