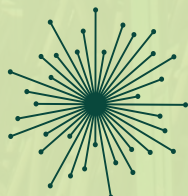


For personal use only



**LOTUS**  
RESOURCES

Annual Report  
**2024**





# Corporate Directory

## Directors

Mr Michael Bowen	Non-Executive Chairman
Mr Mark Hanlon	Non-Executive Director
Ms Dixie Marshall	Non-Executive Director
Mr Keith Bowes	Executive Director
Mr Grant Davey	Executive Director

## Chief Executive Officer

Mr Gregory Bittar

## Company Secretary

Ms Catherine Anderson

## Principal Place of Business and Registered Office

Level 20, 140 St Georges Terrace  
Perth, Western Australia, 6000  
Telephone: +61 8 9200 3427

## Website Address

[www.lotusresources.com.au](http://www.lotusresources.com.au)

## Auditor

RSM Australia Partners  
Level 32, Exchange Tower 2  
The Esplanade  
Perth WA 6000

## Share Registry

Computershare Investor Services Pty Ltd  
Level 17, 221 St George's Terrace  
Perth, Western Australia, 6000  
Telephone: + 61 8 9323 2000  
Facsimile: + 61 8 9323 2033

## Securities Exchange

ASX Limited  
Level 40  
Central Park, 152-159  
St Georges Terrace  
Perth, Western Australia, 6000

ASX Code: LOT

OTCQX®

Level 12, 300 Vesey Street  
New York, NY 10282

OTC Code: LTSRF

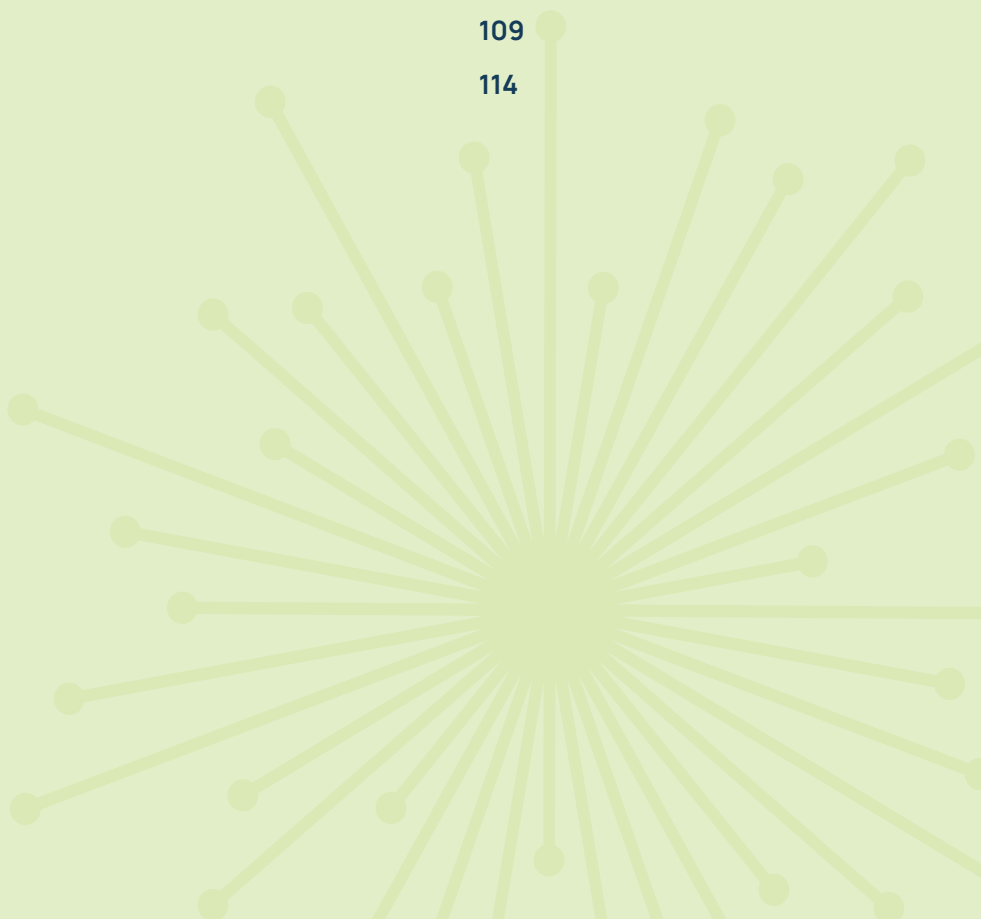
For personal use only

Image: Top of the stockpiles looking over the Kayelekera plant



# Contents

<b>Letter from the Chairman and Managing Director</b>	<b>4</b>
<b>Directors' Report</b>	<b>6</b>
Review of Activities	6
Sustainability and ESG	18
Risk Management	20
Directors' Profiles	29
Annual Statement of Ore Reserves and Mineral Resources	37
<b>Audited Remuneration Report</b>	<b>43</b>
<b>Auditor's Independence Declaration</b>	<b>62</b>
<b>Corporate Governance Statement</b>	<b>63</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>65</b>
<b>Statement of Financial Position as at 30 June 2024</b>	<b>66</b>
<b>Statement of Changes in Equity for the Year Ended 30 June 2024</b>	<b>67</b>
<b>Statement of Cash Flows for the Year Ended 30 June 2024</b>	<b>69</b>
<b>Notes to the Financial Statements</b>	<b>70</b>
<b>Consolidated Entity Disclosure Statement</b>	<b>107</b>
<b>Directors' Declaration</b>	<b>108</b>
<b>Independent Auditor's Report</b>	<b>109</b>
<b>ASX Additional Information</b>	<b>114</b>





# Letter from the Chairman and Executive Director

**Dear Shareholders**

**On behalf of the Board of Directors for Lotus Resources Limited, we are delighted to present the Annual Report for the financial year ended 30 June 2024.**

The Company has made significant progress in advancing its core objectives during year with our activities focusing around two key areas; continuing the advancement of the Kayelekera Project in Malawi towards the restart of production and a resource growth strategy with the completion of the acquisition of the Letlhakane Project in Botswana through the ASX listed company A-Cap Energy by way Scheme of Arrangements in November 2023.

The Mine Development Agreement with the Government of Malawi was finalised in late July 2024 representing a key milestone in the Company's development plans for the Kayelekera Project. The agreement provides for a long-term stable fiscal regime, in addition to specifying legal protections and non-fiscal government support, providing confidence to our investors.

A front-end engineering and design program for Kayelekera is nearing completion will be used assess the cost and timing associated with specific items required to achieve accelerated production from Kayelekera.

We continued to strengthen relationships with utilities as part of its offtake contracting strategy as well as advancing financing options including the appointment of debt advisors to assist the Company to assess debt funding options. This has culminated in the recent announcement by the Company of its first binding sales agreement and a term sheet for a total of 1.5 million lbs of uranium for delivery 2026 – 2029 at an escalated fixed price with Curzon Uranium and North American power utility PSEG Nuclear LLC, respectively, in addition to a US\$15 million unsecured loan facility from Curzon to provide part of overall funding for the Kayelekera restart.

The acquisition of the Letlhakane Project in the premier mining jurisdiction of Botswana provides the company with the platform to become a long-term supplier in the uranium

market with the project having one of the largest undeveloped mineral resources globally. Following acquisition, the Company has updated the mineral resource estimate as part of its plan to focus on higher grade zones with the best prospects of economic extraction in addition to undertaking a significant infill drilling program and undertaking various process optimisation workstreams.

This past year has also seen continued positive sentiment in the nuclear and uranium industries, as the world continues its transition away from fossil fuels to a zero-carbon emission future. The uranium market has stabilised after the significant increases in prices (especially evident in spot prices) over the end of 2023 and into the start of 2024. The term market has risen from the mid- US\$50s/lb to the low US\$80s/lb over the financial year. Market fundamentals pointing to an existing and growing supply gap indicate that further price increases are likely to occur which is essential to incentivise new production to enter the market.

The Company released its third Sustainability Report in November 2023 and will release its fourth report later this year. The report forms a key part of Lotus annual corporate reporting suite and demonstrates the Company's clear commitment becoming a leader in the industry in this regard and to leave a lasting positive legacy in the jurisdictions that we operate. The latest 2023 Sustainability Report was prepared in reference to the Global Reporting Initiative Sustainability Standards and further progress was made towards reporting against the Taskforce for Climate-related Financial Disclosure (TCFD) framework, an important global framework for understanding and mitigating financial implications of climate change. Lotus participated in its first S&P Global Corporate Sustainability Assessment (CSA) and achieved an S&P Global ESG Score of 37 out of 100, which placed the Company in the 64th percentile in the MNX Metals & Mining industry in February 2024.

For personal use only



During the period, Lotus strengthened the management team with the appointment of several highly experienced executives. Following execution of the Mine Development Agreement and as Lotus transitions towards project delivery, a restructure of the Board and management team was undertaken which the Managing Director Keith Bowes has assumed the role of Technical Director to focus on advising the Board and supporting the management team in the execution of the Kayelekera Project and development of the Letlhakane Project.

Grant Davey has transitioned to Executive Director and Greg Bittar has been appointed Chief Executive Officer. Both Executives will bring their significant experience in project development, operations and capital markets to take the Company forward.

On behalf of the Lotus Board and management team, we would also like to thank the Malawi government, for their continued support and the faith they have shown in the Kayelekera Project. We look forward to continuing working closely together in the years ahead.

Finally, we would like to thank all shareholders for their continued support. This is an exciting time for your Company, and we look forward to keeping you updated as we continue our progress at Kayelekera and Letlhakane in the future.



**Mr Michael Bowen**  
Non-Executive Chairman



**Mr Grant Davey**  
Executive Director





# Directors' Report

The Directors present their report, including the Remuneration Report, together with the Corporate Governance Statement and Financial Report of Lotus Resources Limited (the **Company** or **Lotus** or **Lotus Resources**) and its subsidiaries (the **consolidated entity** or **Group**) for the year ended 30 June 2024, and the auditor's report thereon.

## REVIEW OF ACTIVITIES

### Summary of Key Achievements

During the financial year ended 30 June 2024, Lotus advanced its core strategic objectives of readying Kayelekera for the restart of production to meet the growing supply gap in the utilities reported fuel coverage profile and of increasing the global uranium mineral resource and project pipeline through the acquisition of the Letlhakane Project. The significant achievements during the year and up to the date of this report included the following:

**Substantial increase in the global uranium Mineral Resource** through the acquisition of Letlhakane with completion of the merger with A-Cap Energy Limited in November 2023 to underpin potential multi-decade production profile.

**Finalisation of the Mine Development Agreement** with the Government of Malawi in late July 2024 ensuring the Kayelekera Project will operate under a stable fiscal regime and provides the necessary confidence for investors.

**Enhanced the commercial and technical team** with the appointment of highly experienced executives and a restructure of the Board and Management team to transition to the project delivery phase for Kayelekera.

**Strengthened existing relationships with major global utilities** and uranium traders to secure offtake agreements in line with the Company's strategy culminating in the recent announcement by the Company of its first binding sales agreement and a term sheet for a total of 1.5 million lbs of uranium for delivery 2026 – 2029 at an escalated fixed price with Curzon Uranium and North American power utility PSEG Nuclear LLC, respectively, in addition to a US\$15 million unsecured loan facility from Curzon to provide part of overall funding for the Kayelekera restart.

**Progressing a preferred financing strategy** for the redevelopment of Kayelekera including the appointment of a highly experienced external debt advisor.

**Advanced plans to connect to the Malawi national grid** with selection of the route, progression of approvals and design work.

**Letlhakane Mineral Resource Estimate update** undertaken post-acquisition to produce a more economically derived resource that has also formed the basis for the ongoing infill drill program being used to convert Inferred Resources to M&I Resources.

**Front End Engineering Design (FEED) program nearing completion** and will be used to assess the cost and timing associated with specific items required to achieve accelerated production from Kayelekera.

**Participation in its first S&P Global Corporate Sustainability Assessment (CSA)** and achieved an S&P Global ESG Score which placed the Company in the 64th percentile in the MNX Metals & Mining industry in February 2024.

**Further progress towards alignment of the Group's Environmental, Social and Governance ("ESG") reporting** against the Global Reporting Initiative (GRI) Sustainability Standards and the UN Sustainable Development Goals (SDGs) with the release of the third annual Sustainability Report in November 2023.

**Ongoing care and maintenance activities at Kayelekera** to ensure site plant and infrastructure is in a good state for restart of production, including undertaking water treatment following the wet season in Malawi.

For personal use only



# Directors' Report

## REVIEW OF ACTIVITIES

### Enhanced Board and Management Team

During the period Lotus strengthened its management team with several appointments of highly experienced executives. A restructure of the Board and management team was also undertaken following execution of the Mine Development Agreement to reflect the transition into the project delivery phase at Kayelekera.

Keith Bowes has assumed the role Technical Director where he will advise the Board and support the management team in the execution of the Kayelekera Project and the development of the Letlhakane Project.

Greg Bittar was appointed as Chief Executive Office on 9 August 2024. Greg is an accomplished resources and energy executive with significant experience in equity capital markets, debt advisory, project development studies as well as project evaluation. He joined Lotus in an advisory role in May 2024 focussing on corporate and commercial areas including project financing, offtake, investor relations and company strategy.

Grant Davey has transitioned into an Executive Director role bringing his significant management, project development and operations experience.

Michael da Costa was appointed as Chief Operations Officer in May 2024. Mike is focussing on operational readiness, contract mining preparation and mining startup along with Government relations, OH&S and ESG. He will also oversee the development activities at Letlhakane.

Warren King has been appointed Kayelekera Project Director – Execution. Warren is an engineer with 25 years' experience specialising in project execution, plant refurbishment and construction, commissioning and optimisation.



Image: Mine Development Agreement signing ceremony with the Malawian government negotiating team including the Minister of Mines the Honourable Ms Monica Chang'anamuno and Head of the Presidential Delivery Unit Ms Janet Banda

# Directors' Report

## REVIEW OF ACTIVITIES

### Uranium Market

The uranium market has stabilised after the significant increase in spot prices experienced through the end of 2023 and into 2024 as a result of increasing demand related to new reactors builds, reactor life extensions and reactor restarts, specifically in Japan. At the same time, concerns over supply issues stemming from the Russian invasion of Ukraine and delays in some mine start-ups and ramp ups have raised concerns in the market. Financial institutions, physical funds and traders were also active in the market during the second and third quarters of the financial year 2024 which has put further pressure on the spot uranium price.

The uranium spot price started the financial year at around US\$55/lb rising to levels around US\$107/lb before stabilising in a range of US\$80/lb to US\$90/lb, with an apparent floor of US\$80/lb. The spot price is still very volatile, and this is driven by the low volumes traded, with the total spot volume traded during the financial year being significantly lower than the average seen over the past decade.

The spot market is dominated by the financial institutions, physical funds and traders, while the term market which is more indicative of the fundamentals of the supply and demand scenarios is where the utilities and producers are most active. The term uranium price has steadily risen through the period with increases in the pricing seen in most months. Long-term prices quoted by market analysts indicate price ranges in the low of US\$80s/lb, although the mid-term price is considerably higher (above US\$90/lb). Any contracting done by producers will generally be in reference to this term price.



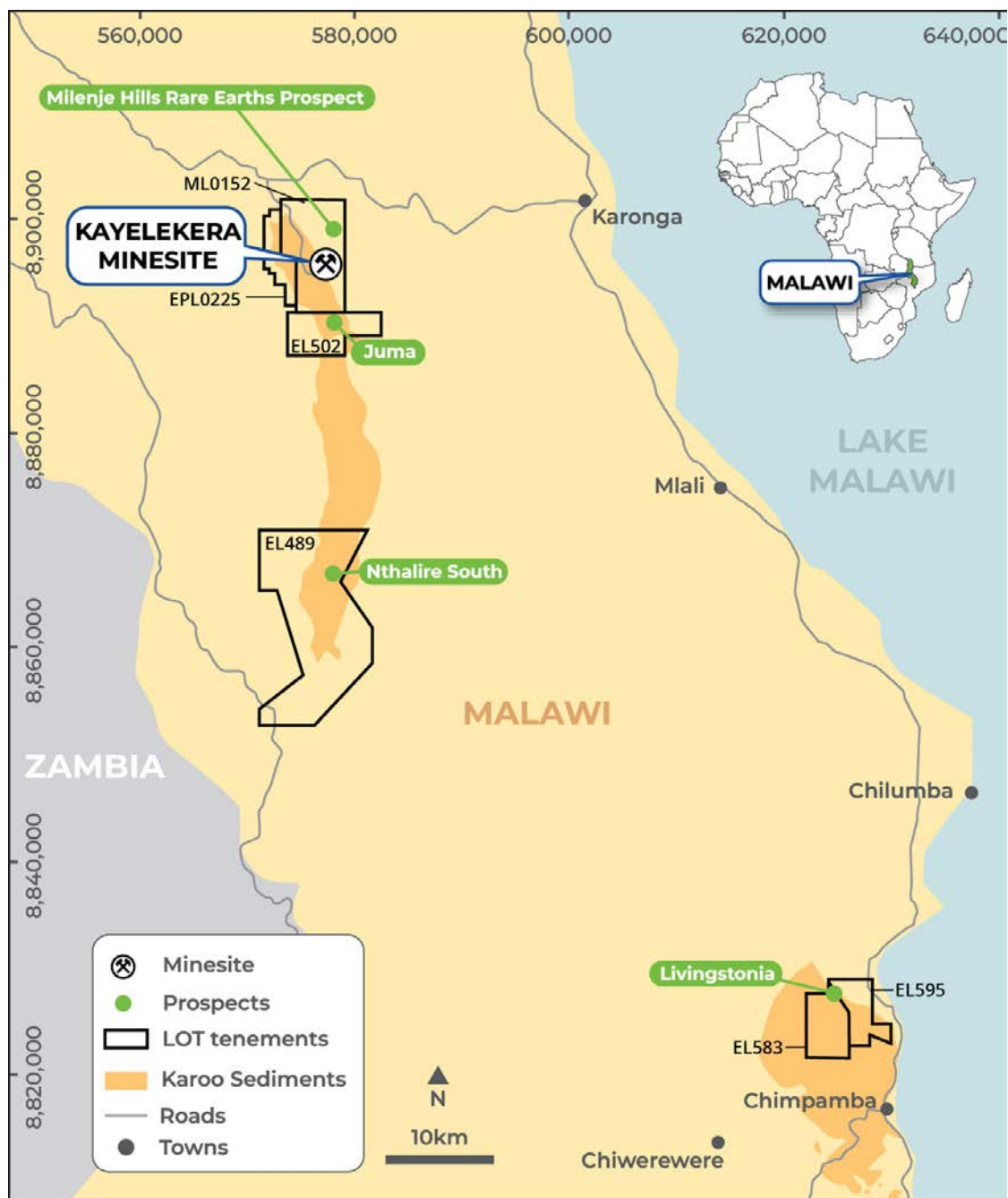


# Directors' Report

## REVIEW OF ACTIVITIES

### Kayelekera Project Overview

The Kayelekera Uranium Project (Kayelekera or the Project) is located in northern Malawi, southern Africa, 52 kilometres (km) west by road from the town of Karonga. The Project hosts a current Mineral Resource Estimate of 51.1 million pounds (Mlbs)  $U_3O_8$  equivalent (including the Livingstonia resource) and historically produced approximately 11Mlbs  $U_3O_8$  equivalent over a five-year period from 2009-2014, before ceasing production in 2014 and entering into care and maintenance due to sustained low uranium prices.



**Figure 1:** Location of the Kayelekera Uranium Mine and Livingstonia Uranium Tenements

# Directors' Report

## REVIEW OF ACTIVITIES

### Mine Development Agreement (MDA or Agreement)

In late July 2024, Lotus' Malawian registered subsidiary Lotus (Africa) Limited executed a Mine Development Agreement with the Government of Malawi for Kayelekera, a major milestone in the redevelopment for this Project. This Agreement ensures the mine will operate under a stable fiscal regime and provides the necessary confidence to investors.

The MDA demonstrates the commitment by the Government of Malawi to develop the local mining industry, a key pillar of Malawi 2063, their new 40-year economic vision.

The Agreement secures a stable fiscal regime for the operations with a guaranteed Stability Period of 10 years during which the Project will not be subject to any detrimental changes to the fiscal regime in addition to specifying legal protections and non-fiscal government support under which Lotus will develop and operate Kayelekera. Lotus has benchmarked comparable fiscal regimes elsewhere in informing its MDA discussions with the Government of Malawi.

### Front -End Engineering and Design (FEED)

Lotus commenced the Kayelekera FEED program in March 2024. The FEED study is nearing completion at the time of this report at which point, it will be used to assess the cost and timing associated with specific items required to achieve the accelerated production from Kayelekera.

### Connection to Malawi National Grid

Lotus continued to advance the negotiations for a Power Implementation Agreement and Power Supply Agreement with the Energy Supply Company of Malawi (ESCOM) which will facilitate the connection of Kayelekera to the Malawi national grid and allow the mine to access cheaper power, a critical component of lower operating costs reported in the Restart DFS. Connection to the Malawi national grid, where power is sourced predominantly from hydro, is a critical part of Lotus low carbon strategy.

Lotus collaborated with ESCOM on the proposed new transmission line routes that will connect Kayelekera to the substation in Karonga which is approximately 50 kilometres from the mine. As part of this process, the Company, ESCOM and the selected consultants commenced a community engagement process. The Company also submitted the Environmental Project Brief to the Malawian Environmental Protection Agency (MEPA) and have received the Terms of Reference required to complete the permitting process which consists of developing environmental and social management plans for the affected areas along the new route. The Company's consulting engineers have also continued with the design work for the substation upgrades and transmission lines which will then generate a more accurate cost estimate for this portion of the project.



# Directors' Report

## REVIEW OF ACTIVITIES

### Financing and Offtake

Lotus continued to engage with multiple nuclear utilities regarding potential offtake agreements, including participating in formal Requests for Proposals (RFPs) and “off market” discussions with a number of utilities and other offtakers. Lotus is finding utilities are increasingly receptive to its proposed offtake terms, with the market effectively rising to the pricing level Lotus has been prescribing in its submissions for the last 12 months.

Following a competitive process, Lotus appointed Orimco as debt advisor for Kayelekera to assist in the financing process and help the Group determine the optimal financing strategy moving forward. Orimco was appointed as a result of their global reach and very broad experience across a range of projects, commodities, and transactions. The team has an extensive experience in arranging and managing debt, hedging and offtake transactions for both resource companies and financiers. Importantly, Orimco has a demonstrated track record, knowledge and experience within the African mining sector and uranium projects.

Lotus's objective in appointing a debt advisor is to consider cost effective debt as a portion of the re-start capital and working capital requirements.

This has culminated in the recent announcement by the Company of its first binding sales agreement and a term sheet for a total of 1.5 million lbs of uranium for delivery 2026 – 2029 at an escalated fixed price with North American power utility PSEG Nuclear LLC and Curzon Uranium in addition to a US\$15 million unsecured loan facility from Curzon to provide part of overall funding for the Kayelekera restart.

