



A-Cap Energy Limited
ABN 28 104 028 542
52 Ord Street
West Perth WA 6005

ASX:ACB
Phone +61 8 6383 7836
info@acap.com.au
acapenergy.com

▶ ASX Release

18 September 2023

Scheme Booklet – Minor Corrections to Annexures E and F

Further to the ASX announcement released by A-Cap Energy Limited (ASX:ACB) (**A-Cap**) on 15 September 2023 that the Federal Court of Australia had approved the convening of scheme meetings and the distribution of the Scheme Booklet in relation to the proposed share and option schemes of arrangement between A-Cap and its shareholders and A-Cap and its listed option holders, attached to this announcement is a replacement Scheme Booklet that makes minor corrections to the numbering of the headings in Annexures E and F of the Scheme Booklet. The Scheme Booklet will be dispatched to A-Cap shareholders and A-Cap listed option holders in this form.

A-Cap shareholders and A-Cap listed option holders should carefully read the Scheme Booklet in its entirety, including the materials accompanying it, before deciding whether or not to vote in favour of the proposed schemes.

A-Cap Energy’s Board has authorised the release of this announcement to the market.

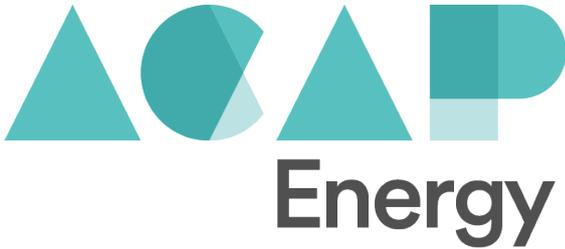
For more information, please contact:

Mr Mal Smartt
Company Secretary
Phone: +61 8 6383 7836
msmartt@acap.com.au

Mr Gareth Quinn
Investor Relations
Phone 0417 711 108
gareth@republicpr.com.au

About A-Cap Energy

A-Cap Energy is an Australian resources company focused on the development of critical minerals serving the world’s path to carbon net zero. Amid renewed global focus on nuclear energy, the company’s flagship Letlhakane Uranium Project in Botswana hosts one of the world’s top 10 undeveloped uranium resources – 365.7 million pounds of contained U₃O₈ (100ppm U₃O₈ cut-off). A-Cap’s Wilconi Project, which represents the company’s first nickel-cobalt laterite project interest, is being advanced in response to the significant growth expectation in the supply of battery materials to the OEM automotive and battery industries. The company aims to establish key strategic and commercial relationships to take advantage of material processing and refinery technologies according to the highest Environmental, Social and Governance (ESG) standards.



A-Cap Energy Limited
ACN 104 028 542

SCHEME BOOKLET

For a recommended scheme of arrangement to implement the merger proposal from Lotus Resources Limited ACN 119 992 175 under which all A-Cap Shares will be acquired and all A-Cap Listed Options will be acquired under a related recommended option scheme of arrangement.

Your A-Cap Directors unanimously recommend that you

VOTE IN FAVOUR

of the Schemes as relevant to you, in the absence of a Superior Proposal and, in respect of the Share Scheme, subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme Resolutions required to implement the Schemes. If you are in any doubt about what to do, you should consult your legal, financial, taxation or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Schemes, please contact the A-Cap Shareholder Information Line on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays.

Financial adviser to A-Cap:



Legal adviser to A-Cap



IMPORTANT NOTICES

General

This Scheme Booklet is important. A-Cap Shareholders and A-Cap Listed Optionholders should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme Resolutions required to Implement the Schemes.

Nature and purpose of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Schemes for the purposes of section 412(1) of the Corporations Act.

This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares and Scheme Options by Lotus by way of a members' scheme of arrangement between A-Cap and A-Cap Shareholders and a creditors scheme of arrangement between A-Cap and A-Cap Listed Optionholders, each under Part 5.1 of the Corporations Act.

This Scheme Booklet also sets out the manner in which the Schemes will be considered and Implemented (if all of the conditions to the Schemes are satisfied or (if permitted) waived) and provides such information as is prescribed by the Applicable Laws or is otherwise material to the decision of A-Cap Shareholders and A-Cap Listed Optionholders whether to vote in favour of the Schemes.

This Scheme Booklet does not constitute or contain an offer to A-Cap Shareholders or A-Cap Listed Optionholders, or a solicitation of an offer to buy any securities in A-Cap or Lotus, in any place or jurisdiction where an offer or solicitation would be illegal.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order made by the court under section 411(1) of the Corporations Act. Instead, A-Cap Shareholders or A-Cap Listed Optionholders asked to vote on the arrangement at such a meeting must be provided an explanatory statement as referred to above.

The financial Information in this Scheme Booklet is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

If you have sold all your A-Cap Shares or A-Cap Listed Options, please disregard this Scheme Booklet.

Responsibility for information

A-Cap has prepared, and is responsible for, the A-Cap Information. None of Lotus, its Related Bodies Corporate or their respective directors, officers, employees and advisers has verified any A-Cap Information and none of them assumes any responsibility for the accuracy or completeness of any A-Cap Information.

Lotus has prepared, and is responsible for, the Lotus

Information. None of A-Cap, its Related Bodies Corporate, or their respective directors, officers, employees and advisers has verified any of the Lotus Information, and none of them assumes any responsibility for the accuracy or completeness of any the Lotus Information.

The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, has prepared the Independent Expert's Report contained in Annexure G of this Scheme Booklet and takes responsibility for that report. None of A-Cap, Lotus, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Independent Expert's Report.

The Independent Technical Expert, Valuation and Resource Management Pty Ltd, has prepared the Independent Technical Assessment Report contained in Annexure H of this Scheme Booklet and takes responsibility for that report. None of A-Cap, Lotus, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees and advisers assumes any responsibility for the Independent Technical Assessment Report.

The Investigating Accountant, William Buck Audit (Vic) Pty Ltd, has prepared the Investigating Accountant's Report contained in Annexure I of this Scheme Booklet and takes responsibility for that report. None of A-Cap, Lotus, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Investigating Accountant's Report.

ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Booklet in accordance with section 411(2) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Schemes. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing in relation to the Schemes. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Forward looking statements and intentions

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements,

including statements about intentions, beliefs and expectations, plans, strategies and objectives of the directors and management of A-Cap and Lotus for A-Cap, Lotus and the Merged Group, the anticipated timing for and outcome and effects of the Schemes (including expected benefits to shareholders of A-Cap and Lotus), indications of and guidance on synergies, future earnings or financial position or performance, anticipated production or construction or development commencement dates, costs or production outputs, capital expenditure and future demand for uranium and other metals, expectations for the ongoing development and growth potential of the merged group and the future operations of A-Cap and Lotus. Forward looking statements (such as those above) are not based on historical facts, but rather reflect the current views and expectations of A-Cap (or, in relation to the Lotus Information, Lotus) concerning future events and circumstances. Such statements (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. You should be aware that forward looking statements are only opinions and are subject to inherent risks and uncertainties, including (among other things) risks relating to funding requirements, uranium and other commodity prices, exploration, development and operating risks (including unexpected capital or operating cost increases), production risks, competition and market risks, regulatory restrictions (including environmental regulations and associated liability, changes in regulatory restrictions or regulatory policy and potential title disputes) and risks associated with general economic conditions.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. There can be no assurance that the Schemes will be Implemented or that plans of the directors and management of A-Cap and Lotus for the Merged Group will proceed as currently expected or will ultimately be successful. You are strongly cautioned not to place undue reliance on forward looking statements, including in respect of the financial or operating outlook for A-Cap, Lotus or the Merged Group (including the realisation of any expected synergies).

None of A-Cap, Lotus, or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement.

The historical performance of A-Cap and Lotus is no assurance of their or the Merged Group's future financial performance. None of A-Cap, Lotus and their respective officers, directors, or employees and advisers give any representation, assurance or guarantee that the occurrence of the events

expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, A-Cap, Lotus and the Merged Group and their respective officers, directors, employees and advisers disclaim any obligation or undertaking to provide any additional or updated information or to update any forward looking information after the date of this Scheme Booklet, whether as a result of new information, future events or results, or otherwise. Nothing in this Scheme Booklet will, under any circumstance (including by reasons of this Scheme Booklet remaining available and not being superseded or replaced by a supplementary Scheme Booklet or any announcement, presentation or publication with respect to A-Cap, Lotus or the Merged Group, or the subject matter of this Scheme Booklet), create an implication that there has been no change in the affairs of A-Cap or Lotus since the date of this Scheme Booklet.

Not investment advice

The information contained in this Scheme Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual A-Cap Shareholder or A-Cap Listed Optionholder or any other person. Before making any decision (including a decision in relation to the Schemes or in relation to A-Cap generally), you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. A-Cap and Lotus disclaim all liabilities to such persons.

A-Cap Shareholders and A-Cap Listed Optionholders who are resident outside of Australia, or who are nominees, trustees or custodians for beneficial holders resident outside Australia, are encouraged to seek independent advice as to how they should proceed (including specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Schemes).

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this

IMPORTANT NOTICES

Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Schemes in any jurisdiction outside Australia.

A-Cap Shareholders and A-Cap Listed Optionholders whose addresses are shown in the A-Cap Share Register and A-Cap Option Register on the Record Date as being in a place outside of both Australia (and its external territories) and any Permitted Foreign Jurisdiction, unless Lotus (acting reasonably and in consultation with A-Cap) determines otherwise, will not be issued New Lotus Shares, and will instead be subject to the Sale Facility. Refer to Sections 3.16 and 4.15 for more information.

New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of New Lotus Shares under the Schemes is being made to existing A-Cap Shareholders and A-Cap Listed Optionholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and accordingly this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

Canada

The Lotus Shares to be issued under the Schemes will be issued by Lotus in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities law in each province and territory of Canada.

No securities commission in Canada has reviewed or in any way passed upon this document or the merits of the Schemes.

China

This Scheme Booklet does not constitute a public offer of Lotus Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) (PRC).

The Lotus Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

Hong Kong

WARNING: The contents of this Scheme Booklet have

not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Schemes. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" (as defined in the Securities and Futures Ordinance and any rules made thereunder) or in other circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Scheme Booklet is for the exclusive use of A-Cap Shareholders and A-Cap Listed Optionholders in connection with the Schemes. No steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Schemes by A-Cap Shareholders and A-Cap Listed Optionholders.

Singapore

This Scheme Booklet and any other document relating to the Schemes have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Schemes are not regulated by any financial supervisory authority in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the **SFA**) will not apply.

This Scheme Booklet and any other document relating to the Schemes may not be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA, including the exemption under section 273(1l) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to Lotus Shares being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person. Any investment referred to in this Scheme Booklet may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment.

Neither A-Cap nor Lotus is in the business of dealing in securities or holds itself out, or purports to hold itself out, to be doing so. As such, A-Cap and Lotus are neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

Implied value

Any reference to the implied value of the Share Scheme Consideration and Option Scheme Consideration should not be taken as an indication that A-Cap Shareholders and A-Cap Listed Optionholders will receive cash. The implied value of the New Lotus Shares to be issued as the Share Scheme Consideration and Option Scheme Consideration is not fixed. The implied value of the New Lotus Shares will vary with the market price of Lotus Shares, and there can be no guarantee of that price. This also applies to Ineligible Foreign Holders, Small Share Scheme Electing Participants and Small Option Scheme Electing Participants, whose Share Scheme Consideration and Option Scheme Consideration will be remitted to the Sale Agent to sell on market. Any cash remitted to Ineligible Foreign Holders under this arrangement will depend on the market price of Lotus Shares at the time of sale by the Sale Agent.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meetings be convened, and has approved the Scheme Booklet required to accompany the Notices of Scheme Meetings, does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how A-Cap Shareholders or A-Cap Listed Optionholders should vote (on this matter, A-Cap Shareholders and A-Cap Listed Optionholders must reach their own decision); or
- has prepared, or is responsible for, the content of the explanatory statement in each of the notices of meeting for the Share Scheme Meeting and the Option Scheme Meeting. The order of the Court that the Share Scheme Meeting and the Option Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Schemes.

Notice of Share Scheme Meeting and Notice of Option Scheme Meeting

The Notice of Share Scheme Meeting is set out in Annexure E of this Scheme Booklet.

The Notice of Option Scheme Meeting is set out in Annexure F of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Schemes following the votes on the Scheme Resolutions at the Scheme Meetings.

Any A-Cap Shareholder or A-Cap Listed Optionholder may appear at the Second Court Hearing, which is expected to be held at 10:15am on Thursday, 26 October 2023 at the Federal Court of Australia (1 Victoria Avenue, Perth WA 6000).

Notice of the date and time of the Second Court Hearing will be announced to the ASX no later than 19 October 2023 and will be available under A-Cap's profile on the ASX at <https://www.asx.com.au/markets/trade-our-cash-market/announcements.acb> or through contacting the A-Cap Shareholder Information Line on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8.30am and 5:00pm (AEST) Monday to Friday, excluding public holidays.

Any A-Cap Shareholder who wishes to oppose approval of the Share Scheme, or A-Cap Listed Optionholder who wishes to oppose approval of the Option Scheme, at the Second Court Hearing may do so by filing with the Court and serving on A-Cap a notice of appearance in the prescribed form, together with any affidavit on which the A-Cap Shareholder or A-Cap Listed Optionholder proposes to rely.

IMPORTANT NOTICES

Tax implications of the Schemes

If the Schemes become Effective and are Implemented, there will be tax consequences for Share Scheme Participants and Option Scheme Participants which may include tax being payable on any gain on disposal of their A-Cap Shares or A-Cap Listed Options, respectively. For further detail about the general Australian tax consequences of the Schemes, refer to Section 11 of this Scheme Booklet.

The tax treatment may vary depending on the nature and characteristics of each A-Cap Shareholder or A-Cap Listed Optionholder and their specific circumstances. Accordingly, A-Cap Shareholders and A-Cap Listed Optionholders should seek professional tax advice in relation to their particular circumstances.

Privacy

A-Cap and Lotus may need to collect personal information in connection with the Schemes.

The personal information may include the names, contact details and details of holdings of A-Cap Shareholders and A-Cap Listed Optionholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meetings. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist A-Cap and Lotus to conduct the Scheme Meetings and Implement the Schemes.

The information may be disclosed to A-Cap, Lotus and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Schemes.

A-Cap Shareholders and A-Cap Listed Optionholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. A-Cap Shareholders and A-Cap Listed Optionholders may contact the A-Cap Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, A-Cap may be hindered in, or prevented from, conducting the Scheme Meetings or Implementing the Schemes. A-Cap Shareholders and A-Cap Listed Optionholders who appoint an individual as their proxy, attorney or corporate representative to vote at the applicable Scheme Meeting should inform that individual of the matters outlined above.

Existing instructions and elections

If not prohibited by law, all instructions, notifications or elections by an A-Cap Shareholder or A-Cap Listed Optionholder to A-Cap that are binding or deemed binding between the A-Cap Shareholder or A-Cap Listed Optionholder and A-Cap relating

to the A-Cap Shares (including any email addresses, instructions relating to communications from A-Cap, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from A-Cap) will be deemed from the Implementation Date (except to the extent determined otherwise by Lotus in its sole discretion), by reason of the Schemes, to be made by the A-Cap Shareholder or A-Cap Listed Optionholder to Lotus until that instruction, notification or election is revoked or amended in writing addressed to the Lotus Share Registry.

Right to inspect and obtain copies of the Share Register and Option Register

In accordance with section 170 of the Corporations Act, A-Cap maintains a register of all A-Cap Shareholders and A-Cap Listed Optionholders.

A-Cap Shareholders have the right to inspect the A-Cap Share Register which contains the name and address of each A-Cap Shareholder and certain other prescribed details relating to A-Cap Shareholders, without charge.

A-Cap Listed Optionholders have the right to inspect the A-Cap Option Register which contains the name and address of each A-Cap Listed Optionholder and certain other prescribed details relating to A-Cap Listed Optionholders, without charge.

A-Cap Shareholder and A-Cap Listed Optionholders also have the right to request a copy of the A-Cap Share Register or A-Cap Option Register (as applicable), upon payment of a fee (if any) up to a prescribed amount. A-Cap Shareholders and A-Cap Listed Optionholders have these rights by virtue of section 173 of the Corporations Act.

External websites

Unless expressly stated otherwise, the content of A-Cap's website and Lotus's website do not form part of this Scheme Booklet and A-Cap Shareholders and A-Cap Listed Optionholders should not rely on any such content.

Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 13 of this Scheme Booklet, or otherwise in the sections in which they are used. Section 13 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document. All numbers are rounded, unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

Financial amounts and exchange

The financial amounts in this Scheme Booklet are expressed in AUD, unless otherwise stated.

Times and dates

All times referred to in this Scheme Booklet are references to times in Perth, Western Australia, unless otherwise stated.

All dates following the Scheme Meetings referred to in this Scheme Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the conditions precedent to the Schemes.

Date of this Scheme Booklet

This Scheme Booklet is dated 15 September 2023.

