

Notice of General Meeting

Notice is hereby given that the General Meeting of Shareholders of Los Cerros Limited ('**Los Cerros**' or the '**Company**') will be held at the office of our auditors, Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace, Perth WA 6000, in the Cable Beach meeting room, on 31 August 2021 at 10:00am (WST).

Although the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 (No. 3 Determination) expired on 21 March 2021 and the Treasury Laws Amendment (2021 Measures No. 1) Bill 2021 was not enacted, ASIC announced on 29 March 2021 that they have adopted a '**no-action**' position in relation to the convening and holding of virtual meetings.

In accordance with the 'no-action' position taken by ASIC, the Notice of General Meeting, accompanying explanatory statements and annexures ('the Meeting Materials') are being made available to shareholders electronically. You will be able to access the Meeting Materials using the links below or the ASX market announcements page on the Company's website.

- You can access the Meeting Materials online at the Company's website www.loscerros.com.au/site/news/ASX-Announcements/.
- A complete copy of the Meeting Materials has been posted to the Company's ASX Market announcements page at www.asx.com.au under the Company's ASX code "LCL".
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

If you would like to receive electronic communications from the Company in the future, please update your communication elections online at: <https://investor.automic.com.au/#/home>.

If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online please contact our share registry Automic by emailing hello@automicgroup.com.au or by phone on 1300 288 664 (within Australia) or on +61 2 9698 5414 (Outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday, to obtain a copy.

For the purpose of ASX Listing Rule 15.5, the Board has authorised for this announcement to be released.



Blair Snowball

Joint Company Secretary

Los Cerros Limited
ACN 119 759 349

Notice of General Meeting

The General Meeting of the Company will be held at the office of our auditors, Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace, Perth WA 6000, in the Cable Beach meeting room, on 31 August 2021 at 10:00am (WST) or as otherwise specified.

The Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Joint Company Secretary, Blair Snowball, by telephone on +61 8 6245 2050.

Shareholders are urged to vote by lodging the proxy form attached to the Notice

Los Cerros Limited
ACN 119 759 349
(Company)

Notice of General Meeting

Notice is hereby given that the General Meeting of Shareholders of Los Cerros Limited ('**Los Cerros**' or the '**Company**') will be held at the office of our auditors, Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace, Perth WA 6000, in the Cable Beach meeting room, on 31 August 2021 at 9:00am (WST) (**Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting. The Company advises that a poll will be conducted for each of the Resolutions.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.loscerros.com.au/site/news/ASX-Announcements and the ASX announcement platform.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 August 2021 at 5:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following

'That the issue of:

- (a) 71,838,336 Tranche 1 Placement Shares under Listing Rule 7.1; and
- (b) 47,774,164 Tranche 1 Placement Shares under Listing Rule 7.1A,

at \$0.16 per Share to raise an aggregate total of approximately \$19,138,000 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 1(a) or (b) by or on behalf of a person who participated in the issue of the Placement Shares, or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Approval to issue Tranche 2 Placement Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That the issue of up to 5,575,000 Tranche 2 Placement Shares at \$0.16 each is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Approval of issue of Director Shares to Director Ross Ashton

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1,000,000 Shares to Director Ross Ashton (or his nominee/s), arising from his Director Participation in the Placement, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Ross Ashton (or his nominee/s), or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;

- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Approval of issue of Shares to S3 Consortium

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 1,240,835 Shares to S3 Consortium Pty Ltd (or its respective nominees), on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of S3 Consortium Pty Ltd (or its respective nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – Amendment of Performance Rights and Options Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, approval is given for the Company to amend the employee incentive scheme titled Performance Rights and Options Plan approved by Shareholders on 23 October 2020 as set out in the Explanatory Memorandum.”

BY ORDER OF THE BOARD

Blair Snowball
Joint Company Secretary
Los Cerros Limited
Dated: 30 July 2021

Los Cerros Limited
ACN 119 759 349
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the office of our auditors, Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace, Perth WA 6000, in the Cable Beach meeting room, on 31 August 2021 at 10:00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares
Section 4	Resolution 2 – Approval to issue Tranche 2 Placement Shares
Section 5	Resolution 3 – Approval of issue of Director Shares to Director Ross Ashton
Section 6	Resolution 4 – Approval of issue of Shares to S3 Consortium
Section 7	Resolution 5 – Amendment of Performance Rights and Options Plan
Schedule 1	Definitions

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above, subject to further notice from the Company.

