



ABN 38 119 992 175

# **ANNUAL REPORT**

for the year ended 30 June 2021

---

For personal use only

## C O R P O R A T E   D I R E C T O R Y

**Directors**

Mr Michael Bowen	Non-Executive Chairman
Mr Keith Bowes	Managing Director
Mr Grant Davey	Non-Executive Director
Mr Mark Hanlon	Non-Executive Director

**Company Secretary** Mr Stuart McKenzie

**Principal Place of Business and Registered Office**

Emerald House, 1202 Hay Street  
West Perth, Western Australia, 6005

Telephone: +61 8 9278 2441

**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

**Solicitor**

Thompson Geer  
Level 27, Exchange Tower  
2 The Esplanade  
Perth, Western Australia, 6000

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 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

## CONTENTS

	<b>PAGE</b>
Letter from the Chairman	4
Directors' Report	6
- Annual review of activities	6
- Sustainability and ESG	12
- Directors' profiles and meetings schedule	15
- Annual statement of ore reserves and mineral resources	19
Auditor's Independence Declaration	23
Audited Remuneration Report	25
Corporate Governance Statement	32
Financial Statements	33
Directors' Declaration	64
Independent Auditor's Report	65
ASX Additional Information	69

For personal use only

## LETTER FROM THE CHAIRMAN

Dear Shareholders

2021 has without a doubt been the most pivotal year for the uranium industry in more than a decade. The markets, politicians and corporations appear to have recognized that without nuclear power being a part of the energy conversation, a sustainable, zero carbon emission future will be near impossible to achieve.

This recognition, coupled with multiple other factors including; major supply deficits, the exponential growth of the EV industry and its increasing power requirements and, more recently, the emergence of the Sprott Physical Uranium Trust (SPUT), has helped the spot uranium price hit near decade long highs. We believe the current cycle is in its infancy, as it is unlikely new production will come online during the next 12 months and further price increases will be necessary for brownfield and almost all greenfield projects to commence.

Whilst the recovery of the industry has been pleasing, it has been the Company's ability to significantly advance the Kayelekera Project over the past 12 months that has been the most satisfying. The team has worked hard to position Kayelekera to be one of the first projects to recommence uranium production in the future through our focused attention on:

- Reducing our care and maintenance costs to direct as much funding as possible into our development work.
- Release of the results of our Re-Start Scoping Study to the market in October 2020.
- Initiation of a series of key technical studies that we believe are the key value drivers for the project.
- Increased Lotus' ownership of the Kayelekera asset to 85 percent with the purchase of the minority shareholder. The remaining 15 percent is held by the Government of Malawi.
- Renewal of our mining licence for another 15 years.
- Embarkation on the first exploration drill program at Kayelekera in the last 15 years .
- Working up the potential value of the rare earth discovery two kilometres north of the existing pit.
- Announced the start of our Definitive Feasibility Study.

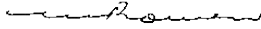
The Re-Start Scoping Study released last October highlighted Kayelekera as a project that can restart quickly with a potential 14-year life of mine producing more than 23Mlbs U<sub>3</sub>O<sub>8</sub> and more importantly has one of the lowest initial capital costs (US\$50 million) to recommence production. This envious position of low capital costs will be a major differentiator for Lotus going forward, as in the coming years cost escalation across the resources sector is likely to become a significant obstacle in the industry. It also is important to note that there is still potential for significant upside for the Project with the initial results from our technical studies indicating the possibility of increased production rates and/or reduced operating costs from our Definitive Feasibility Study.

A key area for the Company in the subsequent redevelopment of Kayelekera, and which will be incorporated in the Definitive Feasibility Study, is a strong focus on Environmental, Social and Governance (ESG) aspects. The Company aspires to not only be a responsible uranium producer, but also build and ensure a lasting positive legacy for the people of Malawi into the future. The Company is already making significant progress regarding this having appointed an ESG advisor to help the Company develop an ESG strategy and communication plan and appointing an ESG leader onsite to support this initiative. A number of reporting targets including greenhouse gas emissions, water utilisation and community programs are already in place and the Company is working on its first Sustainability Report and plans to release this to the market later this year.

It is important to highlight that a restart of operations will also provide significant benefits to the local communities and Malawi as a whole through employment, development of local communities, taxes, royalty streams and profit share to the Government of Malawi, as a 15% owner of the Project.

I would also like to acknowledge the appointment of Mr Keith Bowes as Managing Director earlier this year and for the work he has done for the Company. Whilst Keith was only recently appointed, he has been working for the Company since the original acquisition of the asset and has been instrumental in guiding the Company in attaining its achievements over the last 7 months.

On behalf of the Lotus Board, I would also like to thank the Malawi government, most notably the Minister of Mines, The Honourable Mr Rashid Gaffar, for their continued support and faith they have shown in the Kayelekera Project. Finally, I would like to thank all shareholders for their continued support. Without this, none of the above can be achieved. This is an exciting time for your Company, and we look forward to keeping you updated as we continue our progress at Kayelekera in the future.



Mr Michael Bowen  
Non-Executive Chairman

For personal use only

## 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 Resources**) and its subsidiaries (the **consolidated entity** or **Group**) for the year ended 30 June 2021 and the auditor's report thereon.

### REVIEW OF ACTIVITIES

#### Project Overview

The Kayelekera Uranium Project ("**Kayelekera**" or the "**Project**") is located in northern Malawi, southern Africa, 52km west by road from the town of Karonga. The Project hosts a current Mineral Resource Estimate of 37.5Mlbs  $U_3O_8$  (see page 19), and historically produced ~11Mlb over a five-year period from 2009-2014, before ceasing production in 2014 and entering into care and maintenance due to low uranium prices.

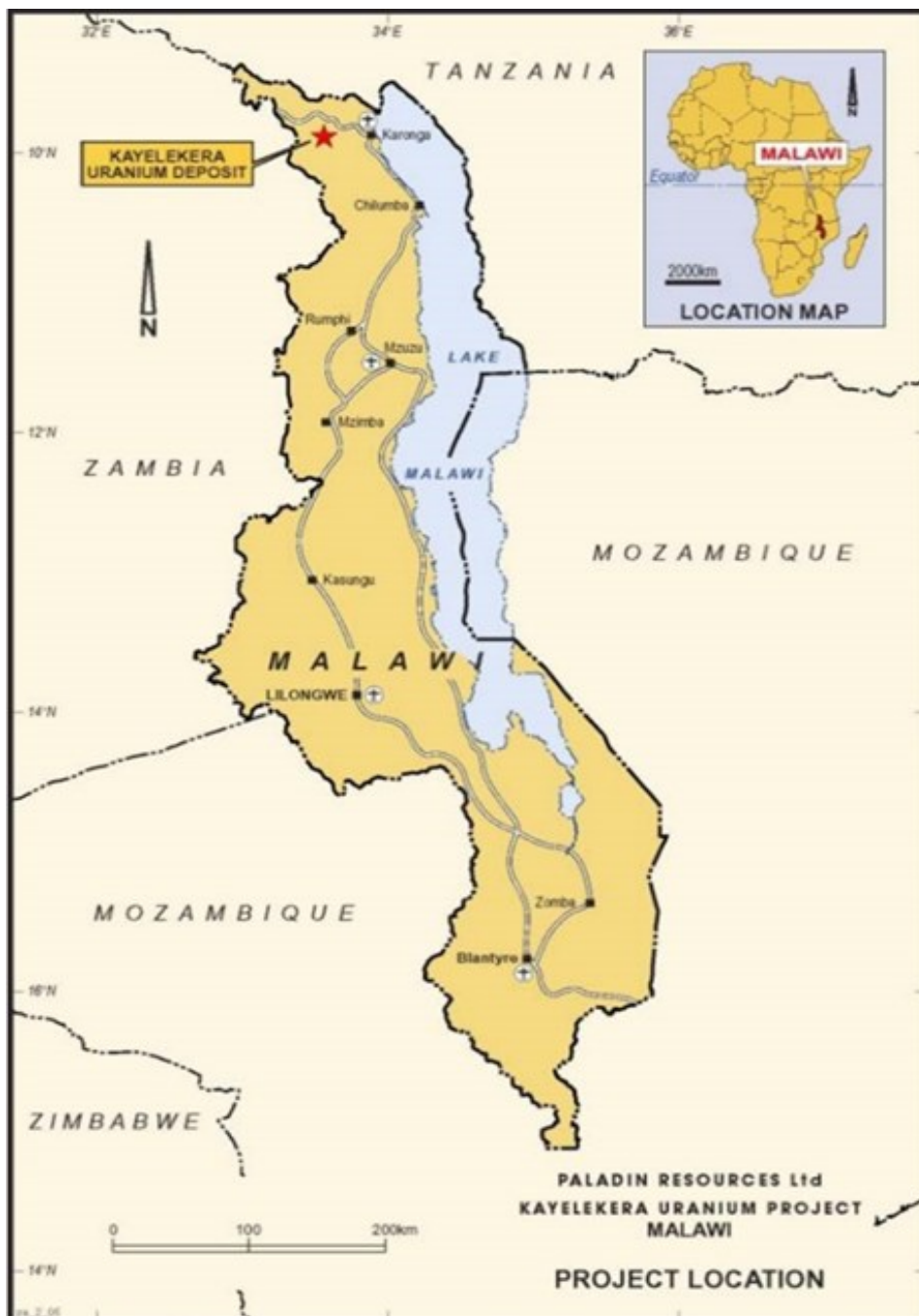


Image 1: Location Kayelekera Uranium Mine

For personal use only

## DIRECTORS' REPORT (cont'd)

The 2021 financial year was a pivotal one for Lotus, as they made significant progress in positioning Kayelekera to be one of the first brownfield uranium projects to recommence production so as to meet the future impending shortfall in uranium supply.



Image 2: Kayelekera Processing Facility

Major achievements by the Company during 2021 included the following:

- **Increased Project ownership** from 65% to 85%. The remaining 15% is owned by the Malawi Government
- **Strengthened the Board and management** team with the appointment of high calibre independent directors that comprise 50% of the Board and the appointment of Keith Bowes, a highly experienced mine developer with African and uranium experience, as Managing Director.
- Released a **robust Restart Scoping Study** which outlined a 8-year operation with average production of 2.4Mlbs U<sub>3</sub>O<sub>8</sub> pa. Owing to the significant existing infrastructure at Kayelekera, the Project has one of the lowest initial capital costs (~US\$50m) in the industry to recommence production.
- Commenced **multiple technical studies** that will provide the basis of design for the Feasibility Study that are expected to be completed by mid-2022.
- **Ore sorting test work**, part of the technical study work, exceeded expectations with significant increases in plant feed grade achieved that could significantly improve the Project's economics through either increased annual production rates and / or extension of the mine life and reducing operating costs.
- Commenced **discussions with multiple major global utilities** to re-introduce the Project. These discussions have been led by Dr Robert Rich, the Company's Uranium Marketing and Sales Executive based in the USA.
- Commenced the **first uranium exploration drill program** in more than 15 years with a reverse circulation (RC) drilling program of approximately 5,000 metres.
- Discovery of **high-grade rare earth oxide (REO) mineralisation** with grades of up to 16% total REO and 3.4% critical REO, located 2km from the Kayelekera Mine.
- Engagement of an **Environmental, Social and Governance (ESG)** consultant to assist in developing an ESG strategy for the Company that will define performance measurements, reporting methods and communication plans.
- Entered into an agreement **to divest its non-core Hylea Cobalt Project** to Sunrise Energy Metals Limited (ASX.SRL) (Sunrise) for a total consideration of A\$2.5 million.
- Completed **capital raisings** to Australian and international institutional investors which strengthened the Company's share register and sees it **fully funded through to 2023**

## DIRECTORS' REPORT (cont'd)

The work completed during 2021 has set the Company up in the future with the focus on being

“A responsible uranium producer, building strong local communities, a safe and healthy work environment and make a positive contribution to a carbon free future”

### Development Studies – Restart Scoping Study and Technical Studies

During 2021, the Company completed a positive Restart Scoping Study (**Study**) and subsequent technical studies that assessed the potential for the Project to recommence uranium production in the near future.

The Restart Scoping Study was underpinned by a mineral resource of 37.5M lbs U<sub>3</sub>O<sub>8</sub> and a significant body of information and data (including operating costs) from the prior five-year operating period that ended in May 2014 and was supplemented by current information in specific areas.

The Study demonstrated that Kayelekera has the capacity to be one of the first operations globally to recommence uranium production to meet the impending and growing shortfall in supply.