CONTENTS

CLAUSE	PAGE
LETTER FROM THE DEPUTY CHAIRMAN OF A-CAP	12
LETTER FROM THE MANAGING DIRECTOR OF LOTUS	16
IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEMES	18
1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS	19
1.1 Summary	19
1.2 Reasons to vote in favour of the Schemes	21
1.3 Reasons why you may choose to vote against the Schemes	27
1.4 Other considerations – key provisions in the Scheme Implementation Deed	28
1.5 Directors' recommendations, interests in the Schemes and contingent benefits	40
2. FREQUENTLY ASKED QUESTIONS	45
3. SUMMARY OF THE SHARE SCHEME	62
3.1 Introduction	62
3.2 Share Scheme Consideration	62
3.3 Provision of Share Scheme Consideration	62
3.4 Deed Poll	63
3.5 Conditions to the Share Scheme	63
3.6 Current status of Share Scheme Conditions	65
3.7 A-Cap Directors' unanimous recommendation and voting intentions	65
3.8 Independent Expert's conclusion	65
3.9 Key steps to implement the Share Scheme	66
3.10 Despatch of holding statements and CHES confirmation advices	66
3.11 Commencement of trading in New Lotus Shares on ASX	67
3.12 Treatment of A-Cap Unlisted Securities	67
3.13 Treatment of A-Cap Performance Rights	67
3.14 Ineligible Foreign Holders	68
3.15 Unmarketable Parcels of Share Scheme Consideration – Small Share Scheme Electing Participants	68
3.16 Sale facility	69
3.17 Fractional Entitlements	70
3.18 Deemed warranties by Share Scheme Participants	70
3.19 Material Contract change of control consents	70
3.20 Implications if the Share Scheme is not Implemented	71
3.21 Delisting of A-Cap from ASX	71
4. SUMMARY OF THE OPTION SCHEME	72
4.1 Introduction	72
4.2 Option Scheme Consideration	72
4.3 Ineligible Foreign Holders and Unmarketable Parcels of Option Scheme Consideration	72
4.4 Provision of Option Scheme Consideration	72
4.5 Option Deed Poll	72
4.6 Conditions to the Option Scheme	73
4.7 Current status of Option Scheme Conditions	73
4.8 A-Cap Directors' unanimous recommendation and voting intentions	74
4.9 Independent Expert's conclusion	74
4.10 Key steps to implement the Option Scheme	74
4.11 Despatch of holding statements and CHES confirmation advices	75
4.12 Commencement of trading in New Lotus Shares on ASX	75
4.13 Ineligible Foreign Holders	75
4.14 Unmarketable Parcels of Option Scheme Consideration – Small Option Scheme Electing Participants	76
4.15 Sale Facility	76
4.16 Fractional entitlements	76

CLAUSE	PAGE
4.17	Deemed warranties by Option Scheme Participants 76
4.18	Implications if the Option Scheme is not Implemented 76
4.19	Compulsory acquisition of A-Cap Listed Options 77
5.	YOUR CHOICE AS AN A-CAP SHAREHOLDER AND A-CAP LISTED OPTIONHOLDER AND HOW TO VOTE AT THE SCHEME MEETINGS 78
5.1	What you should do 78
5.2	Your choices as an A-Cap Shareholder 78
5.3	Your choices as an A-Cap Listed Optionholder 79
5.4	Your vote is important 80
5.5	Details of the Scheme Meetings 80
5.6	Entitlement to vote 81
5.7	How to vote 81
5.8	How to ask questions 82
6.	OVERVIEW OF A-CAP 83
6.1	Introduction and business overview 83
6.2	Overview of A-Cap's assets, divisions and operations 83
6.3	Corporate Structure of A-Cap 90
6.4	Mineral Resources and Ore Reserves 90
6.5	Production and cost guidance 91
6.6	A-Cap Board of Directors 91
6.7	A-Cap Senior Management 93
6.8	A-Cap securities and capital structure 94
6.9	Corporate governance and health and safety 97
6.10	Financing arrangements 97
6.11	A-Cap Historical financial information 98
6.12	Material changes in A-Cap's financial position and performance for the period 31 December 2022 to 30 June 2023 103
6.13	A-Cap's Directors' intentions for the business 103
6.14	Recent A-Cap Share price performance 103
6.15	Recent financial and operational information 104
6.16	Publicly available information available for inspection 105
6.17	Litigation 106
6.18	Further information 106
7.	OVERVIEW OF LOTUS 107
7.1	Introduction 107
7.2	Lotus Background 107
7.3	Overview of Lotus' Key Assets and Operations 109
7.4	Lotus Group Structure 116
7.5	Board of Directors 116
7.6	Senior Management 118
7.7	Interests of Lotus Directors in Lotus Securities and A-Cap Securities 120
7.8	Lotus Historical Financial Information 122
7.9	Material Changes to the Financial Position of Lotus and performance for the period 31 December 2022 to 30 June 2022 128
7.10	Capital Structure and Substantial Shareholders 128
7.11	Rights and Liabilities Attaching to Lotus Shares 129
7.12	Lotus Employee Share Option Plan 132
7.13	Corporate Governance 133
7.14	Lotus Share price performance (ASX) 133
7.15	Key management transaction with Lotus 134
7.16	Recent financial and operational information 134
7.17	Publicly available information about Lotus 134
7.18	Litigation 136
7.19	No other material information 136

CONTENTS

CLAUSE	PAGE
8. OVERVIEW OF THE MERGED GROUP	137
8.1 Introduction	137
8.2 Background	137
8.3 Overview of the Merged Group's Assets	138
8.4 Market Positioning	142
8.5 Strategic rationale for the Transaction	142
8.6 Corporate structure of the Merged Group	143
8.7 Board and management of the Merged Group	144
8.8 Board of the Merged Group	146
8.9 Capital Structure and substantial shareholders of the Merged Group	146
8.10 Merged Group financial arrangements	147
8.11 Capital structure of the Merged Group	149
9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP	150
9.1 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position	150
9.2 Pro forma Transactions	152
9.3 Pro forma capital structure	154
9.4 Pro forma cash reconciliation	154
9.5 Conversion of share options in A-Cap	155
9.6 Contractual obligations, commitments and contingent liabilities	155
9.7 Critical Accounting Policies	155
9.8 Dividend Policy	157
9.9 Summary of significant accounting policies in relation to the Financial Statements	157
10. RISK FACTORS	160
10.1 Specific risks relating to the Schemes and the creation of the Merged Group	161
10.2 Specific risks relating to the Merged Group	164
10.3 General risks relating to the Merged Group	173
10.4 Risks and implications for A-Cap if the Share Scheme is not Implemented	176
10.5 Other Risks	177
11. TAXATION IMPLICATIONS	178
11.1 General overview of Australian tax implications for A-Cap Shareholders on Implementation of the Share Scheme	178
11.2 Australian Tax Resident A-Cap Shareholders	179
11.3 Foreign tax resident shareholders	181
11.4 Australian Tax Resident A-Cap Listed Optionholders	182
11.5 Foreign Tax Resident A-Cap Listed Optionholders	183
11.6 GST	183
11.7 Stamp duty	183
12. ADDITIONAL INFORMATION	184
12.1 Interests held by or on behalf of A-Cap Directors in marketable securities of A-Cap	184
12.2 Treatment of A-Cap Unlisted Securities	185
12.3 A-Cap Directors Benefits and agreements	187
12.4 Standstill arrangements	187
12.5 Regulatory relief	188
12.6 Effect of the Schemes on creditors	188
12.7 Formal disclosures and consents	188

CLAUSE	PAGE
12.8 Foreign jurisdictions and international offer restrictions	189
12.9 Fees and expenses	190
12.10 Competent Persons Statements	190
12.11 Responsibility for Information	192
12.12 Supplementary information	192
12.13 No unacceptable circumstances	193
12.14 A-Cap Directors' statement	193
12.15 Other information material to the making of a decision in relation to the Scheme	193
12.16 Right to inspect and obtain copies of the Share Register and Option Register	193
13. GLOSSARY	194
13.1 Definitions	194
13.2 Interpretation	209
CORPORATE DIRECTORY	446
Annexure	
A Share Scheme of Arrangement	
B Option Scheme of Arrangement	
C Deed Poll	
D Option Deed Poll	
E Notice of Share Scheme Meeting	
F Notice of Option Scheme Meeting	
G Independent Expert's Report	
H Independent Technical Assessment Report	
I Investigating Accountant's Report	

LETTER FROM THE DEPUTY CHAIRMAN OF A-CAP

Dear A-Cap Shareholder and A-Cap Listed Optionholder,

On behalf of A-Cap Energy Limited (**A-Cap**), I am pleased to provide you with this Scheme Booklet which provides you with important information in respect of the proposed scrip-based merger between A-Cap and Lotus Resources Limited (**Lotus**) as announced on the ASX on 13 July 2023. It is proposed that the Transaction will be Implemented via court-approved Schemes of Arrangement in which Lotus will acquire 100% of the existing A-Cap Shares and A-Cap Listed Options on issue.

Under the terms of the Share Scheme, A-Cap Shareholders will receive 1 (one) New Lotus Share for every 3.54 A-Cap Shares held on the Record Date. Under the terms of the Option Scheme, A-Cap Listed Optionholders will receive 1 (one) New Lotus Share for every 500 A-Cap Listed Options held on the Record Date. If the Schemes are Implemented, existing A-Cap Shareholders and A-Cap Listed Optionholders would hold approximately 21% of the issued share capital of the combined entity (**Merged Group**). The A-Cap Board believes that this consideration presents an attractive opportunity for all A-Cap Shareholders and A-Cap Listed Optionholders for the reasons stated in this Scheme Booklet.

Specifically, we note that this merger brings together two highly complementary and synergistic projects: Kayelekera and Letlhakane, both located in the same region. The Merged Group will be exposed to the global uranium thematic through the creation of a major African-focused uranium business. The combination of these projects will also create a substantial uranium Mineral Resource base of approximately 241.5Mlbs U_3O_8 ¹ positioning the Merged Group for a potential market re-rating with the pairing of an advanced project (Kayelekera) with a future large scale growth asset (Letlhakane).

Unanimous A-Cap Board Support

The A-Cap Board unanimously supports the Schemes in the absence of a Superior Proposal and, in respect of the Share Scheme, subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

We have continuously assessed alternatives available to A-Cap with respect to progressing A-Cap's projects and firmly believe that this merger offers an opportunity to realise value and to become a shareholder in a larger, more liquid vehicle (in contrast to A-Cap on a stand-alone basis), while still maintaining exposure to Letlhakane and the broader global uranium thematic.

We have carefully considered this Transaction and believe it is a logical and strategic move to create value for all A-Cap Shareholders and A-Cap Listed Optionholders.

Independent Expert's Opinion

The Independent Expert has concluded that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders, in the absence of a Superior Proposal, and also that the Option Scheme is fair and reasonable and therefore in the best interests of A-Cap Listed Optionholders, in the absence of a Superior Proposal.

In relation to the Share Scheme, the Independent Expert has assessed the value of 3.54 A-Cap Shares (prior to Implementation of the Schemes on a control basis) to be in the range of \$0.074 and \$0.145, with a preferred value of \$0.110 for each 3.54 A-Cap Shares. This compares to the Independent Expert assessment of the value of the Share Scheme Consideration (being one share in the Merged Group on a minority interest basis) to be in the range of \$0.110 and \$0.192, with a preferred value of \$0.149 for each share in the Merged Group.

For the Option Scheme, the Independent Expert has assessed the value of 500 Scheme Options (prior to Implementation of the Schemes on a control basis) to be in the range of \$0.025 and \$0.395, with a preferred value of \$0.135 for each 500 Scheme Options. As noted above, the Independent Expert has assessed the value of one share in the Merged Group on a minority interest basis (being the Option Scheme Consideration) to be in the range of \$0.11 and \$0.192 with a preferred value of \$0.149 for each share in the Merged Group).

¹ Combination of JORC (2012) Mineral Resources of Lotus (~51.1 Mlbs) and A-Cap (~190.4 Mlbs) (assuming a 200ppm cut-off grade), on a 100% basis. Refer to Sections 6.4 and 7.3(c) for further information.

A full copy of the Independent Expert's Report is included as Annexure G to this Scheme Booklet and I encourage you to review it carefully.

Reasons to vote in favour of the Schemes

The key reasons for the Directors' recommendation² to vote in favour of the Schemes are set out in Section 1.2 of this Scheme Booklet, and are summarised as follows:

- Combination of two complementary projects under a single, African-focused vehicle which will be exposed to the global uranium thematic;
- Increased project scale and market relevance of the Merged Group (in contrast to A-Cap on a stand-alone basis), providing enhanced financial flexibility and the potential for a further value re-rating over time;
- The Merged Group will have a prospective exploration and development pipeline, which may be more attractive to financiers than A-Cap's standalone strategy;
- Highly credentialed and focused combined management team with a proven track record of successfully financing and developing uranium projects;
- Project diversification benefits with an opportunity to capture regional synergies;
- The implied value of the Share Scheme Consideration represents a premium to the recent trading price of A-Cap Shares prior to announcement of the Transaction;
- Your A-Cap Directors unanimously recommend that you vote in favour of the Schemes,³ subject to no Superior Proposal emerging and, in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders;
- The Independent Expert has concluded that the Share Scheme is in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal;
- As at the Last Practicable Date, no Superior Proposal for A-Cap has emerged;
- If you are an Australian resident A-Cap Shareholder for taxation purposes and receive New Lotus Shares under the Share Scheme, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains, as well as avoiding brokerage costs; and
- The price of A-Cap Shares and A-Cap Listed Options may fall if the Transaction is not Implemented in the absence of a Superior Proposal emerging.

In considering the above reasons as to why you may vote in favour of the Schemes, please also have regard to the risk factors discussed in Section 10 and the potential reasons why you may vote against the Schemes which are summarised below.

2 In respect of the recommendation of the A-Cap Directors in respect of the Schemes, A-Cap Shareholders and A-Cap Listed Optionholders should have regard to the interests of the A-Cap Directors in the outcome of the Scheme Resolutions, which may differ from those of other A-Cap Shareholders and A-Cap Listed Optionholders, as further described in section 12.1. Given the total holding of each A-Cap Director in A-Cap securities, the issue of the Share Scheme Consideration and Option Scheme Consideration to the A-Cap Directors (as applicable) will, on Implementation of the Schemes, represent a benefit of: \$402,669 for Mr Jiandong He (in his personal capacity) and \$33,693,977 through his Relevant Interest in Singapore Shenke International Investment Pte. Ltd, \$1,177,016 for Mr Paul Ingram, \$1,520,793 for Mr Michael Liu, \$559,433 for Mr Jijing Niu, \$433,772 for Mr Mark Syropoulo, \$397,357 for Mr Zhenwei Li and \$56,814 for Mr Andrew Tunks, in each case based on the closing price of New Lotus Shares on ASX at the Last Practicable Date.

3 Refer to footnote (2) above.

LETTER FROM THE DEPUTY CHAIRMAN OF A-CAP

Reasons why you may choose to vote against the Schemes

In assessing the merits and reasons to vote in favour of the Schemes, the A-Cap Directors also note the potential reasons to vote against the Schemes, which are summarised below:

- You may not agree with the unanimous recommendation of the A-Cap Directors and the Independent Expert's conclusion;
- The exposure of A-Cap Shareholders and A-Cap Listed Optionholders to A-Cap's assets is diluted in the Merged Group;
- The Schemes expose A-Cap Shareholders and A-Cap Listed Optionholders to the risks of holding an investment which has operations in Malawi as a jurisdiction, compared to A-Cap as a stand-alone entity which is focussed primarily on Botswana;
- The Transaction alters the risk profile for A-Cap Shareholders and A-Cap Listed Optionholders compared to A-Cap as a stand-alone entity;
- A Superior Proposal for A-Cap may emerge in the future, if A-Cap were to continue as a stand-alone entity;
- The tax consequences of the Schemes being Implemented may not suit your current financial position or tax circumstances; and
- The trading value of the Share Scheme Consideration and Option Scheme Consideration is not certain and will depend on the price at which the New Lotus Shares trade on the ASX after the Implementation Date.

Notwithstanding the above, the A-Cap Directors consider the benefits of the Schemes to significantly outweigh the disadvantages, which has resulted in the unanimous recommendation of the A-Cap Board to vote in favour of the Share Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and to vote in favour of the Option Scheme subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of the A-Cap Listed Optionholders.

A-Cap Directors' intention to vote in favour of the Share Scheme and the Option Scheme

Each A-Cap Director intends to vote in favour in the Share Scheme in respect of any A-Cap Shares held or controlled by them at the time of the Scheme Meeting, and intends to vote in favour of the Option Scheme in respect of any A-Cap Listed Options held or controlled by them at the time of the Option Scheme Meeting. In each case, this voting intention is subject to no Superior Proposal emerging and in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

A-Cap's Chairman, Mr Jiandong He, has a Relevant Interest in A-Cap's largest shareholder, Singapore Shenke International Investment Pte Ltd (**Shenke**).⁴ As announced to the ASX on 13 July 2023, the A-Cap Board received a statement from Shenke, which holds approximately 37.66% of the issued shares in A-Cap, advising that it intends to vote in favour of the Share Scheme, in the absence of a Superior Proposal and subject to the Independent Expert opining that the Share Scheme is in the best interests of A-Cap Shareholders (and subject to that opinion being maintained up to the date of the Share Scheme Meeting).

How to vote

Your vote is important in determining whether or not the Schemes proceed. I encourage all A-Cap Shareholders and A-Cap Listed Optionholders to vote.

A-Cap Shareholders can vote on the Share Scheme Resolution by attending the hybrid Share Scheme Meeting at 10:00 am (Perth time) on Friday, 20 October 2023 at 52 Ord Street, West Perth, West Australia 6005. Alternatively, if you are unable to attend the Share Scheme Meeting in person, you can view it via live webcast at www.advancedshare.com.au/virtual-meeting.

⁴ The Appendix 3Y statement released to ASX on 11 September 2023 notes that Mr He has a Relevant Interest in A-Cap's largest shareholder, Singapore Shenke International Investment Pty Ltd (**Shenke**), which was disclosed in A-Cap's Notice of Extraordinary General Meeting released to the ASX on 22 January 2020. That document detailed that this Relevant Interest arises as Mr He beneficially owns and control all of the voting power in Singapore Shenke International Investment Pte Ltd (**Shenke**), as Shenke is a subsidiary of Shenke Holdings Ltd, an entity which is controlled by Mr Jiandong He.

A-Cap Listed Optionholders can vote on the Option Scheme Resolution by attending the hybrid Option Scheme meeting at 11:00 am on the same date and at the same venue detailed above. The Option Scheme Meeting can also be viewed by via live webcast at www.advancedshare.com.au/virtual-meeting.

You may also lodge a proxy vote. A Proxy Form for each of the Scheme Meetings accompanies this Scheme Booklet.

Further information

I encourage you to read this Scheme Booklet which contains important information in relation to the Schemes, including the reason for the A-Cap Board's recommendation and the Independent Expert's Report. It also details some reasons why you may wish to vote against the Scheme Resolutions.

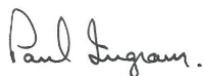
If you have any questions, please call the Shareholder Information Line on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) Monday to Friday between 8:30 am and 5.00 pm (AEST) or contact your legal, financial, taxation or other professional adviser.

Your support for the Schemes is crucial, and I kindly request that you vote in favour of them during the upcoming Scheme Meetings.

On behalf of the A-Cap Board, I thank you for your continued trust and confidence in A-Cap. We believe this merger represents a significant milestone for A-Cap, and all A-Cap Securityholders, and we are committed to ensuring its successful implementation.

If you have any questions or require further information, please do not hesitate to contact us.

Sincerely,



Paul Ingram
Deputy Chairman
A-Cap Energy Limited

LETTER FROM THE MANAGING DIRECTOR OF LOTUS

Dear A-Cap Shareholders and A-Cap Listed Optionholders,

On behalf of the Lotus Board and the management team of Lotus, I am pleased to be able to provide you with an opportunity to participate in these Schemes, which aim to merge Lotus with A-Cap to form the Merged Group.

Lotus is an Australian-based exploration and development company listed on the ASX ('LOT') and the OTCQX in the USA ('LTSRF'). Since 2019, it has had a strategic focus on acquiring and developing uranium projects. Lotus holds an 85% interest in the Kayelekera Uranium Project in Malawi, Africa (the **Kayelekera Project**).

The proposed Schemes are a major step forward in our goal of creating a southern African uranium player with significant scale at a time when the generation of low carbon emission electricity and energy security are becoming ever more important globally to governments, industries and the public consumer.

Lotus has over the last 6 months evaluated a number of opportunities and has determined that the merger with A-Cap provides the best platform for the Merged Group to be well placed in the strategy of creating a globally significant, diversified, multi-mine uranium producer.

The proposed merger of Lotus with A-Cap will create a well-credentialled company with two significant uranium assets, which places the Merged Group in a strong position moving forward. The proposed Transaction will allow the Merged Group to leverage the Lotus directors' and management team's proven development, project financing and operational expertise to unlock the potential of A-Cap's Letlhakane Project and represents an important step in our goal of delivering long-term sustainable supply. This, together with Lotus' existing Kayelekera Project, will give the Merged Group the opportunity to quickly re-enter production through the Kayelekera Project, while ensuring a longer term supply potential through the Letlhakane Project.

Combining the strong and proven management and technical staff of Lotus with the existing skills in the A-Cap organisation will consolidate the capability to enhance both projects and ensure the optimal production profile for the Merged Group.

This Transaction is expected to deliver significant benefits, and importantly place the Merged Group in a strong position to create long-term value through:

- Two complementary projects which will be exposed to the global uranium thematic;
- The potential for a market re-rating due to increased project scale and market relevance
- Increased financing flexibility that will give the Merged Group the ability to fast track project development;
- A highly credentialled uranium team focused on driving growth; and
- The ability to capture regional synergies and minimise risk moving forward.

The Schemes are unanimously endorsed by the Lotus Board. The significant benefits and future value creation opportunities of the Merged Group have been reinforced by the Independent Expert, who has opined that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders, in the absence of a Superior Proposal emerging and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders, in the absence of a Superior Proposal emerging.