The Board recognises that the coronavirus (COVID-19) pandemic raises a risk that legislation or Government directives may prevent the Meeting from being convened in

person, or restrict the manner in which the Meeting may be convened. In the event that in the lead up to the Meeting it appears likely that restrictions on indoor gatherings will be in effect, the Company will provide an update at least 10 business days before the Meeting, on the manner on which it will convene the meeting. The Board encourages Shareholders to monitor the ASX and the Company's website for any updates in relation to the Meeting that may need to be provided.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Proxy Forms must be received by the Company no later than 10:00am (WST) on 29 August 2021, being at least 48 hours before the Meeting.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy, either by appointment or default, and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to exercise the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

2.4 Remote attendance via teleconference

If the Company determines that it is necessary for the Meeting to be accessible to all Shareholders via a teleconference, it will provide an update no later than 10 business days before the Meeting.

In such circumstances, the Company will provide the Shareholders who wish to participate in the Meeting remotely with the required details to join the teleconference.

3. Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares

3.1 General

On 16 July 2021, the Company announced that it had received binding commitments for a placement of approximately \$20 million (before costs) (**Placement**) by the issue of a total of 125,187,500 Shares at \$0.16 each (**Placement Shares**) to sophisticated and professional investors (**Placement Participants**). In addition to the Placement, the Company announced that, subject to Shareholder approval (the subject of Resolution 3), Director Mr Ross Ashton will subscribe to \$160,000 at the same price as the Placement (**Director Participation**).

On 26 July 2021, the Company announced that the allocation of Tranche 1 and Tranche 2 Placement Shares would be as follows:

- (i) 119,612,500 Shares issued under the Company's Listing Rules 7.1 and 7.1A placement capacity (**Tranche 1 Placement Shares**); and
- (ii) 5,575,000 Shares to be issued subject to the receipt of prior Shareholder approval (the subject of Resolution 2) (**Tranche 2 Placement Shares**).

At the time, the Company's maximum capacity under Listing Rules 7.1 and 7.1A was 71,838,336 Shares and 48,742,160 Shares respectively. On 26 July 2021, the Tranche 1 Placement Shares were issued as follows:

- (a) 71,838,336 Shares under Listing Rule 7.1; and
- (b) 47,774,164 Shares under Listing Rule 7.1A,

to raise \$19,138,000 (before costs).

Sprott Capital Partners and Euroz Hartleys Limited acted as Joint-Lead Managers for the Placement (**Joint-Lead Managers**).

Resolution 1(a) and Resolution 1(b) seeks the approval of Shareholders to ratify the issue of the Tranche 1 Placement Shares under and for the purposes of Listing Rule 7.4.

3.2 **Listing Rules 7.1, 7.1A and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its General Meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained this approval at its annual general meeting held on 26 May 2021.

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions to Listing Rules 7.1 and 7.1A and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% and 10% limits under each of Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1, and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 or 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, the resolutions which form part of Resolution 1 seeks Shareholder approval to the issue of 119,612,500 Placement Shares under and for the purposes of Listing Rule 7.4.

If the resolutions which form part of Resolution 1 are passed, the issue of the Tranche 1 Placement Shares will be excluded in calculating the Company's 15% and 10% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Tranche 1 Placement Shares.

If Resolution 1(a) is not passed, 71,838,336 Tranche 1 Placement Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those Tranche 1 Placement Shares.

If Resolution 1(b) is not passed, 47,774,164 Tranche 1 Placement Shares will continue to be included in calculating the Company's 10% limit under Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, until the earlier of:

- (a) 26 May 2022;
- (b) the Company's next annual general meeting; or
- (c) the date the Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

3.3 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Tranche 1 Placement Shares:

- (a) the Tranche 1 Placement Shares were issued to the Placement Participants (or their respective nominees), being sophisticated and professional investors, to whom a disclosure document does not need to be provided under the Corporations Act, none of whom is a related party of the Company or a Material Investor (**Material Investor**). The participants in the Placement are existing contacts of the Company and Joint-Lead Managers. The investors were identified by the Company after it sought expressions of interest from non-related parties to participate in the Placement;
- (b) a total of 119,612,500 Tranche 1 Placement Shares were issued on 26 July 2021 as follows:
 - (i) 71,838,336 Tranche 1 Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 47,774,164 Tranche 1 Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;

- (c) the Tranche 1 Placement Shares issued are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Tranche 1 Placement Shares were issued at an issue price of \$0.16 per Share;
- (e) the proceeds from the issue of the Tranche 1 Placement Shares will be used to continue and expand the drilling programme within the Quinchia and Andes portfolio as well as for costs of the Placement and general working capital; and
- (f) a voting exclusion statement is included in the Notice.