The Group's offtake contracting strategy will work in conjunction with its financing strategy as Lotus seeks to balance the need for revenue certainty from debt providers and the desire to be exposed to the uranium price for equity investors.

### Care and Maintenance Activities

The Company continues to critically review activities and associated costs at Kayelekera to ensure the site care and maintenance programs and costs are optimised.

The primary focus for the ongoing activities is the core requirements of:

1. Ensuring compliance with all regulatory requirements;
2. Maintaining the equipment on site so as to minimise restart costs;
3. Ensuring security of the assets at site; and
4. Management of water on site to control the discharge of water to the environment during the wet season, in accordance with licence conditions and global standards.

In anticipation of the FY2024 wet season, the site team also executed geotechnical works associated with the plant terrace and the return water dam 2 (RWP2) to repair some damage resulting from the previous wet season. In addition to installing a gabion basket system, significant work was also carried out on the water drainage/diversion system, specifically around the plant and RWP2 so as to minimise the ingress of water into the ground water system.

# Directors' Report

## REVIEW OF ACTIVITIES

### Government and Community Relations: Malawi Ministerial Site Visit

Malawi Mining Minister, the Honourable Monica Chang'anamuno, and members of her team, along with members of local government, and His Royal Highness Paramount Chief Dr Kyungu, visited Kayelekera on 26 February 2024. This was the Minister's first visit to Kayelekera.

The Minister and her team received an update on ongoing activities on site before undertaking a tour of the plant and project. The Minister noted that her visit to Kayelekera provided an opportunity to see existing infrastructure and how this may accelerate the restart of operations. She commented positively on the Environmental, Social and Water Resources Management programs at Kayelekera and expressed her wish that other stakeholders should learn from Kayelekera's work programs and that she will encourage educational tours to Kayelekera for other players in the Malawian mining sector.

Lotus also welcomed back to site the Paramount Chief, His Royal Highness Dr Kyungu. Paramount Chief Kyungu has been a strong advocate for Kayelekera's re-start and provided positive feedback to the Malawian Government delegation.

As part of the Malawian Mines and Minerals Act, a company that has a large-scale mining licence, such as Lotus holds for Kayelekera, is required to enter into a Community Development Agreement (CDA) with the local "qualified communities" as defined in the Act. This agreement provides for a minimum of 0.45% of the gross revenues generated from the mine to be spent on projects or activities selected by the qualified communities. The objective of the CDA aligns with Lotus' aim to achieve a balance between economic, environmental and social performance. The qualified communities and Lotus have agreed terms with the CDA awaiting ratification by the Government of Malawi in accordance with the Mines and Minerals Act.

### Acquisition of A-Cap Energy

In July 2023, Lotus and A-Cap Energy Limited (A-Cap, now Lotus Marula Pty Ltd) announced an agreement to merge via a Scheme of Arrangement. The rationale for the merger was to form a leading African focused uranium player with significant scale and resource by combining a production-ready asset, Kayelekera, and a future larger scale growth asset, Letlhakane, located in Botswana, one of the world's top mining jurisdictions.

Under the Share Scheme, A-Cap shareholders received 1 new Lotus share for every 3.54 A-Cap shares held on 7 November 2023. Botswana regulatory approvals were received by the Minister of Mines and Energy and Competition and Consumer Authority in October 2023. The transaction saw Lotus shareholders holding approximately 79% of the merged group with A-Cap shareholders holding the remaining approximately 21%.

On 7 November 2023, the acquisition was implemented with all of the ordinary shares and listed options of A-Cap being acquired by Lotus through the issuance of 361,722,889 ordinary shares of Lotus.

As part of the acquisition Lotus acquired 100% of the Letlhakane Uranium Project in Botswana and a 55% interest in the Wilconi Nickel Cobalt Project in Western Australia.

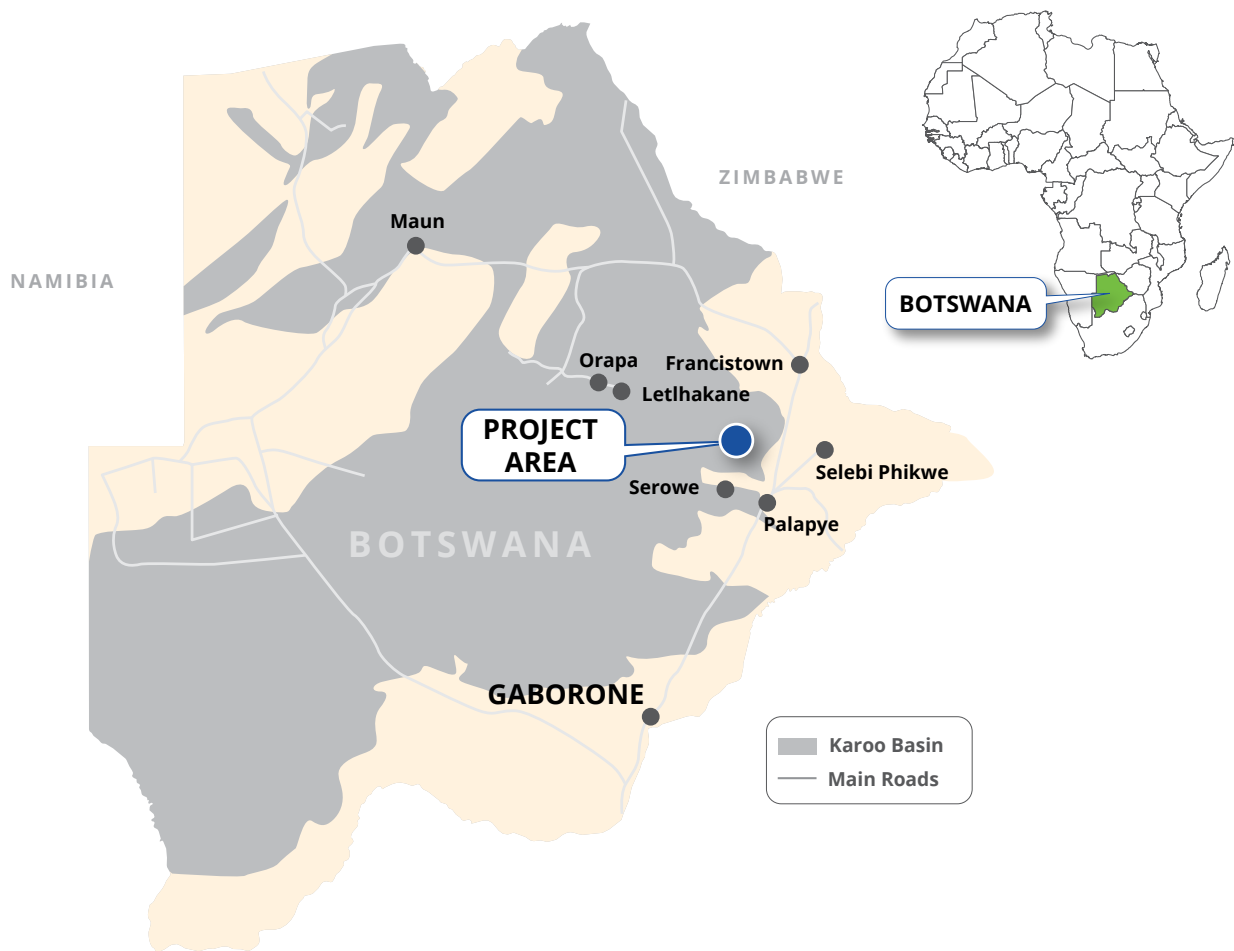


# Directors' Report

## REVIEW OF ACTIVITIES

### Letlhakane Project Overview

The Letlhakane Uranium Project in Botswana is one of the world's largest undeveloped uranium deposits. It consists of a significant Joint Ore Reserve Committee (JORC) 2012 Mineral Resource Estimate of 118.2Mlbs (155.3Mt at 345ppm  $U_3O_8$ )<sup>1</sup>. The mining license has been in place since 2016 and provisional surface rights have been granted as well as water abstraction rights and rights to install water bores. The asset is located close to high quality infrastructure with a sealed highway, rail line and power line running past the mining license boundary all of which make significant contributions to keeping the capital cost of future developments low. The asset is located within 50 kilometres of Francistown, a major population centre in Botswana.



**Figure 2:** Location of the Letlhakane Uranium Project

Botswana is a mining friendly jurisdiction, consistently ranking highly in the Fraser Institute Perceptions Index (for the latest report for 2023 it was rated the top mining jurisdiction in Africa and the fourth worldwide out of 86 jurisdictions).

<sup>1</sup> Refer to Lotus ASX announcement dated 9 May 2024.

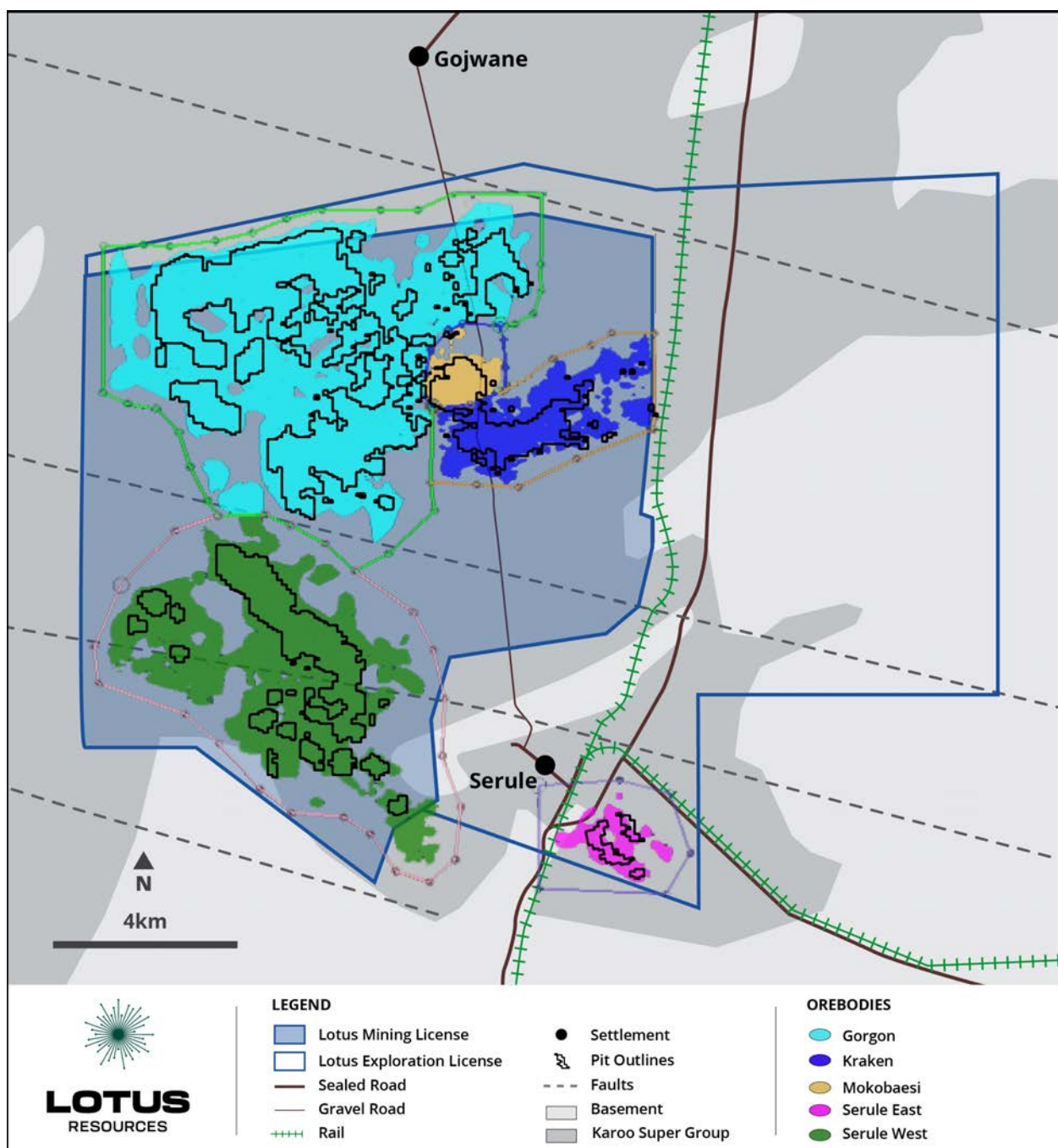
# Directors' Report

## REVIEW OF ACTIVITIES

### Updated Letlhakane Mineral Resources Estimate

Letlhakane is a large-scale uranium resource with potential higher-grade zones as identified in Lotus's due diligence work. Following acquisition, Lotus commissioned an optimised pit constrained Mineral Resource Estimate (MRE) for the Letlhakane deposit that takes into account economic factors resulting in the release of an updated MRE in May 2024.

Letlhakane's revised resources are now reported as having "reasonable prospects of eventual economic extraction", or RPEEE, and lie within pit shells defined by uranium price, mining and processing cost as well as other criteria, including losses in mining and processing. Letlhakane is shaping up to be a large-scale project, with Figure 3 illustrating the extensive size of the deposit which stretches 10km north-south and 8km east-west. Figure 3 also shows the various resource domains and optimised pit shell outlines.



**Figure 3:** Letlhakane Uranium Project Orebodies and Potential Pits

# Directors' Report

## REVIEW OF ACTIVITIES

### Letlhakane Infill Drill Program and Other Workstreams

A significant infill drill program of up to 15,000m of reverse circulation and 1,500m of diamond drilling for approximately 170 drill holes was initiated with 2 RC rigs mobilised to site in May 2024 and a diamond drill rig mobilised in July 2024. The drill program primarily aims to upgrade Inferred Resources currently contained within the Mineral Resource Estimate (71%) to Indicated and Measured status. The bulk of the Inferred resources lie within the Gorgon West and Serule West areas and represent the main targets for the current drill program. Lotus drill program plan to bring the drill spacing down from 400m centres to 200m centres at Gorgon West and from 200m centres to 100m centres at Serule West.

Lotus has also planned a minimum 10 drill holes to test isolated high-grade intercepts from historical drilling west of the existing resource base.

The results of this drill program will be used to prepare an updated Mineral Resource Estimate, including increased Measured and Indicated Resources.

Lotus's work programs for Letlhakane also includes Process Optimisation Work comprising an ore beneficiation assessment to determine the potential for upgrading the ore prior to feeding to the main processing plant, preliminary metallurgical test work, including leaching and downstream processing, and definition of the preferred processing flowsheet based on results from these.

A Scoping Study based on mine planning, acid modelling and a selected processing route to identify a suitable production rate and a defined development pathway is also underway. Lotus has completed an initial technical assessment of the Letlhakane Project in Botswana that considered the historical test work completed, including the 2015 Feasibility Study, along with additional work programs subsequently undertaken by the previous owners. The key cost and value drivers that will drive project economics include:

1. Head grade of the mill feed material;
2. Acid consumption and acid management;
3. Uranium process plant recoveries;
4. Mining techniques that minimise unit costs; and
5. Final product quality.

Lotus aims to determine a more effective processing route to improve upon the 2015 Feasibility Study project economics, which envisaged a two-stage heap leach process. As Letlhakane is located within a wider regional geology known as the Karoo Sandstones that Kayelekera also sits in, Lotus intends to leverage its work at Kayelekera including beneficiation and acid management to further refine the Letlhakane processing.



# Directors' Report

## REVIEW OF ACTIVITIES

### Wilconi Nickel-Cobalt Project Overview

As part of the acquisition of A-Cap, Lotus also acquired a 55% ownership in the Wilconi Nickel-Cobalt Project, near Wiluna in Western Australia. The project has a mineral resource estimate of 570,000 tonnes of contained nickel metal and 29,500 tonnes of contained cobalt metal, both valuable battery materials<sup>2</sup>.

The Board determined during the period that it would divest the Group's 55% interest in the non-core Wilconi Nickel-Cobalt Project. The decision was made to maintain the Group's focus on the Kayelekera and Letlhakane uranium projects. Lotus acquired 100% of A-Cap, including its 55% stake in the Wilconi Joint Venture, in late in 2023. The asset was seen as non-core to this deal. Analysis undertaken by Lotus in following the acquisition to determine Wilconi's potential for other minerals, including lithium or rare earths, did not show prospectivity. As a result of the poor economics of the nickel project in the current market, the lack of alternative minerals and ongoing significant holding costs associated with the tenements, the decision was made to withdraw, effective 30 May 2024. Refer to note 32 of the financial statements for more information.

For personal use only



Image: Letlhakane Infill Drilling Program

<sup>2</sup> Refer to A-Cap ASX Announcement 5 June 2023.

# Directors' Report

## REVIEW OF ACTIVITIES

### Health & Safety

Kayelekera and Letlhakane<sup>3</sup> have achieved 3,648 and 236 consecutive days, respectively without any Lost Time Injuries (LTI) with a total of 3,835,866 and 26,217 person hours worked, respectively as at 30 June 2024 (2023: 3,571,351 person hours worked) and 264,535 and 26,217 person hours, respectively for the year ended 30 June 2024 (2023: 224,364 person hours). During the financial year ended 30 June 2024, there were no reportable health and safety incidents for both Kayelekera and Letlhakane. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) of the Group was at 1.98, including Kayelekera and Letlhakane at 2.27 and zero, respectively (2023: 0.89), while the Lost Time Injury Frequency Rate (LTIFR) remains at zero (2023: zero) for the Group.

Site staff continued to take a pro-active approach in relation to incident/accident prevention through implementation of work permit system, Take-5 risk assessments and daily safety toolbox talks.

Safety performance at Kayelekera was below expectation with 6 first aid injuries and 1 restricted work injury resulting in the TRIFR target not being met for the financial year.

The incidents that caused these injuries were thoroughly investigated, the basic causes determined, and corrective actions developed to prevent re-occurrence. Management attended pre-work toolbox talks in all areas on site and re-enforced the requirements for good pre-work planning and risk assessment, proper communication during the completion of a task, and the importance of maintaining focus and concentration when executing a task.

In Letlhakane, a significant safety program was initiated prior to commencement of the drill programme which emphasised safety among personnel and regarding the drill rigs and support equipment with a number of safety measures being enforced (which includes leading indicators from assessment of risk, planned task observation, toolbox safety meetings and Take 5 safety checklists).



Image: Jacob Chabwera our resident doctor at Kayelekera

<sup>3</sup> Letlhakane statistics report from acquisition 7 November 2023.





Image: Kayelekera community meeting

## Directors' Report

### SUSTAINABILITY AND ESG

#### Lotus Vision

**To be a responsible uranium producer, building strong local communities, a safe and healthy work environment and making a positive contribution to a carbon free future.**

#### Sustainability and ESG

At Lotus, we recognise that we are part of a global community. As part of this community, we are committed to operating our business in a sustainable manner that ensures our people are safe and well-supported, local communities prosper and the environment is well cared for so that it benefits future generations. Companies can be courageous and innovative in their approach to sustainability, and Lotus has both the opportunity and the capacity to be a key participant in this approach. We are committed to continuously improving the way we do business.

The mining sector remains a significant local and international industry as global demand for resources continues to improve living standards and assist economic growth. The industry is facing complex challenges, such as volatile commodity prices, climate change impacts, community acceptance, environmental concerns and the need for companies to show leadership and stewardship of natural resources. However, these challenges can also be opportunities, and the industry is in a unique position to respond. Nuclear energy in particular, has a large role to play in the transition to a low carbon future as the only sustainable baseload power option with zero-carbon emissions.

Lotus released the Company's FY2023 Sustainability Report in November 2023. This Report is Lotus' third annual Sustainability Report and forms part of Lotus' annual corporate reporting suite. The report provided a summary of our approach to creating sustainable value for our stakeholders and included an overview of our ESG management systems and performance of our Kayelekera Uranium Project in Malawi, and our corporate activities in Perth, WA. Importantly, a new milestone for the Company was achieved, with the Report being prepared with reference to the Global Reporting Initiative (GRI) Sustainability Standards.

This step change in reporting reflects Lotus' ongoing commitment to transparency, accountability and continuous improvement in ESG performance. Additionally in line with global expectations, Lotus is continuing to develop its climate change mitigation strategy for the recommencement of mining at Kayelekera, and the Report provided an update of the Company's progress towards its alignment with the Task Force on Climate related Financial Disclosures (TCFD) reporting framework.



# Directors' Report

## SUSTAINABILITY AND ESG

During FY2024, Lotus commenced the transition from TCFD reporting process to the Australian Sustainability Reporting Standards (ASRS) - Disclosure of Climate-related Financial Information. The ASRS framework is based on the IFRS S2 climate related disclosures and builds upon the existing annual financial reporting structures, by introducing a mandatory 'sustainability report' to Annual Reporting. The objective of the ASRS is to ensure that entities disclose their exposure to material climate-related financial risks and opportunities, encompassing aspects such as greenhouse gas emissions, climate-related improvement plans, net zero plans and governance processes.

Lotus is in the process of undertaking a climate scenario risk assessment, with the results planned to be included Lotus' FY2024 Sustainability Report.

This year, Lotus participated in its first S&P Global Corporate Sustainability Assessment (CSA) and achieved an S&P Global ESG Score of 37 out of 100, which placed the Company in the 64th percentile in the MNX Metals & Mining industry in February 2024.

### Sustainability Governance

Sustainability at Lotus is governed through the Board who has formed an ESG Committee to assist it to fulfil its responsibilities in relation to environmental, social and governance matters arising out of the Company's activities and sustainability reporting.

The ESG Committee focuses on the Company's strategy and reporting and legal and regulatory compliance in sustainability matters. It also focusses on performance in the areas of sustainability risk management, health, safety, radiation, environment, social responsibilities, sustainable development and disclosure. To further strengthen Lotus' ESG performance and to support the ESG Committee, Lotus has engaged an ESG Manager who has the responsibility to lead the Company's Sustainability Strategy.

### Community Engagement

The Company continues to support the Kayelekera and Letlhakane local communities. In Malawi, we support surrounding towns by sponsoring teachers at the local schools, providing power and water to the Kayelekera Village Health Centre, undertaking mosquito spraying programs at the local village to reduce malaria in the community, grading roads following the wet seasons to Juma and the Chiteka school to improve access, as well as providing seedlings to the local villages to restore vegetation cover. Lotus also supports local Malawian suppliers and prioritises sourcing local labour wherever possible.

In Botswana, our community engagement program is relatively new. We have commenced engaging with our local communities and from this engagement we have identified our first ESG initiative opportunity. This opportunity involved providing essential school furniture, uniforms, and textbooks to the Gojwane Primary School, Serule Primary School, and Bonwatlou Community Junior Secondary School. These contributions have contributed to improving the learning environment of the schools and have boosted the morale and academic opportunities for the students.