Lotus' primary focus remains on restarting the Kayelekera Project as soon as a viable uranium price is seen in the market. For the development of the Letlhakane Project, Lotus is still preparing its strategy, but at least in the short term will be focused on mineral resource grade improvements and potential beneficiation test work, including ore sorting where Lotus has been successful at the Kayelekera Project, all focused on defining a higher grade mill feed which we believe is key to a viable project moving forward.

The Lotus Board will remain committed to its growth strategy and building a leading uranium platform in southern Africa of which the Letlhakane Project will form an integral part moving forward. The Merged Group will continue to look for ways to add value for our shareholders whether that be through exploration, technical value-add or further M&A activity.

In addition, the Merged Group will also have exposure to the Rare-Earth market through the Milenje Project which is located on the Kayelekera Project mining licence and exposure to battery metals through the Wilconi Nickel/Cobalt Project located in Western Australia. Both projects are non-core but can be used to generate additional value for the Merged Group, whether through divestment, partnership or even development.

I am confident that this proposed merger is well positioned to provide optimum value for your investment and I look forward to welcoming you as a shareholder of Lotus.



Keith Bowes
Managing Director
Lotus Resources Limited

IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEMES

Important dates prior to the Share Scheme Meeting and the Option Scheme Meeting	
Date of this Scheme Booklet	Friday, 15 September 2023
Time and date for determining eligibility to vote at the Share Scheme Meeting	Wednesday, 18 October 2023 at 4:00 pm
Time and date for determining eligibility to vote at the Option Scheme Meeting	Wednesday, 18 October 2023 at 4:00 pm
Share Scheme Meeting	Friday, 20 October 2023 at 10:00 am
Option Scheme Meeting	Friday, 20 October 2023 at 11:00 am
If the Share Scheme Resolution and Option Scheme Resolution is passed by A-Cap Shareholders and A-Cap Listed Optionholders respectively ⁵	
Second Court Date for approval of the Schemes	Thursday, 26 October 2023
Effective Date	Friday, 27 October 2023
Share Scheme Orders are lodged with ASIC and lodgement is announced on ASX	
Last day of trading in A-Cap Shares on ASX (with A-Cap Shares suspended from trading on ASX from close of trading)	
New Lotus Shares commence trading on the ASX on a deferred settlement basis	Monday 30 October 2023
Record Date for determining entitlements to Share Scheme Consideration and Option Scheme Consideration	Tuesday, 31 October 2023
Implementation Date	Tuesday, 7 November 2023
Issue of the Share Scheme Consideration and Option Scheme Consideration	
All Scheme Shares and all Scheme Options transferred to Lotus	
Dispatch of holding statements	Tuesday, 7 November 2023
New Lotus Shares commence trading on the ASX on a normal settlement basis	Wednesday, 8 November 2023
Delisting of A-Cap Shares from the official list of ASX	Wednesday, 8 November 2023

All times and dates in the above timetable are references to the time and date in Perth, Australia (unless stated otherwise). All dates following the date of the Scheme Meetings are indicative only and, among other things, are subject to all necessary approvals from the Court and any other conditions to the Schemes having been satisfied or, if applicable, waived. A-Cap reserves the right to vary the times and dates set out above, subject to the approval of such variation by the Court, Lotus and ASX where required. Any changes to the above timetable will be announced on ASX and notified on A-Cap's website at <https://acap.com.au/> A-Cap Shareholders and A-Cap Listed Optionholders who have elected to receive communications electronically will receive an email that contains instructions about how to view or download a copy of this Scheme Booklet, and how to lodge their proxy online. This Scheme Booklet will also be available for viewing and downloading from A-Cap's website. The exact number of New Lotus Shares to be issued to you will not be known until after the Record Date and will not be confirmed to you until after you receive your holding statement following the Implementation Date. Please be aware that if you trade Lotus Shares during the deferred settlement period and prior to receipt of your holding statement, you do at your own risk. See Section 3.11 for further details.

⁵ If the Share Scheme Resolution is passed by A-Cap Shareholders but the Option Scheme Resolution is not passed, Lotus may waive the condition precedent to the Share Scheme which requires the Option Scheme Resolution to be passed. The Share Scheme would still be implemented in this scenario, and Lotus would then intend to rely on the compulsory acquisition provisions in the Corporations Act to acquire all A-Cap Listed Options (or A-Cap Shares as a result of conversion of the A-Cap Listed Options).

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS



1.1 Summary

Set out below are some of the reasons why:

- a. your A-Cap Directors unanimously recommend that you vote in favour of the Schemes⁶ as relevant to you, in the absence of a Superior Proposal and, in respect of the Share Scheme, subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that, the Option Scheme is in the best interests of A-Cap Listed Optionholders; and
- b. notwithstanding the unanimous recommendation of your A-Cap Directors, you may decide to vote against the Share Scheme and Option Scheme (as relevant to you).

You should read the entire Scheme Booklet before deciding whether to vote in favour of the Schemes. There are answers to questions you might have in Section 2.

If you have any additional questions about this Scheme Booklet or the Schemes, please contact the A-Cap Shareholder Information Line on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays.

Reasons to vote in favour of the Schemes

- ✓ Combination of two complementary projects under a single, African-focused vehicle which will be exposed to the global uranium thematic
- ✓ Increased project scale and market relevance of the Merged Group (in contrast to A-Cap on stand-alone basis), providing enhanced financial flexibility and the potential for a further value re-rating over time
- ✓ The Merged Group will have a prospective exploration and development pipeline which may be more attractive to financiers than A-Cap's standalone strategy;
- ✓ Highly credentialled and focused combined management team with a proven track record of successfully financing and developing projects
- ✓ Project diversification benefits with an opportunity to capture regional synergies
- ✓ The implied value of the Share Scheme Consideration represents a premium to the recent trading price of A-Cap Shares prior to announcement of the Transaction
- ✓ Your A-Cap Directors unanimously recommend⁷ that you vote in favour of the Schemes, in the absence of a Superior Proposal and, in respect of the Share Scheme, subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders

6 Refer to footnote (2) above.

7 Refer to footnote immediately above.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

1.1 Summary

- ✓ The Independent Expert has concluded that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal. As at the Last Practicable Date, no Superior Proposal for A-Cap has emerged
- ✓ If you are an Australian resident A-Cap Shareholder for taxation purposes and receive New Lotus Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains relating to your A-Cap Shares, as well as avoiding brokerage costs
- ✓ The price of A-Cap Shares and A-Cap Listed Options may fall if the Transaction is not Implemented in the absence of a Superior Proposal

These reasons are discussed in more detail in Section 1.2 of this Scheme Booklet.

Reasons why you may choose to vote against the Schemes

- ✗ You may not agree with the unanimous recommendation of the A-Cap Directors and the Independent Expert's conclusion
- ✗ The exposure of A-Cap Shareholders and A-Cap Listed Optionholders to A-Cap's assets is diluted in the Merged Group
- ✗ The Schemes expose A-Cap Shareholders and A-Cap Listed Optionholders to the risks of holding an investment which has operations in Malawi as a jurisdiction, compared to A-Cap as a stand-alone entity which is focussed on Botswana
- ✗ The Transaction alters the risk profile for A-Cap Shareholders and A-Cap Listed Optionholders compared to A-Cap as a stand-alone entity
- ✗ A Superior Proposal for A-Cap may emerge in the future, if A-Cap were to continue as a stand-alone entity
- ✗ The tax consequences of the Schemes being Implemented may not suit your current financial position or tax circumstances
- ✗ The trading value of the Share Scheme Consideration and Option Scheme Consideration is not certain and will depend on the price at which the New Lotus Shares trade on the ASX after the Implementation Date

These reasons are discussed in more detail in Section 1.3 of this Scheme Booklet.

You should read this Scheme Booklet in full before making any decision on the Share Scheme and the Option Scheme. In particular, you should refer to Sections 1.2 and 1.3 for guidance on the advantages and disadvantages of the Schemes and the risk factors set out in Section 10. This Scheme Booklet does not take into account the financial situation, investment objectives and particular needs of any A-Cap Shareholder nor any A-Cap Listed Optionholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

1.2 Reasons to vote in favour of the Schemes

a. **Combination of two complementary projects under a single, African-focused vehicle which will be exposed to the global uranium thematic**

The proposed merger combines two highly complementary and synergistic projects, both located in the same region on a similar geological trend, and both with exposure to the global uranium thematic.

The Transaction comes at a time where positive investor sentiment towards uranium is increasing, driven by global trends towards clean energy and decarbonisation initiatives.

The Kayelekera DFS illustrated average production of 2.4Mlb per annum over an initial 7-year mining life with a further 3 years of lower production from stockpiles. Letlhakane provides an opportunity to extend the Merged Group's production profile and / or expand production beyond 2.4Mlb per annum, depending on market circumstances.

In addition, the Merged Group, with its future large-scale growth asset, will be differentiated from other single-asset uranium juniors.

b. **Increased project scale and market relevance of the Merged Group (in contrast to A-Cap on a stand-alone basis), providing enhanced financial flexibility and the potential for a further value re-rating over time**

If the Schemes are Implemented, A-Cap Shareholders and A-Cap Listed Optionholders will continue to retain an interest in A-Cap's business through a shareholding (in the form of New Lotus Shares) in the Merged Group.

Together, the Merged Group would have a combined 241.5Mlbs U₃O₈ Mineral Resource base across two uranium projects⁸, with additional exploration projects which may result in an increase in this Mineral Resource over time.

Lotus believes the pro-forma portfolio will be more attractive to major utilities and potential offtake partners.

The Merged Group will have an enhanced market positioning and trading liquidity profile which is likely to satisfy a greater number of minimum investment thresholds for fund managers and qualify for broader equity research coverage, potentially attracting a larger pool of investors. Specifically, the Merged Group may be included in additional ASX and uranium-specific indices.

On this basis of the above, the Merged Group is well positioned for a value re-rating.

c. **The Merged Group will have a prospective exploration and development pipeline, which may be more attractive to financiers than A-Cap's standalone strategy**

The Transaction will consolidate a portfolio of exploration and advanced stage uranium projects, providing a strong development pipeline and significant growth optionality through uranium "pounds in the ground", in addition to a number of early-stage critical mineral exploration projects.

8 85% of Kayelekera and 100% of Letlhakane. See section 8.3(c) for more information about the Merged Group's combined resources.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

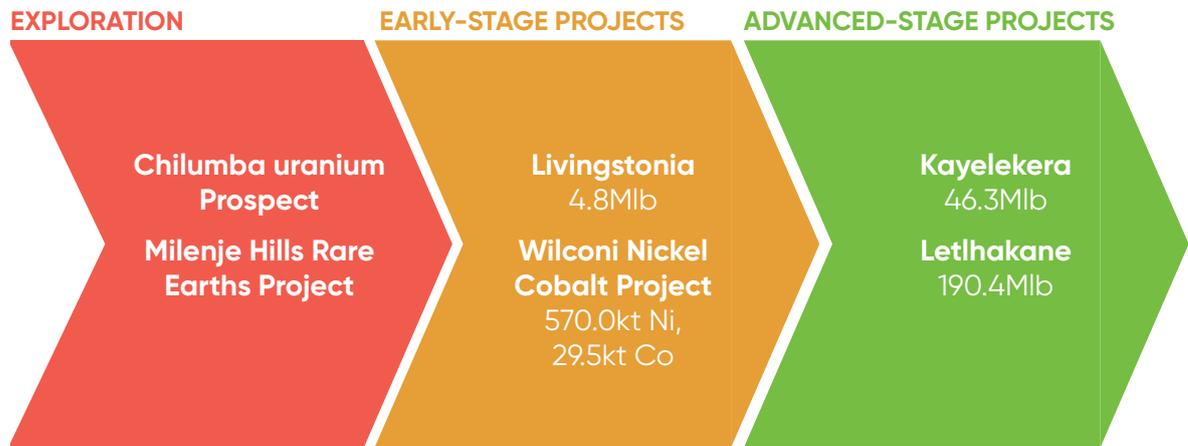


Figure 1.1: Merged Group Combined Project Pipeline and Mineral Resources

The Merged Group should benefit from the financial strength and stability of the combined project platform and have an enhanced ability to source future debt and equity financing than the respective standalone businesses. The balance sheet capacity of the Merged Group is expected to provide enhanced financial flexibility to fund and deliver the Merged Group's strong project pipeline and accelerate exploration and development activities, if market conditions permit. The Merged Group also provides an enlarged platform for potential value-accretive mergers and acquisitions to take advantage of uranium sector consolidation.

As such, A-Cap Shareholders and A-Cap Listed Optionholders stand to benefit from a reduction in development, funding and execution risk by having exposure to the Merged Group which will be a larger, well-supported vehicle when compared to A-Cap as a standalone entity.

d. Highly credentialed and focused management team with a track record of successfully financing and developing projects

The proposed board and management team of the Merged Group have a track record of successfully financing and developing projects, and have deep experience in uranium marketing, contracting and sales.

As part of the merger, A-Cap's in-country exploration, technical and environmental personnel will transition to the Merged Group to maintain a continuity of knowledge across all A-Cap's existing projects. This combined technical team has proven expertise across a broad range of uranium deposits, processing technologies, environmental and regulatory regimes, and will be able to accelerate development and optimise processing routes. The overall goal of combining these teams is to share knowledge, maintain best practice and ultimately drive value creation opportunities.

Specifically, Lotus' proven uranium expertise will assist in optimising the undeveloped uranium resources in Letlhakane and drive growth. Lotus' management team has a track record of developing projects, having improved Kayelekera by increasing the Mineral Resources by 78%, from 28.7Mlb prior to the acquisition by Lotus to 51.1Mlb, by:

- additional near-mine drilling;
- regional exploration success (Livingstonia); and
- adjusting resources cut-off grade (lower) to reflect process improvements.

Lotus reported key optimisation initiatives in the Kayelekera DFS in 2022. As a result, the Kayelekera Ore Reserve increased 64% from 14Mlb to 23Mlb and operating costs reduced from \$35.9/lb (C1) for year-ended June 2014⁹, to US\$29.1/lb (C1) during first 7 years of production post ramp-up.

Furthermore, Lotus has focused on reducing CO₂ emissions for the Kayelekera restart and the proposed hybrid power system reduces emissions by over 70% (or ~21,000t CO₂ per annum) when (compared to the diesel gensets used during previous operations).¹⁰ Similar optimisation thinking will be applied to Letlhakane, looking at all aspects of potential development.

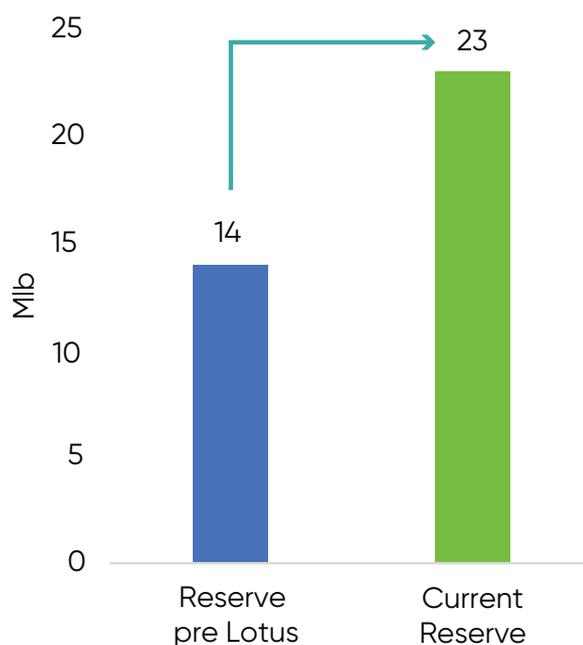


Figure 1.2: Ore Reserve Increase at Kayelekera

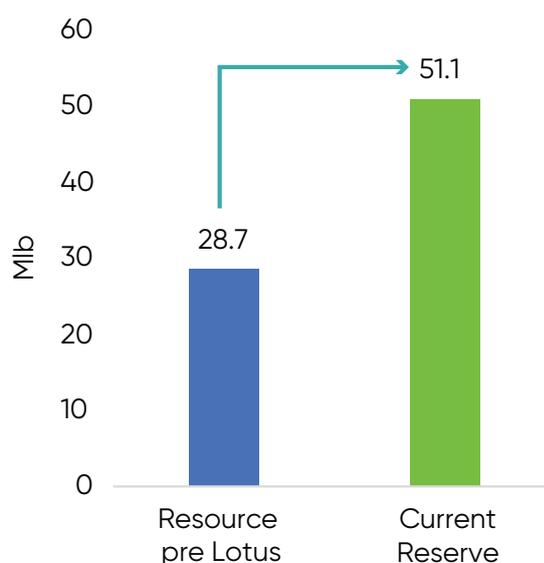


Figure 1.3: Mineral Resource Increase at Kayelekera

Pre-Lotus means prior to the acquisition of the asset by Lotus.

9 Paladin Energy Ltd 2014 Annual Report

10 Based on the consultant commercial technical analysis model used to inform the Restart DFS

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

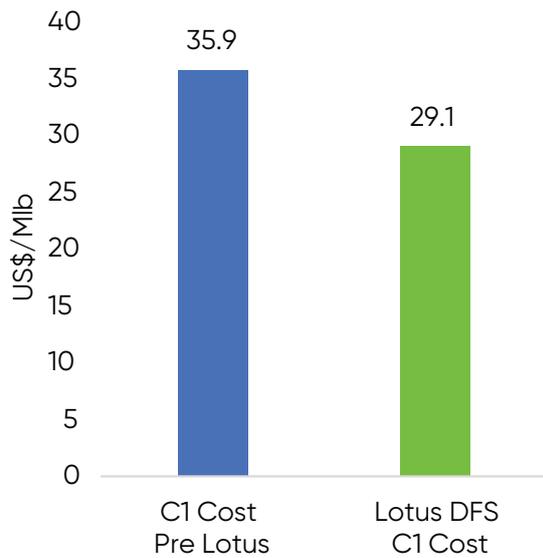


Figure 1.4: C1 cost decline at Kayelekera

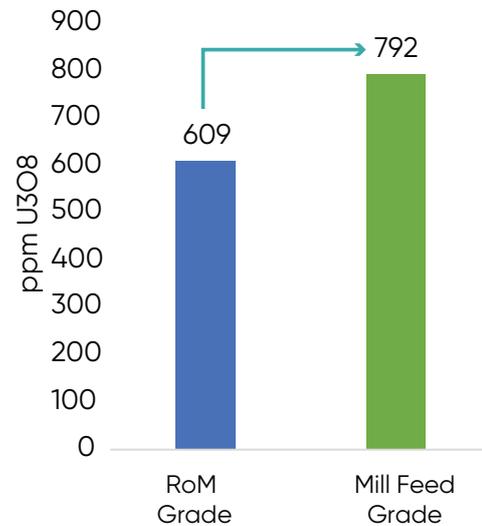


Figure 1.5: Plant feed grade increase

The Merged Group recognises the importance of health and safety, and ESG principles, and understands that these are critical in guiding sustainable practices and creating long-term value for all stakeholders.

e. Project diversification benefits with an opportunity to capture regional synergies

The Transaction provides an opportunity for A-Cap Shareholders and A-Cap Listed Optionholders to diversify the risk of their investment through the exposure to a more diversified portfolio of assets held by the Merged Group, including exposure to a more advanced asset, being the Kayelekera Project. The Merged Group will have complementary projects in two geographic locations – a differentiator from single asset uranium juniors – but will retain an African focus.

The two strategic projects serve as a risk mitigation strategy for future supply scenarios, giving the Merged Group the potential to optimize its production schedule to meet the growing uranium market.

Further, the Merged Group will have the opportunity to capture regional synergies including shared inventories and potentially export path. The Merged Group will also be able to share technology whereby the recent learnings from Kayelekera can be applied to Letlhakane.

