

## Appendix 4G

### Key to Disclosures

#### Corporate Governance Council Principles and Recommendations

Name of entity

Los Cerros Limited

ABN/ARBN

43 119 759 349

Financial year ended:

31 December 2020

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <https://www.loscerros.com.au/site/about-us/Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 26 March 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 26 March 2021

Name of authorised officer authorising lodgement:

Blair Snowball

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	✓ and we have disclosed a copy of our board charter at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters”).

<sup>5</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a> and we have disclosed the information referred to in paragraph (c) at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a> and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p>[insert location]</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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	Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: ..... <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: ..... <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: ..... <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors at: <a href="#">Page 4, second paragraph, of Corporate Governance Statement</a> and, where applicable, the information referred to in paragraph (b) at: <a href="#">Page 4, second paragraph, of Corporate Governance Statement</a> and the length of service of each director at: <a href="#">Page 4, second paragraph, of Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</li> </ul> (2) any other material breaches of that code that call into question the culture of the organisation.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: <a href="https://www.loscerros.com.au/site/PDF/2977_1/whistleblowerpolicy">https://www.loscerros.com.au/site/PDF/2977_1/whistleblowerpolicy</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

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3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p>✓ set out in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>✓</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>✓</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	✓ and we have disclosed our continuous disclosure compliance policy at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓ and we have disclosed information about us and our governance on our website at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	✓ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: ..... <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: ..... <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: ..... <i>[insert location]</i></p>	<p>✓ set out in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>✓ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: <a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p><a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p><a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: .....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at: .....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: .....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p><a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at:</p> <p><a href="https://www.loscerros.com.au/site/about-us/Corporate-Governance">https://www.loscerros.com.au/site/about-us/Corporate-Governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES – NOT APPLICABLE</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at: ..... <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## **CORPORATE GOVERNANCE STATEMENT**

### **For the year ended 31 December 2020**

#### **INTRODUCTION**

The Board of Los Cerros Limited (**Los Cerros** or the **Company**) is committed to conducting the business of Los Cerros and entities it controls both ethically and in accordance with principles of good corporate governance. The Board recognises the importance of the eight core principles contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition, released in February 2019) ("ASX Principles").

The Company's practices are largely consistent with the ASX Principles. The Board considers that the implementation of a small number of ASX Principles, at this time, is not appropriate for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Principles do not have a negative impact on the Company and the best interests of shareholders as a whole.

As required by the ASX Listing Rules, this Corporate Governance Statement (CGS) discloses the extent to which Los Cerros has followed the ASX Principles during the financial year ended 31 December 2020, as summarised below.

Los Cerros has also prepared an "ASX Appendix 4G - Key to Disclosures", which reports on the Company's compliance with each of the ASX Principles. This has been lodged with the CGS on the ASX and may be viewed and downloaded from the Company's website.

Additional information about the Company's corporate governance practices and policies is set out on the Company's website at [www.loscerros.com.au](http://www.loscerros.com.au).

The names of the Non-Executive Directors currently in office and their qualifications and experience are stated in the Company's Annual Report for the year ended 31 December 2020.

#### **1. Lay solid foundations for management and oversight (ASX Principle 1)**

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##### **1.1 Board Role and Responsibilities**

The Board's primary role is to set the Company's values, direction, strategies and financial objectives and to ensure effective monitoring of corporate performance, capabilities and management of risk consistent with creating shareholder value and maintaining effective corporate governance. The Board is also responsible for the appointment, and for monitoring the performance, of the Managing Director.

The Board operates in accordance with the Company's Constitution and has adopted a Board charter which outlines a framework for the Board's operation, the matters reserved to the Board and the functions delegated to management. The charter is available on the Company's website.

##### **1.2 & 1.3 Management Role and Responsibilities**

Responsibility for the operation and administration of the Company and the implementation of the corporate strategy and budgets approved by the Board is formally delegated by the Board to the Managing Director, who is supported by a small team of executives. The performance of the Managing Director is formally reviewed annually and includes agreement on key performance measures for the following year.