3.4 **Board recommendation**

Each of the resolutions which forms part of Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of each of the resolutions which forms part of Resolution 1.

4. **Resolution 2 – Approval to issue Tranche 2 Placement Shares**

4.1 **General**

Refer to Section 3.1 for details of the Placement.

Resolution 2 seeks the approval of Shareholders for the issue of up to 5,575,000 Tranche 2 Placement Shares to raise up to \$892,000 (before costs) under and for the purposes of Listing Rule 7.1.

4.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 3.2 above.

The proposed issue of the Tranche 2 Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares and raise up to \$892,000 (before costs) to fund the Company's Quinchia Gold Project and general working capital. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the proposed issue of the Tranche 2 Placement Shares and may need to raise additional funds through an equity capital raising of a lesser amount using any remaining capacity under Listing Rules 7.1 and 7.1A, or forgo the funds that otherwise could have been raised through the issue of the Tranche 2 Placement Shares. In the event that the funds are not raised, this would impact on the Company's ability to carry out its proposed exploration program at the Quinchia Gold Project in the manner it currently intends to. There can be no assurance that additional finance will be available when needed or, if available, that the terms of the financing will be favourable to the Company.

4.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Tranche 2 Placement Shares:

- (a) the Tranche 2 Placement Shares will be issued to Placement Participants, being investors to whom a disclosure document does not need to be provided under the Corporations Act, none of whom will be a related party of the Company or a Material Investor. The participants in the Placement are existing contacts of the Company and Joint-Lead Managers. The investors were identified by the Company after it sought expressions of interest from non-related parties to participate in the Placement;
- (b) a maximum of 5,575,000 Shares are to be issued as Tranche 2 Placement Shares;
- (c) the Tranche 2 Placement Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (d) the Tranche 2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the Listing Rules). It is intended that the Tranche 2 Placement Shares will be issued on or about the date of the Meeting;
- (e) the Tranche 2 Placement Shares will be issued at \$0.16 per Share;
- (f) proceeds from the issue of the Tranche 2 Placement Shares are intended to be used for the same purposes as all other funds raised under the Placement (as set out in Section 3.3(e)); and
- (g) a voting exclusion statement is included in the Notice.

4.4 **Board recommendation**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5. **Resolution 3 – Approval of issue of Director Shares to Director Ross Ashton**

5.1 **General**

A summary of the Placement and the Director Participation is set out in Section 3.1.

In addition to the Placement, Director Mr Ross Ashton wishes to subscribe for up to 1,000,000 Shares at an issue price of \$0.16 per Share to raise up to \$160,000 (before costs) (**Director Shares**), subject to Shareholder approval being obtained.

Pursuant to Resolution 3, the Company is seeking Shareholder approval pursuant to Listing Rule 10.11 for the issue of 1,000,000 Director Shares to Director Mr Ross Ashton (or his nominee/s) arising from his Director Participation.

5.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to any of the following persons without the approval of its Shareholders:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (30%+) holder in the company (Listing Rule 10.11.2);
- (c) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (10%+) holder in the entity and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of any of the persons referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5).

Resolution 3 seeks the required Shareholder approval to the issue of 1,000,000 Director Shares to Mr Ross Ashton (or his nominee/s) under and for the purposes of Listing Rule 10.11.

Mr Ashton is a related party of the Company by virtue of his position as Director. The proposed issue of the Director Shares to Mr Ashton (or his nominee/s) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Director Shares to Mr Ashton (or his nominee/s) and the Company will raise up to a total of \$160,000 (before costs).

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Director Shares to Mr Ashton (or his nominee/s), and will not receive the additional funds committed by Mr Ashton, until such time as further Shareholder approval is obtained.