The Merged Group will have a dual project focus whereby there will be an intention for Mineral Resource upgrade initiatives, optimisation programs and various studies leading to a Pre-Feasibility Study for Letlhakane while maintaining the work streams required to bring Kayelekera back into production at the appropriate time.

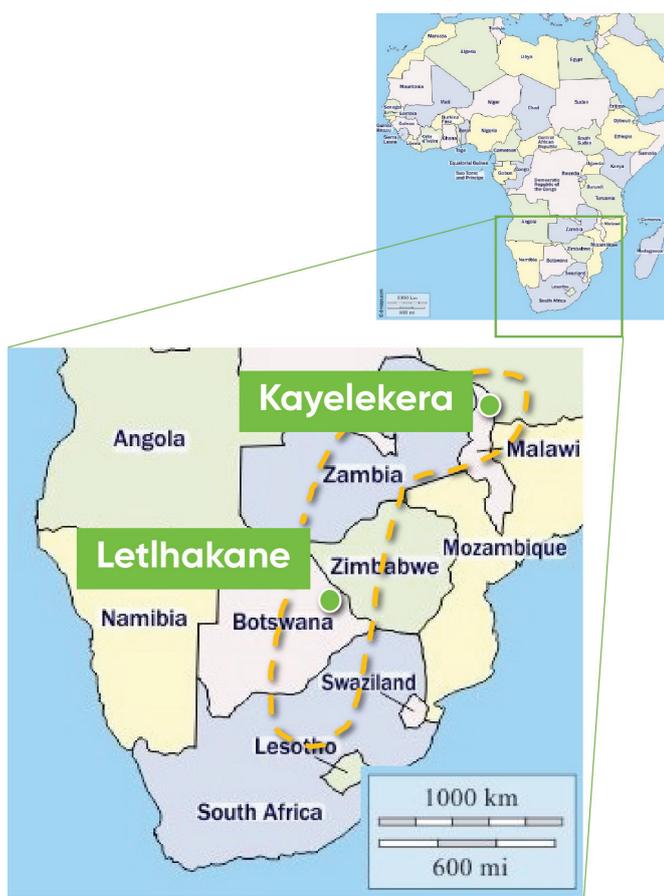


Figure 1.6: Project Location Map

f. The implied value of the Share Scheme Consideration represents a premium to the recent trading price of A-Cap Shares prior to announcement of the Transaction

The implied value of the Share Scheme Consideration represents:

- a 10.4% premium to A-Cap's 30-day VWAP as at 11 July 2023 (the last day of trading of A-Cap Shares on the ASX prior to the announcement of the Transaction); and
- a 20.7% premium to the closing A-Cap Share price on 11 July 2023

Based on the closing price of Lotus Shares on Tuesday, 12 September 2023, being the Last Practicable Date, the implied value of the Share Scheme Consideration is A\$ 0.072 per A-Cap Share.

A-Cap Shareholders should note that the implied value of the Share Scheme Consideration will change from time to time based on movements in Lotus' share price.

g. A-Cap Directors unanimously recommend¹¹ that you vote in favour of the Schemes, subject to no Superior Proposal emerging and, in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders

The A-Cap Board unanimously recommends that A-Cap Shareholders vote in favour of the Share Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and recommend that A-Cap Listed Optionholders vote in favour of the Option Scheme subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

The decision of your A-Cap Directors to give their recommendation in relation to both the Share Scheme and Option Scheme follows an extensive A-Cap due diligence assessment of Lotus and review of the Transaction, including:

- the merits and challenges of continuing to operate A-Cap as a stand-alone entity;
- the capital markets strategic rationale of the Transaction; and
- the likelihood of a Superior Proposal for A-Cap emerging in the future.

Your A-Cap Directors consider the reasons to vote in favour of the Schemes (including those summarised in this Section 1.2) outweigh the potential reasons to vote against the Schemes (including those summarised in Section 1.3).

Your A-Cap Directors consider the Schemes have the potential to realise greater benefits for A-Cap Shareholders and A-Cap Listed Optionholders than any other alternative currently available, including A-Cap continuing as a stand-alone entity.

Each A-Cap Director intends to vote in favour of the Share Scheme in respect of any A-Cap Shares held or controlled by them at the time of the Share Scheme Meeting, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders. Further, each A-Cap Director intends to vote all A-Cap Listed Options which they control in favour of the Option Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

h. The Independent Expert has concluded that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal. As at the Last Practicable Date, no Superior Proposal for A-Cap has emerged

The Independent Expert, BDO, has concluded the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal.

The reasons for the Independent Expert's conclusion are set out in the Independent Expert's Report in Annexure G. Your A-Cap Directors recommend that A-Cap Shareholders and A-Cap Listed Optionholders read the Independent Expert's Report in full.

i. If you are an Australian resident A-Cap Shareholder for taxation purposes and receive New Lotus Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains relating to your A-Cap Shares. Eligible A-Cap Shareholders will also avoid brokerage costs

The Transaction may have taxation implications for A-Cap Shareholders and A-Cap Listed Optionholders. Accordingly, A-Cap Shareholders and A-Cap Listed Optionholders should refer to Section 11 for a summary of the tax consequences. A-Cap Shareholders and A-Cap Listed Optionholders should also consult their own tax advisers as to the specific tax consequences to them, including the applicability and effect of local and foreign income tax and other laws in their particular circumstances.

j. The price of A-Cap Shares and A-Cap Listed Options may fall if the Transaction is not implemented in the absence of a Superior Proposal

If the Transaction is not Implemented, A-Cap Shares and A-Cap Listed Options will remain quoted on the ASX and A-Cap will continue to be subject to the specific funding and other risk factors as described in Section 10.4, market volatility, including as a result of general stock market movements on the ASX, and to the impact of general economic conditions in the market in which A-Cap operates. As such, if the Transaction is not Implemented, it is possible that the price at which A-Cap Shares and A-Cap Listed Options trade will fall.

1.3 Reasons why you may choose to vote against the Schemes

The Schemes have a number of disadvantages and risks that A-Cap Shareholders and A-Cap Listed Optionholders should consider in deciding how they should vote at the Scheme Meetings.

Although your A-Cap Directors consider that these disadvantages and risks are outweighed by the advantages of the Schemes and that the Schemes are in the best interests of A-Cap Shareholders (in the absence of a Superior Proposal) and A-Cap Listed Optionholders respectively. A-Cap Shareholders and A-Cap Listed Optionholders should consider their individual circumstances in determining how to vote in relation to the Schemes.

a. You may not agree with the unanimous recommendation of the A-Cap Directors and the Independent Expert's conclusion

You may disagree with the unanimous recommendation of your A-Cap Directors and/or the conclusion of the Independent Expert, who has concluded that the Share Scheme is fair and reasonable and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal.

Refer to Annexure G for a copy of the Independent Expert's Report.

b. The exposure of A-Cap Shareholders to A-Cap's assets is diluted in the Merged Group

Following the Implementation of the Schemes, A-Cap Shareholders and A-Cap Listed Optionholders will hold approximately 21.02% of the undiluted issued share capital of the Merged Group. Accordingly, A-Cap Shareholders and A-Cap Listed Optionholders will have a diluted exposure to the Letlhakane Uranium and Wilconi Nickel Cobalt Projects but will, however, gain exposure to Lotus' Kayelekera Uranium Project, regional uranium exploration projects and the Milenje Hills rare earths opportunity.

It is possible that you may wish for A-Cap to remain a stand-alone entity, although this may expose A-Cap Shareholders and A-Cap Listed Optionholders to additional development, funding and execution risk, while forgoing the benefits listed in section 1. You should refer to Section 10.4 for an overview of potential risks and implications if the Schemes are not Implemented, and A-Cap remains as a standalone entity.

c. The Schemes expose A-Cap Shareholders and A-Cap Listed Optionholders to the risks of holding an investment which has operations in Malawi as a jurisdiction, compared to A-Cap as a standalone entity which is focussed primarily on Botswana

The Merged Group will gain exposure to Malawi. You may consider the country risk profile of Malawi to be disadvantageous relative to that of A-Cap as a stand-alone entity with only Botswanan and Australian country risk exposure.

See Sections 10.1, 10.2 and 10.3 for specific risk factors relating to the Schemes, the creation of the Merged Group and risks relating to the Merged Group, including the risk relating to "government policy and sovereign risk".

d. The Transaction alters the risk profile for A-Cap Shareholders and A-Cap Listed Optionholders compared to A-Cap as a stand-alone entity

If the Share Scheme and Option Scheme are Implemented, A-Cap will become a wholly-owned subsidiary of Lotus, and A-Cap Shareholders and A-Cap Listed Optionholders who receive New Lotus Shares will become Lotus Shareholders. As a result, A-Cap Shareholders and A-Cap Listed Optionholders will be directly exposed to:

- new risks relating to Lotus; and
- certain additional risks relating to the integration of A-Cap and its operations with Lotus and its operations (which are set out in Section 10.2).

For certain A-Cap Shareholders and A-Cap Listed Optionholders, the change in risk profile of the Merged Group may be perceived as a disadvantage. The risks identified above, together with other risks, are considered in further detail in Sections 10.2 and 10.3 of this Scheme Booklet.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

e. **A Superior Proposal for A-Cap may emerge in the future, if A-Cap were to continue as a stand-alone entity**

It is possible that a Superior Proposal for A-Cap could emerge in the foreseeable future. However, between the date the Transaction was announced (being 13 July 2023) and the Last Practicable Date (being Tuesday, 12 September 2023), no Superior Proposal has emerged.

If a Superior Proposal emerges before the Schemes become Effective, this will be announced to ASX, and your A-Cap Directors would carefully consider such Superior Proposal and advise A-Cap Shareholders and A-Cap Listed Optionholders accordingly.

Importantly, the Schemes do not prevent A-Cap Shareholders and A-Cap Listed Optionholders from benefitting from a proposal for the Merged Group in the future (as they would then be Lotus Shareholders), if such a proposal were to emerge.

f. **The tax consequences of the Schemes being Implemented may not suit your current financial position or tax circumstances**

The tax consequences of the Schemes will depend on your personal situation. You may consider the tax consequences of transferring your A-Cap Shares and/or A-Cap Listed Options to Lotus pursuant to the Schemes, if paid, are not attractive to you. A-Cap Shareholders and A-Cap Listed Optionholders should read the tax implications of the Schemes outlined in Section 11. However, Section 11 is general in nature, and A-Cap Shareholders and A-Cap Listed Optionholders should consult with their own independent taxation advisers regarding the tax implications of the Schemes.

g. **The trading value of the Share Scheme Consideration and Option Scheme Consideration is not certain and will depend on the price at which New Lotus Shares trade on the ASX after the Implementation Date**

The Share Scheme Consideration and Option Scheme Consideration is not certain and the exact value that you receive for your A-Cap Shares or A-Cap Listed Options may move adversely from the market value of the Share Scheme Consideration and Option Scheme Consideration on the date of this Scheme Booklet or the Scheme Meetings. Alternatively, if there is an increase in the relative value of Lotus Shares, the effective value you receive for your A-Cap Shares and A-Cap Listed Options may move favourably from the market value of the Share Scheme Consideration and Option Scheme Consideration on the date of this Scheme Booklet or Scheme Meetings.

Furthermore, if you are an Ineligible Foreign Holder, a Small Share Scheme Electing Participant or Small Option Scheme Electing Participant, your Share Scheme Consideration and Option Scheme Consideration will be remitted to the Sale Agent to sell. Any cash remitted to Ineligible Foreign Holders under this arrangement will depend on the market price of Lotus Shares at the time of sale by the Sale Agent.

1.4 **Other considerations – key provisions in the Scheme Implementation Deed**

This section summarises the key provisions of the Scheme Implementation Deed. You should also take into account these key provisions and the following additional considerations in deciding whether to vote in favour of, or against, the Schemes.

a. **Implications for A-Cap if the Schemes are not Implemented**

- i. If the Share Scheme is not Implemented, Share Scheme Participants will retain their A-Cap Shares and will not receive the Share Scheme Consideration.
- ii. If the Option Scheme is not Implemented, Option Scheme Participants will retain their A-Cap Listed Options and will not receive the Option Scheme Consideration. However, if the Share Scheme is Implemented but the Option Scheme does not proceed, A-Cap Listed Optionholders may, nonetheless, have their A-Cap Listed Options transferred to Lotus through the compulsory acquisition provisions in the Corporations Act or by way of private treaty (if Lotus waives the requirement for A-Cap Listed Optionholder Approval).

- iii. A-Cap will remain listed on ASX as a stand-alone entity and the current A-Cap Board and A-Cap's senior management team will continue to operate A-Cap's business. The benefits anticipated from the Merged Group will not be realised (see Section 1.2).
- iv. If the Schemes are not Implemented and no Superior Proposal emerges, it is possible that the trading price of A-Cap Shares and A-Cap Listed Options will fall to below the level at which it has been trading since the Schemes were announced, to the extent that the market price reflects an assumption that the Schemes will be Implemented (although this is difficult to predict with any degree of certainty). Many of the risk factors described in Sections 10.1, 10.2 and 10.3 which are applicable to the Merged Group may also apply to a continuing investment in A-Cap as a stand-alone entity.
- v. If the Schemes are not Implemented, Share Scheme Participants and Option Scheme Participants will continue to be subject to all risks currently associated with an investment in A-Cap (and to which Scheme Participants and Option Scheme Participants are necessarily already exposed to).
- vi. If the Schemes do not proceed, and no Superior Proposal emerges, A-Cap will need to raise capital in the near term. There can be no assurance that sufficient capital will be available and if capital is available it may be on onerous terms not favourable to A-Cap Shareholders.
- vii. Additionally, there are certain costs and expenses payable by A-Cap regardless of whether or not the Schemes are Implemented.

b. Conduct of business

The Scheme Implementation Deed requires that, up to and including the Implementation Date, both A-Cap and Lotus must (and must procure that each of their Subsidiaries) conduct its business and operations:

- i. in the ordinary course and in all material respects in accordance with applicable laws; and
- ii. in substantially the same manner as previously conducted in the 12 months prior to 12 July 2023.

Without limiting A-Cap's general obligations above, A-Cap must (and must ensure that each member of the A-Cap Group), up to and including the Implementation Date (other than with the prior approval of Lotus or as otherwise required under the Scheme Implementation Deed), also use all reasonable endeavours to:

- i. conduct its business at the same locations, and maintain the conditions of its business and assets, materially in the manner maintained in the 12 months prior to 12 July 2023, including maintaining at least its current level of insurance cover over its business and assets;
- ii. keep available the services of its current officers and employees, other than as a result of retirement, redundancy, non-renewal of contracts or resignation in the ordinary course;
- iii. comply in all material respects with all Material Contracts to which a member of the A-Cap Group is a party;
- iv. maintain its listing on ASX and comply in all material respects with the ASX Listing Rules;
- v. disclose to Lotus in writing all material correspondence between any member of the A-Cap Group and any Regulatory Authority received;
- vi. keep Lotus informed of the conduct of the businesses of the A-Cap Group by providing, in a timely manner, Lotus with monthly updates on operational and financial performance of the A-Cap Group; and
- vii. maintain the Tenements in accordance with their terms.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

In addition, A-Cap must not, and must ensure that each member of the A-Cap Group does not (without the approval of Lotus), up to and including the Implementation Date:

- i. amend the terms of any A-Cap Listed Option or A-Cap Unlisted Option or any other incentive plan other than as contemplated under clause 6.2(a)(ii) of the Scheme Implementation Deed;
- ii. enter into, terminate, vary or amend (in a material way) a Material Contract;
- iii. materially increase the remuneration of or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or employees;
- iv. accelerate the rights of any of its directors or employees to benefits of any kind other than as contemplated under clause 6.2(a)(ii) of the Scheme Implementation Deed in respect of securities in place as at 12 July 2023;
- v. pay any of its directors or employees a termination, severance, retention or bonus payment, other than as provided for in an existing employment contract in place as at 12 July 2023;
- vi. incur or commit to incur any expenditures in excess of 10% above the expenditure that is set out in the program and budget previously disclosed in the disclosure letter provided by A-Cap to Lotus;
- vii. settle or compromise any dispute, audit or inquiry in relation to tax or duty, or amend any tax return, other than in the ordinary course of its business;
- viii. except under contractual arrangements in effect on 12 July 2023 and which have been fairly disclosed in the A-Cap Disclosure Materials, enter into any enterprise bargaining agreement or similar collective employment agreement;
- ix. in respect of any single transaction or series of related or similar transactions, acquire, lease or dispose of any interest in a business, securities, assets, real property, entity or undertaking (excluding the disposal by any member of the A-Cap Group of immaterial assets, immaterial personal property or the sale of any member of the A-Cap Group of inventory in the ordinary course of business consistent with past practice);
- x. write down any of its material assets other than in accordance with the accounting standards (as defined in the Scheme Implementation Deed);
- xi. provide financial accommodation to any person other than to members of the A-Cap Group (irrespective of what form the financial accommodation takes);
- xii. settle any material legal proceedings, disputed claim, investigation, arbitration or other like proceeding;
- xiii. change any accounting policy of a member of the A-Cap Group applied to report its financial position, other than any change in policy required by a change in the accounting standards (as defined in the Scheme Implementation Deed);
- xiv. amend the constitution of A-Cap or the constituent documents of any of its Subsidiaries;
- xv. take or fail to take any action which is, or would be reasonably expected to give rise to, an A-Cap Prescribed Occurrence; or
- xvi. agree to do any of the matters set out in paragraphs (i) to (xv) above.

The specific restrictions on the conduct of A-Cap set out above do not restrict the ability of A-Cap to take any action:

- i. expressly required or permitted by the Scheme Implementation Deed, the Share Scheme or the Option Scheme;
- ii. required by law or by an order of a Regulatory Authority;
- iii. approved in writing by Lotus;
- iv. which has been fairly disclosed in the A-Cap Disclosure Materials; or
- v. which is necessary for A-Cap or a member of the A-Cap Group to meet its legal obligations or contractual obligations under a Material Contract existing prior to 12 July 2023.

The Scheme Implementation Deed also provides some specific restrictions on the conduct of Lotus. In particular, Lotus must not, up to and including the Implementation Date:

- i. amend the terms of the Lotus Shares;
- ii. amend the constitution of Lotus;
- iii. take or fail to take any action which is, or would be reasonably expected to give rise to, a Lotus Prescribed Occurrence; or
- iv. agree to do any of the matters set out in paragraphs (i) to (iii) above.

The specific restrictions on the conduct of Lotus set out above do not restrict the ability of Lotus to take any action:

- i. expressly required or permitted by the Scheme Implementation Deed, the Share Scheme or the Option Scheme;
- ii. required by law or by an order of a Regulatory Authority;
- iii. approved in writing by A-Cap;
- iv. which has been fairly disclosed to A-Cap or its Representatives before 12 July 2023 as being an action that Lotus may carry out between (and including) 12 July 2023 and the Implementation Date; or
- v. which is necessary for Lotus or a member of the Lotus Group to meet its legal or regulatory obligations or contractual obligations existing prior to 12 July 2023.

c. Representations and warranties

The Scheme Implementation Deed contains various representations and warranties given by A-Cap to Lotus, and by Lotus to A-Cap.

The representations and warranties provided by A-Cap are set out in schedule 2 of the Scheme Implementation Deed, and the representations and warranties provided by Lotus are set out in schedule 3 of the Scheme Implementation Deed.