Newly appointed directors and executives receive formal contracts describing their terms of appointment, duties, rights and responsibilities.

##### **1.4 Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman or, in his absence, the other board members, on all matters to do with the proper functioning of the Board.

## **1.5 Diversity**

The Board has adopted a Diversity Policy, which is available on the Company's website. This policy affirms the Board's commitment to workplace diversity for the Company (including gender diversity). The policy does include requirements for the Board to establish measurable objectives for achieving gender diversity or for the Board to assess annually both the objectives and progress in achieving them.

Given the size of the Company and the challenges of recruiting appropriately qualified staff in a regional area, the Board considers it unrealistic to commit to a specific level of diversified person participation in the Company's workforce on an ongoing basis.

There are no female members of the Board at the date of this report. If a vacancy arises or the Board is expanded in future, the Board will consider a diverse range of candidates who will be assessed on merit based on their judgment, skills, experience with business and other organisations of a comparable size, the interplay of the candidate's experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and its committees.

## **1.6 & 1.7 Performance Evaluation**

The Board periodically undertakes an annual performance evaluation process led by the Chairman. The review process typically involves all directors completing a questionnaire, which allows for additional comments or identification of any issues relating to the Board's or a committee's operation. The results of the review are confidentially summarised and distributed and then discussed with directors at a meeting of the Board. The purpose of the review is to assess the strengths and weaknesses of the Board and Committees and to identify areas that might be improved, which are addressed through an action plan. No performance evaluations were conducted during the year.

## **2. Structure the Board to be effective and add value (ASX Principle 2)**

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### **2.1 Remuneration and Nomination Committee**

The Board does not have a Remuneration and Nomination ("R&N") Committee, this responsibility has been assumed by the Board given the size and scale of the Company. The Board, where required, takes a structured review on remuneration and nomination issues. The Board would resolve to make nominations of new directors and remuneration as needed.

The role and responsibilities of the R&N Committee that now resides in the main Board are set out in on the Company's website. As a result, the Company did not meet Recommendation 8.1 of the ASX Principles insofar as the R&N Committee existence nor did it comprise at least three independent members.

### **2.2 Board Composition and Expertise**

The Board comprises 3 directors and has the following composition: 2 non-executive directors and 1 executive director (the Managing Director). Details of the current directors of the Company, and the period for which each director has held office, are set out in the Directors' Report in the Company's 2020 Annual Report.

The Board aims to ensure that it has a mix of skills and capabilities among its members, including technical skills, business development experience and financial management experience. The Board considers that the directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. The size and composition of the Board, and its mix of skills and capabilities, is expected to change as the Company evolves.

Details of the skills, experience and expertise of the directors are set out in the Directors' Report in the Company's 2020 Annual Report.

### **2.3 to 2.5      *Director Independence***

The Board reviews the independence of directors in light of interests disclosed to the Board from time to time and at least once a year. A director is regarded as independent if that director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. When determining the independent status of a director, the Board has regard to the existence of any of the relationships listed in Box 2.3 of the ASX Principles.

Mr Ross Ashton, who has served as director since 16 August 2019, has received incentive performance-based remuneration (including options and performance rights) and has participated in an employee incentive scheme of the Company, as disclosed in the Company's 2020 Annual Report. Mr Ashton is considered to be independent, given his level of experience to effectively manage any potential conflicts. Mr Kevin Wilson, who has served as director since 23 March 2018, is not regarded as independent under the guidelines in Principle 2, as he was an executive of the Company up until August 2019. Mr Jason Stirbinskis, who has served as director since 16 August 2019, is not considered independent as he is currently the Managing Director of Los Cerros.

Mr Ross Ashton, as an independent director, serves as Non-Executive Chairman, and hence the Company has met Recommendation 2.5 of the ASX Principles.