# Directors' Report

## RISK MANAGEMENT

Lotus is committed to the active management of the risks to its activities. Risk management plays a key role in ensuring the Company achieves its goals. The Board is responsible for setting the "risk appetite and tolerance" for the Company and is responsible for establishing, overseeing and approving the Company's risk management framework, strategy and policies, internal compliance and internal control. The Board has established an Audit and Risk Committee to which it has delegated responsibility for implementing and overseeing the risk management system. This Committee reports to the Board on its activities and the Board reviews risk information each meeting in accordance with the risk management framework.

The Lotus Resources Risk Management Policy is the overarching document that provides the foundation which supports the framework and processes for the integration of risk management into the Company's business activities. Lotus has implemented an organisational framework for the management of risks which ensures that a formal and consistent process of risk management is carried out. The objective of risk management is to explicitly and clearly manage risks through sound management and continual review.

### Key Business Risks

This section describes the key business risks of Lotus.

- *Uranium Prices and Market*

The uranium market is sensitive to a range of external economic and political factors beyond the Company's control which have the potential to impact uranium demand and pricing. These factors include global uranium supply and demand trends, nuclear and other technology development, political developments in uranium producing and nuclear power generating countries, unanticipated destabilising global events or industry related events, general economic conditions, currency exchange rates and other factors.

Nuclear energy is in competition with other sources of energy and is the subject of negative public opinion by some parties due to political, technological and environmental factors which have the potential to impact future uranium prices.

The uranium mining industry is competitive and there is no guarantee that a profitable market may exist for the sale of uranium produced from the Company's assets.

- *Security of Tenure*

All tenements in which the Group has interest are subject to maintenance and renewal conditions which may be subject to discretion from the relevant regulatory authority. There is a risk that the Group may lose title to, or interests in, its tenements, or that such tenements may be subjected to additional conditions or obligations which may require increased funding or that the Group may not be able to comply with.

# Directors' Report

## RISK MANAGEMENT

- *Mineral Resources and Ore Reserves*

The Mineral Resources and Ore Reserves reported by Lotus are estimates only and no assurance can be given that any particular recovery level will be realised. Lotus' estimates are prepared in accordance with the JORC 2012 reporting standard but represent expressions of judgment from qualified professionals based on knowledge, experience, industry practice and resource modelling. Therefore, such estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate or require adjustment or revision. Should the Group encounter mineralisation of formations different to those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted or revised. Adjustments or revisions could impact the Group's development and mining plans and resultant production levels and unit costs.

Due to the uncertainty which may attach to inferred mineral resources there is no assurance that inferred mineral resources will be upgraded to measured and indicated mineral resources or proven and probable ore reserves.

Ore reserves rely on interpretations from the mineral resource in addition to other operating assumptions including mining and processing efficiencies, mining and processing recoveries and operating costs. The basis of these assumptions may change which may require revision to these estimates and actual results may differ from these assumptions.

- *Speculative Nature of Mineral Exploration and Development*

The nature of exploration and development of mineral resources is speculative and by nature contains elements of significant risk which even a combination of experience, knowledge and careful evaluation may not be able to be adequately mitigated. As such there is no guarantee of successful commercialisation which depends upon factors such as the global uranium market including demand and price, the discovery and/or acquisition of economically recoverable reserves, access to experienced and skilled exploration and operations personnel, access to adequate capital for project development, securing and maintaining title to interests, obtaining regulatory consents and approvals necessary for the conduct of mineral exploration, development and production and securing plant and equipment given the high competition for such resources in the current period of global exploration and mining activity.

There is no assurance that any exploration of the current or future interest held by the Group will result in the discovery of economic uranium deposits. The Group is performing future activities such as front-end engineering and design which may have different results to previous studies including the 2022 Restart DFS.

- *Political Risks, Government Actions and Foreign Jurisdictions*

The Group's foreign operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, changes in local or Government ownership requirements, restrictions on foreign exchange, changing political conditions, currency controls, export controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Group's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the operations of the Group.



# Directors' Report

## RISK MANAGEMENT

- *Funding Risk*

Exploration and development of the various properties in which Lotus holds interests depends on the Company's ability to obtain funding through joint ventures, debt funding, equity financing or other means. In addition, Lotus is required in the ordinary course of business to provide financial assurances (including insurances, performance guarantees, performance bond and bank guarantee instruments) to secure statutory and environmental performance undertakings and commercial arrangements. Lotus' ability to provide such assurances is subject to the willingness of financial institutions and other third-party providers of such assurances to issue such assurances for the Company's account.

Volatility in uranium markets, or the factors affecting financial institutions and other third parties' assessments of the Company and its prospects may make it difficult or impossible for the Company to obtain facilities for the issuance of such financial assurances or of other debt financing or equity financing on favourable terms or at all. Failure to obtain such facilities or financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations which may have a material adverse effect on the Company's financial position and performance.

- *Offtake Risk*

The future operations and revenues of Lotus are dependent on the counterparties to future offtake agreements performing their obligations. If counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, Lotus revenues could be adversely affected. The risk of non-performance or attended re-negotiation of terms by offtake customers is enhanced by the prevailing demand and pricing sensitivities currently impacting the global market for uranium products.

- *Reliance on Key Personnel*

The Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of any of the Group's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a disruption to the Group and adversely impact the Group's operations, financial performance and financial position.

Any disputes with employees (through personal injuries, industrial matters or otherwise), changes in labour regulations or other developments in the area may cause labour disputes, work stoppages or other disruptions in operations that could adversely affect the Group.

- *Environmental Liabilities*

Uranium exploration and mine development is an environmentally hazardous activity which may give rise to substantial costs for environmental rehabilitation, damage control and losses. The Company's operations may use hazardous materials and produce hazardous waste, which may have an adverse impact on the environment or cause exposure to hazardous materials.

Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with applicable laws, the Group may be subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Group (or to other companies in the minerals industry). To the extent that the Group becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Group and could have a material adverse effect on the Group. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

# Directors' Report

## RISK MANAGEMENT

- *Climate Change*

Increased regulation of greenhouse gas emissions could adversely affect the Group's costs of operations. Mining and processing of mineral resources is relatively energy dependent and depends on fossil fuels. Whilst Lotus has a strategy to minimise the use of fossil fuels where practicable there is no assurance that Lotus will be able to implement this strategy or that it will provide the expected benefits.

Regulatory changes by governments may represent an increased cost to the Group. Increasing regulation of greenhouse gas emissions, including the introduction of carbon emissions trading or abatement mechanisms, and tighter emission reduction targets or the introduction of a carbon tax in any jurisdiction the Group operates is likely to raise energy costs and costs of production.

Further to this, the Group's activities may be impacted in the future by the effects of climate change, including factors such as increased or decreased rainfall, increased severity of weather events, impacts on ground stability and movement and impacts to planned sources of water for operations. The effects of these risks could adversely affect the Group's activities and performance.

- *Health and Safety*

Lotus aspires to conduct its activities to high standards of occupational health and safety. Lotus has systems in place for the management of risks appropriate for its current level of activity which will be updated as appropriate when the decision to restart operations is made. Despite this, uranium exploration and mining is inherently a high risk environment. In addition, Lotus has interests in a developing country, embedding systems for managing occupational health and safety risks, and maintaining and ensuring compliance with these systems may present challenges for the Group.

Operating in developing countries where HIV/AIDS, ebola, malaria, cholera, COVID 19 and other diseases may represent a threat to maintaining a skilled workforce. There can be no assurances that such infections will not affect project staff, and there is the risk that operations could be affected in the event of such a safety threat. Any failure to comply with the necessary occupational health and safety requirements could result in a safety claim, fines, penalties and compensation for damages against the Group as well as reputational damage.

- *Community Acceptance and Reputation*

All industries, including the mining industry, are subject to community actions in the various jurisdictions in which they are present including in Malawi. In recent years, communities and non-governmental organisations (NGOs) have become more vocal and active with respect to mining activities at, or near, their communities. These parties may take actions, such as road blockades, applications for injunctions seeking work stoppage and lawsuits for damages.

Additionally, the Group's relationship with the communities in which it operates is important to ensure the future success of existing operations and the construction and development of its projects. While Lotus believes the relationships it has with the communities in which it will operate is strong, there is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities.

Certain non-government organizations (NGOs), some of which oppose globalisation and resource development, are also often vocal critics of the mining industry and its practices. Adverse publicity generated by such NGOs or others related to extractive industries generally, or its operations specifically, could have an adverse effect on the Group's reputation or financial condition.

# Directors' Report

## RISK MANAGEMENT

- *Restarting Operations*

Lotus has not made a final investment decision in relation to the restart of operations at the Kayelekera Project. A final investment decision will be dependent on factors including the completion of the project work including front end engineering and design, offtake negotiations for the sale of product, securing the necessary financing and market conditions including financial markets, the uranium market and the nuclear power industry.

Should Lotus make the final investment decision, there are customary risks relating to restarting operations which could delay the recommencement of operations, impact the funding requirements or profitability from operations. Such risks include delays in or inability to secure permits and approvals (or renewals), securing the required funding or the requirement to secure additional funding to expected, recruitment and retention of experienced skilled personnel, securing consumables and supplies necessary for the refurbishment of the plant on acceptable contractual arrangements, securing the new plant and infrastructure required on acceptable contractual arrangements, ability to connect to the Malawian national grid and associated availability and reliability of power supply, performance of plant and infrastructure that is below expectation and other factors.

- *Culture and Business Conduct*

An organisations culture can greatly influence individual and group behaviors. If Lotus Resources conduct and ethics related controls, frameworks and practices were to fail significantly, be set inappropriately, or not meet legal, regulatory or community expectations, then the Group may be exposed to reputational damage through fines, regulatory intervention or investigation, temporary or permanent loss of license, litigation and or permanent loss of business.

The Group's operations will be governed by, and involve interaction with, many levels of government including in Malawi, Botswana and Australia. The Group will be subject to various anti- corruption laws and regulations, which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage.

The Group will maintain anti-bribery policies, anti-corruption training programs, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. However, wherever the Group operates it always needs to be aware of the potential risk of fraud, bribery and corruption. The Group cannot predict the nature, scope or effect of future regulatory requirements to which the Group's operations might be subject or the manner in which existing laws might be administered or interpreted. Instances of fraud, bribery and corruption, and violations of laws and regulations could expose the Group and its directors and senior management to civil or criminal penalties or other sanctions and could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and the share price.

Likewise, any investigation of any alleged violations of the applicable anticorruption legislation by Australia or foreign authorities could also have an adverse impact on the Group's business, reputation, financial condition and results of operations.

- *Legal Action*

The Group is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Group is or may become subject could have a material effect on its financial position, results of operations or the Group's activities.



# Directors' Report

## RISK MANAGEMENT

- *General Legal Matters*

Future earnings, asset values and the relative attractiveness of Lotus Resources shares may be affected by changes in law and government policy in the jurisdictions that it operates.

- *Changes in Laws*

The Group (including the operations of the Group) will be subject to various federal, state and local laws (including Australia, Malawi and Botswana). Changes to current laws in the jurisdictions within which the Group operates or may in the future operate, could have a material adverse impact on the Group's operations, financial performance and financial position.

- *Subsidiaries*

Lotus Resources is a holding company with no significant assets other than cash and the shares in its wholly owned and non-wholly owned subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between Lotus Resources and its subsidiaries could restrict Lotus Resources' ability to fund its operations efficiently and to meet its payment obligations. Any such limitations, or the perception that such limitations may exist now or in the future, could also have an adverse impact on Lotus Resources' valuation and share price.

- *Estimates and Assumptions Are Used in Preparing Financial Statements*

Preparation of consolidated financial statements required the Company to use estimates and assumptions which require Lotus Resources to use its judgement to determine the amount to be recorded in its financial statements in connection with these estimates.

The Company reviews the carrying value of its assets periodically to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any. Changes in assumptions underlying the carrying value of certain assets, including assumptions relating to uranium prices, production costs, foreign exchange rates, discount rates, tax rates, the level of proven and probable reserves and measured, indicated and inferred mineral resources and market conditions, could result in impairment of such assets. No assurance can be given as to whether there may be significant impairments in future periods, including as a result of further restructuring activities or changes in assumptions underlying carrying values as a result of adverse market conditions in the industry in which the Group operates.

The notes to the financial statements provide information on other balances that require significant estimation, assumptions and judgment.

- *Share Market Conditions*

Lotus Resources is listed on the ASX and the price of Lotus' shares is subject to many influences that may affect both the share market trends and individual company share prices. Such influences include movements in local and international share markets, changes in the outlook for commodities including uranium, inflation, interest rates, general economic conditions, changes in government fiscal, monetary and regulatory policies. These factors may cause Lotus shares to trade below current prices or to fluctuate going forward.

# Directors' Report

## RISK MANAGEMENT

- *Securities Price Fluctuations*

Lotus Resources shares carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade. The value of Lotus shares will be determined by the securities market and will be subject to a range of factors beyond the control of Lotus, the Lotus Board and Lotus Management.

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Group. These factors include, but are not limited to, the demand for, and availability of Lotus shares, movements in interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Securities markets can experience high levels of price and volume volatility, and the market price of securities of many companies can experience wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Lotus Resources securities going forward.

- *Risk of Dilution*

Lotus Resources may undertake offerings of securities in the future to raise capital as well as undertaking equity funded acquisitions which may dilute the holdings of investors. The increase in the number of shares issued and the possibility of sales of such shares may have a depressive impact on the price of shares already owned.

- *Dividends*

Currently, the Group does not have any active operations or generate any operating revenues. As such, it is not expected that Lotus will pay any dividends in the short term.

Any future determination as to the payment of dividends by the Group will be at the discretion of the Board and will depend on the financial condition of the Group, future capital requirements and general business and other factors considered relevant to the Board. No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by the Group.

- *Insurance*

The Group maintains a range of insurance covers for its business activities. These policies will not cover every potential risk associated with its activities. The occurrence of a significant adverse event which is not fully covered by insurance could have a material adverse effect on the Groups financial condition and performance.

The Group may become subject to liability for accidents, pollution and other hazards against which it cannot insure, or against which it may elect not to insure because of premium costs or other reasons, or for amounts which exceed policy limits.

- *General Economic Conditions*

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Lotus' quoted securities regardless of the Group's operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates, inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

The Group's future revenues and the Group's share price may be affected by these factors, which are beyond the Group's control.

# Directors' Report

## ENVIRONMENTAL REGULATION

The Group's exploration and mining activities are governed by a range of environmental legislation and regulations. As the Group is still in the evaluation phase of its interests in exploration projects, Lotus is not yet subject to the public reporting requirements of environmental legislation and regulations. To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

## REFERENCE TO PREVIOUS ASX ANNOUNCEMENTS

The information in this announcement that relates to the Mineral Resource Estimate was announced on 9 June 2022, 15 February 2022 and 9 May 2024. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 9 June 2022, 15 February 2022 and 9 May 2024 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed.

The information in this announcement that relates to the Ore Reserve Estimate at Kayelekera was announced on 11 August 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.

In relation to the exploration results included in this announcement, the dates of which are referenced, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements.



Image: ESG meeting at Kayelekera



# Directors' Report

## FORWARD LOOKING STATEMENTS

This Directors Report includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Lotus Resource Limited’s control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding Lotus Resource Limited’s future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause Lotus Resource Limited’s actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements).

These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the timeframe and within estimated costs currently planned; variations in global demand and price for uranium; fluctuations in exchange rates between the U.S. Dollar and the Australian Dollar; uncertainty in the estimation of mineral resources and mineral reserves; the failure of Lotus Resource Limited’s suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; the inherent risks and dangers of mining exploration and operations in general; environmental risks; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in government regulations, policies or legislation; foreign investment risks in Malawi; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company’s property interests; uninsured hazards; industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; reliance on key personnel and the retention of key employees; the impact of the outbreak of disease on the Company’s business and operations; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Lotus Resource Limited. The ability of the Company to achieve any targets will be largely determined by the Company’s ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary offtake arrangements with reputable third parties. Although Lotus Resource Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

# Directors' Report

## DIRECTORS' PROFILES

The Directors of the Company at any time during or since the end of the financial year are:



### Mr Michael Bowen

Bachelor of Laws, Jurisprudence and Commerce,  
Certified Public Accountant

Non-Executive Chairman – Since appointment on 22 February 2021

### Experience and expertise

Mr Bowen is a partner of the national law firm, Thomson Geer Lawyers. He practices primarily corporate, commercial and securities law with extensive experience and emphasis on mergers, acquisitions, capital raisings and resources.

He was a Non-Executive Director of ASX listed company Omni Bridgeway Limited (ASX: OBL), where he chaired the remuneration committee and a member of the audit and risk, corporate governance and nomination committees. He is also a Non-Executive Director of ASX listed companies Genesis Minerals Limited (ASX: GMD) and Emerald Resources NL (ASX: EMR).

Mr Bowen has been admitted as a barrister and solicitor of the Supreme Court of Western Australia since 1979 and is also admitted as a solicitor of the High Court of Australia.

### Other current directorships

Genesis Minerals Limited (Non-Executive Director)  
Emerald Resources NL (Non-Executive Director)

### Former directorships in the last 3 years

Omni Bridgeway Limited (Non-Executive Director  
from 30 November 2001 to 30 November 2022)

### Special responsibilities

Board Chairman

### Interests in shares and options

Ordinary shares	5,250,000
Unlisted Options	3,000,000

# Directors' Report

## DIRECTORS' PROFILES



### Mr Keith Bowes

BSc Chemical Engineering, Australian Institute of Company Directors (AICD)

Managing Director – Since appointment on 15 February 2021 until 9 August 2024

Technical Director – From 9 August 2024

### Experience and expertise

Mr Bowes is a highly regarded mining executive with over 30 years of experience working on project development and operations in Africa, South America and Australia across a range of commodities and processes. He was previously the project manager for the Panda Hill niobium project in Tanzania, Superior Lake's zinc project in Ontario, Matador Mining's Cape Ray gold project in Newfoundland and the Sovereign Metals graphite project in Malawi.

Mr Bowes project-managed the Boss Resources' redevelopment program for the Honeymoon Uranium Mine including all study phases and commercial trials of the new processing technology. As part of the study, he led the development in the application of two new technologies that have redefined the Honeymoon opportunity (i.e., leach chemistry and IX resins).

<b>Other current directorships</b>	Copper Strike Limited (Non-Executive Director)
<b>Former directorships in the last 3 years</b>	Nil
<b>Special responsibilities</b>	Managing Director until 9 August 2024
<b>Interests in shares and options</b>	
Ordinary shares	11,323,196
Unlisted Options	10,238,651

# Directors' Report

## DIRECTORS' PROFILES



### Mr Grant Davey

BSc Mining Engineering, AICD

Non-Executive Director - Since appointment on 22 June 2020 until 9 August 2024

Executive Director – Since 9 August 2024

### Experience and expertise

Mr Davey is an entrepreneur with 30 years of senior management and operational experience in the development, construction and operation of precious metals, base metals, uranium and bulk commodities throughout the world.

More recently, he has been involved in venture capital investments in several exploration and mining projects and has been instrumental in the acquisition and development of the Panda Hill niobium project in Tanzania, the Cape Ray gold project in Newfoundland and recently the acquisition of the Kayelekera Uranium mine in Malawi from Paladin Energy Limited.

### Other current directorships

Frontier Energy Limited (Executive Chairman)

Earths Energy Limited (Executive Director)  
(formerly Cradle Resources Limited)

### Former directorships in the last 3 years

Waroona Energy Inc. (TSXV: WHE) (Non-Executive Director from 16 March 2022 to 15 May 2023)

### Special responsibilities

Nil

### Interests in shares and options

Ordinary shares 150,098,458

Unlisted Options 2,000,000



# Directors' Report

## DIRECTORS' PROFILES



### Mr Mark Hanlon

Master of Business (Banking & Finance), Bachelor of Business (Accounting & Finance)

Non-Executive Director – Since appointment on 22 February 2021

### Experience and expertise

Mr Hanlon has over 25 years of experience in the resources and resource services sector, as well as in commercial and merchant banking.

He has a broad background of senior executive experience as Chief Financial Officer and Finance Director across a wide range of industries including mining and mining services.

### Other current directorships

Nil

### Former directorships in the last 3 years

Copper Strike Limited (Non-Executive Chairman from 25 November 2020 to 6 December 2022)

Red River Resources Limited (Non-Executive Director from 1 October 2015 to 29 August 2023)

Waroona Energy Inc (Non-Executive Director; TSXV: WHE from 15 May 2023 to 13 December 2023)

### Special responsibilities

Chair of Audit and Risk Committee (from 1 July 2022)

Chair of Remuneration and Nomination Committee (from 1 July 2022)

### Interests in shares and options

Ordinary shares 6,500,000

Unlisted Options 2,000,000

For personal use only

# Directors' Report

## DIRECTORS' PROFILES



### **Ms Dixie Marshall**

Bachelors Degree - Physical Education

Non-Executive Director – Since appointment on 1 April 2022

#### **Experience and expertise**

Ms Marshall has 40 years' experience in strategic communications and government relations; this includes crisis communications, editorial media, advocacy, reputation, stakeholder engagement, marketing and policy development.

She has held senior leadership roles in government, media, sport and advertising.

Ms Marshall is the chair of leading government relations company, GRA Partners, a board director and chief growth officer of the Marketforce Group, a commissioner of the Australian Sports Commission, deputy chair of the WA Football Commission and, a Non-Executive Director of Frontier Energy Limited (ASX:FHE).

#### **Other current directorships**

Frontier Energy Limited (Non-Executive Director)

Marketforce (Chief Growth Officer)

WA Football Commission (Deputy Chair)

Member Australian Sports Commission

#### **Former directorships in the last 3 years**

Nil

#### **Special responsibilities**

Chair of Environment, Social and Governance Committee (from 1 July 2022)

#### **Interests in shares and options**

Ordinary shares	800,000
Unlisted Options	2,000,000

# Directors' Report

## COMPANY SECRETARY



### **Ms Catherine Anderson**

B Juris (Hons) LLB

Company Secretary – Appointed on 12 January 2023

### **Experience and expertise**

Ms Anderson is a legal practitioner admitted in Western Australia and Victoria with over 30 years' experience in both high-level private practice and in-house roles, particularly in the area of capital raisings, corporate acquisitions, structuring and regulatory compliance. Ms Anderson has advised on all aspects of corporate and commercial law and brings extensive experience over a range of industries, in particular the mining and IT/cyber security sectors.

Ms Anderson is an experienced company secretary for both listed and unlisted public companies and has served as a director of an ASX listed junior explorer. She has provided consultancy services to entities wishing to proceed to Initial Public Offering and ASX listing, and has twice been nominated for the Telstra Business Woman of the Year Award.

