

Dear Shareholder,

Annual General Meeting – Notice and Proxy Form

Notice is hereby given that the Annual General Meeting (Meeting) of Shareholders of Lotus Resources Limited (ACN 119 992 175) (Company) will be held at 1202 Hay Street, West Perth, Western Australia 6005 on Monday, 30 November 2020 at 10.00 am (WST) (**Meeting**).

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings.

In accordance with temporary modification to the Corporations Act 2001 (Cth) under the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of the Notice of Meeting (**NOM**) to shareholders. Instead, a copy of the NOM is available at <https://lotusresources.com.au/asx-announcements/>. However, we note your personalised proxy form is provided with this communication.

If you have not elected to receive notices by email, a copy of this letter and your personalised proxy form has been sent by post for your convenience.

Please complete and return the attached proxy form to the Company's share registry, Computershare Investor Services Pty Ltd. Shareholders are encouraged to lodge your proxy vote online at www.investorvote.com.au or return the attached proxy form by:

Post to: Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne Vic 3001

Or Fax to: 1800 783 447 within Australia or
 +61 3 9473 2555 outside Australia

Your proxy voting instruction must be received by 10:00 am (WST) on Saturday, 28 November 2020, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of



info@lotusresources.com.au
lotusresources.com.au



TEL +61 892003427
ABN: 38 119 992 175



Lvl 1, 1202 Hay St, West Perth WA 6005
PO BOX 749, West Perth WA 6872



announcement on ASX and the details will also be made available on our website at <https://lotusresources.com.au/>.

The NOM is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the NOM, please contact the Company's Company Secretary by telephone on +61 8 9200 3427 or by email at Stuart.McKenzie@lotusresources.com.au.

A handwritten signature in black ink, appearing to read "Stuart McKenzie".

Stuart McKenzie
Company Secretary



info@lotusresources.com.au
lotusresources.com.au



TEL +61 892003427
ABN: 38 119 992 175



Lvl 1, 1202 Hay St, West Perth WA 6005
PO BOX 749, West Perth WA 6872

Need assistance?**Phone:**1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)**Online:**www.investorcentre.com/contact

LOT

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030**YOUR VOTE IS IMPORTANT**

For your proxy appointment to be effective it must be received by **10:00 AM (AWST)** on **Saturday, 28 November 2020**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 999999****SRN/HIN: I999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Lotus Resources Limited hereby appoint



the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lotus Resources Limited to be held at Emerald House, 1202 Hay Street, West Perth, WA 6005 on Monday, 30 November 2020 at 10:00 AM (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 5 to 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 5 to 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 5 to 8 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - John Sibley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director - Stuart McKenzie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options to John Sibley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Tranche One Options to Eduard Smirnov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Tranche Two Options to Eduard Smirnov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Tranche Three Options to Eduard Smirnov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

LOT

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Computershare



LOTUS RESOURCES LIMITED

ACN 119 992 175

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 AM (WST)

DATE: 30 November 2020

PLACE: Emerald House, 1202 Hay Street, West Perth, Western Australia

LOTUS RESOURCES LIMITED

ACN 119 992 175

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Lotus Resources Limited (**Lotus** or **Company**) will be held at 10:00 am (WST) on Monday, 30 November 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 10:00 am (WST) on Saturday, 28 November 2020.

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

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: The vote on Resolution 1 will be an advisory vote of Shareholders only and will not bind the Directors or the Company.

Voting Exclusion Statement

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) The person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 1; or
- (b) The person is the Chairman and the appointment of the Chairman as proxy:

- (i) does not specify the way the Chairman is to vote on Resolution 1; and
- (ii) expressly authorises the Chairman to exercise the Proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

Further, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on this Resolution, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – JOHN SIBLEY

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

"That, for the purpose of clause 11.11 of the Constitution and for all other purposes, Mr John Sibley, a Director who was appointed by the Directors on 24 June 2020, retires and being eligible, is elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – STUART MCKENZIE

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

"That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Stuart McKenzie, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

6. RESOLUTION 5 – ISSUE OF OPTIONS TO JOHN SIBLEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 3,000,000 Options to John Sibley (or his nominee) under the Plan and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr John Sibley (or his nominee) and any of their respective associates; and
- (b) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not

disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ISSUE OF TRANCHE ONE OPTIONS TO EDUARD SMIRNOV