### **2.6      *Professional development for new and existing Directors***

The Board is responsible for reviewing and making recommendations to the Board with respect to succession planning for the Board, director induction programs and continuing development. The Board is also responsible for developing director induction programs that are undertaken by each new and existing director and reviewing the effectiveness of the induction program.

In accordance with the Board Charter, each director has the right to seek independent professional advice to assist them to carry out their duties as directors, at the expense of the Company, after consultation with the Chairman. No independent professional advice was sought during the financial year.

All directors also have direct access to the management of the Company, including the Company Secretary.

## **3.      *Instil a culture of acting lawfully, ethically and responsibly (ASX Principle 3)***

### **3.1      *Values***

The Board sets the core values and charge senior management with the responsibility of inculcating those values across the organisation.

### **3.2      *Code of Conduct***

The Board has adopted a Code of Conduct that sets the standard of ethical behaviour required of the Company's directors and employees. The Code of Conduct is available on the Company's website.

### **3.3      *Whistleblower policy***

The Board has adopted Whistleblower policy that encourages the reporting of any instances of suspected unethical, illegal, fraudulent, or undesirable conduct and provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation or reprisal. The Whistleblower policy is available on the Company's website.

### **3.4      *Anti-bribery and anti-corruption policy***

The Board has adopted Anti-bribery and anti-corruption policy that sets zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all

business dealings. The Anti-Bribery and anti-corruption policy is available on the Company's website.

#### **4. Safeguard integrity in corporate reporting (ASX Principle 4)**

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##### **4.1 Audit and Risk Committee**

As at the date of this report, the Board does not have an Audit and Risk Committee. This responsibility has been assumed by the Board given the size and scale of the Company.

##### **4.2 Management Assurances in relation to Financial Reporting**

The Board has received statements in writing from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act (that the financial records of the Company have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

##### **4.3 Integrity of released periodic corporate report not audited or reviewed by external auditors**

The Company is committed to providing clear, concise and accurate corporate reports so investors can make informed investment decisions. The Company ensure processes are in place in order to protect the integrity of the periodic corporate reports before it releases them to the market.

#### **5. Make timely and balanced disclosure (ASX Principle 5)**

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##### **5.1 Continuous Disclosure to ASX**

The Company has an obligation under the ASX Listing Rules to ensure that all investors have equal and timely access to factual, material information concerning the Company, presented in a clear and balanced way. The Company has a Market Disclosure Policy that includes procedures designed to ensure compliance with the ASX Listing Rules' disclosure requirements and to ensure accountability at senior executive level for the compliance. This policy is available on the Company's website.

##### **5.2 Timely receipt of material ASX announcement by the Board**

The Company Secretary is responsible to distribute all material market announcements electronically to the Board promptly after they have made. Further details are set out in the Company's Continuous Disclosure Policy.

##### **5.3 Disclosure of presentation materials on ASX platform ahead of presentation**

All slides and presentations used for briefings and analyst presentations are released and uploaded to ASX prior to the briefing to the market. Further details are set out in the Company's Continuous Disclosure Policy.

#### **6. Respect the rights of security holders (ASX Principle 6)**

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##### **6.1 & 6.5 Shareholder Communication**

Mechanisms used by the Company for communicating with shareholders include:

- the Company's annual report, which is distributed to shareholders if they have elected to receive a printed version or is otherwise available for viewing and downloading from the Company's website;

- the Company's quarterly activities reports;
- the Company's half-year financial report;
- the Company's annual general meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate;
- Company announcements;
- the Company's website; and
- direct email alerts of ASX releases and other information to shareholders and other interested parties who register their email address via the Company's website.

The Company provides information about itself and its governance to investors via its website. The Company posts all shareholder-related information and Company ASX announcements (other than disclosures of a routine compliance nature) on the Company's website in an accessible manner.

Shareholders may send communications to, and receive communications from, the Company and its share registry electronically. The contact email addresses for the Company and its share registry, Automic, are [info@loscerros.com.au](mailto:info@loscerros.com.au) and [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au), respectively.

Shareholders may elect to receive Annual Reports and other shareholder communications electronically by contacting the Company's share registry.