Under the Scheme Implementation Deed, the A-Cap Fundamental Representations and Warranties are given by A-Cap at 12 July 2023 and again on each subsequent day until 8:00 am on the Second Court Date. In respect of all other warranties and representations made or given by A-Cap and Lotus, unless a particular warranty states a time at which it is provided, they are given at 12 July 2023, again at the date on which A-Cap dispatches this Scheme Booklet to A-Cap Shareholders and A-Cap Listed Optionholders, and also at 8:00 am on the Second Court Date.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

The warranties and representations provided by A-Cap to Lotus under the Scheme Implementation Deed are given subject to matters that:

- i. have been fairly disclosed in public filings of A-Cap on ASX in the 12 months before 12 July 2023; or
- ii. have been fairly disclosed in the A-Cap Disclosure Materials, and, in respect of the A-Cap Fundamental Representations and Warranties only, have also been identified in the disclosure letter provided by A-Cap to Lotus.

The warranties and representations provided by Lotus to A-Cap under the Scheme Implementation Deed are given subject to matters that have been fairly disclosed in public filings of Lotus on ASX in the 12 months before 12 July 2023.

d. Exclusivity obligations

A-Cap has entered into the following exclusivity arrangements in favour of Lotus under the Scheme Implementation Deed. These exclusivity arrangements have applied to A-Cap since 12 July 2023 (being the date of execution of the Scheme Implementation Deed), and continue until the earlier of the Implementation Date, the End Date or the date of termination of the Scheme Implementation Deed (i.e., the **Exclusivity Period**).

- i. **No continuing discussions:** A-Cap must cease all negotiations or discussions in relation to any Competing Transaction or which could reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Transaction.
- ii. **No shop:** During the Exclusivity Period, A-Cap must not, and must ensure that no member of the A-Cap Group or any of their respective Representatives directly or indirectly:
 - (A) solicit, invite, encourage or initiate any Competing Transaction; or
 - (B) communicate any intention to do any of those things,in relation to, or which may reasonably be expected to encourage or lead to the making of any inquiry, expression of interest, offer, proposal, discussion or other communication from any person in relation to an actual, proposed or potential Competing Transaction or which otherwise affects, prejudices or jeopardises or might reasonably be expected to affect, prejudice or jeopardise the Implementation of the Schemes.
- iii. **No talk:** Subject to certain exceptions related to the fiduciary duties of the A-Cap Directors, A-Cap must not, and must ensure that no member of the A-Cap Group or any of their respective Representatives directly or indirectly:
 - (A) respond to, facilitate, negotiate or enter into or participate in negotiations, discussions or other communications with any third party;
 - (B) negotiate, accept or enter into, or offer or agree to negotiate or accept, or enter into any agreement, arrangement or understanding; or
 - (C) communicate any intention to do any of the above things,in relation to, or which may reasonably be expected to lead to an actual, proposed or potential Competing Transaction, or which may reasonably be expected to affect, prejudice or jeopardise the Implementation of the Schemes.

- iv. Due diligence information:** During the Exclusivity Period, A-Cap must not, and must ensure that no member of the A-Cap Group or any of their respective Representatives directly or indirectly:
- (A) solicit, invite, initiate, encourage, facilitate or permit any third party (other than a member of the Lotus Group) to undertake due diligence investigations in respect of A-Cap, a member of the A-Cap Group or their respective businesses and operations, in connection with obtaining, or which could reasonably be expected to lead to such person (or assist such person in) formulating, developing, finalising or announcing an actual, proposed or potential Competing Transaction; or
 - (B) subject to certain exceptions relevant to the fiduciary duties of the A-Cap Directors, make available to any third party (other than a member of the Lotus Group) or permit any other person to receive any non-public information relating to A-Cap, a member of the A-Cap Group or their respective businesses and operations.
- v. Notification of approaches:** During the Exclusivity Period, A-Cap must notify Lotus as soon as possible (any in any event within 1 Business Day) if A-Cap, any member of the A-Cap Group or any of their respective Representatives:
- (A) receives any approach, inquiry or proposal, or any attempt or intention on the part of any person to initiate or continue any negotiations or discussions with A-Cap or any of its Representatives with respect to, or that could reasonably be expected to lead to, an actual, proposed or potential Competing Transaction or a transaction which would affect, prejudice or jeopardise the Implementation of the Schemes;
 - (B) receives any proposal whether written or otherwise in connection with, or in respect of any exploration or consummation of, an actual, proposed or potential Competing Transaction or a transaction which would affect, prejudice or jeopardise the Implementation of the Schemes, whether unsolicited or otherwise;
 - (C) receives any request for information relating to A-Cap or any member of the A-Cap Group or any part of their respective businesses or operations or any request for access to the books or records of A-Cap or any member of the A-Cap Group; or
 - (D) is aware of any intention by A-Cap or any of its Representatives to provide any information relating to it, any member of the A-Cap Group or any of their respective businesses or operations to any person.

A notice provided by A-Cap under the notification requirements above must contain all material details regarding the relevant event (including the identity of the person or persons taking the relevant action) and the terms and conditions of any actual, proposed or potential Competing Transaction, to the extent known.

- vi. Response to Competing Bidder and right to respond:** A-Cap must ensure certain steps are taken and requirements are met before any A-Cap Director approves or recommends entry into any agreement, commitment, arrangements or understanding relating to an actual, proposed or potential Competing Transaction or adversely changes, withdraws or adversely modifies or qualifies their recommendation to vote in favour of the Share Scheme or Option Scheme. In addition, if A-Cap notifies Lotus of an actual, proposed or potential Competing Transaction, Lotus is entitled to submit a Counter Proposal which the A-Cap Board must, within five Business Days, review in good faith to determine if the Counter Proposal offers an equivalent or superior outcome for A-Cap Shareholders compared to the Competing Transaction.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

vii. Fiduciary carve out: The “no talk” restriction in section 1.4(d)(iii) and the “due diligence information” restriction in section 1.4(d)(iv)(B) referred to above do not prevent A-Cap or the A-Cap Board from taking or refusing to take any action with respect to a Competing Transaction (in relation to which there has been no contravention by A-Cap of the other exclusivity obligations outlined above and fully-set out in clause 9 of the Scheme Implementation Deed), provided that:

- (A) the Competing Transaction is bona fide and is made in writing by or on behalf of a third party; and
- (B) the A-Cap Board has determined in good faith, after having received written legal advice from its external legal advisers, that the Competing Transaction would constitute or would be reasonably expected to lead to, if consummated in accordance with its terms, a Superior Proposal and failing to respond to such a bona fide Competing Transaction would be reasonably likely to constitute a breach of the fiduciary duties or other statutory obligations of the A-Cap Directors.

e. A-Cap Break fee

A-Cap may become liable to pay Lotus the Reimbursement Fee (i.e. a break fee), being an amount of \$660,000 (being approximately 1% of the Share Scheme Consideration) if:

- i. any one or more of the A-Cap Directors:
 - (A) fails to recommend that A-Cap Shareholders vote in favour of the Share Scheme or Option Scheme, or to maintain that recommendation in accordance with the requirements of clauses 7.2(a), 7.2(e) and 7.2(p) of the Scheme Implementation Deed, other than in circumstances where a Major Lotus Transaction exists;
 - (B) publicly withdraws, adversely revises or adversely qualifies their recommendation that A-Cap Shareholders vote in favour of the Share Scheme or the A-Cap Listed Optionholders vote in favour of the Option Scheme, other than in circumstances where a Major Lotus Transaction exists; or
 - (C) publicly recommends that A-Cap Shareholders or A-Cap Listed Optionholders accept or vote in favour of, or otherwise publicly supports or endorses, a Competing Transaction announced during the Exclusivity Period,

unless:

- (D) the Independent Expert concludes in the Independent Expert’s Report (or any update, revision, amendment or supplement thereto) that the Share Scheme is not in the best interests of A-Cap Shareholders prior to 8:00 am on the Second Court Date other than where that conclusion is due wholly or primarily to the existence of a Competing Transaction;
- (E) the relevant A-Cap Director or A-Cap Directors abstain from making a recommendation to A-Cap Shareholders or A-Cap Listed Optionholders in accordance with an Abstain Order that relates to the Director; or
- (F) A-Cap validly terminates the Scheme Implementation Deed in accordance with clause 14.1(a)(i) or 14.1(c)(i) of the Scheme Implementation Deed (i.e., Lotus is in material breach of the Scheme Implementation Deed, or Lotus has breached a representation or warranty given under the Scheme Implementation Deed).

- ii. a Competing Transaction is announced during the Exclusivity Period and, within 12 months of the last day of the Exclusivity Period:
 - (A) the Competing Transaction is completed;
 - (B) A-Cap, a member of the A-Cap Group or the A-Cap Board or the board of directors of any other member of the A-Cap Group, enter into an agreement, arrangement or understanding with the third party or its Affiliate who made the Competing Transaction in respect of the Competing Transaction; or
 - (C) the third party or its Affiliate who made the Competing Transaction acquires Voting Power of more than 20% in A-Cap;
- iii. Lotus validly terminates the Scheme Implementation Deed under clauses 14.1(a)(i) or 14.1(b) of the Scheme Implementation Deed (e.g. A-Cap is in material breach of the Scheme Implementation Deed, or a representation or warranty given by A-Cap under the Scheme Implementation Deed is not true and correct); or
- iv. A-Cap terminates the Scheme Implementation Deed under clause 14.1(c)(ii)(A) of the Scheme Implementation Deed, being due to the A-Cap Board or a majority of the A-Cap Board having changed, withdrawn or qualified their recommendation of the Scheme prior to 8:00 am on the Second Court Date, after making a determination that the Competing Transaction constitutes a Superior Proposal and failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of the fiduciary duties or other statutory obligations of the A-Cap Directors.

f. Lotus Break Fee

Lotus may become liable to pay A-Cap the Reimbursement Fee of \$660,000 if:

- i. A-Cap validly terminates the Scheme Implementation Deed under clause 14.1(a)(i) of the Scheme Implementation Deed (e.g. if Lotus is in material breach of the Scheme Implementation Deed and has not remedied the breach within the specified timeframe); or
- ii. A-Cap validly terminates the Scheme Implementation Deed under clause 14.1(c)(i) of the Scheme Implementation Deed (e.g. if, prior to 8:00 am on the Second Court Date, Lotus breaches a representation or warranty given by Lotus under the Scheme Implementation Deed which is not remedied or cannot be remedied within the specified timeframe); or
- iii. at the End Date, the Scheme Implementation Deed is validly terminated by either party solely as a result of one of the Conditions Precedent in clauses 3.1(m) (approval of the Option Scheme by A-Cap Listed Optionholders), 3.1(n) (the Court approving the Option Scheme) or 3.1(o) (lodgement of Court order approving Option Scheme with ASIC) of the Scheme Implementation Deed not being satisfied and not being waived by Lotus.

g. Warranties by Share Scheme Participants

Clause 6.6 of the Scheme provides that each Scheme Participant warrants to Lotus, and is deemed to have appointed and authorised A-Cap to warrant to Lotus as agent and attorney for the Scheme Participant that:

- i. all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) transferred to Lotus under the Share Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from restrictions on transfer of any kind;
- ii. they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) to Lotus under the Share Scheme; and

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

- iii. as at the Record Date, they have no existing right to be issued any other Scheme Shares or any other of securities in A-Cap.

A-Cap undertakes in favour of each Scheme Participant that it will provide such warranty to Lotus as agent and attorney to each Scheme Participant as at the time of the transfer of the Scheme Shares.

h. Warranties by Option Scheme Participants

Clause 6.6 of the Option Scheme provides that each Option Scheme Participant warrants to Lotus, and is deemed to have appointed and authorised A-Cap to warrant to Lotus as agent and attorney for the Option Scheme Participant that:

- i. all their Scheme Options (including any rights and entitlements attaching to those Scheme Options) transferred to Lotus under the Option Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from restrictions on transfer of any kind;
- ii. they have full power and capacity to sell and to transfer their Scheme Options (including any rights and entitlements attaching to those Scheme Options) to Lotus under the Option Scheme; and
- iii. as at the Record Date, they have no existing right to be issued any other Scheme Options or any other of securities in A-Cap.

A-Cap undertakes in favour of each Option Scheme Participant that it will provide such warranty to Lotus as agent and attorney of each Option Scheme Participant as at the time of the transfer of the Scheme Options.

i. The Share Scheme and Option Scheme may be implemented even if you vote against the Schemes or you do not vote at all

You should be aware that even if you do not vote, or vote against the Share Scheme and Option Scheme, the Schemes may still be Implemented if they are each approved by the Requisite Majorities of A-Cap Shareholders and A-Cap Listed Optionholders and the Court. If this occurs, all A-Cap Shares and A-Cap Listed Options will be transferred to Lotus and you will receive the Share Scheme Consideration for your A-Cap Shares and Option Scheme Consideration for your A-Cap Listed Options even though you did not vote on, or voted against, the Schemes.

The Share Scheme is conditional upon the Option Scheme proceeding. However, this condition may be waived by Lotus in its sole discretion. Further, the Implementation of the Option Scheme is conditional on the Share Scheme proceeding and becoming Effective, and this condition cannot be waived by either A-Cap or Lotus.

j. Termination of the Scheme Implementation Deed

The Scheme Implementation Deed may be terminated by A-Cap or Lotus giving notice in writing to the other party in certain circumstances as follows:

- i. **(Failure of Conditions Precedent) if:**
 - (A) there is a breach of non-fulfilment of a Condition Precedent which is not satisfied or waived (where capable of waiver) by the time specified in the Scheme Implementation Deed for the satisfaction of the Condition Precedent, or the End Date if no such time is specified;
 - (B) there is an act, failure to act, event or occurrence or non-occurrence which may prevent a Condition Precedent being satisfied or waived by the time specified in the Scheme Implementation Deed for the satisfaction of the relevant Condition Precedent (or the End Date, if no such time is specified), and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived or satisfied in accordance with the Scheme Implementation Deed; or
 - (C) it becomes more likely than not that the Share Scheme or Option Scheme will not become Effective by the End Date,

A-Cap or Lotus may serve written notice on the other party as soon as practicable and, in any event, within two Business Days, following which A-Cap and Lotus must consult in good faith with a view to considering and, if agreed:

- (D) determining whether the Transaction may proceed by way of alternative means or methods;
- (E) extending the time or date for satisfaction of the relevant Condition Precedent or the End Date (as applicable);
- (F) changing the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Share Scheme or adjourning that application to another date agreed to in writing by A-Cap and Lotus (being a date no later than five Business Days before the End Date).

If A-Cap and Lotus are unable to reach agreement under paragraphs (D) to (F) above, within 10 Business Days after the delivery of the notice, or any shorter period commencing at the time the notice is given and ending at 8:00 am (AEST) on the Second Court Date, then A-Cap and Lotus may (provided that, if relevant, the relevant Condition Precedent is for the benefit of that party and has not been waived in accordance with the Scheme Implementation Deed) terminate the Scheme Implementation Deed by notice in writing to the other party without incurring any liability to the other party because of that termination alone, unless the relevant Condition Precedent has not been satisfied as a result (either alone or together with other circumstances) of a breach of the Scheme Implementation Deed by the terminating party or a deliberate act or omission or non-omission of the terminating party which either alone or when taken together with other deliberate acts or omissions of the terminating party prevents the relevant Condition Precedent being satisfied.

- ii. **(Application to Court)** If the Conditions Precedent in clauses 3.1(b) (approval by A-Cap Shareholders) or 3.3(b) (approval by A-Cap Listed Optionholders) of the Scheme Implementation Deed are not satisfied only because of a failure for the relevant Scheme Resolution to be passed by a majority in number of the members, or members in that class, present and voting, as required by section 411(4)(a)(ii)(A) of the Corporations Act, either A-Cap or Lotus may, by written notice to the other party within three Business Days after the conclusion of the Share Scheme Meeting or Option Scheme Meeting (as applicable), require the approval of the Court to be sought pursuant to the Court's discretion under section 411 of the Corporations Act, provided that the relevant party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable. If the relevant party is unable to form such a view, A-Cap or Lotus may terminate the Scheme Implementation Deed, provided the terminating party has complied with its obligations set out under section 3.9(b) of the Scheme Implementation Deed (to the extent applicable).
- iii. **(Appeal process)** if the Court refuses to make an order approving the Share Scheme or approving the Option Scheme, at Lotus' reasonable request, A-Cap must appeal the Court's decision to the fullest extent possible unless:
 - (A) A-Cap and Lotus agree otherwise; or
 - (B) an independent senior counsel indicates that, in their view, an appeal would have negligible prospects of success before the End Date,

in which case A-Cap or Lotus may terminate the Scheme Implementation Deed, provided the terminating party has complied with its obligations set out under section 3.9(b) of the Scheme Implementation Deed (to the extent applicable).

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

- iv. **(Material breach)** A-Cap or Lotus may terminate the Scheme Implementation Deed if:
 - (A) the other party is in material breach of any material provision of the Scheme Implementation Deed (other than for a breach of a representation or warranty) at any time prior to 8:00 am on the Second Court Date;
 - (B) the non-defaulting party has provided notice to the other party setting out the relevant circumstances of the breach and stating an intention to terminate the Scheme Implementation Deed; and
 - (C) the relevant circumstances have continued to exist for five Business Days from the time such notice is given (or any shorter period of time ending at 8:00 am on the Second Court Date).
- v. **(Prohibition)** A-Cap or Lotus may terminate the Scheme Implementation Deed if a Court or other Regulatory Authority has issued an order, decree or ruling or taken any other action that permanently restrains or prohibits the Transaction, and that order, decree, ruling or other action has become final and cannot be appealed, provided all proper avenues of appeal and revenue (judicial and otherwise) have been exhausted.
- vi. **(End Date)** A-Cap or Lotus may terminate the Scheme Implementation Deed if the End Date has passed before the Transaction has been implemented, other than as a result of a breach by the terminating party of its obligations under the Scheme Implementation Deed.
- vii. **(Breach of representations or warranties by A-Cap)** Lotus may terminate the Scheme Implementation Deed if, at any time prior to 8:00 am on the Second Court Date:
 - (A) any A-Cap Fundamental Representation or Warranty is not true and correct as at the time it is given or made; or
 - (B) any other representation or warranty given by A-Cap under the Scheme Implementation Deed is not true and correct in all material respects as at the time it is given or made and has had, or is likely to have, a material adverse effect on the Tenements, the Letlhakane Uranium Project or the assets, liabilities, financial position, value, performance, profitability or prospects of the A-Cap Group;and, in each case:
 - (C) A-Cap fails to remedy that breach within five Business Days of receipt by it of notice in writing from Lotus setting out details of the breach and requesting the breach be remedied by A-Cap; or
 - (D) the breach of the representation or warranty cannot be remedied by subsequent action on the part of A-Cap before 8:00 am on the Second Court Date.
- viii. **(Breach of representations or warranties by Lotus)** A-Cap may terminate the Scheme Implementation Deed if, at any time prior to 8:00 am on the Second Court Date, Lotus breaches a representation or warranty given by Lotus under the Scheme Implementation Deed, provided:
 - (A) Lotus fails to remedy the breach within five Business Days of receipt by it of a written notice from A-Cap setting out details of the breach and requesting the breach be remedied by Lotus; or
 - (B) the relevant representation or warranty cannot be remedied by subsequent action on that part of Lotus before 8:00 am on the Second Court Date.