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 6,000,000 Options (**Tranche One Options**) to Eduard Smirnov (or his nominee) under the Plan and on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Eduard Smirnov (or his nominee) and any of their respective associates; and
- (b) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – ISSUE OF TRANCHE TWO OPTIONS TO EDUARD SMIRNOV

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 6,000,000 Options (**Tranche Two Options**) to Eduard Smirnov (or his nominee) under the Plan and on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Eduard Smirnov (or his nominee) and any of their respective associates; and
- (b) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 8 – ISSUE OF TRANCHE THREE OPTIONS TO EDUARD SMIRNOV

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 6,000,000 Options (**Tranche Three Options**) to Eduard Smirnov (or his nominee) under the Plan and on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Eduard Smirnov (or his nominee) and any of their respective associates; and
- (b) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 29 October 2020

By order of the Board

Stuart McKenzie
Company Secretary

LOTUS RESOURCES LIMITED

ACN 119 992 175

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10:00 am (WST) on Monday, 30 November 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia.

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

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

Section 1:	Introduction
Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Adoption of Remuneration Report
Section 5:	Resolution 2 – Election of Director – Mr John Sibley
Section 6:	Resolution 3 – Election of Director – Stuart McKenzie
Section 7:	Resolution 4 – Approval of Additional 10% Capital Raising Capacity
Section 8:	Resolution 5 – Issue of Options to John Sibley
Section 9:	Resolution 6 – Issue of Tranche One Options to Eduard Smirnov
Section 10:	Resolution 7 – Issue of Tranche Two Options to Eduard Smirnov
Section 11:	Resolution 8 – Issue of Tranche Three Options to Eduard Smirnov
Schedule 1:	Glossary
Schedule 2:	Summary of Key Terms of Employee Incentive Plan

1.1 Time and place of Meeting

Notice is given that the Meeting will be held at 10:00 am on Thursday, 28 November 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia.

1.2 Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

1.3 Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am WST on Saturday, 28 November 2020.

1.4 Defined terms

Capitalised terms in this Notice of Meeting and Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

1.5 Responsibility

This Notice of Meeting and Explanatory Memorandum have been prepared by the Company under the direction and oversight of its Directors.

1.6 ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this document.

1.7 No internet site is part of this document

No internet site is part of this Notice of Meeting and Explanatory Memorandum. The Company maintains an internet site (www.lotusresources.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

2.1 Voting in person

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

2.2 Voting by corporate representative

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the *Corporations Act 2001* (Cth). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

2.3 Appointment of proxies

Each Shareholder entitled to vote at the Meeting may appoint a proxy to attend and vote at the Meeting. To vote by proxy, please complete, sign and return the enclosed Proxy Form in accordance with its instructions. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers the body may exercise as a proxy at

the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Share Registry.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes to be exercised, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

(a) Proxy vote if appointment specifies way to vote

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

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

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

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

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

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

The Chair intends to exercise all available proxies in favour of all Resolutions.

2.4 Lodgement of proxy documents

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:00 am (WST) on Saturday, 28 November 2020. Any proxy form received after that time will not be valid for the scheduled meeting. Proxies should be returned as follows:

Online	At www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

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

2.5 Voting exclusions

Pursuant to requirements of the Corporations Act and Listing Rules, voting exclusions apply to certain Resolutions. Please refer to discussion of the relevant Resolutions in the Notice for details of the applicable voting exclusions.

1. FINANCIAL STATEMENTS AND REPORTS

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report sets out the company's remuneration arrangements for the directors and senior management of the company. The Remuneration Report is part of the directors' report contained in the Annual Report and is set out in pages 22 to 29 of the Annual Report.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the Remuneration Report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least

25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for the Meeting.

2.4 Directors' recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as described in the 2020 Remuneration Report), the Board unanimously recommends that Shareholders adopt the 2020 Remuneration Report and vote in favour of Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorization for the Chairman to vote your proxy in accordance with the Chairman's intention even though Resolution 1 is connected directly or indirectly to the remuneration of Key Management Personnel.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR JOHN SIBLEY

3.1 General

Clause 11.10 of the Company's Constitution allows the Board to appoint a person as a Director to fill a casual vacancy. Pursuant to Clause 11.10 of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for re-election.

John Sibley was appointed on 24 June 2020 and accordingly will retire, and being eligible, seeks re-election. Details of Mr Sibley's background and experience are as follows:

3.2 Qualifications and other material directorships

Mr Sibley has extensive public and private company board and senior management experience, with a particular focus on mining and financial services. Mr Sibley was formerly the Executive Vice President and General Counsel of Uranium One and for more than 10 years played a leading role in that

company's growth and development into a global uranium producer, which had a market valuation of \$3 billion on its 2013 public going private transaction.