The Projects existing infrastructure and mineral resources represent a considerable advantage, providing for a low restart capital expenditure and significant long-term production. The Study assessed two scenarios:

- **Scenario 1:** 8-year life of mine, producing 16.4Mlbs U<sub>3</sub>O<sub>8</sub> with average head grade of ~900ppm U<sub>3</sub>O<sub>8</sub>.
- **Scenario 2:** 14 years life of mine, producing 23.8Mlbs U<sub>3</sub>O<sub>8</sub> with treatment of stockpiles from year 8 (average head grade ~680ppm U<sub>3</sub>O<sub>8</sub>)

The results of the Study are shown in Table 1 below – see ASX announcement dated 21 October 2020 for further information on the Study.

**Table 1: Summary of production and cost data (estimated)**

General	High-grade ore only	With Medium-grade stockpiles
	LOM total / Avg.	LOM total / Avg.
Mine Life (Years)	8	14
Total Material Mined (Mt)	47.1	47.1
Strip Ratio	3.5	1.8
Total U <sub>3</sub> O <sub>8</sub> Mined (Mlbs)	18.9	27.5
<b>Production</b>	<b>LOM total / Avg.</b>	<b>LOM total / Avg.</b>
Plant Feed (Mt)	9.6	18.4
Plant Feed Grade (ppm U <sub>3</sub> O <sub>8</sub> )	898	679
Plant Recovery (%)	86.7%	86.7%
Av. Annual Production (Mlbs)	2.3	1.8
Max Annual Production	3.0	3.0
LOM Production (Mlbs)	16.4	23.8
<b>Operating costs</b>	<b>LOM total / Avg.</b>	<b>LOM total / Avg.</b>
Mining Costs (US\$ / t mined)	2.87	2.87
Processing Costs (US\$ / t ore)	37.84	35.47
G&A Costs (US\$M pa)	12.4	12.4
Steady-state <sup>1</sup> Cash costs (US\$ / lb)	32.75	32.06
Steady-state <sup>2</sup> AISC (US\$ / lb)	39.83	39.07
<b>Capital costs</b>	<b>LOM total / Avg.</b>	<b>LOM total / Avg.</b>
Initial Capital (US\$M)	50.2	50.2
Plant Sustaining Capital (US\$M)	28.0	48.0
TSF Sustaining Capital (US\$M)	36.1	36.1 <sup>2</sup>
Closure Costs (US\$M)	31.5	31.5

<sup>1</sup> Production Years 2 to 6 after ramp-up; <sup>2</sup> Assumes in-pit tailings disposal will be possible otherwise this could increase to US\$65.4M



## DIRECTORS' REPORT (cont'd)

Whilst the results of this Study outlined a robust uranium operation, a number of areas were identified that have the potential to improve the Project's returns by reducing operating and increasing production. Prior to commencing the Feasibility Study, the Company started work on multiple technical studies including:

1. Ore sorting;
2. Power supply options;
3. Acid recovery; and
4. Optimisation of tailings facilities.

Each study was nearing completion towards the end of the financial year with the phase one ore sorting results had been received (see below). Ore sorting has the potential to be a potential game-changer for the project having the greatest positive impact on economic returns.

### *Ore Sorting test work*

Two samples of run of mine ore (~500kg) were sent to STEINERT's testing facility in Perth. STEINERT was selected in part due to the testing facility being a commercial scale ore sorting unit (Image 3) which is similar to the facility that may be installed at Kayelekera. The estimated capital cost for an ore sorting unit is US\$2 million to US\$3 million.



**Image 3: Ore sorting facility used during testwork is the same size proposed for use at Kayelekera**

The ore sorting assessment tested two sensors, colour and density. The tests were run such that a total of three products were produced from each test:

1. A concentrate sample that represented a high-grade product;
2. A middlings sample that represented a high recovery option; and
3. A tailings sample.

The results show that colour is the main sorting criteria and indicate an upgrade ratio in the feed of 1.7 at recoveries of 86% or an upgrade ratio of 1.5 with 92% recovery can be achieved (Table 2). This means more uranium in the same mass, which would allow increased production rates for the same tonnage treated.

## D I R E C T O R S ' R E P O R T ( c o n t ' d )

Ore sorting test work is continuing, with current test work including combined sensor evaluations and testing additional samples which are being sent from site and represent a wider range of lithologies and feed grades.

**Table 1: Colour and Density Ore Sorting Results**

Sample	Mass Split	Upgrade Ratio	Distribution
<b>Fines (-20mm)</b>	<b>16.5</b>	<b>1.0</b>	<b>16.2</b>
<b>Ore sorter (+20mm)</b>	<b>83.5</b>	<b>1.0</b>	<b>83.8</b>
<b>Concentrate</b>	33.5	2.1	69.9
<b>Middlings</b>	10.6	0.6	5.7
<b>Tails</b>	39.4	0.2	8.2
<b>Products</b>			
<b>Conc + Fines</b>	50.0	1.7	86.0
<b>Conc + Midds + Fines</b>	60.6	1.5	91.8
<b>Head Sample</b>	<b>100</b>	<b>1.0</b>	<b>100</b>

The Company is considering a number of different scenarios that can utilise the effectiveness of ore sorting, including:

- Maximising annual production rates to the nominal production rate of the back-end circuit (i.e., drying and packing) of ~3Mlbs/annum
- Focusing on the lower grade materials (stockpile and mineralised waste) and converting them from marginal ores to highly economic feed material for the main process plant
- Further assessment of the option to reduce acid consumption and mill power draw through rejection of barren calcite and silicate materials



**Image 4: ROM feed to the ore sorter before separating into product and tailings**

For personal use only

## **DIRECTORS' REPORT (cont'd)**

### **Care and Maintenance**

#### **Health & Safety**

Kayelekera mine (KM) achieved 2,552 Lost Time Injury (LTI) free days with a total 3,097,933 manhours worked as at 30 June 2021 (156,879 for the 12-month period ending 30 June 2021). No reportable incidents and only one Covid-19 related case and 28 Malaria cases at the site were observed during the 12-month period. The 12-month rolling Total Recordable Injury Frequency Rate (TIFR) is 5.1, while the Lost Time Injury Frequency Rate (LTIFR) remains at zero. A total of 71 minor incidents were reported during the period, mainly small safety and environmental incidents.

KM continued with pro-active approach in incident/accident prevention through implementation of work permit system, Take-5 risk assessments and daily safety toolbox talks.

#### **Care and maintenance costs**

The Company continues to undertake reviews of all activities and associated costs at the Project site to ensure we optimise the site care and maintenance programs and costs.

The review has ensured that the primary focus for the ongoing activities are the core requirements of:

- 1) Maintaining a high level of security and safety at site;
- 2) Ensuring compliance with all regulatory requirements; and
- 3) On-going maintenance of critical equipment.

The actual 2021 care and maintenance operating costs were US\$1.65M versus a budget of US\$1.72M. Additional costs associated with in-country general and administration costs including insurance premiums, tenements fees were US\$0.55M for the year. The single largest cost item for the year is the treatment of run-off water collected in the site dams prior to discharge to the environment. Costs for FY2021 water treatment were US\$0.5M. A similar care and maintenance cost is budgets for 2022.

### **Government Relations**

#### **Mining License and Mine Development Agreement**

On 2 April 2007, the Ministry of Energy, Mines and Natural Resources of Malawi issued a 15-year Mining License to the Company's subsidiary in Malawi – Paladin Africa Limited for the Kayelekera Uranium Project in accordance with the Malawi Mines and Minerals Act of 1981. A Mine Development Agreement providing for a stable fiscal, royalty and equity regime amongst other terms for the Project development was executed between the Malawi Ministry of Energy, Mines and Natural Resources and Ministry of Finance and Paladin Africa Limited and a former owner of the Project - Paladin Energy Minerals (Australia) on 22 February 2007.

## DIRECTORS' REPORT (cont'd)

### 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 lower 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. Uranium 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.

This year marks an important milestone for Lotus as we publish our first Sustainability Report. We are proud of our achievements and developments in this area, and we are pleased to outline them for you in this report. We have created a sustainability project team & new sustainability champion, our Human Resources Officer, Leonard Kazembe.

Despite our Kayelekera mine currently being in care and maintenance, we still aim to maximise opportunities to create value for our stakeholders. While financial and operational success is important, we never lose sight of the vital role that our people, including our contractors, play in driving sustainable performance. Their safety will always be our greatest priority.

We have also worked hard to support the local communities in the region surrounding the Kayelekera mine so they receive real benefit from our activities. We are committed to working closely with the local communities as real partners so when Lotus thrives, they do too. Lotus also upholds high standards of environmental responsibility and we have kicked off projects to reduce our use of natural resources.

#### Strategy

Lotus Resources is committed to the goal of sustainable development which is reflected in its corporate values. The Company's values include the promotion and creation of shared wealth, becoming a significant uranium supplier, operating at global best practice, safety and environmental stewardship, employee welfare and recognition, and the contribution and response to the attitudes and expectations of local communities in the country in which the Company operates.

Lotus is also cognisant of the extra diligence that is required by those in the uranium industry and emphasises acting with integrity, honesty and cultural sensitivity in all its dealings.

In implementing its sustainable development program, Lotus aims to achieve a balance between economic, environmental and social needs in all phases of its operation, and takes into consideration its employees, communities, shareholders and other key stakeholders.

#### Sustainability Statement

Sustainability at Lotus is currently governed directly through the Board and focuses on the Company's performance in the areas of health, safety, radiation, environment, social responsibilities and sustainable development.

#### ESG Activities

It is the intention of the Company that a Sustainability (or ESG) Committee be developed as the Company moves closer towards the restart of its Kayelekera asset. The Committee will comprise of a minimum of three Board members and will provide feedback to the Board on activities and results associated with Sustainability and ESG, including reports related to significant accidents, environmental incidents, community concerns, policy breaches or systems failures, and reviews internal and external audit reports to ensure that Lotus' operations are in compliance with relevant legislation.

## DIRECTORS' REPORT (cont'd)

With the committee established a program of work will be created that will initially include:

- Initiating an ESG reporting protocol that aligns with established international practices
- Setting up the reporting standards on key ESG criteria as part of the company's ongoing continuous disclosure plans
- Identifies areas for improvement and establishes programs or processes to address these issues. Each program will have a nominated champion who will be responsible for the program

In order to support the formation of this Committee and the program of work the Company has engaged with a number of expert consultants to review all relevant policies and guidelines to ensure that they reflect current and emerging international standards. All Policies will be approved by the Board and then be rolled out to all personnel through comprehensive briefings and interactive sessions that addressed each policy in detail.

### Kayelekera Mine Site Performance

The main safety, health, environment and radiation (SHER) activities undertaken were:

- Continued the implementation of Response Plan for COVID-19, with all employees having their first dose of the vaccine and 75% of the workforce having now received their second vaccination.
- Mandated that no employee is permitting on the mine site without proof of full vaccination or a negative COVID test received in the prior 72 hours.
- The Atomic Energy Regulatory Authority (AERA) inspected KM site during the reporting period. KM also submitted application for the renewal to possess and use radioactive sources to AERA.
- Firefighting training and reviews of Emergency Response Plan and Safety Management Plans with updates to comply with current C&M activities
- Monthly inspections on camp hygiene, process plant and tailings / water dams
- Vector control programs were conducted for rodent, termite and fly control.

The following monitoring programs were also undertaken during the reporting period:

- Radiation monitoring for positional dust was conducted in multiple locations. Radiometric and gravimetric analysis was performed on the samples collected by the High-Volume Air Samplers (HVAS) during the reporting period. The radiometric and gravimetric concentration on the samples analyzed are well below the recommended Occupational Exposure Limits (OELs).
- Radon Decay Products (RDP) sampling was conducted on four monitoring stations. Trends of the RDP concentrations in all four locations were dependent on the external weather conditions with higher values seen at the onset of the dry season. However, all mean concentrations for RDP sampling remain very low compared to the DLI ( $7.00\mu\text{m}^3$ )
- Scheduled inspections and prism survey on the TSF embankments including the Decant Pond were completed for the reporting period. No deviations were noted on the TSF North Wall. The largest movements were recorded on the southern edge of the TSF and on the southern wall of the Decant Pond. Movements were within the norms expected for the areas.
- Prism ground movements monitoring at the Plant site continue to show reduction in ground movement intensity around KM as the dry season moves in. The largest ground movements were mapped on slopes to the west of the plant and at around Acid Plant stack. A comprehensive program of work is being planned to develop a strategy to manage this issue prior to start-up.

Site water management continues with the water treatment program being conducted over a period of fifty-two days discharging  $549,252\text{m}^3$  treated water into the Sere River at a cost of US\$0.85/ $\text{m}^3$ .