- ix. **(Competing Transaction or Superior Proposal)** Lotus may terminate the Scheme Implementation Deed if:
 - (A) any A-Cap Director (who is not subject to an Abstain Order) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation of the Share Scheme, Option Scheme or the Transaction, recommends or supports a Competing Transaction or makes any public statement to the effect that the Share Scheme, Option Scheme or the Transaction is not, or is no longer, recommended;
 - (B) the A-Cap Board recommends a Superior Proposal; or
 - (C) a Competing Transaction is announced, made or becomes open for acceptance.
- x. **(Change of recommendation)** A-Cap may terminate the Scheme Implementation Deed if, at any time prior to 8:00 am on the Second Court Date, the A-Cap Board, or a majority of the A-Cap Board, has changed, withdrawn or qualified their recommendation of the Share Scheme, provided that:
 - (A) the A-Cap Board has determined in good faith, after having received written legal advice from its external legal advisers that the Competing Transaction (if consummated) would constitute or would be reasonably expected to lead to, a Superior Proposal and failing to respond to the Competing Transaction would be reasonably likely to constitute a breach of the fiduciary duties or other statutory obligations of the A-Cap Directors, and Lotus has exhausted its rights under clause 9.6 of the Scheme Implementation Deed and the Counterproposal (if any) has been evaluated; or
 - (B) the Independent Expert has concluded in a final, dated and signed copy of the Independent Expert's Report (or any update or variation to the Independent Expert's Report) that the Share Scheme is not in the best interests of A-Cap Shareholders and the parties have exhausted their rights under clause 3.9 of the Scheme Implementation Deed in respect to the Condition Precedent in clause 3.1(f) of the Scheme Implementation Deed.
- xi. **(Other)** if:
 - (A) an A-Cap Prescribed Occurrence or A-Cap Material Adverse Event in respect of A-Cap occurs prior to 8:00 am on the Second Court Date, Lotus may terminate the Scheme Implementation Deed;
 - (B) a Lotus Prescribed Occurrence or Lotus Material Adverse Event in respect of Lotus occurs prior to 8:00 am on the Second Court Date, A-Cap may terminate the Scheme Implementation Deed; and
 - (C) each party consents in writing to the termination of the Scheme Implementation Deed, either party may terminate the Scheme Implementation Deed.

k. Inter-conditionality of the Share Scheme and the Option Scheme

The Share Scheme is conditional upon the Option Scheme proceeding. However, this condition may be waived by Lotus in its sole discretion. In contrast, the Implementation of the Option Scheme is conditional on the Share Scheme proceeding and court approval of the Share Scheme being obtained, and that condition cannot be waived.

In other words, if the Share Scheme was approved by the Requisite Majorities and the Court, and all other conditions precedent were satisfied except that the Option Scheme was not approved by the Requisite Majorities of A-Cap Listed Optionholders, then the Share Scheme may still be Implemented if Lotus (in its sole discretion) waives the requirement for A-Cap Listed Optionholder Approval.¹² In this case, the A-Cap Listed Options would remain on issue.

Please refer to Section 4.18 for the further detail on the implications of this scenario.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

1.5 Directors' recommendations, interests in the Schemes and contingent benefits

The Directors of A-Cap as at the date of this Scheme Booklet are:

Name	Position
Jiandong He	Chairman
Paul Ingram	Deputy Chairman
Michael Liu	Independent Non-Executive Director
Jijing Niu	Non-Executive Director
Mark A. E. Syropoulo	Non-Executive Director
Zhenwei Li	Non-Executive Director
Andrew Tunks	Non-Executive Director

Profiles of each member of the A-Cap Board can be found in Section 6.6.

A-Cap Director's recommendations in relation to the Schemes

The A-Cap Directors state as follows:

- i. in respect of the Share Scheme, the A-Cap Directors consider the Share Scheme to be in the best interests of the A-Cap Shareholders and the A-Cap Board unanimously recommends that A-Cap Shareholders vote in favour of the Share Scheme at the Share Scheme Meeting, and that each A-Cap Director intends to vote, or caused to be voted, all A-Cap Shares in which they have a Relevant Interest in favour of the Share Scheme at the Share Scheme Meeting; and
- ii. in respect of the Option Scheme, the A-Cap Board unanimously recommends the Option Scheme to A-Cap Listed Optionholders and recommends that A-Cap Listed Optionholders vote in favour of the Option Scheme at the Option Scheme Meeting, and each A-Cap Director intends to vote, or cause to be voted all A-Cap Listed Options which they control in favour of the Option Scheme at the Option Scheme Meeting,

in each case, in the absence of:

- iii. a Superior Proposal; or
- iv. the Independent Expert concluding in the Independent Expert's Report (or any update or variation to the Independent Expert's Report) that the Share Scheme is not in the best interests of A-Cap Shareholders (in relation to paragraph (i) only) or that the Option Scheme is not in the best interests of A-Cap Listed Optionholders (in relation to paragraph (ii) only).

The A-Cap Directors believe that the Transaction is in the best interests of A-Cap and in particular, that both the Share Scheme and the Option Scheme are in the best interests of A-Cap Shareholders and A-Cap Listed Optionholders respectively. The A-Cap Directors have formed their conclusion and made their recommendation on the basis that the potential advantages of the Transaction (set out in Section 1.2) outweigh the potential disadvantages and risks (set out in Section 1.3).

All A-Cap Directors who hold or control the right to vote in A-Cap Shares and/or A-Cap Listed Options intend to vote or procure the voting of all A-Cap Shares and/or A-Cap Listed Options which they control in favour of the Scheme Resolutions at the Share Scheme Meeting and Option Scheme Meeting to Implement the Schemes in each case in the absence of a Superior Proposal, and, in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in best interests of A-Cap Shareholders, and, in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

A-Cap Director interests in the Schemes

In relation to the unanimous recommendation of the A-Cap Directors, A-Cap Shareholders and A-Cap Listed Optionholders should note that certain A-Cap Directors have interests in the outcome of the Scheme Resolutions which may differ from those of other A-Cap Shareholders if the Share Scheme and Option Scheme are Implemented, as described below.

i. Jiandong He

Mr He has, through his Relevant Interest in Shenke,¹³ a Relevant Interest in 467,751,682 shares in A-Cap. Additionally, Mr He has a Relevant Interest in 4,000,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into 5,000,000 A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

- (A) in respect of the A-Cap Shares held by Shenke (in which Mr He has a Relevant Interest), Shenke will receive 132,133,244 New Lotus Shares (in which Mr He will obtain a Relevant Interest);
- (B) the A-Cap Shares issued to Mr He on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr He will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and
- (C) upon the cancellation of his A-Cap Unlisted Options, Mr He will receive 166,667 New Lotus Shares,

which will represent, in aggregate, a benefit of \$402,669 for Mr He (in his personal capacity) and \$33,693,977 through his Relevant Interest in Shenke.¹⁴

The other A-Cap Directors, excluding Mr He, consider that the nature, scope and quantum of the contingent personal benefits that Mr He is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

ii. Paul Ingram

Mr Ingram has a Relevant Interest in 10,454,758 A-Cap Shares, 6,000,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into 5,000,000 A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

- (A) in respect of his A-Cap Shares, Mr Ingram will receive 2,953,321 New Lotus Shares;
- (B) the A-Cap Shares issued to Mr Ingram on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr Ingram will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and

¹³ Refer to footnote (4) above.

¹⁴ Based on the closing price of Lotus Shares on the Last Practicable Date.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

(C) upon the cancellation of his A-Cap Unlisted Options, Mr Ingram will receive 250,000 New Lotus Shares,

which will represent, in aggregate, a benefit of \$1,177,016 for Mr Ingram.¹⁵

The other A-Cap Directors, excluding Mr Ingram, consider that the nature, scope and quantum of the contingent personal benefits that Mr Ingram is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

iii. Michael Liu

Mr Liu has a Relevant Interest in 15,595,939 A-Cap Shares, 3,500,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into 5,000,000 A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

(A) In respect of his A-Cap Shares, Mr Liu will receive 4,405,632 New Lotus Shares;

(B) the A-Cap Shares issued to Mr Liu on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr Liu will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and

(C) upon the cancellation of his A-Cap Unlisted Options, Mr Liu will receive 145,833 New Lotus Shares,

which will represent, in aggregate, a benefit of \$1,520,793 for Mr Liu.¹⁶

The other A-Cap Directors, excluding Mr Liu, consider that the nature, scope and quantum of the contingent personal benefits that Mr Liu is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

iv. Jijing Niu

Mr Niu has a Relevant Interest in 2,250,000 A-Cap Shares, 3,500,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into 5,000,000 A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

(A) In respect of his A-Cap Shares, Mr Niu will receive 635,593 New Lotus Shares;

(B) the A-Cap Shares issued to Mr Niu on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr Niu will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and

(C) upon the cancellation of his A-Cap Unlisted Options, Mr Niu will receive 145,833 New Lotus Shares,

which will represent, in aggregate, a benefit of \$559,433 for Mr Niu.¹⁷

15 Based on the closing price of Lotus Shares on the Last Practicable Date.

16 Based on the closing price of Lotus Shares on the Last Practicable Date.

17 Based on the closing price of Lotus Shares on the Last Practicable Date.

The other A-Cap Directors, excluding Mr Niu, consider that the nature, scope and quantum of the contingent personal benefits that Mr Niu is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

v. Mark Syropoulo

Mr Syropoulo has a Relevant Interest in 505,524 A-Cap Shares, 3,500,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into 5,000,000 A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

- (A) in respect of his A-Cap Shares, Mr Syropoulo will receive 142,803 New Lotus Shares;
- (B) the A-Cap Shares issued to Mr Syropoulo on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr Syropoulo will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and
- (C) upon the cancellation of his A-Cap Unlisted Options, Mr Syropoulo will receive 145,833 New Lotus Shares,

which will represent, in aggregate, a benefit of \$433,772 for Mr Syropoulo.¹⁸

The other A-Cap Directors, excluding Mr Syropoulo, consider that the nature, scope and quantum of the contingent personal benefits that Mr Syropoulo is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

vi. Zhenwei Li

Mr Li has a Relevant Interest in 3,500,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds) and 5,000,000 A-Cap Performance Rights (1,250,000 of which have already vested with the remaining 3,750,000 expected to vest such that the 5,000,000 vested rights will convert into A-Cap Shares on or prior to the Record Date). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

- (A) the A-Cap Shares issued to Mr Li on conversion of his A-Cap Performance Rights will be acquired by Lotus under the Share Scheme and Mr Li will receive 1,412,429 New Lotus Shares as consideration for those A-Cap Shares; and
- (B) upon the cancellation of his A-Cap Unlisted Options, Mr Li will receive 145,833 New Lotus Shares,

which will represent, in aggregate, a benefit of \$397,357 for Mr Li.¹⁹

¹⁸ Based on the closing price of Lotus Shares on the Last Practicable Date.

¹⁹ Based on the closing price of Lotus Shares on the Last Practicable Date.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE SCHEME RESOLUTIONS

The other A-Cap Directors, excluding Mr Li, consider that the nature, scope and quantum of the contingent personal benefits that Mr Li is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

vii. Andrew Tunks

Mr Tunks has a Relevant Interest in 272,465 A-Cap Shares and 3,500,000 A-Cap Unlisted Options (which are expected to be extinguished by the Record Date pursuant to irrevocable cancellation deeds). Further details are provided in Section 12.1.

If the Share Scheme is approved and Implemented:

- (A) in respect of his A-Cap Shares, Mr Tunks will receive 76,968 New Lotus Shares; and
- (B) upon the cancellation of his A-Cap Unlisted Options, Mr Tunks will receive 145,833 New Lotus Shares,

which will represent, in aggregate, a benefit of \$56,814 for Mr Tunks.²⁰

The other A-Cap Directors, excluding Mr Tunks, consider that the nature, scope and quantum of the contingent personal benefits that Mr Tunks is expected to receive if the Share Scheme is Implemented ought not preclude him from joining with the other A-Cap Directors in making a public voting recommendation to A-Cap Shareholders in relation to the Share Scheme in the Agreed Public Announcement, the Scheme Booklet or in any other future ASX announcement to be made regarding the Share Scheme.

2. FREQUENTLY ASKED QUESTIONS



This section answers some questions you may have about the Schemes. It is not intended to address all relevant issues for A-Cap Shareholders and A-Cap Listed Optionholders. This section should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
OVERVIEW OF THE SCHEME		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are either: (i) an A-Cap Shareholder or (ii) an A-Cap Listed Optionholder, and you are being asked to vote on the Share Scheme or Option Scheme respectively.</p> <p>This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme Resolutions at the Scheme Meetings.</p>	Section 3 and Section 4
What are the Schemes?	<p>A-Cap and Lotus have entered into a Scheme Implementation Deed, announced to the ASX on 13 July 2023 under which it is proposed that Lotus will acquire:</p> <ul style="list-style-type: none"> • 100% of the issued A-Cap Shares through a members' scheme of arrangement under Part 5.1 of the Corporations Act (Share Scheme); and • 100% of the issued A-Cap Listed Options through a creditor's scheme of arrangement under Part 5.1 of the Corporations Act (Option Scheme), <p>(together, the Schemes).</p>	Section 3 and Section 4
Is this a takeover offer for my A-Cap Shares or A-Cap Listed Options?	<p>No. However, if the Share Scheme is approved by the A-Cap Shareholders by the Requisite Majorities, approved by the Court and if all of the other conditions are satisfied or waived (as applicable) the outcome will be equivalent to a successful 100% scrip takeover bid in that:</p> <ul style="list-style-type: none"> • all of your Scheme Shares will be transferred to Lotus; and • you will be entitled to receive the Share Scheme Consideration in exchange for the transfer of your Scheme Shares, <p>whether or not you were present at the Share Scheme Meeting and whether or not you voted in favour of or against the Share Scheme Resolution or abstained from voting.</p> <p>If the Option Scheme is approved by A-Cap Listed Optionholders by the Requisite Majorities, approved by the Court and all of the other conditions are satisfied or waived (as applicable) then:</p> <ul style="list-style-type: none"> • all of your Scheme Options will be transferred to Lotus; and <p>you will be entitled to receive the Option Scheme Consideration in exchange for the transfer of your Scheme Options. However, please note that the Share Scheme may proceed without the Option Scheme being approved. This means that Lotus may still acquire your Scheme Options without obtaining the approval of A-Cap Listed Optionholders under the compulsory acquisition provisions of the Corporations Act or by way of private treaty (if Lotus chooses to waive the relevant conditions).</p>	Section 3 and Section 4

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Why has this proposed transaction been structured as schemes of arrangement?	<p>A-Cap and Lotus consider that the Share Scheme and Option Scheme represents the most efficient structure to implement the merger.</p> <p>This structure provides a level of certainty in that if the Share Scheme is approved by A-Cap Shareholders and approved by the Court and proceeds to Implementation, 100% ownership and control of A-Cap will be acquired by Lotus within a specified timeframe that meets the commercial objectives of Lotus as the intended acquirer of A-Cap as the target company.</p>	N/A
What is the Share Scheme Consideration?	The Share Scheme Consideration is 1 (one) issued fully paid ordinary share in Lotus (New Lotus Share) for every 3.54 A-Cap Shares held on the Record Date.	Section 3.2
What is the Option Scheme Consideration?	The Option Scheme Consideration is 1 (one) New Lotus Share for every 500 A-Cap Listed Options held on the Record Date.	Section 3.2
What do the A-Cap Directors recommend and how do the A-Cap Directors intend to vote?	<p>The A-Cap Directors consider the Share Scheme to be in the best interests of A-Cap Shareholders and the Option Scheme to be in best interests of A-Cap Listed Optionholders subject to no Superior Proposal emerging and, in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and, in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.</p> <p>The A-Cap Directors unanimously recommend²¹ that you vote in favour of the Schemes, subject to no Superior Proposal emerging and in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.</p> <p>All A-Cap Directors who hold or control the right to vote in their A-Cap Shares and/or A-Cap Listed Options intend to vote in favour of the Scheme Resolutions to Implement the Schemes in each case in the absence of a Superior Proposal, and in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in best interests of A-Cap Shareholders, and in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.</p>	Section 3.7 and Section 4.8

Question	Answer	More information
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal.	Section 3.8 and Section 4.9.
What will be the effect of the Share Scheme?	<p>If the Share Scheme becomes Effective:</p> <ul style="list-style-type: none"> • Lotus will acquire all A-Cap Shares from A-Cap Shareholders on the Implementation Date; • A-Cap Shareholders as at the Record Date will be entitled to receive one New Lotus Share for every 3.54 A-Cap Shares they hold;²² and • A-Cap and Lotus will combine to form the Merged Group and A-Cap will become a wholly-owned Subsidiary of Lotus on the Implementation Date. 	Section 3.2
What will be the effect of the Option Scheme?	<p>If the Option Scheme becomes Effective:</p> <ul style="list-style-type: none"> • Lotus will acquire all Scheme Options from A-Cap Listed Optionholders on the Implementation Date; • A-Cap Listed Optionholders as at the Record Date will be entitled to receive one Lotus Share for every 500 Scheme Options they hold;²³ and • subject to the Share Scheme becoming Effective, A-Cap and Lotus will combine to form the Merged Group and A-Cap will become a wholly-owned Subsidiary of Lotus on the Implementation Date. 	Section 4.2
What are the prospects of receiving a Superior Proposal?	As at the date of this Scheme Booklet, no Superior Proposal has been received by the A-Cap Board and the A-Cap Directors are unaware of any Superior Proposal.	Section 1.3(e)
What are the risks for me if the Schemes are Implemented?	<p>If the Share Scheme is Implemented, A-Cap Shareholders will receive New Lotus Shares as Share Scheme Consideration.</p> <p>If the Option Scheme is Implemented, A-Cap Listed Optionholders will receive New Lotus Shares as Option Scheme Consideration.</p> <p>There are a number of factors that may influence the value of Lotus Shares and the future operating and financial performance of the Merged Group. These risks are discussed in Section 10.</p>	Section 10

22 Ineligible Foreign Holders and Small Scheme Participants will not receive New Lotus Shares pursuant to the Schemes. If you are an Ineligible Foreign Holder or Small Option Scheme Electing Participant or Small Share Scheme Electing Participant on Implementation of the Schemes, all New Lotus Shares that you would otherwise have been entitled to receive will be issued to the Sale Agent for sale by the Sale Agent on your behalf and at your risk as soon as reasonably practicable. You will receive such proportion of the proceeds in Australian dollars (after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs) as is owed to you. Refer to Section 3.15 for more details.