Prior to 2018, Mr Sibley served as Chairman of Qtrade Canada, a leading Canadian brokerage and wealth management business, and practiced securities and mining law in Vancouver and Toronto, as a partner in Bull, Housser & Tupper (now Norton Rose Fulbright Canada LLP) and Davis & Company (now DLA Piper Canada LLP). He holds an ICD.D designation from the Canadian Institute of Corporate Directors.

He currently serves as a director of Stillwater Canada, a member of the Sibanye-Stillwater Group, one of the world's largest producers of palladium, platinum and gold and Aldebaran Resources Inc.

3.3 Board recommendation

The Board (excluding Mr John Sibley) recommends that Shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STUART MCKENZIE

4.1 General

Clause 11.10 of the Company's Constitution allows the Board to appoint a person as a Director to fill a casual vacancy. Pursuant to Clause 11.10 of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Stuart McKenzie was appointed on 22 June 2020 and accordingly will retire, and being eligible, seeks re-election. Details of Mr McKenzie's background and experience are as follows:

4.2 Qualifications and other material directorships

Stuart McKenzie is a senior executive with extensive experience in the resources industry and financial markets. In the resources industry, he was Company Secretary for over six years with Anvil Mining Limited where he was an integral part of the senior management team that saw Anvil's market capitalisation grow from C\$100 million in 2005 to C\$1.3 billion upon takeover by Minmetals in 2012 and has held senior positions with Graphex Mining Limited, Indiana Resources Limited and Ok Tedi Mining Limited.

Stuart also has considerable financial markets experience having performed senior roles with several organisations, including Ernst & Young and Hong Kong and Shanghai Banking Corporation.

4.3 Board recommendation

The Board (excluding Mr Stuart McKenzie) recommends that Shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$66,657,467 (based on the number of Shares on issue and the closing price of Shares on the ASX on 20 October 2020 and excluding any restricted securities that may be on issue).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being fully paid ordinary shares in the capital of the Company (**Shares**) (ASX Code: LOT).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A. If Shareholders do not approve Resolution 4, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class,

calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in section 4.2 (a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) The date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) The time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking)

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 20 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on issue		Dilution		
		0.045	0.090	0.135
		50% decrease in Issue Price	Issue Price	50% increase in Issue Price
Shares currently on issue	10% Voting Dilution	74,063,852	74,063,852	74,063,852
		Shares	Shares	Shares
740,638,522	Funds raised	3,332,873	6,665,747	9,998,620
50% increase in number of shares on issue	10% Voting Dilution	111,095,778	111,095,778	111,095,778
		Shares	Shares	Shares
1,110,957,783	Funds raised	4,999,310	9,998,620	14,997,930
100% increase in number of shares on issue	10% Voting Dilution	148,127,704	148,127,704	148,127,704
		Shares	Shares	Shares
1,481,277,044	Funds raised	6,665,747	13,331,493	19,997,240

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. Variable A is 740,638,522, comprising existing Shares on issue as at the date of this Notice, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4;
2. The issue price is \$0.09, being the closing price of the Shares on the ASX on 20 October 2020.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the potential acquisition of new resources, assets and investments (including expenses associated with such acquisitions), continued exploration expenditure on the Company's current assets (funds would then be used for project, feasibility studies and ongoing project administration) and general working capital etc.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.3 upon issue of any Equity Securities.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.3**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.3 for release to the market.

(f) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(g) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 28 November 2019 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, no Equity Securities were issued under Listing Rule 7.1A.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO JOHN SIBLEY

6.1 General

The Company is proposing to issue Options under the Option Plan, to Mr John Sibley (Chairman) as a component of his remuneration, in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company.

The Board has resolved, subject to obtaining Shareholder approval, to issue a total of 3,000,000 Options under the Option Plan, to Mr Sibley on the terms and conditions set out below.

Under Section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

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

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Options to Mr Sibley requires the Company to obtain Shareholder approval because the grant of Options to Mr Sibley constitutes giving a financial benefit, and as a Director, each Director is a related party of the Company. The Company will not issue the Options to Mr Sibley unless Shareholder approval is granted.

The offer of Options to Mr Sibley forms part of the Company's long term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The number of Options to be issued to Directors is determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Options to Directors, is viewed as a cost effective and efficient reward

and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

In the Company's present circumstances, the Board considers that the grant of the Options to Mr Sibley is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr Sibley as the Chairman and is consistent with the strategic goals and targets of the Company.