---

### **Other current directorships**

Nil

---

### **Former directorships in the last 3 years**

Nil

---

### **Special responsibilities**

Nil

---

### **Interests in shares and options**

Ordinary shares

Nil

Unlisted Options

657,028

# Directors' Report

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meeting		Committee Meetings					
	Held	Attended	Audit and Risk		Environmental, Social and Governance		Nomination & Remuneration	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Michael Bowen	9	8	5	5	-	-	-	-
Mr Mark Hanlon	9	8	5	5	-	-	3	3
Ms Dixie Marshall	9	8	5	4	5	5	3	3
Mr Keith Bowes	9	9	-	-	5	4	-	-
Mr Grant Davey <sup>1</sup>	9	9	-	-	5	5	3	2

1 Mr Grant Davey transitioned to Executive Director on 9 August 2024. As a result, Mr Grant Davey stepped off the Nomination and Remuneration Committee with Mr Michael Bowen joining the Committee to ensure the Committee was constituted entirely of independent directors.

### Board Composition

The Board plans on renewing its composition and will seek to attract candidates with the appropriate skills and diversity to best position the Company as it transitions to a uranium producer. Whilst the current composition of the Board is effectively discharging its roles and responsibilities, strengthened independence is recognised as important and something to be achieved through the Board's renewal process. In particular, in addition to increased diversity, the Board intends to appoint suitably qualified and demonstrably independent directors as soon as such candidates can be practicably identified and attracted onto the Board.

Furthermore, Lotus will adopt diversity targets and a timeline for achieving such targets, to ensure that Lotus' corporate governance frameworks mature in tandem with this transition from developer to producer.

### Committee membership

The Board has established Committees for Audit and Risk, Nomination and Remuneration, and Environmental, Social and Governance. The Board Committees were established effective 1 July 2022 in recognition of the increasing complexity in the Company's activities as it progresses towards a restart of operations at Kayelekera, and in recognition of the increased size of the Lotus Resources Board facilitating appropriate memberships for each committee.

For further information, refer to the Company's Corporate Governance Statement.



# Directors' Report

## PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was the exploration and development of the Group's Kayelekera Uranium Project in Malawi and Letlhakane Uranium Project in Botswana.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant or material changes to the Consolidated Entity's state of affairs during the financial year ended 30 June 2024, other than as disclosed below:

- Issuance of 361,722,889 new shares relating to the merger with Lotus Marula Pty Ltd (formerly A-Cap Energy Limited) and subsidiaries (collectively referred as A-Cap Acquisition);
- Issuance of 22,236,879 shares as a result of the conversion of unlisted Lotus options; and
- Issuance of 100,000,000 shares to strategic investors for a capital raising of \$30,000,000 to enable the Group to accelerate the restart works at its Kayelekera mine and advance works at its Letlhakane project in Botswana.

## RESULTS

The Group incurred a loss after income tax of \$24,507,450 for the financial year (2023: loss after income tax of \$9,916,736).

As at 30 June 2024, the net current assets and net assets of the Group amounted to \$32,254,767 (2023: \$16,353,637) and \$127,394,878 (2023: \$33,684,890), respectively.

During the financial year, the acquisition of Lotus Marula Pty Ltd and its subsidiaries (formerly A-Cap Energy Limited) resulted to recognition of:

- \$10,447,397 impairment recognised on exploration and evaluation assets recognised by Wilconi Pty Ltd brought by the withdrawal from the Joint Venture agreement as discussed in the "Review of Activities" above).
- An increase in net assets of \$87,347,476 primarily brought by capitalisation of exploration and evaluation assets for the Letlhakane Project.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the Directors, there is nothing material further to report, except as outlined in the Directors' Report, which relates to likely developments in the operations of the Group and the expected results of those operations in financial year subsequent to 30 June 2024.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 26 July 2024, the Mine Development Agreement (MDA) with the Government of Malawi for the Group's Kayelekera Uranium Mine has been signed. Refer to the Director Report for more information.

On 9 August 2024 a restructure of the Board and management team was undertaken following execution of the MDA to reflect the transition into the project delivery phase at Kayelekera. Refer to the Director Report for more information.

On 3 September the Company announced the execution of a binding sales agreement and an unsecured loan agreement with Curzon Uranium for US\$15 million. On the same day the Company announced the execution of a term sheet with North American utility PSEG Nuclear LLC. Refer to note 33 for further details.

There were no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Directors' Report

## ANNUAL STATEMENT OF ORE RESERVES AND MINERAL RESOURCES

### Mineral Resources Governance

Lotus Resources reviews its Mineral Resource and Ore Reserve (where applicable) estimates on an annual basis or more frequently where circumstances necessitate. As a result of the completion of the merger with A-Cap during the financial year ended 30 June 2024, an updated Mineral Resource Statement is presented in this report.

The Statement of Mineral Resources and Ore Reserves is prepared in accordance with the JORC Code 2012 and the ASX Listing Rules.

Competent Persons named by the Company are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code 2012.

The Company engages external consultants and Competent Persons to prepare and calculate estimates of its Mineral Resource and Ore Reserves. These estimates and underlying assumptions are reviewed by the Directors and management for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the JORC Code 2012 and the ASX Listing Rules. Where material changes occur to a project during the financial year, including the project's size, title, exploration results or other technical information, previous resource estimates and market disclosures are reviewed for completeness. The Company reviews its Mineral Resources and Ore Reserves as at 30 June each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources and Ore Reserves, a revised estimate will be prepared as part of the annual review process. There was no update to the Mineral Resources and Ore Reserves required as at 30 June 2024.



Image: Kayelekera processing plant

# Directors' Report

## ANNUAL STATEMENT OF ORE RESERVES AND MINERAL RESOURCES

### Mineral Resources Inventory

The Lotus global Mineral Resources Inventory is contained in table 1 below and reflects the Mineral Resources Estimate for the Kayelekera Project and the Letlhakane Project.

**Table 1 - Lotus Mineral Resource Inventory – June 2024**

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile <sup>4</sup>	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	Total	40.1	510	20.4	44.8
Kayelekera	Inferred – LG Stockpiles <sup>9</sup>	2.24	290	0.7	1.5
<b>Kayelekera</b>	<b>Total – Kayelekera</b>	<b>42.5</b>	<b>500</b>	<b>21.1</b>	<b>46.3</b>
Livingstonia	Inferred	6.9	320	2.2	4.8
<b>Livingstonia</b>	<b>Total – Livingstonia</b>	<b>6.9</b>	<b>320</b>	<b>2.2</b>	<b>4.8</b>
<b>Kayelekera Project Total</b>		<b>49.4</b>	<b>472</b>	<b>23.3</b>	<b>51.1</b>
Letlhakane	Indicated	46.1	339	15.6	34.4
Letlhakane	Inferred	109.2	348	38.0	83.8
Letlhakane	Total – Letlhakane	155.3	345	53.6	118.2
<b>Total</b>	<b>All Uranium Resources</b>	<b>204.7</b>	<b>377</b>	<b>76.8</b>	<b>169.3</b>

The information in this document that relates to Mineral Resources were reported by the Company in announcements to the ASX dated 15 February 2022, 9 June 2022 and 9 May 2024. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

<sup>4</sup> RoM stockpile has been mined and is located near the mill facility.



# Directors' Report

## ANNUAL STATEMENT OF ORE RESERVES AND MINERAL RESOURCES

### Ore Reserve Inventory

The Ore Reserve estimate has been developed using the 9 June 2022 Mineral Resource Estimate for Kayelekera only (i.e. excluding the Livingstonia Resource Estimate) and is based on the optimised mine plan and production schedule prepared as part of the Restart Definitive Feasibility Study reported in ASX announcements dated 11 August 2022.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements; and in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**Table 2 - Lotus Resources Ore Reserve Inventory - July 2022<sup>5</sup>**

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile - Proved	1.6	760	1.2	2.6
<b>Kayelekera</b>	<b>Total</b>	<b>15.9</b>	<b>660</b>	<b>10.4</b>	<b>23.0</b>



Image: Contractors from the local community

<sup>5</sup> Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.

# Directors' Report

## SHARES AND OPTIONS ON ISSUE

At the date of this report, the Company has 1,831,766,906 fully paid ordinary shares on issue.

The following options over ordinary shares in the Company were on issue at the date of this report:

Unlisted Options - Number	Issue Date	Expiry Date	Exercise Price - Per Option
1,230,000	29 November 2021	29 November 2024	\$0.00
11,050	15 December 2021	29 November 2024	\$0.00
1,319,000	15 December 2021	29 November 2024	\$0.00
335,814	14 November 2022	31 October 2025	\$0.00
3,823,073	14 November 2022	31 October 2027	\$0.00
1,950,345	30 October 2023	31 October 2026	\$0.00
1,266,661	30 October 2023	31 October 2028	\$0.00
1,156,757	28 November 2023	31 October 2026	\$0.00
1,098,919	28 November 2023	31 October 2028	\$0.00
12,000,000	28 November 2023	30 September 2026	\$0.00
1,266,661	30 October 2023	31 October 2028	\$0.00
1,098,919	28 November 2023	31 October 2028	\$0.00
4,000,000	20 May 2024	19 May 2027	\$0.30
6,000,000	9 August 2024	8 August 2027	\$0.00
2,000,000	13 August 2024	22 August 2028	\$0.30
<b>38,557,199</b>	<b>Total Unlisted Options</b>		

The number of shares that were issued during the financial year on the conversion of options was 12,236,879 (2023: 20,063,211). The weighted average exercise price of these options was 0.00 cents (2023: 2.40 cents). A further 550,800 options were exercised post balance date at an exercise price of 0.00 cents per share.

There were 1,682,408 options that expired or were cancelled during the financial year and none since the end of the financial year. There were no options that lapsed unexercised during the financial year.

## DIVIDENDS

No dividends were paid to members during the financial year and the Directors do not recommend the payment of a dividend.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

### Indemnification of Officers

The Company has agreed to indemnify the current Directors and Executives of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Executives of the Company, except where the liability arises out of conduct involving a lack of good faith or gross misconduct.

The agreement stipulates that the Company will meet to the maximum extent permitted by law the full amount of any such liabilities, including costs and expenses.

# Directors' Report

## INDEMNIFICATION OF OFFICERS AND AUDITORS

### Indemnification of Auditor

To the extent permitted by law, Lotus Resources has agreed to indemnify its auditor, RSM Australia Partners (RSM), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The Directors have not provided RSM with any indemnities. No payment has been made to indemnify RSM during or since the end of the financial year.

## INSURANCE PREMIUMS

The Company paid a premium during the financial year in respect of a Director and Officer liability insurance policy, insuring the Directors and Officers of the Company against a liability incurred as such a Director or Officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered in respect of the Directors' and Officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

Details of amounts paid or payable to the Company's auditor, RSM Australia Partners, for audit and non-audit services provided during the financial year are set out in note 23.

The Board is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- a. all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- b. none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

## ROUNDING OF AMOUNTS

Lotus Resources Limited is a type of company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

## REMUNERATION REPORT

The Remuneration Report set out on pages 43 to 61 forms part of the Directors' Report and is signed as part of it.

# Directors' Report

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

## AUDITOR

RSM Australia Partners continues in office in accordance with Section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors:



**Mr Michael Bowen**

Non-Executive Chairman

3 September 2024

For personal use only







# Audited Remuneration Report

## MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholders,

**On behalf of the Board, I am pleased to present the Lotus Resources Remuneration Report for the 2024 financial year.**

With the Group advancing towards becoming a uranium producer with a decision on the restart of operations at Kayelekera expected shortly, the Board has decided to appoint independent remuneration consultants to review the Group's remuneration framework to ensure that it is focussed on driving a high performance culture that closely aligns with the achievement of our strategic and business objectives, and with our shareholders' interests including consistent value creation over a long term time frame.

In March 2024 Lotus was admitted to the S&P ASX 300 Index which measures up to 300 of Australia's largest securities by float adjusted market capitalisation. This is a significant achievement for the Company as it progresses its strategy to become a leading African focussed uranium player with significant scale and resources. Lotus acknowledges the expectations that follows admittance to the ASX 300 and is committed to evolving its practices as it continues to grow and mature.

As a result of his transition to Executive Director on 9 August 2024, Mr Grant Davey stepped off the Nomination and Remuneration Committee with Non-Executive Chair, Mr Michael Bowen joining the Committee to ensure the Committee was constituted entirely of independent directors.

### Key Achievements FY2024

Lotus has made significant progress towards its objectives through the financial year and up to the date of this report including

- Significant resource growth through the merger with A-Cap Energy to acquire the Letlhakane Uranium Project in Botswana to advance Lotus objective to become a major southern African uranium company;
- Completion of the Mine Development Agreement with the Malawian Government to specify the key fiscal terms, legal protections and non-fiscal government support under which Lotus will develop and operate Kayelekera;
- Execution of the front-end engineering and design program at Kayelekera to confirm the capital and operation costs and project execution timetable with the program nearing completion;
- Strengthening of key relationships with utilities and traders to position Lotus to secure offtake contracts;
- Advancement of funding options for the restart of production at Kayelekera including the appointment of leading debt advisory Orimco;
- Advanced connection to the Malawi national grid with selection of the route, progression of approvals and design work;
- Remodelling of the Letlhakane Project mineral resource estimate incorporating tighter modelling constraints and shorter search parameters, aiming to reduce the amount of 'smoothing' that has occurred within the higher grade zones of the model and commencement of a significant infill drilling program to seek to increase the confidence in the mineral resource estimate classification; and
- New appointments to the management team including Greg Bittar and Michael da Costa in addition to a recent restructure of the management team as the company transitions into the execution phase for the restart of operations at Kayelekera.

# Audited Remuneration Report

## MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

### Remuneration Outcomes FY2024

The FY2024 short term incentive outcomes saw the vesting of 60.2% of the grants with

- Strong performance outcomes achieved around cost control;
- The successfully completion of the merger with A-Cap;
- Execution of the Mine development Agreement in July 2024; and
- Significant progress made around advancing the groups risk management and governance objectives.

Disappointingly the group safety target was not achieved as a result of one incident requiring medical treatment and two incidents requiring first aid treatment in June 2024 at the Kayelekera. A significant focus continues around ensuring that the Company safety objectives are met. Refer to the Directors Report for more information.

The FY2022 long term incentive performance period ended 30 June 2024 with the vesting of 53.3% of the grants with the company achieving significant resource growth at Kayelekera and more broadly with the acquisition of the Letlhakane Project. Despite the disappointing recent market conditions for uranium companies across the sector, Lotus achieved strong shareholder returns during the three-year performance period.



Image: Letlhakane team completing their defensive driving training course

# Audited Remuneration Report

## MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

### Remuneration Framework FY2025

The Company has engaged The Reward Practice to perform an independent review of the remuneration framework including the remuneration structures, remuneration benchmarking and allocation between fixed and "at risk" remuneration for Executives. Once complete, the Remuneration Committee and Board will consider the results of this review and the elements to incorporate into the 2025 financial year. The review is considering Non-Executive Directors, the Chief Executive Officer and Key Management Personnel.

The attraction and retention of highly skilled executives and staff is of significant importance for the Board as the Group embarks on a transformational period. The Board recognises the need to review and enhance the remuneration approach to reflect current market trends and practices and the changing nature of the business as the scale and complexity of the Group's activities increases.

On behalf of the Board, I invite you to review the financial year 2024 Remuneration Report which explains the remuneration arrangements employed by the Group for Directors and Key Executives and how these arrangements align with the Group's objectives and performance.

We value our shareholders support and welcome your feedback as we strive to enhance the transparency and clarity of our reporting. Thank you for your ongoing support and we look forward to our ongoing engagement with you and sharing in our Company's success.



**Mark Hanlon**

Chair – Remuneration and Nomination Committee  
3 September 2024

For personal use only

# Audited Remuneration Report

## REMUNERATION REPORT

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its Regulations. This information has been audited as required by Section 308 (3C) of the Act.

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Group.

## KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were KMP for the entire financial year:

Name	Position held
<b>Executives</b>	
Mr Keith Bowes	Managing Director
Mr Michael da Costa <sup>1</sup>	Chief Operations Officer
Mr Michael Ball	Chief Financial Officer
<b>Non-Executive Directors</b>	
Mr Michael Bowen	Non-Executive Chairman
Mr Grant Davey <sup>2</sup>	Non-Executive Director
Mr Mark Hanlon	Non-Executive Director
Ms Dixie Marshall	Non-Executive Director

<sup>1</sup> Mr Michael da Costa was appointed 15 May 2024.

<sup>2</sup> Mr Grant Davey transitioned to Executive Director on 9 August 2024.

Following the signing of the Mine Development Agreement with the Government of Malawi as the Company transitions to the execution phase for the restart of production at Kayelekera, a management restructure was undertaken with Mr Gregory Bittar appointed Chief Executive Officer appointed on 9 August 2024. Mr Bittar had previously held an advisory role with the Company from 15 May 2024 assisting with the project financing programs, offtake contracting and investor relations.

As part of the restructure Mr Keith Bowes has assumed the role of Technical Director where he will advise the Board and support the management team in the execution of the Kayelekera Project and the development of the Letlhakane Project. Mr Grant Davey has assumed an executive director role to assist with the execution of the Kayelekera Project. There are no changes to Mr Davey's or Mr Bowes' remuneration.



# Audited Remuneration Report

## REMUNERATION GOVERNANCE

### A. Roles and Responsibilities

The roles and responsibilities of the Board, Nomination and Remuneration Committee and external advisors in relation to remuneration for KMP and employees at Lotus are outlined below.

#### *Board of Directors*

The Board of Directors of the Company are responsible for determining and reviewing remuneration policies for the directors and executives and ensuring alignment with the Company's purpose, values, strategic objectives and risk appetite. The Board has established a Nomination and Remuneration Committee (the Committee) which operates as a subcommittee of the Board. The Board reviews and as appropriate approved recommendations from the Committee.

#### *Nomination and Remuneration Committee*

The Committee's primary function is to assist the Board in fulfilling its responsibility to shareholders in accordance with the Committee Charter by reviewing and recommending to the Board for approval a remuneration policy for KMP. The Committee also reviews and recommends to the Board the proposed remuneration (including incentive awards, equity awards and service contracts) for each KMP.

The Committee regularly assesses remuneration in light of remuneration trends, market conditions and peer companies. During the financial year, the members of the Nomination and Remuneration Committee were Non-Executive Directors Mark Hanlon (Chair), Grant Davey and Dixie Marshall. Subsequent to 30 June 2024, Non-Executive Chair Michael Bowen replaced Grant Davey on this Committee following Grant Davey becoming an Executive Director.

#### *Chief Executive Officer*

The Chief Executive Officer makes recommendations to the Committee regarding remuneration for Executives such as incentive targets and outcomes, short term incentive and long-term incentive participation and individual remuneration and contractual arrangements.

#### *External Advisors*

The Committee also seeks independent advice as required on the appropriateness of remuneration arrangements given trends in comparable companies and in accordance with the objectives of the Company.

Further information on the committee's role, responsibilities and membership in relation to remuneration and composition is set out in the Corporate Governance Statement.

### B. Engagement of Remuneration Consultants

The Committee seeks advice from independent remuneration consultants from time to time as required to assist in discharging its duties, including periodically testing the market competitiveness of the remuneration policy and framework by benchmarking against comparable companies.

The Reward Group was engaged in July 2024 by the Committee to undertake a remuneration benchmarking review for key management personnel and review of incentive structures to ensure they are effective in achieving the Committee's objectives, including attracting and retaining a high calibre team and in driving a high-performance culture. The review is ongoing at the time of this report.

The Committee has in place procedures to ensure that all engagements with independent external remuneration consultants and recommendations (if any) are free from undue influence. In performing their scope Remuneration consultants may be required to interact with management to obtain the relevant information needed to form any remuneration recommendations. In these instances a Non-Executive Director, usually the Chair of the Committee, will always have oversight of interactions between independent consultants and management. No remuneration advice was received during the financial year ended 30 June 2024.

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain highly skilled Executives and staff, and to drive a high performance culture. The structures are designed to reward the achievement of strategic objectives and achieve the broader objective of sustainable creation of long-term value for shareholders.

Given the stage of the Group's development, being pre-production, the overall level of compensation does not have regard to the earnings of the Group.

### A. Employment and Consultancy Agreements

The Company has entered into employment or contractual agreements with its executives. The employment agreements outline the components of remuneration paid to the executives and are reviewed on an annual basis.

### B. Total Fixed Remuneration

Total Fixed Remuneration (TFR) consists of base compensation (which is calculated on a total cost basis and excludes any fringe benefits charges related to employee benefits) as well as employer contributions to superannuation funds.

TFR is set to provide a market competitive base salary and is reviewed annually (or as required) through a process that considers individual and overall performance of the Group, with reference to benchmarking information from ASX listed resources companies. Also taken into consideration are factors such as market conditions, competition for talent, individual's relevant skills and experience and role scope and complexity.

There were no changes to TFR during the financial year ended 30 June 2024. In the previous financial year the Managing Director TFR was adjusted on a pro rata basis with no change in underlying remuneration rate to reflect the transition to the role becoming a full-time role.

### C. Executive KMP Remuneration – FY2024

Remuneration for executives is set out in employment agreements. Details of these employment agreements are provided below. Executives do not receive any retirement benefits, other than statutory superannuation.

Component	Managing Director – Keith Bowes (Appointed on 15 February 2021 and transitioned to Technical Director on 9 August 2024)
Fixed remuneration	\$400,000 Inclusive of superannuation.
Contract duration	No fixed term
Termination	Statutory entitlements will be paid as required by law. Three months written notice.  If there is a material diminution in the Executives position within the Company, the Executive is entitled to payment in lieu of twelve months' notice in addition to statutory entitlements, pro rata payment for of any cash incentive payments, and any unvested incentives will vest immediately in full, subject to the limits imposed under the Corporations Act.
Other benefits	A car park and mobile phone is provided in addition to statutory leave provisions.
Equity incentives	The Executive is eligible to receive an Equity Incentive Award at the Board's discretion and subject to the Executive's performance against pre-agreed KPI's for the relevant performance-based period. In the event of a change of control event, all unvested equity incentives will immediately vest in full.

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

Component	Chief Operations Officer – Michael da Costa (Appointed on 15 May 2024)
Fixed remuneration	\$450,000 Inclusive of superannuation.
Contract duration	Initial 6 month fixed term, extension by mutual agreement.
Termination	Statutory entitlements will be paid as required by law. One months written notice.
Other benefits	A car park and mobile phone is provided in addition to statutory leave provisions.
Equity incentives	The Executive is eligible to receive 2,000,000 options upon joining with an exercise price of \$0.30 per option with 1,000,000 vesting at 31 December 2024 and 1,000,000 vesting at 30 June 2025.

Component	Chief Financial Officer – Michael Ball (Appointed on 5 January 2022)
Fixed remuneration	\$275,000 Inclusive of superannuation.
Contract duration	No fixed term.
Termination	<p>Statutory entitlements will be paid as required by law. Three months written notice.</p> <p>If there is a material diminution in the Executives position within the Company, the Executive is entitled to payment in lieu of twelve months' notice in addition to statutory entitlements, and any unvested incentives will vest immediately in full, subject to the limits imposed under the Corporations Act.</p>
Other benefits	A car park and mobile phone is provided in addition to statutory leave provisions.
Equity incentives	The Executive is eligible to receive an Equity Incentive Award at the Board's discretion and subject to the Executive's performance against pre-agreed KPI's for the relevant performance-based period. In the event of a change of control event, all unvested equity incentives will immediately vest in full.