23 Refer to footnote immediately above. Refer to Section 4.15 for more details.

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
<p>If I wish to support the Schemes, what should I do?</p>	<p>Attend the Share Scheme Meeting to be held at 10:00 am (Perth time) on Friday, 20 October 2023 at 52 Ord Street, West Perth, West Australia 6005, and the Option Scheme Meeting to be held at 11:00 am (Perth time) on the same date and at the same venue.</p> <p>Alternatively, if you are unable to attend the Scheme Meetings in person, you can view the Scheme Meetings via live webcast at www.advancedshare.com.au/virtual-meeting and vote in favour of the Schemes.</p> <p>You may also appoint one or two proxies to attend the Scheme Meetings and vote on your behalf, by completing and returning, the personalised proxy form. The Proxy Form must be received by A-Cap by no later than 10:00 am (Perth time) on Wednesday, 18 October 2023 (in the case of the Share Scheme) and 11:00 am (Perth time) on Wednesday, 18 October 2023 (in the case of the Option Scheme). You can return the Proxy Form to A-Cap by either posting it in the reply-paid envelope provided (only for use in Australia) or by sending, faxing or lodging it online as follows:</p> <ul style="list-style-type: none"> • Mail to: Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909 • Fax to: +61 8 6370 4203 • Email to: admin@advancedshare.com.au • Online at: https://www.advancedshare.com.au/investor-login and follow the instructions provided. You will need your SRN or HIN, and the Postcode as shown on your Proxy Form. 	<p>Section 5</p>
<p>What happens if I vote against the Share Scheme?</p>	<p>If you vote against the Share Scheme and the Share Scheme is approved by the Requisite Majorities and the other conditions precedent to the Share Scheme are satisfied, then all A-Cap Shares held by you at the Record Date will be transferred to Lotus and you will receive the Share Scheme Consideration, even if you voted against the Share Scheme.</p>	<p>Section 3.20</p>
<p>What happens if I vote against the Option Scheme?</p>	<p>If you vote against the Option Scheme and the Option Scheme is approved by the Requisite Majorities and the other conditions precedent to the Option Scheme are satisfied then all Scheme Options held by you at the Record Date will be transferred to Lotus and you will receive the Option Scheme Consideration, even if you voted against the Option Scheme.</p>	<p>Section 4.18</p>

Question	Answer	More information
What are the consequences of the Schemes not being approved?	<p>If the Share Scheme is not approved by A-Cap Shareholders at the Share Scheme Meeting, the Share Scheme will not become Effective. This means that A-Cap Shareholders will continue to hold A-Cap Shares. If the Share Scheme is not approved, the Option Scheme will also not be implemented.</p> <p>However, if the Option Scheme is not approved by A-Cap Listed Optionholders at the Option Scheme Meeting but the Share Scheme is approved by A-Cap Shareholders then Lotus may choose to proceed with the Share Scheme and seek to cancel or acquire the A-Cap Listed Options by other means, for example under the compulsory acquisition provisions in the Corporations Act or by way of private treaty if Lotus waives the A-Cap Listed Optionholder Approval requirement.</p>	Section 3.20, Section 4.18 and Section 4.19

THE SCHEME CONSIDERATION

What are the New Lotus Shares being issued as Share Scheme Consideration?	<p>The Share Scheme Consideration is 1 (one) New Lotus Share for every 3.54 A-Cap Shares held at the Record Date.</p> <p>A New Lotus Share is a fully paid ordinary share in the capital of Lotus. Lotus shares trade on the ASX under the ticker code 'LOT' and the OTCQX in the USA under the code 'LTSRF'.</p>	Section 3.2
What are the New Lotus Shares being issued as Option Scheme Consideration?	<p>The Option Scheme Consideration is 1 (one) New Lotus Share for every 500 Scheme Options held at the Record Date.</p>	Section 3.2
When and how will I receive my Share Scheme Consideration?	<p>If the Share Scheme becomes Effective, A-Cap anticipates that the New Lotus Shares will be issued to Share Scheme Participants on or about the Implementation Date which is expected to be Tuesday, 7 November 2023.</p> <p>If the Share Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the timing of the issue of those New Lotus Shares as Share Scheme Consideration will also be delayed.</p>	Section 3.3
When and how will I receive my Option Scheme Consideration?	<p>If the Option Scheme becomes Effective, A-Cap anticipates that the New Lotus Shares will be issued to Option Scheme Participants on or about the Implementation Date which is expected to be Tuesday, 7 November 2023.</p> <p>If the Option Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the timing of the issue of those New Lotus Shares as Option Scheme Consideration will also be delayed.</p>	Section 4.4

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
Will I be able to trade the New Lotus Shares on ASX?	<p>Deferred settlement of the new Lotus Shares issued as Scheme Consideration is expected to be accessible from 10:00 am on Monday, 30 October 2023.</p> <p>Trading on ASX of New Lotus Shares issued as Share Scheme Consideration or Option Scheme Consideration is expected to commence on a normal settlement basis on Wednesday, 8 November 2023.</p> <p>If you trade your New Lotus Shares during the deferred settlement period, you do so at your own risk.</p>	Section 3.11 and Section 4.12
Will I be entitled to capital gains tax rollover relief?	<p>Generally, an Australian resident A-Cap Shareholder who participates in the Share Scheme will be eligible for CGT roll-over relief which will enable them to defer any CGT liability on any gains on the disposal of their Scheme Shares until their Scheme Shares are sold.</p> <p>No CGT roll-over is available for A-Cap Listed Optionholders on the disposal of their Scheme Options.</p>	Section 11
Can I choose to receive cash instead of New Lotus Shares under the Schemes?	<p>Unless you will hold less than a Marketable Parcel of New Lotus Shares, or are an Ineligible Foreign Holder, no.</p> <p>Scheme Participants may not choose to receive cash instead of New Lotus Shares under the Schemes. You may wish to sell your A-Cap Shares or A-Cap Listed Options on the ASX prior to the Effective Date, however, any cash proceeds you may realise is uncertain.</p>	Section 4.14 and Section 3.15
Who is classified as an Ineligible Foreign Holder?	<p>An A-Cap Shareholder or A-Cap Listed Optionholder will be an Ineligible Foreign Holder if their address as shown in the A-Cap Share Register or A-Cap Option Register on the Record Date is a place outside Australia (and its external territories) or Canada, China, Hong Kong, New Zealand and Singapore (each a Permitted Foreign Jurisdiction), unless Lotus (acting reasonably and in consultation with A-Cap) determines that it is lawful and not unduly onerous or impracticable to issue that Share Scheme Participant or Option Scheme Participant with New Lotus Shares when the Schemes becomes Effective.</p>	Section 3.14 and Section 4.13

Question	Answer	More information
What will Ineligible Foreign Holders receive under the Schemes?	<p>Ineligible Foreign Holders will not receive New Lotus Shares pursuant to the Schemes.</p> <p>If you are an Ineligible Foreign Holder Implementation of the Schemes, all New Lotus Shares that you would otherwise have been entitled to receive will be issued to the Sale Agent for sale by the Sale Agent on your behalf and at your risk as soon as reasonably practicable. You will receive such proportion of the proceeds in Australian dollars (after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs) as is owed to you.</p> <p>Lotus will, as soon as practicable after the last sale of the New Lotus Shares, distribute to each Ineligible Foreign Holder their respective portion of the net sale proceeds by (at its discretion) either:</p> <ul style="list-style-type: none"> • sending a cheque to the Ineligible Foreign Holder's registered address; or • depositing via an electronic funds transfer into an account with any Australian ADI (as defined in the Corporations Act) notified to A-Cap by an appropriate authority from the Ineligible Foreign Holder. <p>Interest will not be paid on any sale proceeds.</p> <p>The payment of the sale proceeds from the sale of the new Lotus Shares will be in full satisfaction of the rights of Ineligible Foreign Holders.</p>	Section 3.14 and Section 4.13
What if I am an A-Cap Shareholder or A-Cap Listed Optionholder holding less than a Marketable Parcel?	<p>A Marketable Parcel means a parcel of securities with a value of \$500 or more. If your entitlement to the Scheme Consideration is worth less than \$500, you will be a Small Share Scheme Participant or Small Option Scheme Participant and may elect to be considered a Small Share Scheme Electing Participant or Small Option Scheme Electing Participant under clauses 4.4 and 5.4 of the Scheme Implementation Deed.</p> <p>Lotus has no obligation to issue any Share Scheme Consideration or Option Scheme Consideration to Small Share Scheme Electing Participants or Small Option Scheme Electing Participants respectively.</p> <p>Instead, Lotus will issue the New Lotus Shares to which the Small Share Scheme Electing Participants and Small Option Scheme Electing Participants are issued to the Sale Agent who will sell the New Lotus Shares on their behalf. This is effectively the same process as described above for Ineligible Foreign Holders.</p>	Section 4.14 and Section 3.15
How will fractional entitlements to Lotus Shares be treated under the Schemes?	<p>Fractional entitlements will be rounded up or down to the nearest whole number of New Lotus Shares. If the fractional entitlement is one-half of a New Lotus Share, the entitlement will be rounded up to the nearest whole number of New Lotus Shares.</p>	Section 3.17 and Section 4.16

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
How will A-Cap Unlisted Options be treated in the context of the Schemes?	A-Cap Unlisted Options will be cancelled by private treaty, pursuant to irrevocable cancellation deeds entered into prior to the date of this Scheme Booklet. Subject to the Share Scheme becoming Effective, Holders of A-Cap Unlisted Options will receive New Lotus Shares in consideration for the cancellation of their A-Cap Unlisted Options.	Section 3.12 and Section 12.2
How will A-Cap Performance Rights be treated in the context of the Schemes?	Pursuant to the exercise of the A-Cap Board's discretion and subject to the Share Scheme becoming Effective, A-Cap Performance Rights will vest, in which case A-Cap Performance Right holders will receive A-Cap shares (in equal number to the A-Cap Performance Rights they hold) and participate in the Share Scheme.	Section 3.13 and Section 12.2
What happens if the market price of Lotus Shares increases or decreases?	The implied value of the Share Scheme Consideration and Option Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the price of Lotus Shares. Irrespective of movements in the price of Lotus Shares on the Implementation Date, Share Scheme Participants will receive the Share Scheme Consideration and A-Cap Listed Optionholders will receive the Option Scheme Consideration.	Section 1.3(g)
What warranties do I give?	<p>The A-Cap Shareholders and A-Cap Listed Optionholders warrant to Lotus that as at the date of transfer of the Scheme Shares or Scheme Options (as applicable) to Lotus:</p> <ul style="list-style-type: none"> • the Scheme Shares and Scheme Options will be fully paid and free from all encumbrances; • they have full power and capacity to sell and to transfer their Scheme Shares or Scheme Options to Lotus under the relevant Scheme; and • as at the Record Date, they have no existing right to be issued other Scheme Shares or Scheme Options or any other form of securities in A-Cap. 	Section 3.18 and Section 4.17

THE SCHEME MEETINGS AND VOTING DETAILS

When and where will the Scheme Meetings be held?	<p>The Share Scheme Meeting will be conducted as a hybrid meeting at 52 Ord Street, West Perth, West Australia 6005 commencing at 10:00 am (Perth time) on Friday, 20 October 2023 and via live webcast available at www.advancedshare.com.au/virtual-meeting.</p> <p>The Option Scheme Meeting will also be conducted as a hybrid meeting at 52 Ord Street, West Perth, West Australia 6005 commencing at 11:00 am (Perth time) on Friday, 20 October 2023, and via live webcast available at www.advancedshare.com.au/virtual-meeting.</p>	Section 5.5
What am I being asked to vote on?	As an A-Cap Shareholder and/or A-Cap Listed Optionholder, you are being asked to vote at the Share Scheme Meeting or Option Scheme Meeting (as applicable) on whether the Schemes should proceed.	Annexure E and Annexure F

Question	Answer	More information
<p>What vote is required to approve the Schemes?</p>	<p>For the Share Scheme to become Effective, votes in favour of the Share Scheme must be received from the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • a majority in number of the A-Cap Shareholders present and voting (either in person or by proxy) at the Share Scheme Meeting; and. • at least 75% of the total number of votes which are cast on the Share Scheme Resolution by A-Cap Shareholders present and voting at the Share Scheme Meeting. <p>For the Option Scheme to be Effective, votes in favour of the Option Scheme must be received from the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • a majority in number of the A-Cap Listed Optionholders present and voting (either in person or by proxy) at the Option Scheme Meeting; and • at least 75% (by value) of the total amount of the debts and claims of all A-Cap Listed Optionholders present and voting (either in person or by proxy) at the Option Scheme Meeting. For this purpose, the amount (or value) of each A-Cap Listed Optionholder's debt and claim will be the same as the Option Scheme Consideration payable for the transfer of the A-Cap Listed Options held by that A-Cap Listed Optionholder under the Option Scheme. As all A-Cap Listed Options have the same terms and, under the Option Scheme, each A-Cap Listed Optionholder will receive the same consideration per A-Cap Listed Option held on the Record Date, A-Cap Listed Optionholders will have one vote for each A-Cap Listed Option held as at Wednesday, 18 October 2023 at 4:00 pm, being the date for determining eligibility to vote at the Option Scheme Meeting. <p>Note that, in each case, the Court has the discretion to waive the second limb of each approval requirement above if the Court considers it appropriate to do so.</p>	<p>Section 3.9(b)</p>
<p>Who is entitled to vote at the Scheme Meetings?</p>	<p>If you are registered as an A-Cap Shareholder on the A-Cap Share Register at 4:00 pm (Perth time) on Wednesday, 18 October 2023 you will be entitled to vote on the Share Scheme Resolution at the Share Scheme Meeting.</p> <p>If you are registered as an A-Cap Listed Optionholder on the A-Cap Option Register at 4:00 pm (Perth time) on Wednesday, 18 2023 you will be entitled to vote on the Option Scheme Resolution at the Option Scheme Meeting.</p> <p>Proxyholders, corporate representatives or attorneys who are appointed on your behalf are also entitled to vote at the Scheme Meetings.</p>	<p>Section 5.6</p>

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
How do I vote?	<p>If you are an A-Cap Shareholder or A-Cap Listed Optionholder entitled to vote at the Scheme Meetings, you may vote:</p> <ul style="list-style-type: none"> • in person/online: by attending and voting in person or online • by proxy: by appointing one or two proxies to attend the Scheme Meetings and vote on your behalf, by completing and returning, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Scheme Booklet or lodging your proxy form online at https://www.advancedshare.com.au/investor-login in accordance with the instructions given there (please also see Section 5.7 for other methods in which to submit a proxy form); • by attorney: by appointing an attorney to attend the Scheme Meetings and vote on your behalf, using a duly executed power of attorney; or • by corporate representative: in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meetings and vote on your behalf, using a duly executed certificate of appointment of body corporate representative. <p>Further information on how to vote using each of these methods is contained in the Notice of Share Scheme Meeting attached as Annexure E and Notice of Option Scheme Meeting attached as Annexure F to this Scheme Booklet</p>	Section 5.7
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important in deciding whether the Schemes are approved.</p> <p>The A-Cap Directors strongly encourage all A-Cap Shareholders and A-Cap Listed Optionholders to vote at the Scheme Meetings.</p> <p>If you cannot participate in the Scheme Meetings, you are encouraged to complete the proxy form accompanying this Scheme Booklet and return it in accordance with the instructions on the form so that it is received by no later than 10:00 am (Perth time) on Wednesday, 18 October 2023 (in the case of the Share Scheme) or 11:00 am (Perth time) on Wednesday, 18 October 2023 (in the case of the Option Scheme).</p>	Section 5.4
What happens if I do not vote at the Share Scheme Meeting?	<p>If the Share Scheme is approved by the Requisite Majorities of A-Cap Shareholders and the Court, then your A-Cap Shares will be transferred to Lotus and you will receive the Share Scheme Consideration even though you did not vote on the Share Scheme.</p>	Section 1.4(i)

Question	Answer	More information
What happens if I do not vote at the Option Scheme Meeting?	<p>If the Option Scheme is approved by the Requisite Majorities of A-Cap Listed Optionholders and the Court, then your A-Cap Listed Options will be transferred to Lotus and you will receive the Option Scheme Consideration even though you did not vote on the Option Scheme.</p> <p>If the Option Scheme is not approved by the Requisite Majorities of A-Cap Listed Optionholders but the Share Scheme is approved by A-Cap Shareholders and the Court then Lotus may acquire your A-Cap Listed Options under the compulsory acquisition provisions of the Corporations Act or by private treaty.</p>	Section 1.4(i)
How will voting at the Scheme Meetings be conducted?	Voting on the Scheme Resolutions will be conducted by way of a poll. You may vote in-person, online or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting(s) and vote on your behalf.	Section 5.7
What will happen to my A-Cap Shares if I do not vote, or vote against the Schemes, and the Schemes become Effective?	You should be aware that even if you do not vote, or vote against the Share Scheme or Option Scheme, the Schemes may still be Implemented if it is approved by the Requisite Majorities of A-Cap Shareholders and A-Cap Listed Optionholders and the Court. If this occurs, your A-Cap Shares and Listed Options will be transferred to Lotus and you will receive the Share Scheme Consideration or Option Scheme Consideration even though you did not vote on, or voted against, the Schemes.	Section 1.4(i)
When will the result of the Share Scheme Meeting be available?	<p>The results will be announced on the ASX (www.asx.com) and A-Cap's website (https://acap.com.au/).</p> <p>Please note that even if the Scheme Resolutions are approved at the Scheme Meetings, the Share Scheme will not become Effective unless it is approved by the Court at the Second Court Hearing.</p>	N/A
Can I attend the Court and oppose the Court approval of the Schemes?	Yes. Any A-Cap Shareholder or A-Cap Listed Optionholder who wishes to oppose approval of the Share Scheme or Option Scheme respectively at the Second Court Hearing may do so by filing with the Court and serving on A-Cap a notice of appearance in the prescribed form, together with any affidavit on which the A-Cap Shareholder or A-Cap Listed Optionholder proposes to rely.	N/A
Can I split my shares?	No. Share splitting is not permitted as it is an A-Cap Prescribed Occurrence according to the Scheme Implementation Deed.	N/A

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
VOTING CONSIDERATIONS		
<p>Why might I vote in favour of the Schemes?</p>	<ul style="list-style-type: none"> • Combination of two complementary projects under a single, African-focused vehicle which will be exposed to the global uranium thematic; • Increased project scale and market relevance of the Merged Group (in contrast to A-Cap on a stand-alone basis), providing enhanced financial flexibility and the potential for a further value re-rating over time; • The Merged Group will have a prospective exploration and development pipeline, which may be more attractive to financiers than A-Cap's standalone strategy; • Highly credentialled and focused combined management team with a proven track record of successfully financing and developing projects; • Project diversification benefits with an opportunity to capture regional synergies; • The implied value of the Share Scheme Consideration represents a premium to the recent trading price of A-Cap Shares prior to announcement of the Transaction; • Your A-Cap Directors unanimously recommend²⁴ that you vote in favour of the Schemes, subject to no Superior Proposal emerging and in respect of the Share Scheme, the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and in respect of the Option Scheme, the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders; • The Independent Expert has concluded that the Share Scheme is fair and reasonable to and therefore in the best interests of A-Cap Shareholders in the absence of a Superior Proposal and the Option Scheme is fair and reasonable to and therefore in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal. As at the Last Practicable Date, no Superior Proposal for A-Cap has emerged; 	<p>Section 1.2</p>

Question	Answer	More information
Why might I vote in favour of the Schemes?	<ul style="list-style-type: none"> • If you are an Australian resident A-Cap Shareholder for taxation purposes and receive New Lotus Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains relating to your A-Cap Shares. Eligible A-Cap Shareholders and A-Cap Listed Optionholders will also avoid brokerage costs; and • The price of A-Cap Shares and A-Cap Listed Options may fall if the Transaction is not Implemented in the absence of a Superior Proposal. 	Section 1.2
Why might I vote against the Schemes?	<ul style="list-style-type: none"> • You may not agree with the unanimous recommendation of the A-Cap Directors and the Independent Expert's conclusion; • The exposure of A-Cap Shareholders and A-Cap Listed Optionholders to A-Cap's assets is diluted in the Merged Group; • The Schemes expose A-Cap Shareholders and A-Cap Listed Optionholders to the risks of holding an investment which has operations in Malawi as a jurisdiction, compared to A-Cap as a stand-alone entity which is focussed primarily on Botswana; • The Transaction alters the risk profile for A-Cap Shareholders and A-Cap Listed Optionholders compared to A-Cap as a stand-alone entity; • A Superior Proposal for A-Cap may emerge in the future, if A-Cap were to continue as a stand-alone entity; • The tax consequences of the Schemes being implemented may not suit your current financial position or tax circumstances; and • The trading value of the Share Scheme Consideration and Option Scheme Consideration is not certain and will depend on the price at which the New Lotus Shares trade on the ASX after the Implementation Date. 	Section 1.3
What happens if a Competing Transaction emerges?	<p>If a Competing Transaction for A-Cap emerges prior to the Second Court Hearing, the A-Cap Board will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments.</p> <p>A-Cap Shareholders and A-Cap Listed Optionholders should note that A-Cap has certain exclusivity obligations in favour of Lotus under the Scheme Implementation Deed.</p> <p>A summary of the various exclusivity obligations in favour of Lotus is contained in Section 1.4(d).</p>	Section 1.3(e) and Section 1.4(b).