The Company encourages shareholders to provide their email addresses, so that the Company can communicate important information electronically.

#### **6.2 - 6.4 Shareholder Meetings**

A key forum for two-way communication between the Company and its shareholders is its annual general meetings. The Board encourages shareholders attending annual and other general meetings to ask questions of the directors regarding the Company's governance and business performance and, at the annual general meetings, of the external auditor regarding the conduct of the audit and the contents of the audit report. Shareholders who are unable to attend the annual or other general meetings may submit questions and comments before the meeting to the Company and/or to the external auditor (in the case of annual general meetings).

In addition, the Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain.

All substantive resolutions which are voted on the AGM are decided by a poll, rather than by a show of hands, to enable all shareholders and proxyholders who cast their proxies to be included in the voting process.

### **7. Recognise and manage risk (ASX Principle 7)**

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The Board defines risk to be any event that, if it occurs, will have a material impact (whether financial or non-financial) on the Company's ability to achieve its objectives.

The material risks facing the Company are described further in the Operating and Financial Review in the Company's latest Annual Report.

#### **7.1 & 7.2 Risk Management Roles and Responsibilities**

The Board is responsible for overseeing the effectiveness of risk management systems. The Board has assumed the responsibilities of the Audit and Risk Committee in overseeing the Company's implementation of its risk management policies.

Day-to-day responsibility for risk oversight and management is delegated to the Managing Director, who is primarily responsible for identifying, monitoring and communicating risk events to the Board and responding to risk events.

Given the size of the Company, the implementation of the policies and practices outlined above and the existence of open channels of communication between the Board and management, the Board does not consider it necessary to have separate, stand-alone risk management and control systems designed by management which are reported to the Board.

The Board monitors, on an ongoing basis, whether the Company is operating within the Board's risk appetite. This is enabled by management's regular formal and informal reports to the Board in relation to material business risks, the Board's familiarity with the Company's operations and the Board's active involvement in determining the Company's strategic direction.

### **7.3 Internal Audit**

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the expense of an independent internal auditor is not considered to be appropriate.

The Board performs all key elements of an internal audit function, including evaluating and seeking reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the Company's objectives and goals to be met. The Board delegates to the Managing Director the authority to implement any non-strategic amendments to risk management systems as required as a result of changed circumstances, or where the potential for improvement has been identified, reporting all such matters to the Board for consideration at its next meeting.

### **7.4 Environmental and Social Sustainability Risk**

The Board does not have a Safety, Health and Sustainability Committee and has assumed this responsibility.

## **8. Remunerate fairly and responsibly (ASX Principle 8)**

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### **8.1 Remuneration & Nomination Committee ("R&N")**

Given there was no establishment of Remuneration and Nomination due to size of the Board, the Chairman will undertake the conduct of the performance review. An independent advisor may be engaged if necessary.

### **8.2 & 8.3 Structure of Non-Executive Director Remuneration and Executive Remuneration**

The structure of non-executive directors' remuneration is distinguished from that of the chief executive and senior executives. The Board assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant market conditions, and may take advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The Non-Executive Directors agreed to accept that no cash fees will be taken for the board duties over the next two years. The Non-Executive Directors were issued Director Options as incentive options during the year as approved by Shareholders at the General Meeting held on 28 November 2019. The Non-Executive Directors do not receive any retirement benefits or statutory superannuation.

The senior executives of the Company are remunerated by way of a total salary package which includes a balance of fixed remuneration (including statutory superannuation) and performance-based remuneration in the form of cash bonuses, linked to short term performance targets and equity-based remuneration. This is in the form of allotments from the Company's Long Term

Incentive Plan of performance options or performance rights in the Company. These are offered in connection with long-term performance objectives appropriate to the Company's circumstances and goals.

Further details about the 2020 remuneration of the Non-Executive Directors, the Non-Executive Chairman and other senior executives are set out in the Remuneration Report in the Company's latest Annual Report.