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### D. Non-Executive Director Remuneration – FY2024

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. Total remuneration for all non-executive directors was increased at the 2023 AGM to a maximum of \$800,000 per year. The increase in fee pool was proposed in recognition that the size of the Board will increase as the Group moves toward production requiring additional director skills sets, the demands on directors will increase as the Group's activities become more complex, and that future fee arrangements will become entirely cash based to align with recommended best practice. Directors' fees cover all main board activities and membership of committees.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation which is included in the Base Fees set out below. Non-Executive Directors have no entitlement to termination payments in the event of removal for misconduct or gross negligence.

Non-executive director fees are reviewed annually by the Board taking into account comparable roles and market data. The Board recognises the importance of retaining key personnel and providing an appropriate remuneration to deliver the Company's objectives. In the interests of conserving cash, options are viewed as a cost-effective and efficient mechanism to align the interests of Directors with shareholders. As such, non-executive directors were issued options during the financial year. Fees for the financial year are as follows:

Name	Base Fees (Annual)	Options Granted	Term of Agreement	Notice Period
Mr Michael Bowen	\$75,000	3,000,000	No fixed term	Statutory
Mr Grant Davey <sup>1</sup>	\$50,000	2,000,000	No fixed term	Statutory
Mr Mark Hanlon	\$50,000	2,000,000	No fixed term	Statutory
Ms Dixie Marshall	\$50,000	2,000,000	No fixed term	Statutory

<sup>1</sup> Mr Grant Davey transitioned to Executive Director on 9 August 2024 with no change in remuneration.

Options issued entitled the holder the right to acquire one ordinary share with a nil exercise price. The Options will vest on 31 March 2025 and expire on 30 September 2026. The options have a service condition but do not have performance-based vesting conditions to ensure director independence is maintained. Refer to the table under Incentive Arrangements for further details.



# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### E. Incentive Arrangements – Option Plan

The Group adopted an Option Plan (the Option Plan) which was approved by the shareholders at the 2022 Annual General Meeting. The Group considers performance-based remuneration to be a critical component of the overall remuneration framework, by providing remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives and seek to generate long term shareholder value. The table below sets out the key terms of the Option Plan.

Plan Term	Description of Term
Termination of Employment	Where a Participant who holds Options becomes a Leaver, all unvested Options will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.
Change of Control	If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Options will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event. <sup>6</sup>

Plan Term	Description of Term
Board Discretion	All incentives offers and final outcomes are subject to the full discretion of the Board (or Nomination and Remuneration Committee as its delegate).
Clawback	Under the terms and conditions of the Company's incentive plan offer and option plan rules, the Board (or Nomination and Remuneration Committee as its delegate) has discretion to determine forfeiture of unvested equity awards in certain circumstances (e.g. unlawful, fraudulent or dishonest behaviour or a serious breach of obligations to the Company).

The Group may utilise both short-term and long-term incentive programs to balance the short and long-term aspects of business performance, to reflect market practice, to attract and retain key talent and to ensure a strong alignment between the incentive arrangements of executives and the creation and delivery of shareholder return. Both short term incentives and long-term incentives were issued under the Option Plan in the 2024 financial year.

<sup>6</sup> Certain Executive employment contracts contain clauses that differ to the Plan terms in relation to vesting outcomes in the event of a change of control.

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### E. Incentive Arrangements – Option Plan (continued)

#### Short-term incentives

The Managing Director, Key Management Personnel and other employees have the opportunity to earn an annual Short-Term Incentive (STI) if predefined targets are achieved.

STI Term	Description of Term
Who participates in the STI Plan?	All Executives and other employees are eligible for the STI.
What is the objective of the STI Plan?	To attract, reward and retain high calibre employees. To incentivise employees towards meeting the company short term objectives.
How is the award delivered?	Zero exercise prices options issued under the Lotus Option Plan are the vehicle used for the FY2024 STI for Executives, Senior Management and Corporate staff. Employees in Malawi and Botswana can be rewarded under the short-term incentive by cash payment instead of options.
How much can Executives earn?	The STI opportunity is measured as a percentage of TFR. Refer to the table setting out the FY2024 STI opportunity and outcomes for individual KMP opportunities.
What is the performance period?	The STI is issued annual and relates to performance over the period 1 July to 30 June. The relevant period for the FY2024 STI was 1 July 2023 to 30 June 2024.
How was performance measured?	Performance is measured against pre-determined measurable financial and non-financial performance targets as set out in the scorecard below.
When are the outcomes determined?	The outcomes for the FY2024 STI were determined at the end of the performance period following a review by the Committee and Board of performance against the STI performance targets. The Board determined the final STI bonus based on this assessment of performance.
What happens if Executive leaves?	For retention purposes, the Executive must remain an employee, office bearer or consultant of the company at the date the outcomes are determined. However, if an Executive's employment or consultancy with the Company is terminated prior to this time, the Board retains the discretion to award or forfeit any STI on a case by case basis, taking into account longevity and the reasons for leaving.

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### FY2024 Short Term Incentive Targets and Performance Outcomes

The STI awards for the executive team in the 2024 financial year were based on the scorecard measures and weighting as disclosed below. Targets were approved by the Committee through a rigorous process to align the Company's strategic and business objectives. The Committee has the discretion to adjust short term incentives downwards in light of unexpected or unintended circumstances.

The pre-determined performance conditions relating to the financial year 2024 STI opportunity for eligible KMP and the outcomes as assessed by the Committee are set out in the table below. In the event of a significant safety incident (involving a fatality or life changing event) or major environmental incident the Committee has the discretion to review vesting outcomes.

Area	Weighting	Target	Outcomes
Safety and Environment	20%	<ul style="list-style-type: none"> <li>Total Recordable Injury Frequency Rate (TRIFR) improvement below specified value. Refer to the Directors Report for more details.</li> </ul>	0% Not Met
Financial Performance	15%	<ul style="list-style-type: none"> <li>FY2024 costs for the whole Group equal to or below budget equals 75% vesting.</li> <li>Additional 25% vesting determined by calculation if performance is below budget.</li> </ul>	15% Achieved
	7.5%	<ul style="list-style-type: none"> <li>FY2024 costs for Kayelekera Site Managed Costs below budget equals 75% vesting.</li> <li>Additional 25% vesting determined by calculation if performance is below budget.</li> </ul>	7.5% Achieved
	2.5%	<ul style="list-style-type: none"> <li>FY2024 costs for Letlhakane and Wilconi Projects below budget equals 75%.</li> <li>Additional 25% vesting determined by calculation if performance is below budget.</li> </ul>	2.2% Achieved Threshold & Partial Additional Vesting Met
Projects and Growth	30%	<ul style="list-style-type: none"> <li>Execute Mine Development Agreement with terms supportive of project development.</li> </ul>	15% Achieved
	10%	<ul style="list-style-type: none"> <li>Complete Scheme of Arrangement for A-Cap Merger with implementation by mid-November 2023.</li> </ul>	10% Achieved
Governance	15%	<ul style="list-style-type: none"> <li>For this target to vest a threshold TSR performance at or above the 50th percentile for the peer group identified in the LTI target must be achieved.</li> <li>If this is achieved then the Board will assess the performance of the executive / management team based on specific criteria relating to statutory audit, risk management and governance compliance.</li> </ul>	15% Achieved Threshold TSR Target Met, Additional Vesting Met
<b>Total</b>	<b>100%</b>	<b>Total Vesting Outcome</b>	<b>60.2%</b>

For personal use only

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### FY2024 Short Term Incentive Opportunity and Outcomes by KMP

Name	Role	Maximum STI Opportunity (as % of TFR as at 1 July 2023)	Total STI Available for FY2024 (\$)	Total STI Awarded (\$)
Keith Bowes	Managing Director	53.5%	\$214,000	\$128,828
Michael Ball	Chief Financial Officer	42.8%	\$117,700	\$70,855

*\* KMP Michael da Costa joined on 15 May 2024 and was not eligible to participate in the FY2024 STI.*

Certain KMP and other employees were eligible for a one-off cash STI bonus with payment conditional upon the achievement of each of two milestones critical to the Company objectives relating to the completion of the A-Cap Group acquisition and for execution of the Mine Development Agreement. In relation to the A-Cap Group acquisition the Managing Director Keith Bowes received \$45,000 and the Chief Financial Officer Michael Ball received \$30,000. After the end of the reporting period the Mine Development Agreement cash bonus was awarded with the Managing Director Keith Bowes receiving \$30,000 and the Chief Financial Officer Michael Ball receiving \$20,000.



Image: Kayelekera tailing storage facility



# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### Long-Term Incentives

The LTI is designed to focus executives on delivering long-term sustainable shareholder returns. The key elements of the plan are summarised below. As the LTI is issued under the Lotus Option Plan the key terms for the Plan are also relevant. In the event of a significant safety incident (involving a fatality or life changing event) or major environmental incident the Committee has the discretion to review vesting outcomes.

LTI Term	Description of Term
Who participates in the LTI Plan?	Executives and nominated Senior Management are eligible to participate being the employees who are most able to influence shareholder value. The Board may invite other employees, from time to time, at its discretion.
What is the objective of the LTI Plan?	<p>To align Executive and shareholder interests through share ownership, focussing on Group results through awards of long term, at risk, deferred equity.</p> <p>To reward Executives for the achievement of strategic objectives that position the Company for future long term sustainable success.</p> <p>To attract, reward and retain high calibre Executives and drive a high-performance driven culture.</p>
How is the award delivered?	Zero exercise prices options issued under the Lotus Option Plan are the vehicle used under the LTI Plan.
How often are awards made?	LTI awards are granted on an annual basis to eligible participants.
How much can Executives earn?	<p>Under the FY2024 LTI the LTI opportunity is measured as a percentage of TFR.</p> <p>For the FY2024 LTI the Managing Director had an LTI opportunity of 102% of TFR for the FY2024 and the Chief Financial Officer had an LTI opportunity of 64.2% of TFR.</p>
What is the performance period?	The performance period is a three-year period from 1 July to 30 June. The FY2024 LTI performance period is from 1 July 2023 to 30 June 2026
How is performance measured?	Performance is measured against pre-determined measurable performance targets including a Total Shareholder Return target and milestone-based targets as set out in the scorecard below.
When are the outcomes determined?	<p>The outcomes for the FY2022 LTI were determined at the end of the performance period following a review by the Committee and Board of performance against the LTI performance targets.</p> <p>The Board determined the final LTI bonus based on this assessment of performance.</p> <p>The outcomes for the FY2024 LTI will be assessed at the end of the performance period (i.e. after 30 June 2026).</p>
What happens if Executive leaves?	<p>For retention purposes, the participant must remain an employee or consultant of the company at the date the outcomes are determined.</p> <p>However, if a participant's employment or consultancy with the Company is terminated prior to this time, the Board retains the discretion to award or forfeit any STI on a case by case basis, taking into account longevity and the reasons for leaving.</p>

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### Long-Term Incentives (continued)

The pre-determined performance conditions relating to the financial year 2022 LTI opportunity for eligible KMP and the outcomes as assessed by the Committee are set out in the table below. The performance period ran from 1 July 2021 to 30 June 2024.

KPI	Weighting	Target	Outcomes
Shareholder Return	50%	<u>Relative Total Shareholder Return (TSR)</u>  Share price growth over the period compared with peer group: <ul style="list-style-type: none"> <li>• &lt; 50th percentile = 0% vest</li> <li>• 50th - 75th percentile = 50%-100% pro-rata vesting</li> <li>• &gt; 75th percentile = 100% vest</li> </ul>	33.3% Achieved
Project Milestones	20%	<u>Mineral Resources Growth</u>  Increase the JORC compliant Mineral Resource Estimate at Kayelekera by >25% from that reported prior to acquisition (refer to ASX announcement dated 24 June 2019) <ul style="list-style-type: none"> <li>• 0% - 25% growth = pro-rata vesting</li> <li>• &gt;25% growth = 100% vest</li> </ul>	20% Achieved
	20%	<u>Ore Reserve Growth</u>  Increase the Group's JORC Compliant Ore Reserves by >15% from that reported prior to acquisition (refer to ASX announcement dated 24 June 2019) <ul style="list-style-type: none"> <li>• 0% - 15% growth = pro-rata vesting</li> <li>• &gt;15% growth = 100% vest</li> </ul>	0% Not Met
	10%	<u>Rare Earths Resource</u>  Discovery of JORC compliant resource at Kayelekera of minimum 5Mt at 3.5% contained Total Rare Earth Oxide or  Execute commercialisation of rights by way of joint venture or divestment.	0% Not Met
<b>Total</b>	<b>100%</b>	<b>Total Vesting Outcome</b>	<b>53.3%</b>

# Audited Remuneration Report

## PRINCIPLES OF REMUNERATION

### Long-Term Incentives (continued)

The Peer Group used for the financial year 2022 Relative TSR measure is set out in the table below. In selecting the Peer Group, the Committee considered an investor perspective for a uranium focussed company seeking to transition to production.

Company	Exchange:Code	Company	Exchange:Code
1. Paladin Energy Limited	ASX:PDN	7. Berkeley Energia	ASX:BKY
2. Boss Energy Limited	ASX:BOE	8. Govi-Ex Uranium Inc.	TSX:GXU
3. Peninsula Energy Limited	ASX:PEN	9. Energy Fuels Inc.	TSX:EFR
4. Deep Yellow Limited	ASX:BMN	10. UR Energy Inc.	TSX:URE
5. Bannerman Limited	ASX:DYL	11. Uranium Energy Corp.	NYSE:UEC
6. Alligator Energy Limited	ASX:AGE		

*Note that some companies in the above peer group listing have multiple listings and details of only one listing is provided. Vimy Resources Limited was removed from the peer group following its acquisition by Deep Yellow Limited.*



Image: Letlhakane geologists logging drill core

# Audited Remuneration Report

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of the remuneration of the key management personnel of the Group are:

		SHORT-TERM			POST-EMPLOYMENT	SHARE-BASED PAYMENTS		
		Salary, Fees & Leave \$	Non-Monetary \$	Cash Bonus \$	Superannuation & Long Service Leave \$	Options \$	Total \$	Proportion of Performance Based Remuneration %
<b>Non-Executive Directors</b>								
Mr M Bowen	2024	67,568	-	-	7,432	369,325	444,325	83%
	2023	67,873	-	-	7,127	75,083	150,083	50%
Mr G Davey	2024	50,000	-	-	-	246,217	296,217	83%
	2023	50,000	-	-	-	50,055	100,055	50%
Mr M Hanlon	2024	45,045	-	-	4,955	246,217	296,217	83%
	2023	45,249	-	-	4,751	50,055	100,055	50%
Ms D Marshall	2024	45,045	-	-	4,955	371,801	421,801	88%
	2023	45,249	-	-	4,751	492,883	542,883	91%
<b>Executive Director</b>								
Mr K Bowes <sup>1</sup>	2024	386,827	8,675	45,000	28,548	792,397	1,261,447	66%
	2023	372,500	8,422	-	27,500	406,272	814,694	50%
<b>Other KMP</b>								
Mr M da Costa <sup>2</sup>	2024	69,966	704	-	7,147	74,515	152,332	49%
	2023	-	-	-	-	-	-	-
Mr M Ball <sup>1</sup>	2024	258,229	7,385	30,000	28,816	187,530	511,960	42%
	2023	248,724	8,422	-	26,276	181,105	464,527	39%
<b>Total KMP</b>	<b>2024</b>	<b>922,680</b>	<b>16,764</b>	<b>75,000</b>	<b>81,853</b>	<b>2,288,002</b>	<b>3,384,299</b>	<b>70%</b>
	2023	829,595	16,844	-	70,405	1,255,453	2,172,297	58%

<sup>1</sup> As employees of the Company, Mr Keith Bowes and Mr Michael Ball accrued long-service leave benefits of \$1,048 and \$1,553, respectively for the financial year ended 30 June 2024. The amounts were included as part of the post-employment section of the above table.

<sup>2</sup> Mr Michael Da Costa was appointed on 15 May 2024.

<sup>3</sup> Mr Grant Davey transitioned to Executive Director on 9 August 2024.

For personal use only



# Audited Remuneration Report

## OPTIONS ISSUED DURING THE FINANCIAL YEAR TO KEY MANAGEMENT PERSONNEL

The table below sets out details of options granted to the KMP, where the vesting criteria did not contain any market conditions.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
<b>Managing Director – Keith Bowes</b>							
1,156,757	28/11/2023	31/10/2026	\$0.00 each	\$0.28	Nil	3.870%	\$0.280
1,098,919	28/11/2023	31/10/2028	\$0.00 each	\$0.28	Nil	3.870%	\$0.280
<b>Chief Financial Officer – Michael Ball</b>							
636,217	30/10/2023	31/10/2026	\$0.00 each	\$0.22	Nil	3.870%	\$0.220
477,163	30/10/2023	31/10/2028	\$0.00 each	\$0.22	Nil	3.870%	\$0.220

\* KMP Michael da Costa joined on 15 May 2024 and was not eligible for the FY2024 STI or FY2024 LTI grants.

The table below sets out details of the options granted to KMP that contained market based vesting criteria related to total shareholder return performance against a peer group. A Monte-Carlo simulation was performed to estimate the fair value.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
<b>Managing Director – Keith Bowes</b>							
1,098,919	28/11/2023	31/10/2028	\$0.00 each	\$0.28	Nil	3.870%	\$0.2145
<b>Chief Operations Officer – Michael da Costa</b>							
2,000,000	20/05/2024	19/05/2027	\$0.30 each	\$0.475	Nil	4.110%	\$0.263
<b>Chief Financial Officer – Michael Ball</b>							
477,163	30/10/2023	31/10/2028	\$0.00 each	\$0.22	Nil	3.870%	\$0.1535

In addition, during the period, 12,000,000 options were granted to Directors with a service-related vesting condition. 3,000,000 options were issued to the Managing Director with the number issued to each Non-Executive Directors set out previously. Furthermore, 2,000,000 options were granted with a service-related vesting condition to the Chief Operations Officer.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
12,000,000	28/11/2023	30/09/2026	\$0.00 each	\$0.28	Nil	3.870%	\$0.280
2,000,000	20/05/2024	19/05/2027	\$0.30 each	\$0.475	Nil	4.110%	\$0.263

For personal use only

# Audited Remuneration Report

## OPTIONS HOLDINGS OF KEY MANAGEMENT PERSONNEL

For the year ended 30 June 2024, the outstanding options granted by the Company to KMP are set out below. The options carry no dividend or voting rights.

2024	Held at 1 July 2023	Granted as compensation	Exercised	Lapsed	Held at 30 June 2024	Vested during the year
<b>Non-Executive Directors</b>						
Mr Michael Bowen	-	3,000,000	-	-	3,000,000	-
Mr Grant Davey <sup>1</sup>	-	2,000,000	-	-	2,000,000	-
Mr Mark Hanlon	-	2,000,000	-	-	2,000,000	-
Ms Dixie Marshall	2,000,000	2,000,000	(2,000,000)	-	2,000,000	2,000,000
<b>Executive Director</b>						
Mr Keith Bowes	10,478,475	6,354,595	(6,000,000)	(594,419)	10,238,651	335,814
<b>Other KMP</b>						
Mr Michael da Costa	-	2,000,000	-	-	2,000,000	-
Mr Michael Ball	1,779,070	1,590,542	(685,209)	(326,419)	2,357,984	435,209

<sup>1</sup> Mr Grant Davey transitioned to Executive Director on 9 August 2024.

## SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The table below sets out the shareholdings of KMP and the movements for the year ended 30 June 2024.

2024	Held at 1 July 2023	Acquired at market value	Received on exercise of options	Disposal	Other Changes	Held at 30 June 2024
<b>Non-Executive Directors</b>						
Mr Michael Bowen	5,250,000	-	-	-	-	5,250,000
Mr Grant Davey <sup>1,2</sup>	179,459,031	-	-	(3,949,542)	(25,411,031)	150,098,458
Mr Mark Hanlon	6,500,000	-	-	-	-	6,500,000
Ms Dixie Marshall	-	-	2,000,000	(1,200,000)	-	800,000
<b>Executive Director</b>						
Mr Keith Bowes <sup>1</sup>	4,000,000	-	6,000,000	(10,000,000)	11,323,196	11,323,196
<b>Other KMP</b>						
Mr Michael da Costa	-	-	-	-	-	-
Mr Michael Ball	-	-	685,209	(435,209)	-	250,000

<sup>1</sup> Following shareholder approval on 30 July 2021, 226,463,927 shares were issued to Kayelekera Resources Pty Ltd, an entity related to non-executive director Grant Davey, in consideration for the Project interest acquired. 50,954,438 shares were previously transferred to an entity with an interest in Kayelekera Resources Pty Ltd. During the financial year ended 30 June 2024, 25,411,031 shares (including 11,323,196 shares transferred to Keith Bowes) to certain entities with interest on Kayelekera Resources Pty Ltd, thereby releasing the bare trust arrangements on these entities.

<sup>2</sup> Mr Grant Davey transitioned to Executive Director on 9 August 2024.

# Audited Remuneration Report

## OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND DIRECTORS' RELATED ENTITIES

Key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. The Board has in place procedures to review the nature and terms of such related party transactions, prior to commencement, and on a regular basis thereafter, to ensure that the transactions are appropriate and do not have the potential to compromise director independence.

The Company engages a range of law firms, including Thompson Geer Lawyers (Thomson Geer) from time to time, as considered appropriate for the services required. Mr Michael Bowen, who is a Non-Executive Director of the Company is a Partner of national law firm Thompson Geer. The Company used Thompson Geer for general legal services and also transactional support. The services provided by Thompson Geer were done so at an arm's length basis and on normal commercial terms. During the financial year, the Company incurred costs under this arrangement totalling \$294,037 which predominately related to the A-Cap transaction by way of Scheme of Arrangement and also provided efficiencies due to Mr Bowen's knowledge of the Company (2023: \$140,052). There was no balance owing to Thompson Geer as at 30 June 2024 in relation to the provision of services (2023: \$107,965).

Mr Grant Davey, who was a Non-Executive Director of the Company until 9 August 2024 at which time he transitioned to Executive Director, is also a Director and a shareholder of Matador Capital Pty Ltd (Matador Capital). The Company made payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, general office services, bookkeeping services, company secretarial services, ESG consulting services, corporate development and investor relation services and, technical exploration and geological staff to the Company at cost plus 5%. During the year, the Company incurred costs under this arrangement totalling \$814,482 (2023: \$635,589). These services provided by Matador Capital were done so at an arm's length basis and on normal commercial terms. In addition to Mr Davey's Director fees payment of \$50,000 (2023: \$50,000) as disclosed in the remuneration table above, he was paid a consulting fee of \$100,000 (2023: \$100,000) in relation to government liaison and in country services. There was a balance of \$71,662 (2023: \$62,895) owing to Matador Capital as at 30 June 2024 in relation to the provision of services. As the Company makes the transition to producer, the office sharing, and cost sharing arrangements will be scaled down and discontinued.