## DIRECTORS' REPORT (cont'd)

Water pond monitoring surveys were undertaken weekly during the rainy season and monthly during the dry season. Pond levels and volumes obtained at the end of June 2021 are given below.

Water Storage Facility	June 2020	June 2021
Return Water Pond (RWP1)	28.9%	36.6%
Return Water Pond (RWP2)	69.4%	61.9%
Decant Pond	68.9%	67.4%
Seepage Pond	76.8%	89.0%
Tailings Storage Facility (mRSL)	798.239	798.558

The current number of persons employed by the Company are shown in the table below. Permanent Staff turnover is zero, with no separations or new appointments made during the reporting period.

Employees	June 2020	June 2021
Permanent staff (Expat)	2	2
Permanent staff (National)	17	17
Contractors – FTE	17	18
Contractor Security	19	20
Third Party Contractors	4	3

Stakeholder consultation is an ongoing activity with communications focused on current activities onsite (e.g., exploration work), temporary contract job opportunities, future plans for the mine and general discussions around community development ideas.

Consultees	FY2021
Paramount Chief	3
Group Village Headman	2
Community Leaders	6
CSO	1
Government Ministries	7

Training forms an important part of our ongoing activities with our staff and contractors with training program undertaken on firefighting, emergency response, COVID management and safety issues.

The Company has applied for the extension of the Mining License in advance of its expiration date of 2 April 2022 and has developed a Community Development Agreement to support the application process as defined by the new Malawian Mines and Minerals Act, No 8 of 2019. The Company will also review the Mine Development Agreement terms with the Ministry of Finance and Ministry of Mining such that a revised agreement can be in place prior to the restart of the mine.

### 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 development phase of its interests in exploration projects, Lotus Resources 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.

## D I R E C T O R S ' R E P O R T ( c o n t ' d )

### DIRECTORS

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

Mr Michael Bowen Non-Executive Chairman – Appointed 22 February 2021		
Experience and expertise	<p>Mr Bowen is a partner of the national law firm Thomson Geer Lawyers. He practices primarily corporate, commercial and securities law with over 40 years of experience and emphasis on mergers, acquisitions, capital raisings and resources.</p> <p>He is also a Non-Executive Director of ASX listed company Omni Bridgeway Limited, where he is chair of the remuneration committee and a member of the audit and risk, corporate governance and nomination committees.</p> <p>Mr Bowen holds a Bachelor of Laws, Jurisprudence and Commerce from the University of Western Australia. He 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. He is a Certified Public Accountant and member of the Australian Society of Accountants.</p>	
Other current directorships	Omni Bridgeway Limited (Non-Executive Director)	
Former directorships in the last 3 years	Trek Metals Limited (Non-Executive Director)	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	2,250,000
	Unlisted Options	3,000,000

Mr Grant Davey Non-Executive Director		
Experience and expertise	<p>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 Kaylekera Uranium mine in Malawi from Paladin Energy LTD. He is s currently a Company Director for Cradle Resources Limited (ASX:CXX), Superior Lake Resources (ASX:SUP), and is a member of the Australian Institute of Company Directors (AICD)</p>	
Other current directorships	Cradle Resources Limited (Executive Director) Superior Lake Resources Limited (Non-Executive Director)	
Former directorships in the last 3 years	Boss Resources Limited (Non-Executive Director) Matador Mining Limited (Non-Executive Director)	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	193,058,115
	Unlisted Options	2,000,000

For personal use only

## D I R E C T O R S ' R E P O R T ( c o n t ' d )

Mr Mark Hanlon Non-Executive Director – Appointed 22 February 2021		
Experience and expertise	<p>Mr Hanlon has over 25 years of experience in the resources and resource services sector, as well as in commercial and merchant banking.</p> <p>He has a broad background of senior executive experience across a wide range of industries including mining and mining services. Mr Hanlon is currently a Non-Executive Director with ASX listed company Red River Resources Limited where he also chairs the audit and risk committee. He is also Non-Executive Chair of ASX listed company, Copper Strike Limited.</p>	
Other current directorships	Red River Resources Limited (Non-Executive Director) Coper Strike Limited (Non- Executive Chairman)	
Former directorships in the last 3 years	Nil	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	3,675,946
	Unlisted Options	2,824,054

Mr Keith Bowes Managing Director – Appointed 15 February 2021		
Experience and expertise	<p>Mr Bowes is a highly regarded mining executive with over 20 years of experience working on project development and operations in Africa, South America and Australia across a range of commodities and processes.</p> <p>He was previously the project manager for the Panda Hill niobium project in Tanzania and the Sovereign Metals graphite project in Malawi.</p> <p>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 (leach chemistry and IX resins).</p>	
Other current directorships	Nil	
Former directorships in the last 3 years	Matador Mining Limited (Executive Director)	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares	2,250,000
	Unlisted Options	7,750,000

Mr Stuart McKenzie Non-Executive Director -Resigned 19 February 2021		
Experience and expertise	<p>Mr McKenzie has over 30 years of experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Mr McKenzie is the current company secretary of Matador Mining Limited, Lotus Resources Limited, Superior Lake Resources Limited and Tanga Resources Limited.</p>	
Other current directorships	Nil	
Former directorships in the last 3 years	Nil	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	475,000
	Unlisted Options	2,000,000

For personal use only



## D I R E C T O R S ' R E P O R T ( c o n t ' d )

Mr John Sibley Non-Executive Chairman – Resigned 19 February 2021		
Experience and expertise	John Sibley has extensive board, special committee and executive experience with a particular focus on mining, financing, regulatory compliance and corporate governance in Canada and internationally.	
Other current directorships	Aldebaran Resources Inc. (Non-executive Director) Stillwater Canada Limited (Non-executive Director)	
Former directorships in the last 3 years	Qtrade Canada Inc.	
Special responsibilities	Chairman	
Interests in shares and options	Ordinary shares	Nil
	Unlisted Options	Nil

Mr Eduard Smirnov Managing Director – Resigned 10 February 2021		
Experience and expertise	Eduard Smirnov has significant international executive experience in the mining and metals industry with a focus on operations, corporate development and strategy developed through his over 15-year career in the resources and financial industries.	
Other current directorships	Nil	
Former directorships in the last 3 years	Uranium One Inc.	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares	Nil
	Unlisted Options	Nil

### COMPANY SECRETARY

**Mr Stuart McKenzie**

*See page 16.*

For personal use only

## DIRECTORS' REPORT (cont'd)

### 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 Meetings	
	Held	Attended
Mr Michael Bowen <sup>(i)</sup>	4	4
Mr Keith Bowes <sup>(ii)</sup>	4	4
Mr Grant Davey	19	17
Mr Mark Hanlon <sup>(i)</sup>	4	4
Mr Stuart McKenzie <sup>(iii)</sup>	15	15
Mr John Sibley <sup>(iv)</sup>	15	14
Mr Eduard Smirnov <sup>(v)</sup>	15	15

*(i)Appointed 22 February 2021*

*(ii)Appointed 15 February 2021*

*(iii)Resigned 19 February 2021*

*(iv)Resigned 19 February 2021*

*(v)Resigned 10 February 2021*

### Committee membership

As at the date of this report, there is no audit and risk committee or remuneration committee. The Board has determined that given the size and composition of the Board and the scale of the Company's activities, the functions of those committees ought to be performed by the Board. For further information, please see the Company's Corporate Governance Statement.

### PRINCIPAL ACTIVITY

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant or material changes to the Group's state of affairs not otherwise disclosed in this report.

## DIRECTORS' REPORT (cont'd)

### RESULTS

The Group incurred a loss after income tax of \$5,897,844 for the financial year after income tax (2020: loss \$16,569,943).

### 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 years subsequent to 30 June 2021.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year:

- On the 23 September 2021, the Company announced it had completed the sale of its Cobalt tenements in New South Wales to Sunrise Energy Metals limited (**Sunrise**). The transaction involved the sale of tenement EL8520, EL8641 and EL8801 for \$1 million in cash and \$1.5 million in Sunrise shares based on a 5 day volume weighted average price.
- The Company issued 226.4 million shares to Kayelekera Resources Pty Ltd for the purchase of an additional 20% interest in the Company's Kayelekera Uranium. This increases the Company ownership of the project from 65% to 85%, with the Malawi government holding the remaining 15%.
- 2,389,381 unlisted options were exercised at \$0.04 per options for gross proceeds before costs of \$79,289.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Malawi Governments, such as vaccinations, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.
- On the 14 September 2021 the Company announced the renewal of its mining license ML0152 for a further 15 years and the renewal of its exploration permits.

### ANNUAL STATEMENT OF ORE RESERVES AND MINERAL RESOURCES

**Table 1. Kayelekera Mineral Resource March 2020<sup>1</sup>** (Reported above a 300ppm U<sub>3</sub>O<sub>8</sub> lower cut-off for in situ material; and a 200ppm U<sub>3</sub>O<sub>8</sub> lower cut-off for the low-grade stockpiles).

	<i>Mt</i>	<i>Grade (U<sub>3</sub>O<sub>8</sub> ppm)</i>	<i>U<sub>3</sub>O<sub>8</sub> (M kg)</i>	<i>U<sub>3</sub>O<sub>8</sub> (M Lb)</i>
Measured	0.7	1,010	0.7	1.5
Measured - RoM Stockpile <sup>1</sup>	1.6	760	1.2	2.6
Indicated	18.7	660	12.3	27.1
Inferred	3.7	590	2.2	4.8
<b>Total</b>	<b>24.6</b>	<b>660</b>	<b>16.3</b>	<b>36.0</b>
Inferred - LG Stockpile <sup>2</sup>	2.4	290	0.7	1.5
<b>Total All Material</b>	<b>27.1</b>	<b>630</b>	<b>17.0</b>	<b>37.5</b>

<sup>1</sup> RoM stockpile has been mined and is located near mill facility.

<sup>2</sup> Low-grade has been mined and placed on low-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this option.

Figures have been rounded. Grade has been determined from a combination of XRF and downhole logging derived eU<sub>3</sub>O<sub>8</sub> grades. In situ Mineral Resources are depleted for mining to 31 December 2013, when mining ceased, with stockpiles depleted to the end of processing in June 2014. Metal content is based on contained metal in the ground and takes no account of mining or metallurgical recoveries, mining dilution or other economic parameters. An in-situ bulk density of 2.29g/cm<sup>3</sup> was applied for Arkose material and 2.20g/cm<sup>3</sup> for mudstone material to all blocks within the model.

## DIRECTORS' REPORT (cont'd)

### Mineral Resources

The information in this document that relates to Mineral Resources for Kayelekera at the project was first reported by the Company in an announcement to the ASX on 26 March 2020. 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.

### Ore Reserves and Mineral Resources Governance

Lotus reviews its Mineral Resource and Ore Reserve (if applicable) estimates on an annual basis. The Annual 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 Resources 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 period, 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.

### SHARES AND OPTIONS ON ISSUE

At the date of this report, the Company has 1,188,800,828 (2020: 738,264,828) fully paid ordinary shares on issue.

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

Number	Issue Date	Exercise Price	Expiry Date
<b>Unlisted Options</b>			
6,000,000	26 August 2021	\$0.00	1 January 2024
6,000,000	26 August 2021	\$0.00	10 February 2024
7,000,000	26 August 2021	\$0.00	22 February 2024
5,000,000	23 October 2020	\$0.04	23 October 2023
2,500,000	23 October 2020	\$0.06	23 October 2023
2,500,000	23 October 2020	\$0.08	23 October 2023
14,634,653	13 March 2020	\$0.04	13 March 2023
1,393,102	4 October 2019	\$0.04	4 October 2022
8,064,305	12 September 2019	\$0.04	12 September 2022
5,580,007	25 September 2019	\$0.04	25 September 2022
<u>58,672,067</u>			

## **DIRECTORS' REPORT (cont'd)**

### **OPTIONS EXPIRED**

There were no options that expired during the year and no further options have expired since the end of the year.

### **OPTIONS LAPSED**

21,000,000 options lapsed unexercised during the 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**

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.

### **INSURANCE PREMIUMS**

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive 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 (**RSM**), for audit and non-audit services provided during the year are set out in note 4.

The Board is satisfied that the provision of the non-audit services is compatible with 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 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*.

### **REMUNERATION REPORT**

The Remuneration Report set out on pages 25 to 31 forms part of the Directors' Report and is signed as part of it.

### **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.

**DIRECTORS' REPORT (cont'd)**

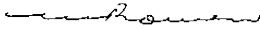
**AUDITOR**

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.