If the grant of the Options to Mr Sibley is approved, the Company as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting will issue the options to Mr Sibley (or his nominee). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because Shareholder approval is being obtained), the issue of the Options will not use up any of the Company's 15% annual placement capacity. If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Options.

Resolution 5 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 5.

6.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Options to Mr Sibley because Mr Sibley is a Director. Furthermore, if Shareholders approve Resolution 5, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 5 is not required for the purposes of Listing Rule 7.1.

6.3 Information required pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.15

The following information is provided as required by Listing Rule 10.15:

- (a) Mr Sibley falls within Listing Rule 10.14.1 – Mr Sibley is a related party of the Company because he is a Director.
- (b) The maximum number of Options that may be issued to Mr Sibley is 3,000,000.
- (c) The Options will be granted for nil cash consideration; accordingly, no funds will be raised.
- (d) The Options shall vest on 18 months of continuous service.
- (e) Mr Sibley's current remuneration package, inclusive of superannuation (not including the Options) is \$100,000 per year. Including the Options, Mr Sibley's total remuneration is \$325,000, assuming all of the Options vest.
- (f) Mr Sibley has not been issued securities under the Option Plan since it was implemented.

- (g) The Company will issue the Options to Mr Sibley as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (h) The Options have an exercise price of zero and an expiry date that is three years from the date of grant. The Options will be granted to Mr Sibley (and/or his nominee) under the Company's employee securities incentive plan (**Plan** or **Option Plan**), a summary of the terms of which is included in Schedule 2.
- (i) The Company has established an employee securities incentive plan, which may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out in Schedule 2.
- (j) Assuming all of the Tranche One Options vest, the Tranche One Options have a value of \$225,000, based on a Share price of \$0.075. The table below shows the value of the options under different vesting scenarios:

No. Options Vested	25%	50%	75%	100%
Value of Options (\$)	56,250	112,500	168,750	225,000

- (k) Mr Sibley has no relevant interests in securities of the Company.
- (l) If the Options issued to Mr Sibley are exercised, a total of 3,000,000 Shares would be issued. This will increase the number of Shares on issue from 698,902,481 to 701,902,481 (assuming that no other Options are exercised, and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.43%

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (m) The trading history of the Shares on the ASX in the 12 months before the date of this Notice is set out below:

	Price	Date(s)
Highest	0.125	25 August 2020
Lowest	0.017	20 March 2020
Last	0.090	28 October 2020

- (n) No loan is made in relation to the issue of the Tranche One Options to Mr Sibley.
- (o) The persons referred to in Listing Rule 10.14, being Mr John Sibley, Mr Grant Davey, Mr Eduard Smirnov and Mr Stuart McKenzie, each a Director.
- (p) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr John Sibley, Mr Grant Davey, Mr Eduard Smirnov and Mr Stuart McKenzie.

- (q) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (r) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 5 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (s) The primary purpose of the grant of Options to Mr Sibley is to provide cost effective consideration to the Chairman for ongoing commitment and contribution to the Company in his respective role as Chairman. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options to Mr Sibley upon the terms proposed.
- (t) Mr Sibley declines to make a recommendation to Shareholders in relation to Resolution 5 due to his personal interest in the outcome of the Resolution, on the basis that he is to be granted Options in the Company should the Resolution be passed.
- (u) A voting exclusion statement is included with Resolution 5 in the Notice.
- (v) With respect to Resolution 5, the Directors, other than Mr Sibley recommend that Shareholders vote in favour of that Resolution for the following reasons:
 - (i) the grant of the Options to Mr Sibley will align the interests of Mr Sibley with those of Shareholders;
 - (ii) the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed.

6.4 Information required for Sections 200B and 200E of the Corporations Act

Under Sections 200B and 200E of the Corporations Act, the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share-based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr Sibley may become entitled to accelerated vesting or automatic vesting of Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of service. Approval is sought for Mr Sibley to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr Sibley by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) The number of Options held by Mr Sibley prior to the cessation of his employment;
- (b) Reasons for the cessation of employment and Mr Sibley's length of service;
- (c) The term of the Options remaining;
- (d) The extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) The exercise of the Board's discretion at the relevant time.