Approval pursuant to Listing Rule 7.1 is not required as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to Mr Ashton (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

5.3 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Shares to Mr Ashton (or his nominee/s):

- (a) a maximum of 1,000,000 Director Shares will be issued to Mr Ross Ashton (or his nominee/s);
- (b) Mr Ross Ashton is a related party of the Company by virtue of being a Director and falls into the category stipulated by Listing Rule 10.11.1. In the event the Director Shares are issued to a nominee of Mr Ross Ashton, that person will fall into the category stipulated by Listing Rule 10.11.4;
- (c) the 1,000,000 Director Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (d) the Director Shares will be issued at an issue price of \$0.16 each, being the same price at which the Placement Shares were issued;
- (e) the proceeds of the Director Shares will be used to continue and expand the drilling programme within the Quinchia and Andes portfolio as well as for costs of the Placement and general working capital;
- (f) the Director Shares will be issued to Mr Ashton (or his nominee/s) no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (g) the proposed issue of the Director Shares are not intended to remunerate or incentivise Mr Ashton;
- (h) the Director Shares are not being issued under an agreement; and
- (i) a voting exclusion statement is included in the Notice.

5.4 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Ashton's Director Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Ashton is a related party of the Company by virtue of being a Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Shares because the Shares will be issued to Mr Ashton (or his nominee/s) on the same terms as the Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

5.5 **Board recommendation**

Resolution 3 is an ordinary resolution.

The Board (other than Mr Ross Ashton, who has a material personal interest in the outcome of the Resolution) recommends that Shareholders vote in favour of Resolution 3.

6. **Resolution 4 – Approval of issue of Shares to S3 Consortium**

6.1 **General**

On 21 July 2021, the Company entered into a basic services agreement (**S3 Agreement**) with S3 Consortium Pty Ltd (**S3 Consortium**) for the provision of investor relations and marketing services to the Company over a twelve month period.

Pursuant to the S3 Agreement, the Company has agreed to pay S3 Consortium a fee of up to \$220,000 (incl. GST) via the issue of up to 1,240,835 Shares (**S3 Shares**) at a deemed issue price of \$0.1773 each (based on a 5-day VWAP ending 20 July 2021). The S3 Shares will be escrowed for the period of twelve months from the date of the S3 Agreement.

The S3 Agreement contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.1 for the issue of the Shares to S3 Consortium (or its nominees).

Resolution 4 is an ordinary resolution.

6.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is summarised at Section 7.2 above.

The proposed issue of the S3 Shares does not fit within any of the exceptions to Listing Rule 7.1. While the proposed issue does not exceed the Company's 15% limit under Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 4 seeks the required Shareholder approval to the issue of the S3 Shares under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the issue of the S3 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue S3 Shares.

If Resolution 4 is not passed, the S3 Shares will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the

Company can issue or agree to issue without obtaining prior Shareholder approval over the 12 month period following the issue of those S3 Shares.

6.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the S3 Shares:

- (a) the S3 Shares will be issued to S3 Consortium (or its respective nominees), none of whom is a Material Investor or a related party of the Company;
- (b) a maximum of 1,240,835 Shares are to be issued as S3 Shares, calculated on the basis of a deemed issued price of \$0.1773, based on a 5-day VWAP ending on 20 July 2021;
- (c) the S3 Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (d) the S3 Shares will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (e) the S3 Shares will be issued for nil cash consideration as part consideration for investor relations and marketing services provided to the Company. Accordingly, no funds will be raised from their issue;
- (f) the S3 Shares are being issued pursuant to the S3 Agreement, a summary of which is contained in Section 6.1; and
- (g) a voting exclusion statement is included in the Notice.

6.4 **Board recommendation**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

7. **Resolution 5 – Approval To Amend Performance Rights And Options Plan**

7.1 **Background**

At a meeting of Shareholders on 23 October 2020, Shareholders approved the adoption of the Performance Rights and Options Plan (**Plan**) together with the issue of:

- (a) 9,000,000 Performance Rights to Mr Jason Stirbinskis;
- (b) 2,980,000 Performance Rights to Mr Ross Ashton; and
- (c) 1,980,000 Performance Rights to Mr Kevin Wilson.