Dated at Perth, Western Australia this 30th day of September 2021.

Signed in accordance with a resolution of the directors:



Mr Michael Bowen  
*Non-Executive Chairman*  
30 September 2021

For personal use only

**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

F +61 (0) 8 9261 9111

[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 2021, 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.

Perth, WA  
Dated: 30 September 2021

**RSM**  
RSM AUSTRALIA PARTNERS

  
ALASDAIR WHYTE  
Partner

For personal use only

**T E N E M E N T   S C H E D U L E**

**Lotus Resources Limited Tenement Schedule as at 30 September 2021**

Project	Tenement	Area (km <sup>2</sup> )	Status	Registered Holder	Ownership
<b>Malawi</b>					
Kayelekera	ML152	55.50	Granted	Lotus Africa Limited	85%
Nthalire	EPL489	137.04	Granted	Lotus Africa Limited	85%
Uliwa	EPL418	348.80	Granted	Lotus Africa Limited	85%
Rukuru	EPL417	146.30	Granted	Lotus Africa Limited	85%
Juma-Miwango	EPL502	28.65	Granted	Paladin Africa Limited	85%

For personal use only



## AUDITED 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 key management personnel for the entire financial year:

Name	Position held
Mr Michael Bowen	Non-Executive – Appointed 22 February 2021
Mr Keith Bowes	Managing Director – Appointed 15 February 2021
Mr Grant Davey	Non-Executive
Mr Mark Hanlon	Non-Executive – Appointed 22 February 2021
Mr Stuart McKenzie	Non-Executive – Resigned 19 February 2021
Mr John Sibley	Chairman Non-Executive – Resigned 19 February 2021
Mr Eduard Smirnov	Managing Director – Resigned 10 February 2021

### NOMINATION & REMUNERATION COMMITTEE

The Board of Directors of the Company are responsible for determining and reviewing remuneration policies for the directors and executives as the Board is of the opinion that given the size of the Board, sub-committees would largely include the entire Board. If necessary, the Board obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group. No such advice was obtained during the year. However, the Board regularly assess remuneration in light of market conditions and peer companies.

Further information on the Boards role, responsibilities and membership is set out in Corporate Governance Statement in this Annual Report.

### PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the achievement of strategic objectives;
- the Group's performance including:
  - the growth in share price; and
  - the amount of incentives within each key management person's compensation.

Given the evaluation and developmental nature of the Group's principal activity, the overall level of compensation does not have regard to the earnings of the Group.

### REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives.

## AUDITED REMUNERATION REPORT (cont'd)

### REMUNERATION STRUCTURE (cont'd)

#### EMPLOYMENT AND CONSULTANCY AGREEMENTS

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

##### Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the Group. As noted above, the Board has access to external advice independent of management.

##### Executive remuneration

Remuneration for executives is set out in employment agreements. Details of these employment agreements are provided below.

Component	Managing Director - Keith Bowes – Appointed 15 February 2021
Fixed remuneration	\$220,000 Inclusive of superannuation
Contract duration	No fixed term
Termination	Statutory entitlements will be paid as required by law. Three months written notice.
Other 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 agreed KPI's for the relevant performance-based period.

Component	Managing Director – Eduard Smirnov – Resigned 10 February 2021
Fixed remuneration	\$300,000 USD Inclusive of superannuation
Contract duration	No fixed term
Termination	Statutory entitlements will be paid as required by law.
Sign on incentive	<ul style="list-style-type: none"> <li>• 6,000,000 zero priced options that vest subject to raising capital at such timing and prices as approved by the Board</li> <li>• 6,000,000 zero priced Options that vest subject to:               <ul style="list-style-type: none"> <li>○ The appointment of independent Directors and/or advisers, African Govt relations, and other positions to attract institutional investment and ensure corporate Governance and independence as approved by the board.</li> <li>○ Completion of a restart study showing the viability of restarting the Mine including but not limited to letters of intent with respect to offtake agreements.</li> </ul> </li> <li>• 6,000,000 zero priced Options that vest on the earlier of three continuous years of service or the Company's market capitalisation exceeds a value of A\$200million for 30 consecutive trading days on the ASX (based on the VWAP of the Company's shares on the ASX)</li> </ul> <p>(All option were cancelled upon resignation)</p>
Other 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 agreed KPI's for the relevant performance-based period.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

## AUDITED REMUNERATION REPORT (cont'd)

### REMUNERATION STRUCTURE (cont'd)

#### Non-executive director remuneration

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, last voted upon by shareholders at the 2007 General Meeting, is not to exceed \$500,000 per year. Directors' fees cover all main board activities and membership of committees.

Non-executive Directors do not receive any retirement benefits, other than statutory superannuation.

#### Non-Executive Director arrangements

Details of the agreements are provided below.

Component	Non-Executive Chairman – John Sibley – Resigned 19 February 2021
Fixed remuneration	\$100,000 Inclusive of superannuation
Contract duration	No fixed term
Termination	Statutory entitlements will be paid as required by law.
Sign on incentive	3,000 zero priced Options that vest to 18 months of continued service (All option were cancelled upon resignation)
Other Equity incentives	The Chairman is eligible to receive an Equity Incentive Award at the Board's discretion and subject to the Chairman's performance against agreed KPI's for the relevant performance-based period.

#### Other Non-executive Directors

Non-executive director fees are reviewed annually by the Board taking into account comparable roles and market data. Fees for the financial year are as follows:

Name	Base Salary/fees (Annual)	Term of Agreement	Notice Period
Mr Michael Bowen <sup>(i)</sup>	\$75,000	No fixed term	Statutory
Mr Grant Davey	\$50,000	No fixed term	Statutory
Mr Mark Hanlon <sup>(ii)</sup>	\$50,000	No fixed term	Statutory
Mr Stuart McKenzie <sup>(iii)</sup>	\$-	No fixed term	Statutory
Mr John Sibley <sup>(iv)</sup>	\$100,000	No fixed term	Statutory

*(i)Appointed 22 February 2021*

*(ii)Appointed 15 February 2021*

*(iii)Resigned 19 February 2021*

*(iv)Resigned 19 February 2021*

*(v)Resigned 10 February 2021*

Non-Executive Directors have no entitlement to termination payment in the event of removal for misconduct or gross negligence.

#### Short-term and Long-term incentive

The Group adopted an incentive option plan on 28th November 2019. 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. Both STI's and LTI's will be issued under the Lotus Resources Limited Option Plan in the 2022 financial year.

---

## AUDITED REMUNERATION REPORT (cont'd)

### REMUNERATION STRUCTURE (cont'd)

#### Short-term incentives

As at the date of this report the Company has only recently implemented its share-based payment (SBP) incentive scheme which will relate to the 2022 and subsequent financial years. The scheme operates to link performance and reward with key measurable financial and performance indicators to provide employees with clear and understandable targets that are aligned with the Group's objectives and shareholder value.

The board will also set non-financial objectives for the Managing Director and these are then cascaded down through the organisation to ensure alignment of objectives. The employee will then have up to three years in which to exercise the options for nil consideration. Each vested SBP option represents a right to be issued one Lotus share. STI's will be issued under the new incentive scheme and will vest on completion of a one year period and satisfaction of a number of key measurable financial and non-financial performance indicators as assessed by the Managing Director and the Board.

A one-off set of SBP's for calendar years 2021 and 2022 were set to align the KMPs with the directors as part of the board restructure that are in the form of zero exercise price options and which vest on two sets of criteria:

- Continuous employment to 31 December 2021 and achieving a share price of \$0.25 or above for five consecutive days; and
- Continuous employment to 31 December 2022 and achieving a share price of \$0.35 or above for five consecutive days.

For non-executive directors, the SBP's for 2022 will be in the form of zero exercise price options which vest upon 18 months of continuous service from 22 February 2021.

#### Long-term incentives

The KMP remuneration structure currently being implemented by the Board will also seek to drive performance and align with shareholder interests through LTI equity-based remuneration. LTI's will also be in the form of zero exercise price options and which vest on completion of a three-year period and satisfaction of a number of key measurable financial and non-financial performance indicators as assessed by the Managing Director and the Board. The performance measure will also align to longer term shareholder value with a direct link to share price growth.

LTI's will be issued under the new incentive scheme.

21,000,000 options were issued to Directors as sign on incentive during the year. The options have fully lapsed unexercised during the year due to the resignation of those Directors.

#### Consequences of performance on shareholder wealth

Due to the Group currently being in an evaluation and developmental phase, the Group's earnings are not considered to be a principal performance indicator. However, the overall level of key management personnel remuneration takes into account the achievement of strategic objectives, service criteria and growth in share price.

There were no performance related remuneration transactions during the financial year other than what has been stated above (2020: nil).

## AUDITED REMUNERATION REPORT (cont'd)

### REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each key management person of the Group are:

		SHORT TERM		POST-EMPLOYMENT		SHARE-BASED PAYMENTS		Fixed Remuneration %	Performance Based Remuneration %
		Salary & fees \$	Non-Monetary \$	Termination \$	Superannuation \$	Options \$	Total \$		
<b>Directors</b>									
<b>Non-executive</b>									
Mr M Bowen (xi)	2021	24,258	-	-	2,305	-	26,563	100%	-
	2020	-	-	-	-	-	-	-	-
Mr Grant Davey(vii)	2021	50,000	-	-	-	-	50,000	100%	-
	2020	3,288	-	-	-	-	3,288	100%	-
Mr M Hanlon (xi)	2021	16,172	-	-	1,536	-	17,708	100%	-
	2020	-	-	-	-	-	-	-	-
Mr J Sibley (i)	2021	68,561	-	-	-	-	68,561	100%	-
	2020	1,644	-	-	156	-	1,800	100%	-
Mr J Eggins(vi)	2021	-	-	-	-	-	-	-	-
	2020	10,000	-	-	950	-	10,950	100%	-
Mr A Mirco (vi)	2021	-	-	-	-	-	-	-	-
	2020	6,223	-	-	-	-	6,223	100%	-
Mr M Milazzo(iv)	2021	-	-	-	-	-	-	-	-
	2020	46,500	-	-	-	-	46,500	100%	-
Mr T Kestell(v)	2021	-	-	-	-	-	-	-	-
	2020	42,333	-	-	4,022	-	46,355	100%	-
<b>Executive</b>									
Mr K Bowes	2021	91,530	-	-	-	-	91,530	100%	-
	2020	-	-	-	-	-	-	-	-
Mr Stuart McKenzie(iii)	2021	-	-	-	-	-	-	100%	-
	2020	1,265	-	-	-	-	1,265	100%	-
Mr E Smirnov(ii)	2021	238,882	-	253,571	-	-	492,453	100%	-
	2020	-	-	-	-	-	-	-	-
Mr S Andrew (viii)	2021	-	-	-	-	-	-	-	-
	2020	346,038 <sup>(x)</sup>	-	-	23,750	-	369,788	100%	-
<b>Total, all directors and executive</b>	<b>2021</b>	<b>489,403</b>	<b>-</b>	<b>253,571</b>	<b>3,841</b>	<b>-</b>	<b>746,815</b>	<b>-</b>	<b>-</b>
	<b>2020</b>	<b>457,291</b>	<b>-</b>	<b>-</b>	<b>28,878</b>	<b>-</b>	<b>486,169</b>	<b>-</b>	<b>-</b>

(i) Appointed 24 June 2020 - resigned 19 February 2021

(ii) Appointed 29 June 2020 - resigned 10 February 2021

(iii) Appointed 22 June 2020 - resigned 19 February 2021

(iv) Resigned 23 June 2020

(v) Resigned 31 May 2020

(vi) Appointed 15 May 2020 - resigned 23 June 2020

(vii) Appointed 22 June 2020

(viii) Resigned 19 May 2020

(ix) Resigned 2 January 2019

(x) Includes a termination payment of \$149,038. The Company has disputed this payment and is of the view that no amount will be payable.

The matter is yet to be formally resolved.

(xi) Appointed 22 February 2021

(xii) Appointed 15 February 2021

### SHARE-BASED COMPENSATION

21,000,000 options were issued to Directors as sign on incentive during the year. The options have fully lapsed unexercised during the year due to resignation of Directors.

## AUDITED REMUNERATION REPORT (cont'd)

### USE OF REMUNERATION CONSULTANTS

During the year, the Group did not use any remuneration consultants.

### VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING

Lotus Resources Limited received 99.42% of "yes" votes on its remuneration report for the 2020 financial year. The remuneration report resolution received a "no" vote from 0.52% of shareholders voting at the meeting, either personally or by proxy. The Company has made certain changes to the structure of the Board and its remuneration, as noted above, since the AGM results. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### OPTIONS HOLDINGS OF KEY MANAGEMENT PERSONNEL

2021	Held at 1 July 2020	Held at the date of appointment	Granted as compensation	Exercised	Other changes	Held at date of resignation	Held at 30 June 2021	Vested during the year
Mr Michael Bowen <sup>(i)</sup>	-	-	-	-	-	-	-	-
Mr Keith Bowes <sup>(ii)</sup>	-	1,750,000	-	-	-	-	1,750,000	-
Mr Grant Davey	13,049,542	-	-	(13,049,542)	-	-	-	-
Mr Mark Hanlon <sup>(i)</sup>	-	824,054	-	-	-	-	824,054	-
Mr Stuart McKenzie <sup>(iii)</sup>	175,000	-	-	(175,000)	-	-	-	-
Mr J Sibley <sup>(iv)</sup>	-	-	-	-	-	-	-	-
Mr E Smirnov <sup>(v)</sup>	-	-	-	-	-	-	-	-

(i)Appointed 22 February 2021

(ii)Appointed 15 February 2021

(iii)Resigned 19 February 2021

(iv)Resigned 19 February 2021

(v)Resigned 10 February 2021

### SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

2021	Held at 1 July 2020	Held at date of appointment	Purchases	Received on exercise of options	Disposal	Held at date of resignation	Held at 30 June 2021
Mr Michael Bowen(i)	-	2,250,000	-	-	-	-	2,250,000
Mr Keith Bowes (ii)	-	2,250,000	-	-	-	-	2,250,000
Mr Grant Davey	26,099,084	-	1,000,000	13,049,542	(24,000,000)	-	16,148,626
Mr Mark Hanlon(i)	-	3,175,946	-	-	-	-	3,175,946
Mr Stuart McKenzie(iii)	300,000	-	-	175,000	-	-	475,000
Mr J Sibley (iv)	-	-	-	-	-	-	-
Mr E Smirnov(v)	-	-	-	-	-	-	-

(i)Appointed 22 February 2021

(ii)Appointed 15 February 2021

(iii)Resigned 19 February 2021

(iv)Resigned 19 February 2021

(v)Resigned 10 February 2021

## AUDITED REMUNERATION REPORT (cont'd)

### 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 done so at an arm's length basis and on normal commercial terms. During the year the Company incurred costs under this arrangement totalling \$115,464.

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 and general office costs to the Company at cost plus 2%. The Company also uses Matador Capital's technical and project management expertise. During the year the Company incurred costs under this arrangement totalling \$269,008. 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 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 on country services.

Mr McKenzie was an Executive Director of the Company is also KMP and employee of Marvel Gold Limited (**Marvel**), an ASX gold exploration company. Marvel provided Company Secretary services to the Company to the value of \$48,163 and the other services of \$46,767.

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

### Amounts owed to related parties

Mr Simon Andrew is owed \$160,913 in salary and superannuation and termination entitlements. This includes a termination payment of \$149,038. The Company has disputed this payment and is of the view that no amount will be payable. The matter is yet to be formally resolved.

Thomson Geer, an entity associated with Mr Michael Bowen, is owed \$11,572.

Matador Capital, an entity associated with Mr Grant Davey, is owed \$17,358.

There were no other key management personnel transactions other than as disclosed above.

### Additional Information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
EBITDA	(5,872,822)	(16,487,057)	(813,199)	(2,149,968)	(1,858,796)
EBIT	(5,897,844)	(16,550,494)	(821,364)	(2,171,217)	(1,885,394)
Loss after Income Tax	(5,897,844)	(16,569,943)	(821,364)	(2,171,217)	(1,873,559)

The factors that are considered to affect total shareholders return are summarised below:

	2021	2020	2019	2018	2017
Share price at end of the year	19 cents	7 cents	4.5 cents	0.7 cents	0.5 cents
Basis loss per share	0.72 cents	4.58 cents	0.82 cents	0.14 cents	0.90 cents

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

## **C O R P O R A T E   G O V E R N A N C E   S T A T E M E N T**

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

The 2021 corporate governance statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 corporate governance statement was approved by the Board on 30 September 2021. 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-governance/](http://www.lotusresources.com.au/corporate-governance/).

For personal use only



**STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

for the year ended 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
Other income	3(a)	187,630	160,324
Corporate and administrative expenses	3(b)	(2,472,253)	(1,978,085)
Exploration and evaluation salary and general expenses		(242,403)	-
Care and maintenance costs	3(c)	(3,370,818)	(1,970,565)
Exploration and evaluation impairment	9	-	(12,781,617)
<b>Loss before income tax</b>		<b>(5,897,844)</b>	<b>(16,569,943)</b>
Income tax expense	5	-	-
<b>Loss after income tax</b>		<b>(5,897,844)</b>	<b>(16,569,943)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(697,835)	(726,132)
<b>Total other comprehensive income</b>		<b>(697,835)</b>	<b>(726,132)</b>
<b>Total comprehensive loss for the year</b>		<b>(6,595,679)</b>	<b>(17,296,075)</b>
Loss attributable to:			
Non-controlling interests		(883,354)	(647,723)
Members of the parent		(5,014,490)	(15,922,220)
		<b>(5,897,844)</b>	<b>(16,569,943)</b>
Total comprehensive loss attributable to:			
Non-controlling interests		(1,144,495)	(660,220)
Members of the parent		(5,451,184)	(16,635,855)
		<b>(6,595,679)</b>	<b>(17,296,075)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	21	(0.72)	(4.58)

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

For personal use only

**STATEMENT OF FINANCIAL POSITION**  
 as at 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	28,324,395	16,496,834
Other assets	7	739,003	611,441
<b>Total Current Assets</b>		<b>29,063,398</b>	<b>17,108,275</b>
<b>Non-Current Assets</b>			
Plant and equipment	8	1,409	-
Exploration and evaluation assets	9	59,798,200	65,056,336
Right-of-use assets	10	-	24,402
<b>Total Non-Current Assets</b>		<b>59,799,609</b>	<b>65,080,738</b>
<b>Total Assets</b>		<b>88,863,007</b>	<b>82,189,013</b>
<b>Current Liabilities</b>			
Trade and other payables	11	625,023	1,385,645
Provisions	12	13,907	-
Lease liabilities	13	-	27,284
Other liabilities	14	2,671,220	1,456,134
<b>Total Current Liabilities</b>		<b>3,310,150</b>	<b>2,869,063</b>
<b>Non-Current Liabilities</b>			
Other liabilities	14	7,006,832	10,280,670
Provisions	15	56,201,656	61,427,529
<b>Total Non-Current Liabilities</b>		<b>63,208,488</b>	<b>71,708,199</b>
<b>Total Liabilities</b>		<b>66,518,638</b>	<b>74,577,262</b>
<b>Net Assets</b>		<b>22,344,369</b>	<b>7,611,751</b>
<b>Equity</b>			
Contributed equity	16	78,142,783	57,157,521
Reserves	17	257,145	350,804
Accumulated losses	18	(56,441,844)	(51,427,354)
Equity attributable to owners of the Company		<b>21,958,084</b>	<b>6,080,971</b>
Non-controlling interest		386,285	1,530,780
<b>Total Equity</b>		<b>22,344,369</b>	<b>7,611,751</b>

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 2021

Consolidated 2021	Contributed Equity	Share Based Payment Reserve	Option Premium Reserve	Foreign exchange reserve	Accumulated Losses	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>57,157,521</b>	<b>46,040</b>	<b>1,018,399</b>	<b>(713,635)</b>	<b>(51,427,354)</b>	<b>1,530,780</b>	<b>7,611,751</b>
Loss after income tax	-	-	-	-	(5,014,490)	(883,354)	(5,897,844)
Other comprehensive income	-	-	-	(436,694)	-	(261,141)	(697,835)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(436,694)</b>	<b>(5,014,490)</b>	<b>(1,144,495)</b>	<b>(6,595,679)</b>
Placement of shares	17,404,000	-	-	-	-	-	17,404,000
Shares issued on exercise of options	4,822,541	-	-	-	-	-	4,822,541
Share based payments expense	60,861	-	343,035	-	-	-	403,896
Share issue costs	(1,302,140)	-	-	-	-	-	(1,302,140)
<b>Balance at 30 June 2021</b>	<b>78,142,783</b>	<b>46,040</b>	<b>1,361,434</b>	<b>(1,150,329)</b>	<b>(56,441,844)</b>	<b>386,285</b>	<b>22,344,369</b>

Consolidated 2020	Contributed Equity	Share Based Payment Reserve	Option Premium Reserve	Foreign exchange reserve	Accumulated Losses	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>43,790,848</b>	<b>46,040</b>	<b>1,018,399</b>	<b>-</b>	<b>(33,314,134)</b>	<b>-</b>	<b>11,541,153</b>
Loss after income tax	-	-	-	-	(15,922,220)	(647,723)	(16,569,943)
Other comprehensive income	-	-	-	(713,635)	-	(12,497)	(726,132)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(713,635)</b>	<b>(15,922,220)</b>	<b>(660,220)</b>	<b>(17,296,075)</b>
NCI at acquisition date	-	-	-	-	(2,191,000)	2,191,000	-
Placement of shares	8,000,701	-	-	-	-	-	8,000,701
Shares issued on exercise of options	2,284,681	-	-	-	-	-	2,284,681
Shares issued on conversion of convertible notes	500,696	-	-	-	-	-	500,696
Shares consideration on acquisition of subsidiary	3,060,000	-	-	-	-	-	3,060,000
Share issue costs	(479,405)	-	-	-	-	-	(479,405)
<b>Balance at 30 June 2020</b>	<b>57,157,521</b>	<b>46,040</b>	<b>1,018,399</b>	<b>(713,635)</b>	<b>(51,427,354)</b>	<b>1,530,780</b>	<b>7,611,751</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 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		-	131,850
Government stimulus measures received		55,950	44,000
Interest received		4,566	6,607
Payments to suppliers and employees		(2,655,490)	(1,714,258)
Payments for care and maintenance		(3,911,311)	(2,298,648)
Interest paid		-	(19,450)
<b>Net cash outflow from operating activities</b>	<b>24</b>	<b>(6,506,285)</b>	<b>(3,849,899)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(2,029)	(2,954)
Payments for exploration expenditure – acquisition costs		(1,315,478)	(3,393,358)
Payments for exploration expenditure – capitalised costs		-	(1,074,141)
Cash acquired on acquisition of subsidiary		-	14,643,349
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(1,317,507)</b>	<b>10,172,896</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		17,404,000	10,786,080
Proceeds from the conversion of option		4,822,541	-
Share issue transaction costs		(1,302,139)	(479,405)
Repayment of loan		-	(150,000)
Repayment of lease liabilities		(27,284)	(55,684)
<b>Net cash inflow from financing activities</b>		<b>20,897,118</b>	<b>10,100,991</b>
<b>Net increase in cash held</b>		<b>13,073,326</b>	<b>16,423,988</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>6</b>	<b>16,496,834</b>	<b>72,846</b>
Effect of exchange rate changes on cash and cash equivalents		(1,245,765)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>28,324,395</b>	<b>16,496,834</b>

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

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the 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*.

The financial report was authorised for issue on 30 September 2021 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Basis of Preparation**

The financial report is 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*.

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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 27.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lotus Resources as at 30 June 2021 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

### Significant 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 statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined 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 activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. 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.

#### *Rehabilitation provision*

A provision has been made for the 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.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### Summary of Significant Accounting Policies

#### Foreign currency

##### *Functional and presentation currency*

Both the functional and presentation currency of Lotus and the Group is Australian Dollars (\$), with the exception of Lotus Africa Limited whose functional currency is USD.

---

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### **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. This includes start up operations which are yet to earn revenues. 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.

### **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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### **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.

### **Revenue recognition**

The consolidated entity recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### *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.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Earnings per share**

#### ***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 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.

#### ***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.

#### ***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.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

### Exploration and evaluation expenditure

Exploration, evaluation and development 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 against profit in the 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.

### Provisions

A provision has been made for the anticipated costs for future rehabilitation of land explored or mined. 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*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave 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.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Plant and equipment

#### *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.

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### Depreciation

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

▪ Plant and Equipment	33%
▪ Fixtures and Fittings	25%
▪ Motor Vehicles	25%

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

### Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- (a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- (a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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.

Lotus Resources Limited has unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

---

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### Goods and Services Tax

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 Australian Tax Office (ATO). In these circumstances the 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 ATO 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 ATO are classified as operating cash flows.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Trade and other payables

Liabilities are initially recognised at fair value and subsequently measured at cost for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 60 days.