6.5 Directors' recommendation

As set out in section 6.3(v), the Directors (excluding Mr Sibley) believe that the issue of the Tranche One Options to Mr Sibley and the issue of Shares to settle such Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 5. Mr Sibley does not make a recommendation in relation to Resolution 5 as he has an interest in the outcome of the resolution.

7. RESOLUTION 6 – ISSUE OF TRANCHE ONE OPTIONS TO EDUARD SMIRNOV

7.1 General

The Company is proposing to issue Options under the Option Plan, to Mr Eduard Smirnov (Managing Director) as a component of his remuneration, in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company.

The Board has resolved, subject to obtaining Shareholder approval, to issue a total of 6,000,000 Tranche One Options under the Option Plan, to Mr Smirnov on the terms and conditions set out below.

Under Section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

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

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Tranche One Options to Mr Smirnov requires the Company to obtain Shareholder approval because the grant of the Tranche One Options to Mr Smirnov constitutes giving a financial benefit, and as a Director, each Director is a related party of the Company. The Company will not issue the Tranche One Options to Mr Smirnov unless Shareholder approval is granted.

The offer of the Tranche One Options to Mr Smirnov forms part of the Company's long-term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The number of Options to be issued to Directors is determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Options to Directors, is viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

In the Company's present circumstances, the Board considers that the grant of the Tranche One Options to Mr Smirnov is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr Smirnov as the Managing Director and is consistent with the strategic goals and targets of the Company.

If the grant of the Tranche One Options to Mr Smirnov is approved, the Company as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting, will issue the Tranche One Options to Mr Smirnov. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because Shareholder approval is being obtained), the issue of the Options will not use up any of the Company's 15% annual placement capacity. If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Options.

Resolution 6 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 6.

7.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Tranche One Options to Mr Smirnov because Mr Smirnov is a Director. Furthermore, if Shareholders approve Resolution 6, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Tranche One Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 6 is not required for the purposes of Listing Rule 7.1.

7.3 Information required pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.15

The following information is provided as required by Listing Rule 10.15:

- (a) Mr Smirnov falls within Listing Rule 10.14.1 – Mr Smirnov is a related party of the Company because he is a Director.

- (b) The maximum number of Tranche One Options that may be issued to Mr Smirnov is 6,000,000.
- (c) The Tranche One Options will be granted for nil cash consideration; accordingly, no funds will be raised.
- (d) The Tranche One Options shall vest subject to the Company raising \$20 million of capital at such timing and prices as approved by the Board.
- (e) Mr Smirnov's current remuneration package, inclusive of superannuation (not including the Tranche One, Tranche Two and Tranche Three Options) is US\$300,000 per year. Including the Tranche One, Tranche Two and Tranche Three Options, Mr Smirnov's remuneration is US\$1,466,400. Assuming that all of the Tranche One Options, Tranche Two Options and Tranche Three Options vest.
- (f) Mr Smirnov has not been issued securities under the Option Plan since it was implemented.
- (g) The Company will issue the Tranche One Options to Mr Smirnov as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (h) The Tranche One Options have an exercise price of zero and an expiry date that is three years from the date of grant. The Tranche One Options will be granted to Mr Smirnov (and/or his nominee) under the Plan, a summary of the terms of which is included in Schedule 2.
- (i) The Company has established an employee securities incentive plan, the full terms of which may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out in Schedule 2.
- (j) Assuming all of the Tranche One Options vest, the Tranche One Options have a value of \$540,000, based on a Share price of \$0.090. The table below shows the value of the options under different vesting scenarios:

No. Options Vested	25%	50%	75%	100%
Value of Options (\$)	135,000	270,000	405,000	540,000

- (k) Mr Smirnov has no relevant interests in securities of the Company.
- (l) If the Tranche One Options issued to Mr Smirnov are exercised, a total of 6,000,000 Shares would be issued. This will increase the number of Shares on issue from 698,902,481 to 704,902,481 (assuming that no other Options are exercised, and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.86%

The market price for Shares during the term of the Tranche One Options would normally determine whether or not the Tranche One Options are exercised. If, at any time any of the Tranche One Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Tranche One Options, there may be a perceived cost to the Company.