Since the approval of the Plan, the Company has also issued a further 4,965,000 Performance Rights to other employees of the Company.

Following the adoption of the Plan, the Board has considered the effect of the terms of the Plan and the circumstances where the Board may waive any vesting conditions attached to Performance Rights or Options issued under the Plan to ensure that the circumstances that may permit the waiver of vesting conditions did not create a circumstance where the interests of holders of Performance Rights or Options could be at odds with the interests of Shareholders.

As such, the Board resolved to amend the Plan and to seek the approval of Shareholders to the amendment of the Plan to Change the definition of 'Change of Control' in the Plan for the purpose of ensuring that any potential for a conflict of interest between holders of Performance Rights or Options issued under the Plan and Shareholders could be minimised.

7.2 Amendments to the Plan

Rule 14 of the Plan permits the Directors to amend the Plan from time to time subject to the Corporations Act and the ASX Listing Rules. However, the Directors have resolved to seek Shareholder approval of the proposed amendment given that each of the Directors hold Performance Rights issued under the Plan.

7.3 Changes to the Plan

The definition of 'Change of Control' under the Plan is currently as follows:

- (a) *a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;*
- (b) *a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or*
- (c) *in any other case, a person obtains Voting Power in the Company that the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.*

If Resolution 5 is approved, the definition of Change of Control will be amended to include a new clause (d) stating the following:

- “(d) the Company disposing of its main undertaking in accordance with ASX Listing Rule 11.2.”*

The Directors do not consider that this change is material because it:

- (a) does not change any of the Rules of the Plan;
- (b) does not permit the number of Performance Rights or Options to be increased or decreased;

- (c) does not expand who is entitled to receive Performance Rights or Options under the Plan; and
- (d) utilises wording from the ASX Listing Rules relating to disposing of a main undertaking.

7.4 **Effect of amendment**

If Resolution 5 is approved, the effect will be that the Plan will be amended to include the new sub-paragraph (d) outlined above into the definition of 'Change of Control' under the Plan. All Performance Rights and Options that are subject to the Plan, whether currently on issue or issued after the amendment, will then be subject to the amendment.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$	means Australian Dollars.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Company	means Los Cerros Limited (ACN 119 759 349).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Director Participation	has the meaning given in Section 3.1.
Director Shares	has the meaning given in Section 5.1.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Joint-Lead Managers	means Euroz Hartleys Limited and Sprott Capital Partners LP.
Listing Rules	means the listing rules of ASX.
Material Investor	means, in relation to the Company: (a) a related party; (b) Key Management Personnel; (c) a substantial Shareholder; (d) an advisor; or (e) an associate of the above, who received or will receive Securities in the Company which

constitute more than 1% of the Company's anticipated capital structure at the time of issue.

Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of General Meeting.
Placement	has the meaning given in Section 3.1.
Placement Participants	has the meaning given in Section 3.1.
Placement Shares	has the meaning given in Section 3.1.
Plan	means the Company's Performance Rights and Options Plan approved by Shareholders on 23 October 2020.
Proxy Form	means the proxy form attached to the Notice.
Resolution	means a resolution referred to in the Notice.
S3 Agreement	has the meaning given in Section 6.1.
S3 Consortium	means S3 Consortium Pty Ltd (ACN 135 239 968).
S3 Shares	has the meaning given in Section 6.1.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Tranche 1 Placement Shares	has the meaning given in Section 3.1.
Tranche 2 Placement Shares	has the meaning given in Section 3.1.
VWAP	Means the volume weighted average price of the shares for the specified period.
WST	means Western Standard Time being the time in Perth, Western Australia.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Sunday, 29 August 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the General Meeting of Loss Cerros Limited, to be held at **10.00am (WST) on Tuesday, 31 August 2021 at the office of Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace, Perth WA 6000** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

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The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
 Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2 – Your voting direction

Resolutions	For	Against	Abstain
1a. Ratification of prior issue of Tranche 1 Placement Shares – 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Ratification of prior issue of Tranche 1 Placement Shares – 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval to issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of issue of Director Shares to Director Ross Ashton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of issue of Shares to S3 Consortium	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Amendment of Performance Rights and Options Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary
Contact Name:		
Email Address:		
Contact Daytime Telephone	Date (DD/MM/YY)	
	/	
	/	
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).		