### Loans and borrowings

Loans are recognised at their principal amount, subject to set-off arrangements. Borrowing costs are recognised as an expense when incurred.

### Contributed equity

Ordinary shares are classified as equity.

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.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### Share-based payment transactions

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

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.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

---

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 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.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

---

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### **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 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **2. 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 prior year in relation to all of the exposures. Further quantitative disclosures are included in Note 19.

---

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. FINANCIAL RISK MANAGEMENT (cont'd)

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 are 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.

#### **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.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices 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 Group entities.

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

#### *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.

#### **Fair value measurements**

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

	Consolidated 2021 \$	Consolidated 2020 \$
<b>3. OTHER INCOME AND EXPENSES</b>		
<b>(a) Other income</b>		
Interest income	4,566	6,607
Australian tax office COVID relief	55,950	44,050
Other	127,114	109,667
	187,630	160,324
<b>(b) Corporate and administrative expenses</b>		
Employee benefits and director fees	921,800	483,737
Depreciation - Plant and equipment	620	4,871
Depreciation - Right-of-use asset	24,402	58,564
Accounting fees	179,210	169,913
Interest expense	-	19,449
Legal fees	135,889	479,900
Other administrative costs	1,210,332	761,651
	2,472,253	1,978,085
<b>(c) Care and maintenance costs</b>		
Processing costs	235,425	219,101
Engineering fees	1,100,265	865,172
Site services costs	116,121	181,602
Safety, health, environment and radiation (SHER)	513,727	153,431
Maintenance	376,272	171,852
Security fees	205,052	223,758
Admin, HR, Corporate and Expatriates	823,956	155,649
	3,370,818	1,970,565
<b>4. AUDITOR'S REMUNERATION</b>		
The following amounts were paid or payable for services provided by the auditors of the Group and its related practices.		
<b>Audit services:</b>		
RSM Australia Partners		
- audit and review of financial reports	50,000	50,000
Ernst & Young Malawi		
- audit of financial reports	19,236	-
PriceWaterhouseCoopers Malawi		
- audit of financial reports	-	26,776
	69,236	76,776
<b>5. TAXATION</b>		
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Income tax expense	-	-



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

At 30 June 2021, the Group had net operating loss-forward totalling \$381,744,458 (2020: \$351,302,061). No deferred tax assets have been recognized with respect to these operating or capital losses. The deferred tax asset has not been brought to accounts at reporting date because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- The Group derives 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.

	Consolidated 2021 \$	Consolidated 2020 \$
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	14,751,569	1,935,494
Restricted cash <sup>1</sup>	13,572,826	14,561,340
	<u>28,324,395</u>	<u>16,496,834</u>

<sup>1</sup> As at 30 June 2021, restricted cash consists of a collateral deposit in the form of a bond issued for rehabilitation obligations of the Kayelekera Uranium Project in Malawi in the amount of 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 Company as part of the Kayelekera Uranium Project acquisition.

The Company acquired the bond as part of the acquisition of the Kayelekera Uranium Project. This is restricted cash that cannot be used to fund operations whilst the environmental performance bond is in place.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

### 7. OTHER ASSETS

Other receivables	30,312	41,545
Prepayments	397,007	340,677
Other asset	30,783	-
GST	250,901	199,219
Security bond	30,000	30,000
	<u>739,003</u>	<u>611,441</u>

The Group's exposure to credit risk related to other receivables is disclosed in Note 19.

#### *Allowance for expected credit losses*

The Group did not recognise any losses (2020: Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

8. PLANT AND EQUIPMENT	Furniture & Fixtures \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
<b>At 30 June 2021 (Consolidated)</b>				
Cost	80,880	13,941	26,000	120,821
Accumulated depreciation	(79,471)	(13,941)	(26,000)	(119,412)
Net carrying amount	1,409	-	-	1,409
<b>Year ended 30 June 2021 (Consolidated)</b>				
At 1 July 2020, net of accumulated depreciation	-	-	-	-
Additions	2,029	-	-	2,029
Depreciation charge for the year	(620)	-	-	(620)
At 30 June 2021, net of accumulated depreciation	1,409	-	-	1,409
<b>At 30 June 2020 (Consolidated)</b>				
Cost	78,850	13,941	26,000	118,791
Accumulated depreciation	(78,850)	(13,941)	(26,000)	(118,791)
Net carrying amount	-	-	-	-
<b>Year ended 30 June 2020 (Consolidated)</b>				
At 1 July 2019, net of accumulated depreciation	1,917	-	-	1,917
Additions	2,954	-	-	2,954
Depreciation charge for the year	(4,871)	-	-	(4,871)
At 30 June 2020, net of accumulated depreciation	-	-	-	-

As outlined in note 26 the Company acquired the Kayelekera Uranium Project in the financial year ended 30 June 2020. As part of the acquisition the Company acquired a significant amount of infrastructure, property plant and equipment. Given the mine is currently in care and maintenance, these assets have been assessed to have a nil fair value.

9. EXPLORATION AND EVALUATION ASSETS	Consolidated 2021 \$	Consolidated 2020 \$
Exploration and evaluation expenditure carried forward in respect of areas of interest (net of amounts written off)	59,798,200	65,056,336
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	65,056,336	11,789,470
Exploration and evaluation expenditure	-	3,978,327
Assets acquired <sup>1</sup>	-	62,070,156
Provision for impairment <sup>2</sup>	-	(12,781,617)
Movement in exchange rates	(5,258,136)	-
Carrying amount at the end of the year	59,798,200	65,056,336

<sup>1</sup>Refer to Note 26 for acquisition.

<sup>2</sup>On 13 March 2020 the Company completed the acquisition of the Kayelekera Project which completed a changed in strategic direction for the Company. The amount of \$12,781,617 held on the statement of financial position related to exploration tenements in Australia including its cobalt tenements in New South Wales. Given that the Group is not expected to allocate its resources to these tenements in the near future and their decrease in value due to a decline in the cobalt price, the Group has impaired the entire amount previously capitalised in relation to these tenements.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

	Consolidated 2021 \$	Consolidated 2020 \$
<b>10. RIGHT-OF-USE ASSETS</b>		
Head office space - right-of-use	-	82,966
Less: accumulated depreciation	-	(58,564)
	-	24,402
<p>The Company's lease on its previous office premises was agreed to be terminated effective 30 September 2020.</p>		
<b>11. TRADE AND OTHER PAYABLES</b>		
Trade payables	268,144	448,375
Other payables and accruals	356,879	937,270
	625,023	1,385,645
<p>The Group's exposure to credit and liquidity risks related to trade and other payables are disclosed in Note 19.</p>		
<b>12. PROVISIONS - CURRENT</b>		
Employee annual leave provision	13,907	-
<b>13. LEASE LIABILITIES</b>		
Head office space - lease liability	-	27,284
	-	27,284
<b>14. OTHER LIABILITIES</b>		
Environmental bond - current	2,671,220	1,456,134
Environmental bond - non - current	4,006,832	7,280,670
Deferred shares consideration to be issued on the date that is 3 years after completion – non-current	3,000,000 <sup>1</sup>	3,000,000 <sup>1</sup>
	7,006,832	10,280,670
<b>Environmental bonds</b>	<b>Current</b>	<b>Non-current</b>
1 July 2020	1,456,134	7,280,670
Repayment of environmental bond	(1,315,478)	-
Reclassification of liability to current	2,671,220	(2,671,220)
Foreign currency movement	(140,656)	(602,618)
30 June 2021	2,671,220	4,006,832

<sup>1</sup> \$3,000,000 worth of Shares to be issued on the 13 March 2023 calculated using the lower of;

- the price at which Shares were issued under the most recent capital raising undertaken by the Company within 90 days prior to issue; and
- 30-day VWAP for Shares up to and including the business day prior to issue (Deferred Consideration).

As disclosed in Note 26, the Group entered into an agreement with ASX listed Paladin Energy Limited (ASX: PDN) to acquire a 65% interest in the Kayelekera Uranium Project (Kayelekera), located in Malawi. The acquisition was completed on 13 March 2020.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 14. OTHER LIABILITIES (cont'd)

In addition to the consideration, Paladin Africa must repay (or procure that the Company repays on its behalf) the amount of US\$10,000,000 which had previously been advanced by Paladin to Paladin Africa to fund the environmental bond in favour of the Government of Malawi (Environmental Bond). The following amounts will be payable to Paladin in respect of the environmental bond advance:

- i. US\$4,000,000 on completion (completion occurred 13 March 2020);
- ii. US\$1,000,000 (2020: \$1,456,134 AUD) on the date that is 1 year after Completion (paid prior to 13 March 2021);
- iii. US\$2,000,000 (2020: \$2,912,268 AUD) on the date that is 2 years after Completion; and
- iv. US\$3,000,000 (2020: \$4,368,402 AUD) on the date that is 3 years after Completion.

	Consolidated 2021 \$	Consolidated 2020* \$
<b>15. PROVISIONS – NON-CURRENT</b>		
Mine closure provision	6,661,276	7,280,670
Rehabilitation provision	49,540,380	54,146,859
	<u>56,201,656</u>	<u>61,427,529<sup>1</sup></u>
<b>Reconciliation – Non-current Provisions</b>		
1 July 2020	61,427,529	
Additional provision recognised	-	
Foreign currency movements	<u>(5,225,873)</u>	
30 June 2021	<u>56,201,656</u>	

<sup>1</sup>Refer to Note 26 for acquisition which includes the acquisition of the above end of mine provisions.

A mine closure plan for Kayelekera was prepared in September 2021 and presented various options for rehabilitation. Following a review of the different options presented in the mine closure plan, management decided on the option that was the most likely to be implemented at Kayelekera which resulted in the provision stated above.

The Company also has in place a cash backed environmental performance bond of \$13,572,826 (US\$10,000,000) as outlined in Note 6. 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.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

			Consolidated 2021 \$	Consolidated 2020 \$
<b>16. CONTRIBUTED EQUITY</b>				
Fully paid ordinary shares			78,142,783	57,157,521
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number of</b>	<b>Number of</b>	<b>\$</b>	<b>\$</b>
	<b>Shares</b>	<b>Shares</b>		
<i>Movements during the year:</i>				
Opening balance	672,326,050	100,139,194	57,157,521	43,790,848
Shares issued for acquisition of Kayelekera Uranium Project	-	90,000,000	-	3,060,000
Shares issued via placement of shares	161,300,000	400,035,033	17,404,000	8,000,701
Shares issued to staff for the payment of accrued leave	529,224	-	60,861	-
Exercise of options	120,563,515	57,117,025	4,822,541	2,284,681
Issue of shares on conversion of convertible note	-	25,034,798	-	500,696
Share issue costs	-	-	(1,302,140)	(479,405)
Closing balance	<u>954,718,789</u>	<u>672,326,050</u>	<u>78,142,783</u>	<u>57,157,521</u>

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.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
<b>17. RESERVEVES</b>		
Share based payment reserve	46,040	46,040
Option premium reserve	1,361,434	1,018,399
Foreign exchange reserve	(1,150,329)	(713,635)
	257,145	350,804
<i>Movement in reserves</i>		
<b>Share based payment reserve</b>		
Opening balance	46,040	46,040
Movement during the year	-	-
Closing balance	46,040	46,040
<b>Option premium reserve</b>		
Opening balance	1,018,399	1,018,399
Movement during the year	343,035	-
Closing balance	1,361,434	1,018,399
<b>Foreign exchange reserve</b>		
Opening balance	(713,635)	-
Exchange rate differences on translating foreign operations	(436,694)	(713,635)
Closing balance	(1,150,329)	(713,635)
<b>Movement in options:</b>		
Opening balance	155,417,981	7,678,571
Granted	31,000,000	212,535,006
Exercised	(120,563,518)	(57,117,025)
Expired	-	(7,678,571)
Lapsed	(21,000,000)	-
Closing balance	44,854,463	155,417,981
	<b>2021</b>	<b>2020</b>
Weighted average exercise price of outstanding options (Cents)	4.33	4.00
Weighted average remaining life of outstanding options (Years)	1.65	2.48

**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.

**Option premium reserve**

This reserve is used to record the value of monies raised from issue of options and from issue of incentive options.

**Option lapsed**

21,000,000 options lapsed unexercised during the year due to resignation of Directors.

**Option expired**

No option expired during the year.