- (m) The trading history of the Shares on the ASX in the 12 months before the date of this Notice is set out below:

	Price	Date(s)
Highest	0.125	25 August 2020
Lowest	0.017	20 March 2020
Last	0.090	28 October 2020

- (n) No loan is made in relation to the issue of the Tranche One Options to Mr Smirnov.
- (o) The persons referred to in Listing Rule 10.14, being Mr Grant Davey, Mr John Sibley, and Mr Stuart McKenzie, each a Director.
- (p) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr John Sibley, Mr Grant Davey, Mr Eduard Smirnov and Mr Stuart McKenzie.
- (q) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (r) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 6 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (s) The primary purpose of the grant of the Tranche One Options to Mr Smirnov is to provide cost effective consideration to the Managing Director for ongoing commitment and contribution to the Company in his respective role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Tranche One Options to Mr Smirnov upon the terms proposed.
- (t) Mr Smirnov declines to make a recommendation to Shareholders in relation to Resolution 6 due to his personal interest in the outcome of the Resolution, on the basis that he is to be granted the Tranche One Options, should the Resolution be passed.
- (u) A voting exclusion statement is included with Resolution 6 in the Notice.
- (v) With respect to Resolution 6, the Directors, other than Mr Smirnov recommend that Shareholders vote in favour of that Resolution for the following reasons:
 - (i) the grant of the Tranche One Options to Mr Smirnov will align the interests of Mr Smirnov with those of Shareholders;
 - (ii) the grant of the Tranche One Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed.

8. RESOLUTION 7 – ISSUE OF TRANCHE TWO OPTIONS TO EDUARD SMIRNOV

8.1 General

The Company is proposing to issue the Tranche Two Options under the Option Plan, to Mr Eduard Smirnov (Managing Director) as a component of his remuneration, in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company.

The Board has resolved, subject to obtaining Shareholder approval, to issue a total of 6,000,000 Tranche Two Options under the Option Plan, to Mr Smirnov on the terms and conditions set out below.

Under Section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

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

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Tranche Two Options to Mr Smirnov requires the Company to obtain Shareholder approval because the grant of the Tranche Two Options to Mr Smirnov constitutes giving a financial benefit, and as a Director, each Director is a related party of the Company. The Company will not issue the Tranche Two Options to Mr Smirnov unless Shareholder approval is granted.

The offer of the Tranche Two Options to Mr Smirnov forms part of the Company's long-term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The number of Options to be issued to Directors is determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Options to Directors, is viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

In the Company's present circumstances, the Board considers that the grant of the Tranche Two Options to Mr Smirnov is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr Smirnov as the Managing Director and is consistent with the strategic goals and targets of the Company.

If the grant of the Tranche Two Options to Mr Smirnov is approved, the Company as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting, will issue the Tranche Two Options to Mr Smirnov. As

approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because Shareholder approval is being obtained), the issue of the Options will not use up any of the Company's 15% annual placement capacity. If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Options.

Resolution 7 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 7.

8.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Tranche Two Options to Mr Smirnov because Mr Smirnov is a Director. Furthermore, if Shareholders approve Resolution 7, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Tranche Two Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 7 is not required for the purposes of Listing Rule 7.1.

8.3 Information required pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.15

The following information is provided as required by Listing Rule 10.15:

- (a) Mr Smirnov falls within Listing Rule 10.14.1 – Mr Smirnov is a related party of the Company because he is a Director.
- (b) The maximum number of Tranche Two Options that may be issued to Mr Smirnov is 6,000,000.
- (c) The Tranche Two Options will be granted for nil cash consideration; accordingly, no funds will be raised.
- (d) The Tranche Two Options shall vest subject to:
 - (i) The appointment of independent directors or advisors (including uranium marketing), African Government relations and other positions to attract institutional investment and ensure corporate governance and independence, as approved by the Board; and
 - (ii) Completion of a restart study showing the viability of restarting the Kayelekera Mine including but not limited to letters of intent with respect to offtake agreements.
- (e) Mr Smirnov's current remuneration package, inclusive of superannuation (not including the Tranche One, Tranche Two and Tranche Three Options) is US\$300,000 per year. Including the Tranche One, Tranche Two and Tranche Three Options, Mr Smirnov's remuneration is US\$1,466,400. Assuming that all of the Tranche One Options, Tranche Two Options and Tranche Three Options vest.