Ms Dixie Marshall, who is a Non-Executive Director of the Company, is a Director at advertising company Marketforce. The Company incurred costs with Marketforce totalling \$36,236 on arm's length normal commercial terms for a corporate rebranding exercise including website re-design and development for which it was considered that the selection of Marketforce provided certain efficiencies as a result of the knowledge of the Company's business provided by Ms Marshall (2023: nil). There was a balance of \$22,865 (2023: nil) owing to Marketforce as at 30 June 2024 in relation to the provision of those services.

There were no other related party transactions with key management personnel during the year.

**[This is the end of the audited remuneration report.]**

For personal use only

# Auditor's Independence Declaration



## RSM Australia Partners

Level 32 Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

[www.rsm.com.au](http://www.rsm.com.au)

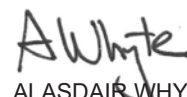
### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Lotus Resources Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM  
RSM AUSTRALIA

Perth, WA  
Dated: 3 September 2024

  
ALASDAIR WHYTE  
Partner

THE POWER OF BEING UNDERSTOOD  
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.  
RSM Australia Partners ABN 36 965 185 036  
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only





# Corporate Governance Statement

Lotus Resources and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Lotus Resources has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2024 corporate governance statement is dated as at 30 June 2024 and reflects the corporate governance practices in place throughout the 2024 financial year. The 2024 corporate governance statement was approved by the Board on 3 September 2024. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed on the Company's website at [www.lotusresources.com.au/corporate/corporate-governance](http://www.lotusresources.com.au/corporate/corporate-governance).

For personal use only

# Annual Financial Statements

## Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income	65
Consolidated Statement of Financial Position	66
Consolidated Statement of Changes in Equity	67
Consolidated Statement of Cash Flows	69
Notes to the Consolidated Financial Statements	70
Consolidated Entity Disclosure Statement	107
Directors' Declaration	108
Independent Auditors' Report	109
ASX Additional Information	114

For personal use only



# Statement of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
Other income	3	1,669,776	1,195,764
Corporate and administrative expenses	4(a)	(3,609,421)	(2,888,286)
Care and maintenance costs	4(b)	(3,741,967)	(3,573,338)
Exploration and evaluation expenses	10	(3,061,969)	(1,064,041)
Finance costs – accretion interest	15	(1,309,702)	(1,428,869)
Finance costs – other		(131,877)	(148,572)
Impairment charges – plant and equipment	9	(1,423,931)	(522,578)
Impairment charges – exploration and evaluation assets	9	(10,447,397)	-
Depreciation charges	9	(2,740)	(2,223)
Share-based payments expense	22	(3,161,616)	(1,917,251)
<b>Loss before income tax</b>		<b>(25,220,844)</b>	<b>(10,349,394)</b>
Income tax expense	5	(22,881)	(211,138)
<b>Loss after income tax</b>		<b>(25,243,725)</b>	<b>(10,560,532)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences on translating foreign operations		(1,552,195)	418,082
<b>Total other comprehensive loss, net of tax</b>		<b>(1,552,195)</b>	<b>418,082</b>
<b>Total comprehensive loss for the financial year</b>		<b>(26,795,920)</b>	<b>(10,142,450)</b>
Loss attributable to:			
Non-controlling interests		(736,275)	(643,796)
Members of the parent		(24,507,450)	(9,916,736)
		<b>(25,243,725)</b>	<b>(10,560,532)</b>
Total comprehensive loss attributable to:			
Non-controlling interests		(1,003,750)	(643,517)
Members of the parent		(25,792,170)	(9,498,933)
		<b>(26,795,920)</b>	<b>(10,142,450)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	26	(1.54)	(0.76)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



# Statement of financial position

as at 30 June 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
<strong>Current Assets</strong>			
Cash and cash equivalents	6	34,125,776	15,519,217
Other current assets	7	1,215,557	1,169,556
Inventories	8	136,986	492,560
<strong>Total Current Assets</strong>		<strong>35,478,319</strong>	<strong>17,181,333</strong>
<strong>Non-Current Assets</strong>			
Plant and equipment	9	164,480	3,797
Exploration and evaluation assets	10	118,178,228	39,532,314
Other financial assets	11	14,999,903	15,053,100
<strong>Total Non-Current Assets</strong>		<strong>133,342,611</strong>	<strong>54,589,211</strong>
<strong>Total Assets</strong>		<strong>168,820,930</strong>	<strong>71,770,544</strong>
<strong>Current Liabilities</strong>			
Trade and other payables	12	3,087,556	811,449
Provisions – current	13	135,996	16,247
<strong>Total Current Liabilities</strong>		<strong>3,223,552</strong>	<strong>827,696</strong>
<strong>Non-Current Liabilities</strong>			
Provisions – non-current	15	38,202,500	37,257,958
<strong>Total Non-Current Liabilities</strong>		<strong>38,202,500</strong>	<strong>37,257,958</strong>
<strong>Total Liabilities</strong>		<strong>41,426,052</strong>	<strong>38,085,654</strong>
<strong>Net Assets</strong>		<strong>127,394,878</strong>	<strong>33,684,890</strong>
<strong>Equity</strong>			
Contributed equity	16	263,785,659	143,537,936
Reserves	17	(32,681,683)	(31,577,701)
Accumulated losses	18	(101,296,301)	(76,866,298)
Equity attributable to owners of the Company		129,807,675	35,093,937
Non-controlling interest	17	(2,412,797)	(1,409,047)
<strong>Total Equity</strong>		<strong>127,394,878</strong>	<strong>33,684,890</strong>

The above statement of financial position should be read in conjunction with the accompanying notes.





# For personal use only

## Statement of changes in equity

for the year ended 30 June 2024

Consolidated 2024	Contributed Equity \$	Share-Based Payment Reserve \$	Foreign Currency Reserve \$	Accumulated Losses \$	Capital Reserves \$	Non-Controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2023</b>	<b>143,537,936</b>	<b>2,995,081</b>	<b>373,178</b>	<b>(76,866,298)</b>	<b>(34,945,960)</b>	<b>(1,409,047)</b>	<b>33,684,890</b>
Loss after income tax	-	-	-	(24,507,450)	-	(736,275)	(25,243,725)
Other comprehensive loss	-	-	(1,284,720)	-	-	(267,475)	(1,552,195)
<b>Total comprehensive loss for the financial year</b>	<b>-</b>	<b>-</b>	<b>(1,284,720)</b>	<b>(24,507,450)</b>	<b>-</b>	<b>(1,003,750)</b>	<b>(26,795,920)</b>
<b>Transactions with equity holders in their capacity as equity holders</b>							
Shares issued on acquisition of A-Cap Group	88,622,108	-	-	-	-	-	88,622,108
Shares issued to consultants	802,201	-	-	-	-	-	802,201
Share-based payments	-	2,359,415	-	-	-	-	2,359,415
Exercise of options	2,651,230	(2,101,230)	-	-	-	-	550,000
Expiry of options	-	(77,447)	-	77,447	-	-	-
Issue of shares – capital raising	30,000,000	-	-	-	-	-	30,000,000
Share issue costs	(1,827,816)	-	-	-	-	-	(1,827,816)
<b>Balance at 30 June 2024</b>	<b>263,785,659</b>	<b>3,175,819</b>	<b>(911,542)</b>	<b>(101,296,301)</b>	<b>(34,945,960)</b>	<b>(2,412,797)</b>	<b>127,394,878</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# For personal use only

## Statement of changes in equity

for the year ended 30 June 2024

Consolidated 2023	Contributed Equity \$	Share-Based Payment Reserve \$	Option Premium Reserve \$	Foreign Currency Reserve \$	Accumulated Losses \$	Capital Reserves \$	Non-Con- trolling Interest \$	Total Equity \$
<b>Balance at 1 July 2022</b>	114,923,546	2,637,335	1,361,434	(44,625)	(68,391,981)	(34,945,960)	(765,530)	14,774,219
Loss after income tax	-	-	-	-	(9,916,736)	-	(643,796)	(10,560,532)
Other comprehensive loss	-	-	-	417,803	-	-	279	418,082
<b>Total comprehensive loss for the financial year</b>	-	-	-	<b>417,803</b>	<b>(9,916,736)</b>	-	<b>(643,517)</b>	<b>(10,142,450)</b>
<b>Transactions with equity holders in their capacity as equity holders</b>								
Shares issued for deferred consideration	3,000,000	-	-	-	-	-	-	3,000,000
Exercise of options by shareholders	482,044	-	-	-	-	-	-	482,044
Expiry of options	-	(80,985)	-	-	80,985	-	-	-
Share-based payments	1,478,520	438,731	-	-	-	-	-	1,917,251
Share issue costs	(1,346,174)	-	-	-	-	-	-	(1,346,174)
Issue of shares – capital raising	25,000,000	-	-	-	-	-	-	25,000,000
Reclassification of options premium reserve to accumulated losses	-	-	(1,361,434)	-	1,361,434	-	-	-
<b>Balance at 30 June 2023</b>	<b>143,537,936</b>	<b>2,995,081</b>	-	<b>373,178</b>	<b>(76,866,298)</b>	<b>(34,945,960)</b>	<b>(1,409,047)</b>	<b>33,684,890</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Statement of cash flows

for the year ended 30 June 2024

	Note	Consolidated 2024 \$	Consolidated 2023 \$
<b>Cash flows from operating activities</b>			
Other income received		21,158	102,472
Interest received		1,566,274	934,579
Payments to suppliers and employees		(3,539,520)	(3,337,438)
Payments for care and maintenance		(5,200,147)	(5,731,906)
Finance costs paid		(152,595)	(148,573)
Income tax paid		(22,881)	(161,944)
<b>Net cash used in operating activities</b>	27	<b>(7,327,711)</b>	<b>(8,342,810)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration costs		(2,124,901)	-
Purchases of plant and equipment		(1,400,025)	(524,641)
Payment of environmental bond	14	-	(4,518,392)
Cash acquired from acquisition of A-Cap Group		1,237,533	-
Payments for acquisition-related costs		(360,644)	-
<b>Net cash used in investing activities</b>		<b>(2,648,037)</b>	<b>(5,043,033)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		30,000,000	25,000,000
Share issue transaction costs		(1,827,816)	(1,346,174)
Proceeds from the exercise of options		550,000	482,044
<b>Net cash from financing activities</b>		<b>28,722,184</b>	<b>24,135,870</b>
<b>Net increase in cash and cash equivalents</b>		<b>18,746,436</b>	<b>10,750,027</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>15,519,217</b>	<b>4,876,370</b>
Effect of exchange rate changes on cash and cash equivalents		(139,877)	(107,180)
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>34,125,776</b>	<b>15,519,217</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION

This financial report includes the consolidated financial statements and notes of Lotus Resources Limited and controlled entities (**consolidated entity** or the **Group**). The separate financial statements and notes of Lotus Resources Limited as an individual parent entity (**Company** or **Lotus Resources**) have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in note 31.

The financial report was authorised for issue on 3 September 2024 by the Directors of the Company.

### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2024. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### **Basis of Preparation**

The consolidated financial statements are a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of the financial report are set out either in the respective notes or below. They have been consistently applied unless otherwise stated.

The financial report covers Lotus Resources and its subsidiaries and has been prepared in Australian dollars. Lotus Resources is a listed public company, incorporated and domiciled in Australia.

#### *Historical cost convention*

The financial report has been prepared under the historical cost convention, except as otherwise disclosed below or on the respective notes.

#### *Critical accounting estimates*

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 19.

### **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.



# Notes to the Financial Statements

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lotus Resources as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when they are exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the consolidated entity's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

# Notes to the Financial Statements

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Foreign currency

#### *Functional and presentation currency*

Both the functional and presentation currency of the parent entity and the Group is Australian Dollars (\$), with the exception of Lotus (Africa) Limited and Lotus Marula Botswana Proprietary Limited (formerly A-Cap Resources Botswana (Pty) Ltd) whose functional currency for both Companies is United States Dollars (US\$).

#### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its' carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

The consolidated entity's financial assets during the financial year comprised other receivables and a security deposit.

# Notes to the Financial Statements

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Investments and other financial assets (continued)

#### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### *Derecognition of financial assets*

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the consolidated entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### Goods and Services Tax (and other similar taxes)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the tax authority. In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

# Notes to the Financial Statements

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Asset acquisition

If an entity acquires an asset or a group of assets (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of AASB 3, Business Combination because it cannot meet the definition of a business combination. Such transaction is accounted for as an asset acquisition in which the cost of acquisition is generally allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition and does not give rise to a goodwill. Transaction costs are capitalised into the carrying value of individual assets, rather than being expensed as is the case for business combinations.

In addition, the acquisition of non-financial assets that does not constitute a business in exchange for equity instruments is in scope of AASB 2, Share-based Payments, where the entity shall measure the goods or services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless the fair value cannot be estimated reliably.

If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their fair value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.





# Notes to the Financial Statements

## 2. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the consolidated entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the Board of Directors.

During the financial year ended 30 June 2024, the Consolidated entity operated in four business segments and two geographical locations, being the exploration, evaluation and development of Uranium assets in Africa (comprising the geographical locations Malawi and Botswana), nickel-cobalt exploration, evaluation and development in Australia, and Corporate activities in Australia.

2024	Operating Loss \$	Total Assets \$	Total Liabilities \$
Uranium – Malawi	(5,155,281)	55,804,758	(38,530,422)
Uranium – Botswana	(70,231)	74,594,058	(335,949)
Nickel-Cobalt-Australia	(10,450,608)	44,680	(448,544)
Corporate	(9,567,605)	38,377,434	(2,111,137)
	<u>(25,243,725)</u>	<u>168,820,930</u>	<u>(41,426,052)</u>

2023	Operating Loss \$	Total Assets \$	Total Liabilities \$
Uranium – Malawi	(4,291,973)	55,713,692	(37,300,374)
Corporate	(6,268,559)	16,056,852	(785,280)
	<u>(10,560,532)</u>	<u>71,770,544</u>	<u>(38,085,654)</u>

## 3. OTHER INCOME

	Consolidated 2024 \$	Consolidated 2023 \$
Finance income – interest	1,648,618	1,093,292
Other income (including foreign currency gains)	21,158	102,472
	<u>1,669,776</u>	<u>1,195,764</u>

# Notes to the Financial Statements

## 3. OTHER INCOME (CONTINUED)

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Foreign currency gain or loss on financial assets and financial liabilities*

Finance costs attributable to qualifying assets are capitalised as part of the asset (e.g. interest on borrowings). All other finance gains or losses are realised when earned or expensed in the period in which they are incurred, respectively. These are mainly foreign currency gains or losses on financial assets and financial liabilities.

## 4. EXPENSES

	Consolidated 2024 \$	Consolidated 2023 \$
<b>(a) Corporate and administrative expenses</b>		
Director fees and salaries, including superannuation expense	1,414,998	1,120,574
Accounting and company secretarial fees	416,808	309,074
Legal fees	21,628	23,997
Other corporate and administrative costs	1,755,987	1,434,641
	<u>3,609,421</u>	<u>2,888,286</u>
<b>(b) Care and maintenance costs</b>		
Processing costs	253,796	299,596
Engineering fees	1,362,760	1,079,480
Site services costs	1,602,889	1,174,746
Safety, health, environment and radiation	253,379	745,138
Security fees	269,143	274,378
	<u>3,741,967</u>	<u>3,573,338</u>

# Notes to the Financial Statements

## 5. TAXATION

	Consolidated 2024 \$	Consolidated 2023 \$
--	----------------------------	----------------------------

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

Income tax expense – withholding tax expense on interest payments	22,881	211,138
---	--------	---------

### *Income tax expense and deferred tax assets and liabilities*

Income tax expense comprises amounts withheld from interest payments under Malawian tax law. These amounts are able to be recouped against assessable company income tax. Given the uncertainty around the timing of the generation of assessable income tax with the Kayelekera Uranium Project currently on care and maintenance, these amounts have been de-recognised for accounting purposes.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

# Notes to the Financial Statements

## 5. TAXATION (CONTINUED)

Lotus Resources Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

At 30 June 2024, the Group has unused tax losses relating to the operating losses incurred under Malawian tax law by subsidiary Lotus (Africa) Limited, the owner of the Kayelekera Uranium Mine. The Group also has tax losses relating to the Australian tax consolidation group.

No deferred tax assets have been recognised with respect to these losses because the Directors do not believe it is appropriate to recognise the deferred tax asset at this point in time. This benefit will only be obtained if:

- the Group expects to derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deduction for the losses.

## 6. CASH AND CASH EQUIVALENTS

	Consolidated 2024 \$	Consolidated 2023 \$
Cash at bank and on hand	625,776	1,019,215
Term deposits	33,500,000	14,500,002
	34,125,776	15,519,217

### *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

As at 30 June 2024, the Group's term deposits have a maturity date of no more than three months (2023: three months).



# Notes to the Financial Statements

## 7. OTHER CURRENT ASSETS

	Consolidated 2024 \$	Consolidated 2023 \$
Prepayments	492,147	538,529
GST receivables	392,241	403,456
Security deposits	141,475	74,826
Other receivables	189,694	152,745
	<u>1,215,557</u>	<u>1,169,556</u>

### *Trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. The Group's exposure to credit risk related to other receivables is disclosed in note 20.

### *Allowance for expected credit losses*

The Group did not recognise any losses (2023: Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

## 8. INVENTORIES

	Consolidated 2024 \$	Consolidated 2023 \$
Spare parts, supplies and consumables	<u>136,986</u>	<u>492,560</u>

### *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method. During the financial year, inventories amounting to \$49,625 (2023: \$15,664) were recognised as an expense and included in the care and maintenances costs in the statement of profit or loss and other comprehensive income. There are no items which are identified as obsolete during the financial year.

# Notes to the Financial Statements

## 9. PLANT AND EQUIPMENT

	Furniture and Fixtures \$	Mine Plant and Equipment \$	Motor Vehicles \$	Total \$
<b>At 30 June 2024 (Consolidated)</b>				
Cost	122,116	3,156,869	232,742	3,511,727
Accumulated depreciation and impairment	(97,744)	(3,112,718)	(136,785)	(3,347,247)
Net carrying amount	24,372	44,151	95,957	164,480
<b>Year ended 30 June 2024 (Consolidated)</b>				
At 1 July 2023, net of accumulated depreciation	3,797	-	-	3,797
Acquisition of Lotus Marula Pty Ltd (note 29)	20,044	31,043	130,987	182,074
Additions	12,074	1,428,157	-	1,440,231
Depreciation charge for the financial year	(2,740)	-	-	(2,740)
Depreciation capitalised to exploration and evaluation assets	(3,690)	(5,265)	(31,250)	(40,205)
Impairment charge for the financial year	(8,404)	(1,415,527)	-	(1,423,931)
Foreign exchange movements	3,291	5,743	(3,780)	5,254
At 30 June 2024, net of accumulated depreciation	24,372	44,151	95,957	164,480
<b>At 30 June 2023 (Consolidated)</b>				
Cost	86,708	1,691,926	113,140	1,891,774
Accumulated depreciation and impairment	(82,911)	(1,691,926)	(113,140)	(1,887,977)
Net carrying amount	3,797	-	-	3,797
<b>Year ended 30 June 2023 (Consolidated)</b>				
At 1 July 2022, net of accumulated depreciation	4,230	-	-	4,230
Additions	1,790	522,578	-	524,368
Depreciation charge for the financial year	(2,223)	-	-	(2,223)
Impairment charge for the financial year	-	(522,578)	-	(522,578)
At 30 June 2023, net of accumulated depreciation	3,797	-	-	3,797

### Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

# Notes to the Financial Statements

## 9. PLANT AND EQUIPMENT (CONTINUED)

### *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

### *Depreciation*

Items of plant and equipment are depreciated using the straight line method over their estimated useful lives of each part of an item of plant and equipment. The useful lives for each class of asset for the current period are as follows:

- Motor vehicles 5 years
- Furniture and fixtures 3–5 years
- Mine plant and equipment 9 years

Depreciation method, useful lives and residual values are reassessed at the reporting date.

### *Derecognition*

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## 10. EXPLORATION AND EVALUATION ASSETS

	Consolidated 2024 \$	Consolidated 2023 \$
Exploration and evaluation expenditure carried forward in respect of areas of interest (net of amounts written off)	118,178,228	39,532,314
<b>Reconciliation</b>		
Carrying amount – 1 July	39,532,314	46,279,048
Acquisition of Lotus Marula Group (Note 29)	88,607,578	-
Exploration and evaluation expenditures	5,302,666	1,064,041
Provision for impairment	(13,509,366)	(1,064,041)
Change in estimates provision for rehabilitation and closure costs (note 15)	(246,782)	(8,537,051)
Movement in exchange rates	(1,508,182)	1,790,317
Carrying amount – 30 June	118,178,228	39,532,314

# Notes to the Financial Statements

## 10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### *Exploration and evaluation assets*

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full and charged to profit or loss in the financial year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

As a result of the previously recorded impairment upon placing the Kayelekera mine on care and maintenance, any new exploration and evaluation expenditures are impaired and charged to profit or loss. No impairment has been recognised in relation to the Letlhakane Project from the acquisition date in November 2023.

As disclosed in note 32, due to the withdrawal of the Group from the Joint Venture Agreement, Wilconi Pty Ltd ceased its operations effective May 2024 and the exploration and evaluation asset of \$10,447,397 relevant to Wilconi's Nickel-Cobalt Project was fully impaired as at 30 June 2024. The provision for impairment includes exploration costs recorded as exploration and evaluation expenses in the profit or loss of \$3,061,969 (2023: \$1,064,041).

## 11. OTHER FINANCIAL ASSET

	Consolidated 2024 \$	Consolidated 2023 \$
Security deposit	14,999,903	15,053,100

### *Security Deposit*

Security deposit consists of a collateral deposit provided by subsidiary Lotus (Africa) Limited to support a bond issued for rehabilitation obligations of the Kayelekera Uranium Project in Malawi in the amount of US\$10,000,000 (2023: US\$10,000,000). The security for environmental protection, rehabilitation and closure costs has been provided in the form required by the relevant Malawian authorities. The bond was transferred to the Group as part of the Kayelekera Uranium Project acquisition in 2020.



# Notes to the Financial Statements

## 12. TRADE AND OTHER PAYABLES

	Consolidated 2024 \$	Consolidated 2023 \$
Trade payables	1,177,188	107,273
Other payables and accruals	1,910,368	704,176
	<u>3,087,556</u>	<u>811,449</u>

### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

The Group's exposure to liquidity risk related to trade and other payables are disclosed in note 20.