**Foreign currency translation reserve**

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

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

	Consolidated 2021 \$	Consolidated 2020 \$
<b>18. ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the year	(51,427,354)	(33,314,134)
Loss for the year	(5,014,490)	(15,922,220)
NCI on acquisition of Kayelekera Uranium Project (Note 26)	-	(2,191,000)
Accumulated losses at the end of the year	<u>(56,441,844)</u>	<u>(51,427,354)</u>

### 19. FINANCIAL INSTRUMENTS

For financial risk exposure and management objectives please refer to note 2.

#### Credit risk

##### 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 2021 \$	Consolidated 2020 \$
Cash and cash equivalents	28,324,395	16,496,834
Other assets (excluding prepayments and GST receivables)	60,312	71,545
	<u>28,384,707</u>	<u>16,568,379</u>

#### Liquidity risk

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.

Consolidated 30 June 2021	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
<b>Financial Liabilities</b>					
Trade and other payables	(625,023)	(625,023)	(625,023)	-	-
Other liabilities	(9,691,959)	(9,691,959)	(2,685,127)	(7,006,832)	-
	<u>(10,316,982)</u>	<u>(10,316,982)</u>	<u>(3,310,150)</u>	<u>(7,006,832)</u>	<u>-</u>
Consolidated 30 June 2020	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
<b>Financial Liabilities</b>					
Trade and other payables	(1,385,645)	(1,385,645)	(1,385,645)	-	-
Lease liabilities	(27,284)	(27,284)	(27,284)	-	-
Other liabilities	(11,736,804)	(11,736,804)	(1,456,134)	(10,280,670)	-
	<u>(13,149,733)</u>	<u>(13,149,733)</u>	<u>(2,869,063)</u>	<u>(10,280,670)</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 19. FINANCIAL INSTRUMENTS DISCLOSURE (CONT'D)

#### Interest rate risk

##### Profile

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

	Carrying Amount	
	Consolidated 2021 \$	Consolidated 2020 \$
<b>Variable rate instruments</b>		
Financial assets	28,324,395	16,496,834
Financial liabilities	-	-
	<u>28,324,395</u>	<u>16,496,834</u>

##### 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 2020.

	Consolidated 2021			
	+100 basis points		-100 basis points	
	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial instruments with interest rate</b>				
Financial assets	283,244	283,244	(283,244)	(283,244)
Financial liabilities	-	-	-	-

	Consolidated 2020			
	+100 basis points		-100 basis points	
	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial instruments with interest rate</b>				
Financial assets	1,650	1,650	(1,650)	(1,650)
Financial liabilities	-	-	-	-

The weighted average effective interest rate on variable rate instruments was 0.52% (2020: 0.30%).

### 20. COMMITMENTS

#### Exploration Project commitments

Commitments for mining license/tenement rentals due within one year: \$13,736 (2020: \$17,329)

Commitments for purchase of spares and other suppliers due within one year: Nil (2020: \$2,177)

For personal use only



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 21. LOSS PER SHARE

	Consolidated 2021 \$	Consolidated 2020 \$
a. Reconciliation of earnings to profit or loss:		
Loss	(5,897,844)	(16,569,943)
Loss used to calculate basic EPS	(5,897,844)	(16,569,943)
Loss used in the calculation of dilutive EPS	(5,897,844)	(16,569,943)
	<b>No.</b>	<b>No.</b>
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	820,577,319	361,566,438
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	820,577,319	361,566,438

### 22. SEGMENT REPORTING

In the current year, the Group operated in two geographical and business segments, being Africa (Uranium) and Australia (Minerals).

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Group as the board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

At 30 June 2021, the Group had the following segments

	Operating Profit/(Loss)		Total Assets		Total Liabilities	
	30/6/2021 \$	30/6/2020 \$	30/6/2021 \$	30/6/2020 \$	30/6/2021 \$	30/6/2020 \$
Uranium (Africa)	(3,495,892)	(1,850,637)	88,518,481	82,164,611	63,047,460	70,715,596
Minerals (Australia)	-	(12,781,617)	-	-	3,000,000	3,000,000
Corporate	(2,401,952)	(1,937,689)	344,526	24,402	471,178	861,666
	(5,897,844)	(16,569,943)	88,863,007	82,189,013	66,518,638	74,577,262

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 23. RELATED PARTY DISCLOSURES

**(a) Ultimate parent**

Lotus Resources Limited is the ultimate Australian entity.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 28.

**(c) Key management personnel compensation**

*Compensation*

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

	2021	2020
	\$	\$
Short-term employee benefits	489,403	457,291
Post-employment benefits	3,841	28,878
Termination benefits	253,571	-
	746,815	486,169

**(d) Loans to related parties**

No loans were advanced to related parties during the reporting year (2020: Nil).

**(e) Amounts owed to related parties**

As at the reporting date, \$34,898 were owing to related parties (2020: \$118,530) 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 done so at an arm's length basis and on normal commercial terms. During the year the Company incurred costs under this arrangement totalling \$115,464. There is a balance of \$11,572 (2020: \$Nil) owing to Thomson Geer as at 30 June 2021 in relation to the provision of these services.

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 and general office costs to the Company at cost plus 2%. The Company also uses Matador Capital's technical and project management expertise. During the year the Company incurred costs under this arrangement totalling \$269,008 (2020: \$213,663). 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 on country services. These services provided by Matador Capital were done so at an arm's length basis and on normal commercial terms. There is a balance of \$17,358 (2020: \$60,293) owing to Matador Capital as at 30 June 2021 in relation to the provision of these services.

Mr McKenzie was an Executive Director of the Company is also KMP and employee of Marvel Gold Limited (**Marvel**), an ASX gold exploration company. Marvel provided Company Secretary services to the Company to the value of \$48,163 and the other services \$46,767. There is a balance of \$5,968 outstanding at year end.

In the financial year ended 30 June 2020, Mr. Davey was a Director of Graphex Mining Limited (Graphex) (now Marvel Gold Limited) (resigned 25 September 2020) and former Director of Matador Mining Ltd (Matador Mining) (resigned 2 June 2020), ASX listed Companies that are also parties to the Shared Services Agreement with the Company. Under this arrangement Graphex and Matador Mining provide company secretarial, accounting and administration services. The Company incurred costs from Graphex and Matador Mining of \$53,344 and \$4,893 respectively. These amounts were outstanding as at 30 June 2020 and has been fully repaid in current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 23. RELATED PARTY DISCLOSURES (cont'd)

On 23 July 2019, the Company entered into a convertible loan agreement with Matador Capital Ltd for \$500,696. Matador Capital subsequently converted the loan to equity on 24 October 2019, with 25,034,800 fully paid shares being issued at a share price for \$0.02 along with one free attaching option for every two shares issued.

On 29 April 2019, the Company entered into a loan agreement with Neon Capital Ltd (Neon Capital) for \$150,000. The terms of the loan were for the loan to be repaid by 30 September 2019 and interest to be accrued at 8% per annum. Neon Capital has subsequently participated in the rights issue and the loan was repaid on 23 September 2019. Tim Kestell (resigned as director of Lotus at 31 May 2020) is a director of Neon Capital.

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

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

	Consolidated 2020 \$	Consolidated 2020 \$
<b>Cash flows from operating activities</b>		
Loss for the year	(5,897,844)	(16,569,943)
Adjustments for:		
Depreciation	25,022	63,437
Share based payments – contractors	343,035	-
Share based payments – employers	60,861	-
Impairment	-	12,781,617
Foreign currency translated difference	(163,080)	(726,132)
Operating loss before changes in working capital	(5,632,006)	(4,451,021)
Change in other assets	(127,564)	(547,763)
Change in trade and other payables	(746,715)	1,148,885
Net cash used in operating activities	(6,506,285)	(3,849,899)

### 25. CONTINGENT LIABILITIES

#### Bank Guarantee

The Company has given a bank guarantee of \$20,000 (2020: \$20,000) to the Department of Mines and Petroleum for a tenement bond.

#### Hylea Project

On 5 February 2018, the Company completed the acquisition of the Hylea project. As part of the purchase consideration, the Company assumed a contingent liability for a royalty payable.

#### Royalty

1.5% net smelter return royalty is payable on the gross sales of all future metals obtained from the tenements acquired and sold on an arm's length basis.

#### Kayelekera Uranium Project

At 30 June 2021, the Company had three agreements providing for royalty payments to local government and former owners for production from the Kayelekera Uranium Project. Royalties payable on production comprise an uncapped 3.0% royalty on revenue to the Malawi Government, a 3.5% royalty on revenue capped at US\$5.0 million to Paladin Energy and an uncapped 0.75% royalty on revenue to Power Resources Limited.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. ACQUISITION OF KAYELEKERA URANIUM PROJECT

On 24 June 2019, the Group entered into an agreement with ASX listed Paladin Energy Limited (ASX: PDN) to acquire a 65% interest in the Kayelekera Uranium Project (Kayelekera), located in Malawi. The acquisition was completed on 13 March 2020.

Management has determined that this acquisition meets the definition of a business within AASB 3 Business Combinations. This transaction has been accounted for as a business combination.

#### Acquisition Agreement

The consideration payable for the Acquisition is as follows:

- \$200,000 in cash, plus 90,000,000 Shares to be issued on Completion (Initial Consideration);
- a royalty of 3.5% of gross returns at the Kayelekera mine up to a maximum of \$5M in favour of the Vendor (Royalty); and
- \$3,000,000 worth of Shares to be issued on the third anniversary of Completion, calculated using the lower of;
  - the price at which Shares were issued under the most recent capital raising undertaken by the Company within 90 days prior to issue; and
  - 30-day VWAP for Shares up to and including the business day prior to issue (Deferred Consideration).
- the issue of the Deferred Consideration Shares is subject to Shareholder approval;
- the Company must convene a meeting of its Shareholders to be held in the 90 day period prior to the issue date, to seek shareholder approval to issue the Deferred Consideration Shares; and
- if Shareholders fail to approve the issue prior to the issue date, the Company must pay the cash equivalent of the Deferred Consideration Shares (calculated using the applicable deemed issue price referred to above) within 60 days after the relevant issue date.

#### Environmental Bond

In addition to the Consideration, Paladin Africa must repay (or procure that the Company repays on its behalf) the amount of US\$10,000,000 which had previously been advanced by Paladin to Paladin Africa to fund the environmental bond in favour of the GoM (Environmental Bond). The following amounts will be payable to Paladin in respect of the environmental bond advance:

- i. US\$4,000,000 on Completion;
- ii. US\$1,000,000 on the date that is 1 year after Completion;
- iii. US\$2,000,000 on the date that is 2 years after Completion; and
- iv. US\$3,000,000 on the date that is 3 years after Completion.

Details of the purchase consideration and the net assets acquired are as follows:

	2020 \$
Purchase consideration paid by Lotus Resources Limited to acquire Kayelekera Uranium Project:	
Cash paid <sup>1</sup>	200,000
Ordinary Shares <sup>2</sup>	3,060,000
Ordinary shares issued on third anniversary <sup>3</sup>	3,000,000
<b>Total purchase consideration</b>	<b>6,260,000</b>

<sup>1</sup> Cash payment of \$200,000 (AUD) (Initial Consideration)

<sup>2</sup> 90,000,000 Shares issued on Completion (Initial Consideration)

<sup>3</sup> \$3,000,000 worth of Shares to be issued on the third anniversary of Completion, calculated using the lower of;

- the price at which Shares were issued under the most recent capital raising undertaken by the Company within 90 days prior to issue; and
- 30-day VWAP for Shares up to and including the business day prior to issue (Deferred Consideration).

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. ACQUISITION OF KAYELEKERA URANIUM PROJECT (CONT'D)

The fair value of assets and liabilities recognised as a result of the acquisition are outlined below.

	<b>2020</b> <b>Fair value</b> <b>\$</b>
Cash and cash equivalents <sup>1</sup>	14,643,349
Trade and other receivables	262,091
Exploration and evaluation asset	62,070,156
Trade and other payables	(551,263)
Environmental bond payable	(8,736,804)
Rehabilitation and mine closure provision	(61,427,529)
Net assets acquired	<u><u><b>6,260,000</b></u></u>
Net assets acquired attributable to Lotus Resources Limited	4,069,000
Net assets acquired attributable to non-controlling interest	2,191,000
	<u><u><b>6,260,000</b></u></u>

<sup>1</sup> The Company acquired a \$14,561,340 (out of the total \$14,643,349) (USD \$10,000,000) cash-backed environmental performance bond as part of the acquisition of the Kayelekera Uranium Project. This is restricted cash that cannot be used to fund operations whilst the environmental performance bond is in place. The Company is currently working with its bank and insurance company to put insurance in place that would allow the Company to access the funds currently restricted by the bond.