- (f) Mr Smirnov has not been issued securities under the Option Plan since it was implemented.
- (g) The Company will issue the Tranche Two Options to Mr Smirnov as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (h) The Tranche Two Options have an exercise price of zero and an expiry date that is three years from the date of grant. The Tranche Two Options will be granted to Mr Smirnov (and/or his nominee) under the Plan, a summary of the terms of which is included in Schedule 2.
- (i) The Company has established an employee securities incentive plan, which may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out in Schedule 2.
- (j) Assuming all of the Tranche Two Options vest, the Tranche Three Options have a value of \$540,000, based on a Share price of \$0.090. The table below shows the value of the options under different vesting scenarios:

No. Options Vested	25%	50%	75%	100%
Value of Options (\$)	135,000	270,000	405,000	540,000

- (k) Mr Smirnov has no relevant interests in securities of the Company.
- (l) If the Tranche Two Options issued to Mr Smirnov are exercised, a total of 6,000,000 Shares would be issued. This will increase the number of Shares on issue from 698,902,481 to 704,902,481 (assuming that no other Options are exercised, and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.86%

The market price for Shares during the term of the Options would normally determine whether or not the Tranche Two Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Tranche Three Options, there may be a perceived cost to the Company.

- (m) The trading history of the Shares on the ASX in the 12 months before the date of this Notice is set out below:

	Price	Date(s)
Highest	0.125	25 August 2020
Lowest	0.017	20 March 2020
Last	0.090	28 October 2020

- (n) No loan is made in relation to the issue of the Tranche Two Options to Mr Smirnov.
- (o) The persons referred to in Listing Rule 10.14, being Mr Grant Davey, Mr John Sibley, and Mr Stuart McKenzie, each a Director.
- (p) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr John Sibley, Mr Grant Davey, Mr Eduard Smirnov and Mr Stuart McKenzie.

- (q) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (r) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 7 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (s) The primary purpose of the grant of the Tranche Two Options to Mr Smirnov is to provide cost effective consideration to the Managing Director for ongoing commitment and contribution to the Company in his respective role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Tranche Two Options to Mr Smirnov upon the terms proposed.
- (t) Mr Smirnov declines to make a recommendation to Shareholders in relation to Resolution 7 due to his personal interest in the outcome of the Resolution, on the basis that he is to be granted the Tranche Two Options in the Company should the Resolution be passed.
- (u) A voting exclusion statement is included with Resolution 7 in the Notice.
- (v) With respect to Resolution 7, the Directors, other than Mr Smirnov, recommend that Shareholders vote in favour of that Resolution for the following reasons:
 - (i) the grant of the Tranche Two Options to Mr Smirnov will align the interests of Mr Smirnov with those of Shareholders;
 - (ii) the grant of the Tranche Two Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Tranche Two Options upon the terms proposed.

9. RESOLUTION 8 – ISSUE OF TRANCHE THREE OPTIONS TO EDUARD SMIRNOV

9.1 General

The Company is proposing to issue the Tranche Three Options under the Option Plan, to Mr Eduard Smirnov (Managing Director) as a component of his remuneration, in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company.

The Board has resolved, subject to obtaining Shareholder approval, to issue a total of 6,000,000 Tranche Three Options under the Option Plan, to Mr Smirnov on the terms and conditions set out below.

Under Section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

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

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Tranche Three Options to Mr Smirnov requires the Company to obtain Shareholder approval because the grant of the Tranche Three Options to Mr Smirnov constitutes giving a financial benefit, and as a Director, each Director is a related party of the Company. The Company will not issue the Tranche Three Options to Mr Smirnov unless Shareholder approval is granted.

The offer of the Tranche Three Options to Mr Smirnov forms part of the Company's long term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The number of Options to be issued to Directors is determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Options to Directors, is viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

In the Company's present circumstances, the Board considers that the grant of the Tranche Three Options to Mr Smirnov is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr Smirnov as the Managing Director and is consistent with the strategic goals and targets of the Company.

If the grant of the Tranche Three Options to Mr Smirnov is approved, the Company as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting, will issue the Tranche Three Options to Mr Smirnov. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because Shareholder approval is being obtained), the issue of the Options will not use up any of the Company's 15% annual placement capacity. If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Options.

Resolution 8 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 8.

9.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Tranche Three Options to Mr Smirnov because Mr Smirnov is a Director. Furthermore, if Shareholders approve Resolution 8, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Tranche Three Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 8 is not required for the purposes of Listing Rule 7.1.