## 13. PROVISIONS – CURRENT

	Consolidated 2024 \$	Consolidated 2023 \$
Annual leave provision	111,048	16,247
Termination benefits provision	24,948	-
	<u>135,996</u>	<u>16,247</u>

### *Provisions*

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### *Employee benefits*

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

# Notes to the Financial Statements

## 13. PROVISIONS – CURRENT (CONTINUED)

### *Other long-term employee benefits*

The liability for annual leave and long service leave (refer to note 15) not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the consolidated entity can no longer withdraw the offer of those benefits. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### *Defined contribution superannuation*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as part of corporate and administrative expenses in profit or loss in the year during which related services are rendered by employees.

## 14. OTHER LIABILITIES

	Consolidated 2024 \$	Consolidated 2023 \$
Environmental bond – current	-	-
<b>Environmental bonds -current</b>		
Opening balance – 1 July	-	4,351,143
Repayment of environmental bond	-	(4,518,392)
Foreign currency movement	-	167,249
Closing balance – 30 June	-	-

### *Environmental bond reimbursement*

In the previous financial year, as agreed in the sale and purchase agreement, the final instalment for US\$3,000,000 of the reimbursement of the US\$10,000,000 cash account which had previously been advanced by the former owners of Lotus (Africa) Limited to provide security for the environmental bond in favour of the Government of Malawi (Environmental Bond) was settled in March 2023.

# Notes to the Financial Statements

## 15. PROVISIONS – NON-CURRENT

	Consolidated 2024 \$	Consolidated 2023 \$
Rehabilitation and closure provision	38,167,789	37,257,958
Long-service leave (note 13)	34,711	-
	<u>38,202,500</u>	<u>37,257,958</u>
<b>Reconciliation – Rehabilitation and closure provision</b>		
Opening balance – 1 July	37,257,958	42,728,847
Decrease in provision for closure cost	(246,782)	(8,537,051)
Accretion of interest	1,309,702	1,428,869
Foreign currency movements	(153,089)	1,637,293
Closing balance – 30 June	<u>38,167,789</u>	<u>37,257,958</u>

### *Rehabilitation and closure provision*

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit. Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at reporting date, discounted to present value using an appropriate pre-tax discount rate. Where the obligation is related to an item of property, plant and equipment, its cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Costs that relate to obligations arising from waste created by the production process are recognised as production costs in the period in which they arise.

The provisions are reassessed at least annually. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

As part of the planning for the intended restart of operations at the Kayelekera mine a closure cost estimate was prepared in the previous financial year. The cost estimate was prepared by expert consultants considering the closure and rehabilitation costs of the Kayelekera mine using the base case mine design and mine plan detailed in the DFS, and management's estimate of the likely timing of the expenditures. Similar with the previous financial year, the cost estimate was inflated using long-term inflation rates applicable to the expected currency denomination that the outflows are expected to be influenced by. The future value was then discounted to present value using the long-term risk-free rate that best matched the currency and timing of the expected outflows.

The resulting adjustment to the provision was adjusted against the related exploration and evaluation asset.

The Company also has in place a cash backed environmental performance bond of \$14,999,903 (2023: \$15,053,100) or US\$10,000,000 as outlined in note 11. The bond is restricted cash to cover closure and rehabilitation costs of the project. The bond is the minimum amount required to be maintained in accordance with the terms of the Mine Development Agreement for the Kayelekera Uranium Project and relevant local regulations.

# Notes to the Financial Statements

## 16. CONTRIBUTED EQUITY

	Consolidated 2024 \$	Consolidated 2023 \$
Fully paid ordinary shares	263,785,659	143,537,936

	2024 Number of Shares	2023 Number of Shares	2024 \$	2023 \$
Movements during the year:				
Opening balance – 1 July	1,343,982,044	1,206,765,153	143,537,936	114,923,546
Issue of shares – acquisition of Lotus Marula Group (note 29)	361,722,889	-	88,622,108	-
Issue of shares – capital raising	100,000,000	104,166,667	30,000,000	25,000,000
Shares issued to acquiree financial advisor in lieu of fees	3,274,294	-	802,201	-
Exercise of options by shareholders	10,000,000	12,050,861	550,000	482,044
Shares issued to employees upon exercise of options	12,236,879	8,012,350	2,101,230	1,478,520
Shares issued for deferred consideration	-	12,987,013	-	3,000,000
Share issue costs	-	-	(1,827,816)	(1,346,174)
Closing balance – 30 June	1,831,216,106	1,343,982,044	263,785,659	143,537,936

### Ordinary shares

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

# Notes to the Financial Statements

## 17. RESERVES AND NON-CONTROLLING INTEREST

	Consolidated 2024 \$	Consolidated 2023 \$
Share-based payment reserve	3,175,819	2,995,081
Capital reserve	(34,945,960)	(34,945,960)
Foreign currency reserve	(911,542)	373,178
	<u>(32,681,683)</u>	<u>(31,577,701)</u>
<b>Movement in reserves:</b>		
<b><i>Share based payment reserve</i></b>		
Opening balance – 1 July	2,995,081	2,637,335
Share-based payment expense	2,359,415	1,917,251
Transferred to share capital from exercise of options	(2,101,230)	(1,478,520)
Transferred to accumulated losses upon expiry of options	(77,447)	(80,985)
Closing balance – 30 June	<u>3,175,819</u>	<u>2,995,081</u>
<b><i>Capital reserve</i></b>		
Opening and closing balance	<u>(34,945,960)</u>	<u>(34,945,960)</u>
<b><i>Option premium reserve</i></b>		
Opening balance – 1 July	-	1,361,434
Reclassification to accumulated losses	-	(1,361,434)
Closing balance – 30 June	<u>-</u>	<u>-</u>
<b><i>Foreign exchange reserve</i></b>		
Opening balance – 1 July	373,178	(44,625)
Foreign exchange differences on translation of foreign operations	(1,284,720)	417,803
Closing balance – 30 June	<u>(911,542)</u>	<u>373,178</u>
<b><i>Non-controlling interest</i></b>		
Opening balance – 1 July	(1,409,047)	(765,530)
Loss after income tax and other comprehensive loss	(1,003,750)	(643,517)
Closing balance – 30 June	<u>(2,412,797)</u>	<u>(1,409,047)</u>
<b>Movement in options:</b>	<b>Number</b>	<b>Number</b>
Opening balance – 1 July	31,131,780	48,176,742
Granted	23,895,506	7,184,651
Exercised	(22,236,879)	(19,661,425)
Expired	(1,682,408)	(4,568,188)
Closing balance – 30 June	<u>31,107,999</u>	<u>31,131,780</u>
Weighted average exercise price of outstanding options (Cents)	3.86	1.77
Weighted average remaining life of outstanding options (Years)	<u>2.99</u>	<u>1.50</u>



# Notes to the Financial Statements

## 17. RESERVES AND NON-CONTROLLING INTEREST (CONTINUED)

### *Share-based payments reserve*

This reserve is used to record the value of equity-settled share-based payments provided to employees and directors as part of their remuneration.

### *Capital reserve*

This reserve is used to record the value of equity instruments issued to a non-controlling interest as part of the acquisition of the additional interest in the Kayelekera Uranium Mine.

### *Option lapsed*

No options lapsed during the year (2023: none).

### *Option expired and cancelled*

1,682,408 options expired or were cancelled during the year (2023:4,568,188).

### *Foreign currency translation reserve*

The foreign currency translation reserve records exchange rate differences on translating foreign operations.

## 18. ACCUMULATED LOSSES

	Consolidated 2024 \$	Consolidated 2023 \$
Balance - 1 July	(76,866,298)	(68,391,981)
Loss for the financial year	(24,507,450)	(9,916,736)
Reclassification of options premium reserve	-	1,361,434
Transfer from share-based payments reserve – expiry of options	77,447	80,985
Closing balance – 30 June	(101,296,301)	(76,866,298)

# Notes to the Financial Statements

## 19. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial report. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payments transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or disposal of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written-off in the period in which this determination is made.

### *Rehabilitation provision*

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations could affect the carrying amount of this provision.

# Notes to the Financial Statements

## 20. FINANCIAL RISK MANAGEMENT

### Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. There has been no change from the prior year in relation to all of the exposures.

The Group's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Group's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Board is responsible for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

### Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

### Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents. For the Company, it arises from receivables due from subsidiaries.

The Group does not hold any credit derivatives to offset its credit exposure.

### *Exposure to credit risk*

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	Consolidated 2024 \$	Consolidated 2023 \$
Cash and cash equivalents	34,125,776	15,519,217
Other assets (excluding prepayments, GST receivables)	331,169	227,571
Other financial asset (security deposit)	14,999,903	15,053,100
	<u>49,456,848</u>	<u>30,799,888</u>

# Notes to the Financial Statements

## 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for assets and liabilities without fixed amount or timing are based on conditions existing at year end.

	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
<b>Consolidated - 2024</b>					
<b>Financial Liabilities</b>					
Trade and other payables	(3,087,556)	(3,087,556)	(3,087,556)	-	-
	(3,087,556)	(3,087,556)	(3,087,556)	-	-
<b>Consolidated - 2023</b>					
<b>Financial Liabilities</b>					
Trade and other payables	(811,449)	(811,449)	(811,449)	-	-
	(811,449)	(811,449)	(811,449)	-	-

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

#### Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from costs incurred in currencies other than the functional currency of the Company and the Group entities.

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States dollar, Malawi Kwacha and Botswana Pula.

# Notes to the Financial Statements

## 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Interest rate risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents and held to maturity investments. The Group manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	Consolidated 2024 \$	Consolidated 2023 \$
<b>Variable rate instruments</b>		
Financial assets	49,125,679	30,572,317

The Group's variable rate instruments comprised the cash and cash equivalents and security deposit.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The Board assessed a 100-basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

	+100 basis points		-100 basis points	
	Profit \$	Equity \$	Profit \$	Equity \$
<b>Consolidated - 2024</b>				
<b>Financial instruments with variable interest rate</b>				
Financial assets	491,257	491,257	(491,257)	(491,257)
<b>Consolidated - 2023</b>				
<b>Financial instruments with variable interest rate</b>				
Financial assets	305,723	305,723	(305,723)	(305,723)

The weighted average effective interest rate on variable rate instruments was 4.77% (2023: 4.30%).



# Notes to the Financial Statements

## 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Fair value measurements

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

## 21. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

# Notes to the Financial Statements

## 22. SHARE BASED PAYMENTS

### *Share-based payment accounting policy*

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

An award with a service-related condition requires the counterparty to complete a specified period of services. The fair value at grant date is trued up for failure to satisfy the condition. The service condition is considered not met if the counterparty receiving an award, regardless of reason ceases to provide the service during the vesting period and the Board does not exercise its discretion otherwise. If the Group terminates the services of an employee and prevents the required service from being provided, then such termination is accounted for as a forfeiture.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

# Notes to the Financial Statements

## 22. SHARE BASED PAYMENTS (CONTINUED)

### Share-based payment transactions

Share based compensation benefits are provided to employees via the Group's incentive plans. The incentive plans consist of short term and long-term incentive plans for Executive Directors, other Executives and senior management and the short-term incentive plan for all other employees. The equity instruments used for the Group incentive plans are zero exercise priced options. Information relating to these plans is set out in the Remuneration Report and below.

The following tables illustrate the number and weighted average fair value of, and movements in, options relating to share-based payments during the financial year.

	2024	
	Options No.	Weighted average fair value
Balance - 1 July	31,131,780	\$0.199
Granted during the financial year	23,895,506	\$0.259
Vested and exercised during the financial year	(22,236,879)	\$0.172
Lapsed or expired during the financial year	(1,682,408)	\$0.228
Closing balance - 30 June	31,107,999	\$0.259

	2023	
	Options No.	Weighted average fair value
Balance - 1 July	48,176,742	\$0.194
Granted during the financial year	7,184,651	\$0.214
Vested and exercised during the financial year	(19,661,425)	\$0.185
Lapsed or expired during the financial year	(4,568,188)	\$0.275
Closing balance - 30 June	31,131,780	\$0.199

	Consolidated 2024 \$	Consolidated 2023 \$
Share based payments expense	3,161,616	1,917,251

# Notes to the Financial Statements

## 22. SHARE BASED PAYMENTS (CONTINUED)

Below are options granted by the Company during the financial year where the vesting criteria did not contain any market conditions. The Black-Scholes-Merton model was used to determine the estimated fair value of those options.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
46,060	30/10/2023	31/10/2025	\$0.00 each	\$0.220	Nil	3.870%	\$0.220
1,961,529	30/10/2023	31/10/2026	\$0.00 each	\$0.220	Nil	3.870%	\$0.220
1,266,661	30/10/2023	31/10/2028	\$0.00 each	\$0.220	Nil	3.870%	\$0.220
1,156,757	28/11/2023	31/10/2026	\$0.00 each	\$0.280	Nil	3.870%	\$0.280
1,098,919	28/11/2023	31/10/2028	\$0.00 each	\$0.280	Nil	3.870%	\$0.280
4,000,000	20/05/2024	19/05/2027	\$0.30 each	\$0.475	Nil	4.110%	\$0.263

The pre-determined performance conditions relating to the above options include:

- safety performance conditions;
- conditions related to financial performance against budget;
- project performance conditions relating to the Mine Development Agreement and offtake contracting;
- a resource growth target; and
- performance against environmental, social and governance targets.

The vesting conditions for the key management personnel is disclosed in the "Audited Remuneration Report".

In addition, during the financial year, 12,000,000 options were granted to Directors with a service-related vesting condition.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
12,000,000	28/11/2023	30/09/2026	\$0.00 each	\$0.28	Nil	3.870%	\$0.280

Below are options granted during the financial year that had market based vesting criteria related to performance against a per group. A Monte-Carlo simulation was performed to estimate the fair value.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
1,266,661	30/10/2023	31/10/2028	\$0.00 each	\$0.22	Nil	3.870%	\$0.1535
1,098,919	28/11/2023	31/10/2028	\$0.00 each	\$0.28	Nil	3.870%	\$0.2145

# Notes to the Financial Statements

## 22. SHARE BASED PAYMENTS (CONTINUED)

Below are options granted during the previous financial year where the vesting criteria did not contain any market conditions. The Black-Scholes-Merton model was used to determine the estimated fair value of those options.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
1,767,624	14/11/2022	31/10/2025	\$0.00 each	\$0.240	Nil	3.18%	\$0.240
250,000	14/11/2022	05/01/2025	\$0.00 each	\$0.240	Nil	3.18%	\$0.240
250,000	14/11/2022	05/01/2026	\$0.00 each	\$0.240	Nil	3.18%	\$0.240
1,109,676	14/11/2022	31/10/2027	\$0.00 each	\$0.240	Nil	3.18%	\$0.240
930,233	25/11/2022	31/10/2025	\$0.00 each	\$0.205	Nil	3.18%	\$0.205
883,721	25/11/2022	31/10/2027	\$0.00 each	\$0.205	Nil	3.18%	\$0.205

Below are options granted during the previous financial year that had market based vesting criteria related to performance against a per group. A Monte-Carlo simulation was performed to estimate the fair value.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
1,109,676	14/11/2022	31/10/2027	\$0.00 each	\$0.240	Nil	3.18%	\$0.188
883,721	25/11/2022	31/10/2027	\$0.00 each	\$0.205	Nil	3.18%	\$0.164

## 23. AUDITOR'S REMUNERATION

The following amounts were paid or payable for services provided by the auditors of the Group and its related practices.

	Consolidated 2024 \$	Consolidated 2023 \$
<b>Audit and review services:</b>		
RSM Australia Partners		
- audit and review of financial reports	69,000	61,300
Grant Thornton		
- audit of financial report	7,867	-
Ernst & Young Malawi		
- audit of financial report	23,850	36,354
	<u>100,717</u>	<u>97,654</u>



# Notes to the Financial Statements

## 24. RELATED PARTY DISCLOSURES

### a. Ultimate parent

Lotus Resources Limited is the ultimate Australian entity.

### b. Subsidiaries

Interests in subsidiaries are set out in note 30.

### c. Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2024 \$	Consolidated 2023 \$
Short-term employee benefits	1,014,444	846,439
Post-employment benefits	81,853	70,405
Share-based payments	2,288,002	1,255,453
	<u>3,384,299</u>	<u>2,172,297</u>

### d. Loans to related parties

No loans were advanced to related parties during the reporting year (2023: Nil).

### e. Amounts owed to related parties

As at the reporting date, \$101,694 were owing to related parties (2023: \$170,860) as disclosed in detail below.

### f. Other key management personnel transactions with the Group

Mr Michael Bowen, who is a Non-Executive Director of the Company is a Partner of national law firm Thompson Geer Lawyers (**Thomson Geer**). The Company used Thompson Geer for general legal services and also transactional support. The services provided by Thompson Geer were performed on an arm's length basis and on normal commercial terms. During the financial year, the Company incurred costs under this arrangement totalling \$294,037 (2023: \$140,052). There was no balance owing to Thomson Geer as at 30 June 2024 in relation to the provision of these services (2023: \$107,965).

Mr. Grant Davey, who was a Non-Executive Director of the Company is a Director and shareholder of Matador Capital Pty Ltd (**Matador Capital**). The Company made payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, general office services, bookkeeping services, company secretarial services, ESG consulting services, corporate development and investor relation services and technical exploration and geological staff to the Company at cost plus 5%. During the financial year the Company incurred costs under this arrangement totalling \$814,482 (2023: \$635,589). In addition to Mr Davey's Director payment of \$50,000 disclosed in the remuneration table above, he was also paid a consulting fee of \$100,000 in relation to government liaison and in country services. These services provided by Matador Capital were performed on an arm's length basis and on normal commercial terms. There is a balance of \$78,829 (2023: \$62,895) owing to Matador Capital as at 30 June 2024 in relation to the provision of these services.

Ms Dixie Marshall, who is a Non-Executive Director of the Company and is Chief Growth Officer at advertising company Marketforce. The Company incurred costs with Marketforce totalling \$36,236 on arm's length normal commercial terms for a corporate rebranding exercise including a website re-design and development (2023: nil). There was a balance of \$22,865 (2023: nil) owing to Marketforce as at 30 June 2024 in relation to the provision of those services.

There were no other related party transactions with key management personnel during the year.

# Notes to the Financial Statements

## 25. COMMITMENTS

### Exploration Project commitments

Commitments for tenement rentals and expenditure commitments due within one year amounted to \$5,519,000 (2023: \$47,383). The expenditure commitments at 30 June 2024 predominately comprise purchase orders issued for the Kayelekera Front End Engineering Design (FEED) workstreams and contractual commitments relating to the Letlhakane drilling program in progress in Botswana.

## 26. EARNINGS PER SHARE

	Consolidated 2024 \$	Consolidated 2023 \$
Reconciliation of earnings to profit or loss:		
Loss attributable to owners of the Company	(24,507,450)	(9,916,736)
<b>Loss after income tax used for basic and dilutive loss per share</b>	<b>(24,507,450)</b>	<b>(9,916,736)</b>
Weighted average number of ordinary shares outstanding during the financial year used in calculating basic and dilutive loss per share	1,593,355,318	1,309,279,308

### Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

### Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# Notes to the Financial Statements

## 27. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	Consolidated 2024 \$	Consolidated 2023 \$
<b>Cash flows from operating activities</b>		
Loss after income tax	(25,243,725)	(10,560,532)
Adjustments for:		
Depreciation expense	2,740	2,223
Share based payments	3,161,616	1,917,251
Provision for rehabilitation - accretion of interest	1,309,702	1,428,869
Foreign currency translation difference	(18,104)	48,914
Impairment charges	11,871,328	522,578
Adjusted operating loss before changes in working capital	(8,916,443)	(6,640,697)
Change in other current assets, including inventories	145,169	(657,796)
Change in trade and other payables	1,443,563	(1,044,317)
Net cash used in operating activities	(7,327,711)	(8,342,810)

## 28. CONTINGENT LIABILITIES

### Kayelekera Uranium Project

As at 30 June 2024, the Company had three agreements providing royalty payments to local government and former owners for production from the Kayelekera Uranium Project. Royalties' payable on production comprises an uncapped royalty on revenue to the Malawi Government of 5%, a 3.5% royalty on revenue capped at \$5,000,000 to Paladin Energy Limited and an uncapped 0.75% royalty on revenue to Power Resources Inc, a subsidiary of Cameco Corporation. Liability to make royalty payments only arises upon the restart of production from Kayelekera.

The Company also has in place a US\$10,000,000 cash backed environmental performance bond of \$14,999,903 (2023: \$15,053,100) as outlined in note 11. The bond is restricted cash to cover closure and rehabilitation costs of the project. The bond is the minimum amount required to be maintained in accordance with the terms of the Mine Development Agreement for the Kayelekera Uranium Project and relevant local regulations.

### Letlhakane Uranium Project

As required under the Mines and Minerals Act of Botswana to enable the grant of a mining licence, Lotus Marula Pty Ltd (or referred to as "Lotus Marula" and formerly A-Cap Energy Limited) provided a parent company guarantee for wholly owned subsidiary Lotus Marula Botswana Proprietary Limited (formerly A-Cap Resources Botswana Pty Ltd) (A-Cap Botswana), the holder of the Letlhakane Uranium Project, for the performance of A-Cap Botswana's obligations under the mining licence and Mines and Minerals Act of Botswana. The guarantee was provided on 14 August 2015 and will remain in place for the duration of the mining licence.

### Wilconi Nickel Project

Under the terms of the Farm-In and Joint Venture Agreement for the Wilconi Project, Lotus Marula's subsidiary, Wilconi Pty Ltd, has provided a guarantee to the tenement holder for obligations under the agreement. With the withdrawal from the Joint Venture Agreement effective 30 May 2024 as set out in note 32 the guarantee has been terminated.

# Notes to the Financial Statements

## 29. ACQUISITION OF LOTUS MARULA PTY LTD (FORMERLY A-CAP ENERGY LIMITED)

On 13 July 2023, the Company announced that it had agreed to merge with A-Cap via a scheme of arrangement (Scheme) under which the Company would acquire all of the A-Cap shares on issue (the Acquisition).

On 12 July 2023, prior to the merger announcement, the Company and A-Cap entered into a Scheme Implementation Deed (SID). The SID stipulated that the Company shall acquire all of the A-Cap shares (the Share Scheme) and A-Cap Listed Options (the Option Scheme) subject to the terms and conditions to be executed by the respective party/parties as outlined in the Scheme.

Both the Share Scheme and Option Scheme were approved by the A-Cap Shareholders on 20 October 2023 with the final Federal Court approval provided on 26 October 2023. The Acquisition was completed on 7 November 2023 (the Implementation Date).