Business combinations were initially accounted for on a provisional basis for the year ended 30 June 2020. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Purchase price allocation was completed during the year ended 30 June 2021. No adjustment to the provisional amounts recognised are required for the year ended 30 June 2021.

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 27. PARENT ENTITY DISCLOSURES

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

	2021 \$	2020 \$
<b>Statement of profit or loss and other comprehensive income</b>		
Loss after income tax	(13,891,899)	(16,812,014)
Total comprehensive loss	(13,891,899)	(16,812,014)
<b>Statement of financial position</b>		
Total current assets	15,094,684	2,202,833
Total assets	18,096,093	11,050,185
Total current liabilities	(471,177)	(861,666)
Total liabilities	(3,471,177)	(3,861,666)
Net assets	14,624,916	7,188,519
Equity		
Issued capital	78,142,781	57,157,521
Reserves	1,407,475	1,064,439
Accumulated losses	(64,925,340)	(51,033,441)
Total equity	14,624,916	7,188,519

#### Guarantees

Lotus Resources Limited has no guarantees other than as disclosed in note 25.

#### Other Commitments and Contingencies

Lotus Resources Limited has no other commitments and contingencies other than as disclosed in note 20.

#### Plant and Equipment Commitments

Lotus Resources Limited has no commitments to acquire property, plant and equipment.

#### Significant Accounting Policies

Lotus Resources Limited accounting policies do not differ from the consolidated entity as disclosed in the notes to the financial statements.

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 28. INTEREST IN SUBSIDIARIES

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

Name	Country of incorporation	Ownership Interest	Ownership Interest
		2021 %	2020 %
Westview Resources Pty Ltd	Australia	100%	100%
Providence Metals Pty Ltd	Australia	100%	100%
Lily Resources Pty Ltd	Australia	76.5% <sup>1</sup>	76.5%
Lotus (Africa) Limited	Africa	65%	65%

<sup>1</sup>Subsequent to year end the Company increased its shareholding in Lily Resources Pty Ltd to 100% and Lotus Africa Limited to 85%.

### 29. EVENTS OCCURRING AFTER THE REPORTING DATE

No matter or circumstance has arisen since the end of the financial year, which will significantly affect, or may significantly affect, the state of affairs or operations of the consolidated entity in future financial periods other than the following:

- On the 23 September 2021, the Company completed the sale of its Cobalt tenements in New South Wales to Sunrise Energy Metals limited (**Sunrise**). The transaction involved the sale of tenement EL8520, EL8641 and EL8801 for \$1 million in cash and \$1.5 million in Sunrise shares based on a 5 day volume weighted average price.
- The Company issued 226.4 million shares to Kayelekera Resources Pty Ltd for the purchase of an additional 20% interest in the Company's Kayelekera Uranium. This increases the Company ownership of the project from 65% to 85%, with the Malawi government holding the remaining 15%.
- 2,389,381 unlisted options were exercised at \$0.04 per options for gross proceeds before costs of \$79,289.
- On the 14 September 2021 the Company announced the renewal of its mining license ML0152 for a further 15 years and the renewal of its exploration permits.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Malawi Governments, such as vaccinations, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 30<sup>th</sup> day of September 2021.



**RSM Australia Partners**

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

T +61 (0) 8 92619100

F +61 (0) 8 92619111

[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 statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2021 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 (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.

For personal use only

## 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 9 in the financial statements	
<p>As at the reporting date, the Group had exploration and evaluation expenditure capitalised on the statement of financial position of \$59,798,200.</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>• Determination of 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>• Determination of 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>• Ensuring that the right to tenure of the area of interest was current;</li> <li>• Assessing and evaluating management's assessment of whether indicators of impairment existed as at 30 June 2021;</li> <li>• Enquiring with management and reviewing budgets and other supporting documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and</li> <li>• 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.</li> </ul>
<b>Provision for mine closure and rehabilitation</b>	
Refer to Note 15 in the financial statements	
<p>As at the reporting date, the Group had a provision of \$56,201,656 relating to the estimated future cost of mine closure and rehabilitation.</p> <p>The provision for mine closure and rehabilitation was considered a key audit matter due to the materiality of the balance, the significant judgements and estimation uncertainty, and the complexity involved in the quantification of the liability.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Reviewing and critically assessing the methodology and key assumptions in the Group's mine closure and rehabilitation provision in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and agreeing key inputs to supporting documentation. This included an assessment of the work performed by management's expert, including the competency and objectivity of the expert;</li> <li>• Reviewing the component auditors' audit working papers; and</li> <li>• Assessing the appropriateness of the disclosures included in the financial statements in relation to the provision for mine closure and rehabilitation.</li> </ul>

## **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 2021 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.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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/auditors\\_responsibilities/ar1.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Lotus Resources Limited, for the year ended 30 June 2021, 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 PARTNERS

  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 30 September 2021

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 29 September 2021.

### (a) Twenty largest shareholders

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

Rank	Name	Units	% Units
1	KAYELEKERA RESOURCES PTY LTD	175,509,489	14.77
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	90,750,501	7.64
3	SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	60,305,832	5.07
4	PERPETUAL CORPORATE TRUST LTD <EALRL A/C>	50,954,438	4.29
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	44,094,284	3.71
6	TR NOMINEES PTY LTD	40,000,000	3.37
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	39,823,313	3.35
8	NATIONAL NOMINEES LIMITED	38,702,821	3.26
9	CITICORP NOMINEES PTY LIMITED	31,273,664	2.63
10	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	29,837,356	2.51
11	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	20,295,665	1.71
12	MRS PAMELA JULIAN SARGOOD	17,200,000	1.45
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,578,380	1.23
14	MCNEIL NOMINEES PTY LIMITED	13,358,336	1.12
15	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	12,320,241	1.04
16	MR DARREN CRAIG GLOVER	11,904,762	1.00
16	MR BENJAMIN LEIGH HARPER	11,904,762	1.00
18	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	11,868,521	1.00
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	10,252,071	0.86
20	DAVEY HOLDINGS (AUS) PTY LTD <BURNAFORD A/C>	9,917,399	0.83
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>		<b>734,851,835</b>	<b>61.84</b>
<b>Total Remaining Holders Balance</b>		<b>453,548,992</b>	<b>38.16</b>

The names of the twenty largest holders of unlisted options are:

Rank	Name	Units	% Units
1	TR NOMINEES PTY LTD	10,000,000	16.93
2	MR KEITH BOWES	6,000,000	10.16
3	GREENSEA INVESTMENTS PTY LTD	3,223,215	5.46
4	MR SAMUEL MCCARDEL <K L MCCARDEL A/C>	3,125,001	5.29
5	MR MICHAEL PHILLIP BOWEN	3,000,000	5.08
6	WEXFORD RISE PTY LTD <WEXFORD RISE PESNSION A/C>	2,008,929	3.40
7	DAVEY HOLDINGS (AUS) PTY LTD	2,000,000	3.39
7	MR TIMOTHY M HANLON	2,000,000	3.39
7	MR ADAM LEE KILEY	2,000,000	3.39

For personal use only

Rank	Name	Units	% Units
7	MR CHRISTOPHER BRUCE KNEE	2,000,000	3.39
7	MRS RUTH MARY MCKENZIE + MR STUART ANDREW MCKENZIE	2,000,000	3.39
12	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	1,625,001	2.75
13	HAWTHORN GROVE INVESTMENTS PTY LTD	1,375,000	2.33
14	MIKENTY PTY LTD <BOWES FAMILY A/C>	1,125,000	1.90
15	PROVIDENCE GOLD AND MINERALS PTY LTD	1,000,001	1.69
16	PERSHING AUSTRALIA NOMINEES PTY LTD <ACCUM A/C>	785,713	1.33
17	JET GLOBAL FUND PTY LTD	756,250	1.28
18	INVIA CUSTODIAN PTY LIMITED <D & E MACKAY-COGHILL SF A/C>	750,000	1.27
18	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	750,000	1.27
20	MR LINDSAY BETTIOL	625,001	1.06
20	BUPRESTID PTY LTD <HANLON FAMILY S/F A/C>	625,001	1.06
20	MR CARLO CHIODO	625,001	1.06
20	MX NOMINEES PTY LTD	625,001	1.06
<b>Totals: Top 20 holders of Unlisted Options</b>			
<b>Total Remaining Holders Balance</b>			

**(b) Distribution of equity security holders**

Ordinary Shares

Range	Total holders	Units	% of Issued Capital
1 - 1,000	572	201,103	0.02
1,001 - 5,000	823	2,673,674	0.22
5,001 - 10,000	658	5,115,892	0.43
10,001 - 100,000	1,511	53,140,444	4.47
100,001 Over	550	1,127,269,714	94.86
<b>Total</b>	<b>4,114</b>	<b>1,188,400,827</b>	<b>100.00</b>

There are 733 holders of a less than marketable parcel of shares (as at 29 September 2021, a less than marketable parcel is 2,041 shares), representing a total of 472,017 shares.

Unlisted Options

Range	Total holders	Units	% of Issued Capital
1 - 1,000	37	14,696	0.02
1,001 - 5,000	67	197,402	0.33
5,001 - 10,000	20	144,932	0.25
10,001 - 100,000	58	2,090,641	3.54
100,001 Over	61	56,624,397	95.86
<b>Total</b>	<b>243</b>	<b>59,072,068</b>	<b>100.00</b>

**(c) 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	%
Kayelekera Resources Pty Ltd	175,509,489	14.77
Sachem Cove Special Opportunities Fund	60,305,832	5.07

**(d) Restricted Securities**

There 226,463,927 restricted securities as at 29 September 2021.

**(e) 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.

**(f) On Market Buy Back**

There is no current on market buy-back.

**(g) Unquoted securities (as at 29 September 2021)**

CLASS	TOTAL HOLDINGS
UNL OPTS EXP 01/01/2024	6,000,000
UNL OPTS EXP 04/10/2022, EXERCISABLE AT \$0.04	1,393,102
UNL OPTS EXP 10/02/2024	6,000,000
UNL OPTS EXP 12/09/2022, EXERCISABLE AT \$0.04	7,242,878
UNL OPTS EXP 13/03/2023, EXERCISABLE AT \$0.04	14,715,010
UNL OPTS EXP 22/02/2024	7,000,000
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.04	5,000,000
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.06	2,500,000
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.08	2,500,000
UNL OPTS EXP 25/09/2022, EXERCISABLE AT \$0.04	6,721,078

**(h) Unquoted Securities >20% Holders (as at 29 September 2021)**

Class	Holder	Number	%
UNL OPTS EXP 01/01/2024	MR ADAM LEE KILEY	2,000,000	33.33
	MR CHRISTOPHER BRUCE KNEE	2,000,000	33.33
	MR STUART ANDREW MCKENZIE	2,000,000	33.33
UNL OPTS EXP 04/10/2022, EXERCISABLE AT \$0.04	MR SAMUEL LEWIS MCCARDEL	500,000	35.89
	HAWTHORN GROVE INVESTMENTS PTY LTD	375,000	26.92
	SANDHUIRST TRUSTEES LTD <JMFG CONSOL A/C>	375,000	26.92

Class	Holder	Number	%
UNL OPTS EXP 10/02/2024	MR KEITH BOWES	6,000,000	100.00
UNL OPTS EXP 12/09/2022, EXERCISABLE AT \$0.04			
UNL OPTS EXP 13/03/2023, EXERCISABLE AT \$0.04			
UNL OPTS EXP 22/02/2024	MR MICHAEL BOWEN	3,000,000	42.86
	DAVEY HOLDINGS (AUS) PTY LTD	2,000,000	28.57
	MR TIMOTHY M HANLON	2,000,000	28.57
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.04	TR NOMINEES PTY LTD	5,000,000	100.00
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.06	TR NOMINEES PTY LTD	2,500,000	100.00
UNL OPTS EXP 23/10/2023, EXERCISABLE AT \$0.08	TR NOMINEES PTY LTD	2,500,000	100.00
UNL OPTS EXP 25/09/2022, EXERCISABLE AT \$0.04	GREENSEA INVESTMENTS PTY LTD	3,223,215	47.96

**(i) Interest in Mining Tenements**

As at 29 September 2021, the Company's tenement interests are shown in the table below.

Tenement	Ownership	Project	Location
ML 0152/2007 - Kayelekera	100%	Kayelekera	Malawi
EPL418 - Chilumba	100%	Kayelekera	Malawi
EPL489 - Nthalire	100%	Kayelekera	Malawi
EPL502 - Juma-Miwanga	100%	Kayelekera	Malawi
EPL417 - Rukuru	100%	Kayelekera	Malawi
EPL225 - Mapambo	100%	Kayelekera	Malawi