9.3 Information required pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.15

The following information is provided as required by Listing Rule 10.15:

- (a) Mr Smirnov falls within Listing Rule 10.14.1 – Mr Smirnov is a related party of the Company because he is a Director.
- (b) The maximum number of Tranche Three Options that may be issued to Mr Smirnov is 6,000,000.
- (c) The Tranche Three Options will be granted for nil cash consideration; accordingly, no funds will be raised.
- (d) The Tranche Three Options shall vest on the earlier of three continuous years of service or the Company's market capitalisation exceeds a value of A\$200 million for 30 consecutive trading days on the ASX (based on the VWAP of the Company's shares on the ASX).
- (e) Mr Smirnov's current remuneration package, inclusive of superannuation (not including the Tranche One, Tranche Two and Tranche Three Options) is US\$300,000 per year. Including the Tranche One, Tranche Two and Tranche Three Options, Mr Smirnov's remuneration is US\$1,466,400. Assuming that all of the Tranche One Options, Tranche Two Options and Tranche Three Options vest.
- (f) Mr Smirnov has not been issued securities under the Option Plan since it was implemented.
- (g) The Company will issue the Tranche Three Options to Mr Smirnov as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (h) The Tranche Three Options have an exercise price of zero and an expiry date that is three years from the date of grant. The Tranche Three Options will be granted to Mr Smirnov (and/or his nominee) under the Plan, a summary of the terms of which is included in Schedule 2.
- (i) The Company has established an employee securities incentive plan, which may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out in Schedule 2.

- (j) Assuming all of the Tranche Three Options vest, the Tranche Three Options have a value of \$540,000, based on a Share price of \$0.090. The table below shows the value of the options under different vesting scenarios:

No. Options Vested	25%	50%	75%	100%
Value of Options (\$)	135,000	270,000	405,000	540,000

- (k) Mr Smirnov has no relevant interests in securities of the Company.
- (l) If the Tranche Three Options issued to Mr Smirnov are exercised, a total of 6,000,000 Shares would be issued. This will increase the number of Shares on issue from 698,902,481 to 704,902,481 (assuming that no other Options are exercised, and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.86%

The market price for Shares during the term of the Options would normally determine whether or not the Tranche Three Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Tranche Three Options, there may be a perceived cost to the Company.

- (m) The trading history of the Shares on the ASX in the 12 months before the date of this Notice is set out below:

	Price	Date(s)
Highest	0.125	25 August 2020
Lowest	0.017	20 March 2020
Last	0.090	28 October 2020

- (n) No loan is made in relation to the issue of the Tranche Three Options to Mr Smirnov.
- (o) The persons referred to in Listing Rule 10.14, being Mr Grant Davey, Mr John Sibley, and Mr Stuart McKenzie, each a Director.
- (p) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr John Sibley, Mr Grant Davey, Mr Eduard Smirnov and Mr Stuart McKenzie.
- (q) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (r) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 8 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (s) The primary purpose of the grant of the Tranche Three Options to Mr Smirnov is to provide cost effective consideration to the Managing Director for ongoing commitment and contribution to the Company in his respective role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Tranche Three Options to Mr Smirnov upon the terms proposed.

- (t) Mr Smirnov declines to make a recommendation to Shareholders in relation to Resolution 8 due to his personal interest in the outcome of the Resolution, on the basis that he is to be granted the Tranche Three Options in the Company should the Resolution be passed.
- (u) A voting exclusion statement is included with Resolution 8 in the Notice.
- (v) With respect to Resolution 8, the Directors, other than Mr Smirnov recommend that Shareholders vote in favour of that Resolution for the following reasons:
 - (i) the grant of the Tranche Three Options to Mr Smirnov will align the interests of Mr Smirnov with those of Shareholders;
 - (ii) the grant of the Tranche Three Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Tranche Three Options upon the terms proposed.

SCHEDULE 1 - GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 5.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (d) a spouse or child of the member;
- (e) a child of the member's spouse;
- (f) a dependent of the member or the member's spouse;
- (g) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (h) a company the member controls; or
- (i) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Lotus Resources Limited (ACN 119 992 175).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Option Plan means the incentive option plan as summarised in Schedule 2.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE OPTION PLAN

The principle terms of the Incentive Option Plan (**Option Plan**) are summarised below:

- (a) **Eligibility:** Eligible participants in the Option Plan means a person that:
- (a) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) (**Class Order**) in relation to the Company or an Associated Body Corporate; and
 - (b) has been determined by the Board to be eligible to participate in the Plan from time to time,
- (Eligible Participant).**
- (b) **Invitation:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (e) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant

Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(**Special Circumstances**), or

- (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (f) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Option occurring;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
 - (vii) the expiry date of the Option.
- (g) **Not transferrable:** Subject to the ASX Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (h) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer to paragraph (i)), from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In

addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

- (j) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within the time required by the ASX Listing Rules. The Company will not apply for quotation of any Options on the ASX.
- (k) **No Participation Rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.