A-Cap is an ASX-listed company incorporated in Australia. The subsidiaries of A-Cap at the Implementation Date were as follows:

Entity	Country of incorporation	Equity Holding	Immediate holding company
Lotus Marula Botswana Proprietary Limited**	Botswana	100%	Lotus Marula Pty Ltd*
Pulse Resources Botswana (Pty) Ltd	Botswana	100%	Lotus Marula Botswana Proprietary Limited
Wilconi Pty Ltd	Australia	100%	Lotus Marula Pty Ltd*

\*Formerly A-Cap Energy Limited

\*\*Formerly A-Cap Resources Botswana Proprietary Limited

The issued A-Cap securities and the equivalent Lotus shares were as follows:

	Number of A-Cap Shares/Options	Lotus Shares Issued
<b>Description</b>		
Share on issue	1,272,050,471	359,336,331
Unlisted options	54,000,000	2,294,445
Listed options	46,039,445	92,113
Total	1,372,089,916	361,722,889

The Acquisition was finalised for an offer price of approximately \$0.0521 per A-Cap Share, representing a premium of 21% to the closing A-Cap Share price on 11 July 2023 of \$0.043 (being the last trading day for A-Cap Shares and Lotus Shares prior to the announcement).

Upon implementation of the Share Scheme, the Company's shareholders held approximately 79% of the merged Group and A-Cap shareholders held approximately 21%.

# Notes to the Financial Statements

## 29. ACQUISITION OF LOTUS MARULA PTY LTD (FORMERLY A-CAP ENERGY LIMITED) (CONTINUED)

The fair value of the net assets acquired and liabilities assumed upon the Implementation Date were summarised below:

	7 November 2023 \$
Fair value of Lotus shares (361,722,889 shares at \$0.245 cents per share)	88,622,108
Transaction costs	896,894
	<b>89,519,002</b>
Identifiable fair value of net assets of A-Cap acquired:	
Cash and cash equivalents	1,237,533
Trade and other receivables	148,657
Property, plant and equipment	182,074
Exploration and evaluation assets	88,607,578
Trade and other payables	(574,844)
Provisions	(81,996)
	<b>89,519,002</b>

Management assessed that A-Cap had limited assets and no business inputs, processes, and outputs. As a result, the Acquisition was accounted for as an asset acquisition.

For the eight months ended 30 June 2024, A-Cap's net losses of \$10,464,994 (including the \$10,447,397 impairment losses of exploration and evaluation assets of Wilconi Pty Ltd) were incorporated to the Group's results.

## 30. INTEREST IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of incorporation	Ownership Interest 2024 %	Ownership Interest 2023 %
Providence Metals Pty Ltd	Australia	100%	100%
Lily Resources Pty Ltd	Australia	100%	100%
Lotus (Africa) Limited	Malawi	85%	85%
Lotus Marula Pty Ltd*	Australia	100%	-
Wilconi Pty Ltd	Australia	100%	-
Lotus Marula Botswana Proprietary Limited**	Botswana	100%	-

\*Formerly A-Cap Energy Limited

\*\*Formerly A-Cap Resources Botswana Proprietary Limited



# Notes to the Financial Statements

## 30. INTEREST IN SUBSIDIARIES (CONTINUED)

As discussed in note 29, Lotus Marula Pty Ltd, Wilconi Pty Ltd and Lotus Marula Botswana Proprietary Limited are the entities within A-Cap Group which the Company acquired effective 7 November 2023. The results of operations for the eight months ended 30 June 2024 of the aforementioned entities were consolidated with the Group.

### Summarised financial information

Summarised financial information of the subsidiary with non-controlling interest that are material to the consolidated entity are set out as below

	Lotus (Africa) Limited	
	2024 \$	2023 \$
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	-	-
Expenses	(4,885,619)	(4,080,835)
Loss before income tax	(4,885,619)	(4,080,835)
Tax expense	(22,881)	(211,138)
Loss after income tax	(4,908,500)	(4,291,973)
Other comprehensive income	(1,783,167)	1,862
Total comprehensive income	(6,691,667)	(4,290,111)
<b>Statement of financial position</b>		
Current assets	602,444	1,047,290
Non-current assets	81,986,658	82,277,424
Total assets	82,589,102	83,324,714
Current liabilities	(362,633)	(42,416)
Non-current liabilities	(69,171,327)	(73,767,584)
Total liabilities	(69,533,960)	(73,810,000)
Net assets	13,055,142	9,514,714
<b>Statement of cash flows</b>		
Cash used in operating activities	(3,034,177)	(8,777,425)
Cash from financing activities	3,030,963	8,786,849
<b>Other information</b>		
Loss attributable to non-controlling interest	736,275	643,796
Accumulated non-controlling interest at the end of reporting period	2,412,797	1,409,047

# Notes to the Financial Statements

## 31. PARENT ENTITY DISCLOSURES

Set out below is the supplementary information about the parent entity.

	2024 \$	2023 \$
<b>Statement of profit or loss and other comprehensive income</b>		
Loss after income tax	(15,005,828)	(13,734,621)
Total comprehensive loss	(15,005,828)	(13,734,621)
<b>Statement of financial position</b>		
Total current assets	34,323,913	16,053,055
Total assets	122,947,825	16,056,852
Total current liabilities	(2,095,186)	(785,280)
Total liabilities	(2,095,186)	(785,280)
Net assets	120,852,639	15,271,572
Equity		
Issued capital	263,785,659	143,537,936
Share-based payments reserve	3,175,819	2,995,081
Accumulated losses	(146,108,839)	(131,261,445)
Total equity	120,852,639	15,271,572

### Guarantees

Lotus Resources Limited has no guarantees other than as disclosed in note 28.

### Parent entity contingency

The directors of the Company are of the opinion that a provision is not required in respect of the success fee relevant to the agreement entered with an external financing consultant as at 30 June 2024, as the key milestone have not been achieved and the amount is not capable of reliable measurement.

### Other Commitments and Contingencies

Lotus Resources Limited has no other commitments and contingencies other than as disclosed in notes 25 and 28.

# Notes to the Financial Statements

## 32. WITHDRAWAL FROM JOINT VENTURE AGREEMENT AND DISCONTINUANCE OF NICKEL-COBALT PROJECT

The Board determined during the period that it would divest the Group's 55% interest in the non-core Wilconi Nickel-Cobalt Project, a legacy of the merger with A-Cap Energy (refer to note 29). The terms of the Joint Venture Agreement allowed for the Group's withdrawal from the Wilconi Nickel-Cobalt Project which became effective on 30 May 2024 (the Termination date).

The decision was made to maintain the Group's focus on the Kayelekera and Letlhakane uranium projects. Lotus acquired 100% of A-Cap, including its 55% stake in the Wilconi Joint Venture, in late 2023. The asset was seen as non-core to this deal. Analysis undertaken by Lotus in recent months to determine Wilconi's potential for other minerals, including lithium or rare earths, did not show prospectivity. As a result of the poor economics of the nickel project in the current market, the lack of alternative minerals and ongoing significant holding costs associated with the tenements, the decision was made to withdraw, effective 30 May 2024.

As part of the withdrawal, the Group fully impaired the exploration and evaluation assets amounting to \$10,447,397.

There were no intercompany transactions from the Termination date with the intercompany loan to fund the Project being fully written off.

As at and for the financial year ended 30 June 2024, the following outstanding assets and liabilities and results of discontinued operations were attributable to Wilconi which were not separately disclosed in the Group's statement of financial position and statement of profit or loss and other comprehensive income in accordance with the relevant standard:

### A. Financial position of discontinued operation

Description	2024 \$
Cash and cash equivalents	8,236
GST	2,500
Motor Vehicle – net book value	33,944
Exploration and evaluation assets	10,447,397
Provision for impairment of exploration and evaluation assets	(10,447,397)
Trade and other payables	(448,544)
Net liabilities	(403,864)

### B. Results of discontinued operation

Description	2024 \$
Finance costs - net	(3,211)
Impairment of exploration and evaluation assets	(10,447,397)
<b>Loss before income tax</b>	(10,450,608)
Income tax	-
<b>Loss after income tax</b>	(10,450,608)

# Notes to the Financial Statements

## 33. EVENTS OCCURING AFTER THE REPORTING DATE

On 26 July 2024, the Company's Mine Development Agreement (MDA) with the Government of Malawi for the Group's Kayelekera uranium mine project had been signed. As announced on 31 July 2024, the MDA secures a stable fiscal regime for the uranium mine operations in Malawi for 10 years and also provides legal protection on security of tenure, dispute resolution and expropriation. Refer to the Review of Activities section in the Directors' Report for more details.

On 9 August 2024 a restructure of the Board and management team was undertaken following execution of the MDA to reflect the transition into the project delivery phase at Kayelekera. Refer to the Directors' Report for more information.

On 3 September the Company announced the execution of a binding sales agreement and an unsecured loan agreement with Curzon Uranium for US\$15 million. As part of Curzon's binding agreement to buy 700,000 lbs of uranium for delivery from 2026-2029, Curzon is granted an option to buy an additional 100,000 lbs per annum for 2030 to 2032 (300,000 lbs total) through fixed-price buyer options for the purchase of uranium, subject to Lotus using the unsecured loan facility. Both agreements are conditional upon the Company raising capital and making the decision to restart production at Kayelekera.

On the same day the Company announced the execution of a term sheet with North American utility PSEG Nuclear LLC for the delivery of 800,000 lbs of uranium from 2026-2029. The term sheet is non-binding and conditional on the execution of a full-form document within the next four months, as well as the Company taking a decision to restart Kayelekera.

There were no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.





# Consolidated Entity Disclosure Statement

The consolidated entity disclosure statement as at 30 June 2024 were as follows:

Name***	Country of Incorporation	Ownership Interest (%)	Tax Residency	Jurisdiction for Foreign Tax Resident
Lotus Resources Limited	Australia	Parent Entity	Australia	N/A
Providence Metals Pty Ltd	Australia	100%	Australia	N/A
Lily Resources Pty Ltd	Australia	100%	Australia	N/A
Wilconi Pty Ltd	Australia	100%	Australia	N/A
Lotus Marula Pty Ltd *	Australia	100%	Australia	N/A
Lotus (Africa) Limited	Malawi	85%	Foreign	Malawi
Lotus Marula Botswana Proprietary Limited**	Botswana	100%	Foreign	Botswana
Pulse Resources Proprietary Limited	Botswana	100%	Foreign	Botswana

\*Formerly A-Cap Energy Limited

\*\*Formerly A-Cap Resources Botswana Proprietary Limited

\*\*\* All entities are body corporates.

For personal use only





# Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as stated in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statements is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

**Mr Michael Bowen**

Non-Executive Chairman

Dated at Perth, Western Australia this 3rd day of September 2024.

For personal use only



# Independent Auditor's Report



RSM Australia Partners

Level 32 Exchange Tower,  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

[www.rsm.com.au](http://www.rsm.com.au)

## INDEPENDENT AUDITOR'S REPORT

To the Members of Lotus Resources Limited

### Opinion

We have audited the financial report of Lotus Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### THE POWER OF BEING UNDERSTOOD ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.  
RSM Australia Partners ABN 36 965 185 036  
Liability limited by a scheme approved under Professional Standards Legislation



# Independent Auditor's Report



## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b>Exploration and Evaluation Assets</b> - Refer to Note 10 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$118,178,228 as at 30 June 2024.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resource</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value exceeds the recoverable value.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:</p> <ul style="list-style-type: none"> <li>Determining whether the expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>determining whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and</li> <li>Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Assessing the Group's accounting policy for compliance with Australian Accounting Standards;</li> <li>Obtaining management reconciliation of capitalised exploration and evaluation expenditure by area of interest and agreeing to general ledger;</li> <li>Assessing whether the right to tenure of the area of interest is current;</li> <li>Testing a sample of additions to supporting documentation and ensuring the amounts capitalised during the year are in compliance with the Group's accounting policy and relate to the area of interest;</li> <li>Assessing the amount of evaluation expenditure written off during the year;</li> <li>Assessing and evaluating management's assessment that no indicators of impairment existed for those tenements where the Group has rights of tenure;</li> <li>Through discussions with the management and reading relevant supporting documentation, assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; and</li> <li>Assessing the appropriateness of the related financial statements disclosure.</li> </ul>
<b>Acquisition of Lotus Marula Pty Ltd (previously known as A-Cap Energy Limited)</b> - Refer to Note 29 in the financial statements	
<p>Acquisition of Lotus Marula Pty Ltd (previously known as A-Cap Energy Limited) was completed on 7 November 2023. The fair value of net assets acquired upon implementation date was \$89,519,002, of which \$88,607,579 has been capitalised to exploration and evaluation assets.</p> <p>We considered this transaction to be a key audit matter as there is risk of incorrect accounting treatment for the acquisition in terms of whether the acquisition is a business combination in accordance with AASB 3 <i>Business Combination</i> or an Asset Acquisition.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Reviewing the acquisition agreements to understand the transaction, acquisition date and the related accounting considerations;</li> <li>Evaluating management's accounting assessment on acquisition accounting in accordance with Australian Accounting Standards;</li> <li>Assessing management's determination of the acquisition date, fair value of consideration paid and fair value of net assets acquired; and</li> <li>Assessing the appropriateness of the related financial statements disclosure.</li> </ul>

For personal use only

# Independent Auditor's Report



## **Provision for mine closure and rehabilitation** - Refer to Note 15 in the financial statements

As at the reporting date, the Group had a provision of \$38,167,789 relating to the estimated future cost of mine closure and rehabilitation.

We considered this to be a key audit matter due to the significant management judgments and estimates involved in assessing the provision of asset retirement obligation including:

- The determination of costs to be incurred in future years and its timing;
- The complexity involved in the quantification of the provision based on areas disturbed; and
- The methodology used to calculate the provision amount to ensure compliance with Australian Accounting Standards.

Our audit procedures included:

- Assessing the Group's accounting policy for compliance with Australian Accounting Standards;
- Critically assessing development activities during the year to ascertain impact on area of disturbances;
- Testing key inputs such as inflation rate, discount rate and timing of rehabilitation;
- Assessing of the work performed by management's expert, including the competency and objectivity of the expert;
- Assessing the mathematical accuracy of the model used to calculate the provision;
- Assessing the movement in the provision has been accounted for in accordance with Australian Accounting Standards; and
- Assessing the appropriateness of the related financial statements disclosure.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

For personal use only



# Independent Auditor's Report



## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.





# Independent Auditor's Report



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Lotus Resources Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM  
RSM AUSTRALIA

*AL Whyte*  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 3 September 2024

For personal use only





# ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 2 September 2024.

## a. Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	268,863,214	14.68
2	CITICORP NOMINEES PTY LIMITED	217,637,841	11.88
3	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	144,790,911	7.90
4	DAVEY HOLDINGS (AUS) PTY LTD	116,745,571	6.37
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	97,516,098	5.32
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	91,595,452	5.00
7	BNP PARIBAS NOMS PTY LTD	62,503,913	3.41
8	DESERTFOX PTY LTD	46,954,438	2.56
9	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	34,000,000	1.86
10	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	27,478,985	1.50
11	DAVEY HOLDINGS (AUS) PTY LTD	21,740,000	1.19
12	MRS PAMELA JULIAN SARGOOD	19,750,000	1.08
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,819,799	1.03
14	TAURUS CORPORATE SERVICES PTY LTD	18,100,000	0.99
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	17,640,491	0.96
16	RL HOLDINGS PTY LTD <AIRLIE A/C>	17,250,000	0.94
17	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	12,458,252	0.68
18	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	12,393,280	0.68
19	DAVEY MANAGEMENT (AUS) PTY LTD <DAVEY FAMILY S/F A/C>	11,612,887	0.63
20	UBS NOMINEES PTY LTD	11,376,559	0.62
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>		<b>1,269,227,691</b>	<b>69.28</b>
<b>Total Remaining Holders Balance</b>		<b>562,539,215</b>	<b>30.72</b>

For personal use only

## ASX Additional Information

The names of the holders of unlisted options are:

Rank	Name	Units	% Units
1	MR KEITH BOWES	9,687,851	25.12
2	MR GREGORY BITTAR	8,000,000	20.74
3	BOUCHI PTY LTD	3,000,000	7.78
4	MR MICHAEL BARRIE BALL	2,357,984	6.12
4	MR MICHAEL DA COSTA	2,000,000	5.19
4	DAVEY HOLDINGS (AUS) PTY LTD	2,000,000	5.19
4	MR TIMOTHY M HANLON	2,000,000	5.19
4	MR WARREN KING	2,000,000	5.19
9	MS DIXIE INA MARSHALL + MR LUKE MORFESSE < FLY FREE FAMILY A/C >	2,000,000	5.19
10	MR THEO CORNELIUS KEYTER	1,919,621	4.98
11	MR JACOBUS CHARL CILLIERS	1,120,197	2.91
12	CATHERINE ANDERSON	657,028	1.70
13	MS AMY SULLIVAN	498,954	1.29
14	TSI CAPITAL PTY LTD	424,000	1.10
15	MRS TARA ELIZABETH KILEY + MR ADAM KILEY < KILEY FAMILY A/C >	334,884	0.87
16	MR MARTIN ARNO STULPNER	301,039	0.78
17	MR BRIAN SCOTT	81,861	0.21
18	ZENNY CUSTODIO	67,500	0.18
19	MR TRENTAN GRANT BURNAFORD DAVEY	30,678	0.08
20	MS JAYDE PEARL ROBINSON	27,802	0.07
21	MISS ASHLEE MICHELLE GORMAN	21,091	0.05
22	MISS NADINE VERENA MICHAELA MAYER	15,659	0.04
23	MS JESSICA JANETH CABALLERO GONGORA	7,225	0.02
24	FRANK HERNAN TERRONES FERNANDEZ	3,825	0.01
<b>Totals: Holders of Unlisted Options</b>		<b>38,557,199</b>	<b>100</b>

## ASX Additional Information

### a. Distribution of equity security holders

#### Ordinary Shares

Range	Total holders	Units	% of Issued Capital
1 - 1,000	1,097	385,123	0.02
1,001 - 5,000	1,998	5,562,022	0.30
5,001 - 10,000	1,088	8,317,029	0.46
10,001 - 100,000	2,481	88,705,723	4.84
100,001 Over	784	1,728,797,009	94.38
<b>Total</b>	<b>7,448</b>	<b>1,831,766,906</b>	<b>100</b>

There are 1,835 holders of a less than marketable parcel of shares (as at 2 September 2024), a less than marketable parcel is 2,000 shares), representing a total of 1,574,121 shares.

#### Unlisted Options

Range	Total holders	Units	% of Issued Capital
1 - 1,000	-	-	-
1,001 - 5,000	1	3,825	0.01
5,001 - 10,000	1	7,225	0.02
10,001 - 100,000	6	244,591	0.63
100,001 Over	16	38,301,558	99.34
<b>Total</b>	<b>24</b>	<b>38,557,199</b>	<b>100</b>

### b. Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Number of Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	268,863,214	14.68
CITICORP NOMINEES PTY LIMITED	217,637,841	11.88
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	97,516,098	5.32

### c. Restricted Securities

There are nil restricted securities as at 2 September 2024.

## ASX Additional Information

### d. Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

### e. On Market Buy Back

There is no current on market buy-back.

### f. Unquoted securities

Class	Total Holdings
O19 - UNL OPTS EXP 14/12/2024	11,050
O20 - UNL OPTS EXP 14/12/2026	1,319,000
O22 - UNL OPTS EXP 29/11/2026	1,230,000
O24 - UNL OPTS EXP 31/10/2025	335,814
O25 - UNL OPTS EXP 31/10/2027	3,823,073
O28 - UNL STI OPT EXP 31/10/26 @ \$0	3,107,102
O29 - UNL LTI OPT EXP 31/10/28 @ \$0	4,731,160
O30 - DIR OPTS EXP 30/09/26 @ \$0.00	12,000,000
O31 - UNL OPT EXP 20/05/27 @ \$0.30	2,000,000
O32 - UNL OPT EXP 20/05/27 @ \$0.30	2,000,000
O33 - UNL OPT EXP 22/08/27 @ \$0.30	1,000,000
O34 - UNL OPT EXP 22/08/27 @ \$0.30	1,000,000
O35 - UNL OPT EXP 08/08/27 @ \$0.00	3,000,000
O36 - UNL OPT EXP 08/08/27 @ \$0.00	3,000,000
<b>Total Unquoted Securities</b>	<b>38,557,199</b>



## ASX Additional Information

### g. Unquoted Securities >20% Holders

Class	Holder	Number	%
O19 - UNL OPTS EXP 14/12/2024	MS JESSICA JANETH CABALLERO GONGORA	7,225	65.38
	FRANK HERNAN TERRONES FERNANDEZ	3,825	34.62
O22 - UNL OPTS EXP 29/11/2026	MR KEITH BOWES	1,230,000	100.00
O24 - UNL OPTS EXP 31/10/2025	MR KEITH BOWES	335,814	100.00
O28 - UNL STI OPT EXP 31/10/26 @ \$0	MR MICHAEL BARRIE BALL	636,217	20.48
O25 - UNL OPTS EXP 31/10/2027	MR KEITH BOWES	1,767,442	46.23
	BOUCHI PTY LTD	767,442	20.07
O20 - UNL OPTS EXP 14/12/2026	MR THEO CORNELIUS KEYTER	565,000	42.84
	MR JACOBUS CHARL CILLIERS	330,000	25.02
	TSI CAPITAL PTY LTD	424,000	32.14
O29 - UNL LTI OPT EXP 31/10/28 @ \$0	MR KEITH BOWES	2,197,838	57.49
	MR MICHAEL BARRIE BALL	954,325	20.17
O30 - DIR OPTS EXP 30/09/26 @ \$0.00	MR KEITH BOWES	3,000,000	25.00
	BOUCHI PTY LTD	3,000,000	25.00
O31 - UNL OPT EXP 20/05/27 @ \$0.30	MR GREGORY BITTAR	1,000,000	50.00
	MR MICHAEL DA COSTA	1,000,000	50.00
O32 - UNL OPT EXP 20/05/27 @ \$0.30	MR GREGORY BITTAR	1,000,000	50.00
	MR MICHAEL DA COSTA	1,000,000	50.00
O33 - UNL OPT EXP 22/08/27 @ \$0.30	MR WARREN KING	1,000,000	100.00
O34 - UNL OPT EXP 22/08/27 @ \$0.30	MR WARREN KING	1,000,000	100.00
O35 - UNL OPT EXP 08/08/27 @ \$0.00	MR GREGORY BITTAR	3,000,000	100.00
O36 - UNL OPT EXP 08/08/27 @ \$0.00	MR GREGORY BITTAR	3,000,000	100.00

### Interest in Mining Tenements

As at 2 September 2024, the Company's tenement interests are shown in the table below.

#### Uranium

Tenement	Ownership	Project	Location
ML0152 - Kayelekera	85%	Kayelekera	Malawi
EPL489 - Nthalire	85%	Kayelekera	Malawi
EPL502 - Juma-Miwanga	85%	Kayelekera	Malawi
EL595 - Livingstonia	85%	Kayelekera	Malawi
EL583 - Livingstonia West	85%	Kayelekera	Malawi
PL 2482/2023	100%	Letlhakane	Botswana
ML 2016/16L	100%	Letlhakane	Botswana

For personal use only



**LOTUS**  
RESOURCES

**Registered Office**  
Level 20, 140 St Georges Terrace  
Perth, Western Australia, 6000

[lotusresources.com.au](http://lotusresources.com.au) | ASX:LOT