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What happens if a Superior Proposal emerges?	<p>Even if a Superior Proposal emerges, A-Cap Shareholders and A-Cap Listed Optionholders should note that A-Cap has certain exclusivity obligations in favour of Lotus under the Scheme Implementation Deed.</p> <p>If a Superior Proposal emerges, the A-Cap Board will carefully consider the proposal and will inform you of any material developments.</p>	Section 1.3(e) and Section 1.4(b)

CONDITIONS AND IMPLEMENTATION OF THE SCHEMES

What are the conditions to the Schemes?	There are a number of conditions that must be satisfied or waived (where capable of waiver) in order for the Schemes to become Effective. These conditions are outlined in Section 3.5 (for the Share Scheme) and Section 4.6 (for the Option Scheme).	Section 3.5 and Section 4.6
Are the Schemes inter-conditional?	The Share Scheme is conditional upon the Option Scheme proceeding. However, this condition may be waived by Lotus in its sole discretion. ²⁵ Whereas, the Implementation of the Option Scheme is conditional on the Share Scheme proceeding and becoming Effective, and this condition cannot be waived by either A-Cap or Lotus.	Section 1.4(k)
When will the Share Scheme become Effective?	<p>The Share Scheme will become Effective if:</p> <ul style="list-style-type: none"> • The Share Scheme is approved by A-Cap Shareholders by the Requisite Majorities at the Share Scheme Meeting; • The Court approves the Share Scheme at the Second Court Hearing; and • All other Conditions Precedent to the Share Scheme are satisfied or waived. 	Section 3.9
When will the Option Scheme become Effective?	<p>The Option Scheme will become effective if:</p> <ul style="list-style-type: none"> • The Option Scheme is approved by the A-Cap Listed Optionholders by the Requisite Majorities at the Option Scheme Meeting; • The Share Scheme becomes effective; • The Court approves the Option Scheme at the Second Court Hearing; and • All other Conditions Precedent to the Option Scheme are satisfied or waived. 	Section 4.10
What happens on the Implementation Date?	<p>On the Implementation Date:</p> <ul style="list-style-type: none"> • all the Scheme Shares will be transferred to Lotus in exchange for the Share Scheme Consideration; • all the Scheme Options will be transferred to Lotus in exchange for the Option Scheme Consideration; and • A-Cap will become a Subsidiary of, and merge with, Lotus. 	Section 4.10

25

If Lotus does not waive this condition and the SID is terminated, Lotus may be required to pay the Reimbursement Fee. Refer to Section 3.5 for more details.

Question	Answer	More information
What happens if the Share Scheme is not Implemented?	<p>If the Share Scheme is not Implemented, you will retain your A-Cap Shares.</p> <p>There are existing risks relating to A-Cap's business and an investment in A-Cap that will continue to be relevant if the Schemes are not implemented. These risks include:</p> <ul style="list-style-type: none"> • Scheme Participants will not receive the Share Scheme Consideration or Option Scheme Consideration; • The benefits associated with the Merged Group will not be realised; • If the Schemes do not proceed, the price of A-Cap Shares may fall below its recent trading price, in the absence of a Superior Proposal; • Those risks associated with A-Cap as a stand-alone entity and continuing with its existing strategy; • The requirement for further funding if A-Cap remains a stand-alone entity; and • Certain costs and expenses are payable by A-Cap regardless of whether or not the Schemes are Implemented. <p>If the Schemes are not Implemented, Scheme Participants will continue to be exposed to various further risk factors, including those that currently apply to an investment in A-Cap. Please refer to Section 10.4 of this Scheme Booklet.</p>	Section 10.4
Can the Scheme Implementation Deed be terminated?	<p>Either party may terminate the Scheme Implementation Deed in accordance with clause 14 of the Scheme Implementation Deed.</p> <p>The termination provisions are summarised in Section 1.4(j).</p>	Section 1.4(j).
Is A-Cap liable to pay a reimbursement or break fee? Is Lotus liable to pay an equivalent fee?	<p>Yes. The Scheme Implementation Deed includes a break fee regime, which provides that A-Cap and Lotus may be required to pay the Reimbursement Fee, of \$660,000 (being approximately 1% of the aggregate Share Scheme Consideration), in favour of the other in certain circumstances.</p> <p>A summary of the circumstances in which either party may be required to pay a break fee pursuant to the Scheme Implementation Deed is contained in Sections 1.4(e) and 1.4(f)</p>	Section 1.4(e) and Section 1.4(f)

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
INFORMATION ABOUT LOTUS		
Who is Lotus?	Lotus is an Australian-based company listed on the ASX ('LOT'), the OTCQX in the USA ('LTSRF') and has focused on uranium since 2019. Lotus is an exploration and development company based in Perth, Western Australia with a strategic focus on acquiring and developing uranium projects. Lotus holds an 85% interest in the Kayelekera Uranium Project in Malawi, Africa (the Kayelekera Project).	Section 7
Does Lotus own A-Cap Shares?	As at the Practicable Date, Lotus does not own any A-Cap Shares.	Section 7
INFORMATION ABOUT THE MERGED GROUP		
What is the Merged Group?	Following Implementation, the Merged Group will have a diversified portfolio of assets in Malawi, Botswana and Western Australia, including the Kayelekera Uranium Project (85% ownership), the Letlhakane Uranium Project (100% Ownership), Wilconi Nickel Project (55% Joint Venture) and the Milenje Rare Earth Project (85% ownership). The Merged Group will continue to trade on the ASX and the OTC markets under the Lotus Resources ticker 'LOT' and 'LTSRF', respectively.	Section 8
What are Lotus' intentions in relation to the Merged Group?	Lotus intends to develop the Merged Group into a significant long-term player in the uranium mining space. Lotus intends to do this by optimising the Merged Group's existing operations, exploration and development projects seeking to maximise value for its shareholders. Specifically, Lotus will continue to focus on achieving Final Investment Decision (FID) for Kayelekera while optimising the development plans for Letlhakane to deliver the best possible productivity from the two assets.	Section 8
Who will the directors of the Merged Group be?	The directors of the Merged Group will be the existing Lotus Directors.	Section 7.5
Who will the senior management of the Merged Group be?	The senior management will be a combination of the A-Cap in-country management team and the Lotus management team led by the current Lotus Managing Director.	Section 8.7
Who will be the substantial shareholders of the Merged Group be?	Based on information known to A-Cap and Lotus at the date of this Scheme Booklet, on Implementation of the Schemes, the substantial shareholders of the Merged Group are anticipated to be Grant Davey (10.52%), MM Asset Management (8.05%), and Shenke ²⁶ (7.75%).	Section 8.9(b)

Question	Answer	More information
ADDITIONAL INFORMATION		
Can I sell my A-Cap Shares now?	Yes, you can sell your A-Cap Shares at any time on or before the Effective Date. However, you will not be able to do so after the Effective Date.	N/A
Can I sell my A-Cap Listed Options now?	Yes, you can sell your A-Cap Listed Options at any time on or before the Effective Date. However, you will not be able to do so after the Effective Date.	N/A
Will I need to pay brokerage or stamp duty under the Schemes?	You will not have to pay brokerage fees or duty in connection with the issue to you of the Share Scheme Consideration or Option Scheme Consideration under the Schemes.	Section 11
Is there a number that I can call if I have further queries about the Schemes?	There is an information line set up for the purpose of responding to enquiries from A-Cap Shareholders or A-Cap Listed Optionholders in relation to the Schemes, being 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) on Business Days between 8:30 am and 5:00 pm (AEST).	Section 5.8

3. SUMMARY OF THE SHARE SCHEME

3.1 Introduction

On 13 July 2023, the A-Cap Board announced that Lotus and A-Cap had signed a Scheme Implementation Deed, under which the two companies propose to merge by way of court-approved schemes of arrangement between A-Cap and its shareholders and its Listed Optionholders.

On Implementation of the Share Scheme, the two companies will combine to form a merged group (**Merged Group**), creating a major African-focussed uranium player with significant scale and resources, by combining an advanced project, the Kayelekera Project in Malawi (**Kayelekera**), with future large-scale growth asset, the Letlhakane Project in Botswana (**Letlhakane**).

A-Cap's largest shareholder, Singapore Shenke International Investment Pte Ltd, which has a relevant interest in 467,751,682 shares in A-Cap (approximately 37.66% of the issued shares in A-Cap) intends to vote all A-Cap Shares held by it in favour the Share Scheme subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap shareholders.

If the Share Scheme is Implemented, the board of the Merged Group will remain the current Lotus Board, with only in-country management of A-Cap remaining employed by the Merged Group.

A summary of the key terms of the Scheme Implementation Deed is set out in section 1.4. A full copy of the SID was released to the ASX on 13 July 2023 and is available at <https://acap.com.au/asx-announcements/>. The parties agreed some minor, technical amendments to the SID on 11 September 2023, which was released to ASX on that date, and a further minor amendment was agreed between the parties on 12 September 2023.

3.2 Share Scheme Consideration

Provided that the Share Scheme becomes Effective, Share Scheme Participants will be issued 1 New Lotus Share for every 3.54 A-Cap Shares they currently hold on the Record Date. If you are an Ineligible Foreign Holder or a Small Share Scheme Electing Participant, you will not be issued with any New Lotus Shares. Instead, the New Lotus Shares that would otherwise have been issued to you will be sold by the Sale Agent and you will receive the net Sale Proceeds. Further information is provided at Sections 3.14 and 3.15 of this Scheme Booklet. In the case of any Scheme Shares held in joint names, any Share Scheme Consideration will be issued to and registered in the names of the joint holders.

Fractional entitlements will be rounded up or down to the nearest whole number of New Lotus Shares. If the fractional entitlement is one-half of a New Lotus Share, the entitlement will be rounded up to the nearest whole number of New Lotus Shares.

3.3 Provision of Share Scheme Consideration

On the Implementation Date, as consideration for the transfer to Lotus of each Scheme Share:

- a. Lotus will issue to each Share Scheme Participant (other than Ineligible Foreign Holders and Small Share Scheme Electing Participants) the Share Scheme Consideration for each Scheme Share transferred to Lotus on the Implementation Date by that Scheme Participant.
- b. Lotus will procure that:
 - i. the Lotus Share Register is updated to record the issuance of the New Lotus Shares on the Implementation Date forming the Share Scheme Consideration; and
 - ii. a holding statement is sent to the Registered Address of each Share Scheme Participant, representing the Share Scheme Consideration issued to such Share Scheme Participant.

3.4 Deed Poll

Lotus executed a Deed Poll in favour of A-Cap Shareholders on 12 July 2023, undertaking to perform the actions attributed to it under the Share Scheme, including providing or procuring the provision of, the Share Scheme Consideration to each Share Scheme Participant subject to the satisfaction of certain conditions precedent and in accordance with the terms of the Share Scheme.

A copy of the Deed Poll is set out in Annexure C to this Scheme Booklet.

3.5 Conditions to the Share Scheme

The Share Scheme is subject to the Share Scheme Conditions, as set out below.

- a. **Regulatory Approvals:** Before 8:00 am on the Second Court Date:
 - i. **ASIC:** ASIC has issued or provided all such relief, waivers, confirmations, consents, approvals, qualifications or exemptions, and does such other acts, which are necessary to Implement the Share Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions and other acts, which are necessary to Implement the Share Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions and other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 8:00 am on the Second Court Date;
 - ii. **ASX:** ASX has issued or provided all such relief, confirmations, consents, approvals, waivers, and does such other acts, which are necessary to implement the Scheme and such relief, confirmations, consents, approvals, waivers and other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 8.00am on the Second Court Date; and
 - iii. **Other approvals:** All other regulatory approvals, waivers, consents, exemptions or declarations that are necessary or required by law, or by any Regulatory Authority, to implement the Share Scheme being granted, given, made or obtained and those regulatory approvals or waivers not being withdrawn, cancelled, revoked or varied before 8.00am on the Second Court Date.
- b. **A-Cap Shareholder Approval:** A-Cap Shareholders resolve to approve the Share Scheme by the requisite majorities of A-Cap Shareholders under section 411(4)(a)(ii) of the Corporations Act at the Share Scheme Meeting convened in accordance with the orders made under section 411(1) of the Corporations Act.
- c. **Court Approval of Scheme:** The Federal Court of Australia approves the Share Scheme in accordance with section 411(4)(b) of the Corporations Act.
- d. **Share Scheme Orders lodged with ASIC:** An office copy of the Court order approving the Share Scheme under section 411(10) of the Corporations Act is lodged with ASIC.
- e. **Restraining Orders:** As at 8:00 am on the Second Court Date, no judgment, order, decree, statute, law ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition or other order or decision has been issued, made, entered, enacted, promulgated or enforced by any court of competent jurisdiction or any Regulatory Authority remains in effect that prohibits, restricts, makes illegal or restrains the acquisition of the Scheme Shares by Lotus, or that would otherwise prevent the implementation of the Share Scheme, and there is no other legal restraint or prohibition, preventing the consummation of any aspect of the Share Scheme on the Implementation Date.
- f. **Independent Expert Report:** The Independent Expert issues an Independent Expert's Report that concludes that the Share Scheme is in the best interests of A-Cap Shareholders and the Independent Expert not withdrawing or changing that conclusion before the Scheme Meeting.

3. SUMMARY OF THE SHARE SCHEME

- g. **No A-Cap Material Adverse Event:** No A-Cap Material Adverse Event occurs in relation to A-Cap between (and including) the Execution Date and 8.00am on the Second Court Date.
- h. **No Lotus Material Adverse Event:** No Lotus Material Adverse Event occurs in relation to the Lotus Group between (and including) the Execution Date and 8.00am on the Second Court Date.
- i. **No A-Cap Prescribed Occurrence:** No A-Cap Prescribed Occurrence occurs between (and including) the Execution Date and 8.00am on the Second Court Date.
- j. **No Lotus Prescribed Occurrence:** No Lotus Prescribed Occurrence occurs between (and including) the Execution Date and 8.00am on the Second Court Date.
- k. **A-Cap Fundamental Representation and Warranties:** The A-Cap Fundamental Representations and Warranties are true and correct as at the Execution Date and until 5.00pm on the Business Day immediately prior to the Second Court Date.
- l. **Lotus Representations and Warranties:** The Lotus Representations and Warranties are true and correct in all material respects as at the time it is given or made.
- m. **A-Cap Listed Optionholder Approval:** A-Cap Listed Optionholders approve the Option Scheme at the Option Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act.
- n. **Court approval of Option Scheme:** The Court approves the Option Scheme in accordance with section 411(4)(b) of the Corporations Act.
- o. **Option Scheme Orders lodged with ASIC:** An office copy of the Court order approving the Option Scheme under section 411(10) of the Corporations Act is lodged with ASIC.
- p. **Quotation:** Lotus has complied with its obligations under clause 7.3(j) of the Scheme Implementation Deed in respect of the lodgement of any application to ASX seeking quotation of New Lotus Shares to be issued in connection with the Scheme.
- q. **A-Cap Convertible Securities:** On or before 8.00am on the Second Court Date:
 - i. A-Cap has complied with its obligations pursuant to clause 6 of the Scheme Implementation Deed in relation to the A-Cap Performance Rights and A-Cap Unlisted Options; and
 - ii. Binding deeds are in place with each of the holders of A-Cap Unlisted Options and the holders of A-Cap Performance Rights (as applicable) in accordance with clause 6.1 and 6.2 (as relevant) of the Scheme Implementation Deed, or in respect of the A-Cap Performance Rights, the A-Cap Board determines in compliance with applicable laws and securities exchange rules and in accordance with any discretion to do so under the relevant plan rules to vest each A-Cap Performance Right, so that there will be no A-Cap Performance Rights or A-Cap Unlisted Options on issue on the Record Date.
- r. **No A-Cap Investigations:** Before 8.00am on the Second Court Date, no action or investigation is announced or commenced by any Regulatory Authority relating to a substantial part of the ordinary business of the A-Cap Group taken as a whole, in each case which is reasonably likely to result in an A-Cap Material Adverse Event.

- s. (Botswana regulatory approvals)** Before 8.00am on the Second Court Date, Lotus obtains:
- i. approval of the Competition Authority in terms of Section 53 of the Competition Act (2018) of the Republic of Botswana for the implementation of the Transaction; and
 - ii. approval from the Minister of Mineral, Energy and Water Resources of the Republic of Botswana in terms of Section 50(1) of the Mines and Minerals Act of the Republic of Botswana for the transfer of a controlling interest in the holder of a mining interest by virtue of implementation of the Transaction.

The Conditions in paragraphs (g) (*No A-Cap Material Adverse Event*), (i) (*No A-Cap Prescribed Occurrence*), (k) (*A-Cap Fundamental Representations and Warranties*), (m) (*A-Cap Listed Optionholder Approval*), (n) (*Court approval of Option Scheme*), (o) (*Option Scheme Orders lodged with ASIC*), (q) (*A-Cap Convertible Securities*), (r) (*No A-Cap Investigations*) and (s) (*Botswana regulatory approvals*) may be waived with the written consent of Lotus.

If, at the End Date, either A-Cap or Lotus terminates the SID solely as a result of the Conditions in paragraphs (m) (*A-Cap Listed Optionholder Approval*), (n) (*Court approval of Option Scheme*) or (o) (*Option Scheme Orders lodged with ASIC*) not being satisfied or waived by Lotus, then Lotus must pay A-Cap the Reimbursement Fee as set out in Section 1.4(f).

3.6 Current status of Share Scheme Conditions

As at the date of this Scheme Booklet, Condition (q) (*A-Cap Convertible Securities*) has been satisfied.

3.7 A-Cap Directors' unanimous recommendation and voting intentions

The A-Cap Directors believe that the merger with Lotus is in the best interests of A-Cap and in particular, the Share Scheme is in the best interests of A-Cap Shareholders. The A-Cap Directors have formed their conclusion and made their recommendation on the basis that the potential advantages of the Schemes (including those set out in Section 1.2) outweigh the potential disadvantages and risks (including those set out in Section 1.3)

The A-Cap Directors unanimously recommend that A-Cap Shareholders vote in favour of the Share Scheme²⁷ and each A-Cap Director intends to vote all A-Cap Shares in which they have a relevant interest in favour of the Share Scheme, in each case, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Share Scheme is in best interests of A-Cap Shareholders.

Details of the A-Cap Shares held by or on behalf of A-Cap Directors are contained in Section 6.8.

3.8 Independent Expert's conclusion

The Independent Expert has assessed the value of 3.54 A-Cap Shares (on a control basis) to be between of \$0.074 and \$0.145, with a preferred value of \$0.110 for each 3.54 A-Cap Shares. The Independent Expert has assessed the value of the Share Scheme Consideration (being one share in the Merged Group on a minority interest basis) to be between \$0.110 and \$0.192, with a preferred value of \$0.149 for each share in the Merged Group.

As the Share Scheme Consideration for each Scheme Share is within the Independent Expert's range for A-Cap Shares, the Independent Expert has concluded the Share Scheme is fair and reasonable to and therefore in the best interests of the A-Cap Shareholders in the absence of a Superior Proposal.

The Independent Expert's Report is included in Annexure G which you should read in its entirety before casting your vote on the Share Scheme Resolution.

3. SUMMARY OF THE SHARE SCHEME

3.9 Key steps to implement the Share Scheme

The key steps to implement the Share Scheme are:

- a. **Share Scheme Meeting.** At the Share Scheme Meeting, A-Cap Shareholders will be asked to vote on the Share Scheme Resolution to approve the Share Scheme. The terms of the Share Scheme Resolution to be considered at the Share Scheme Meeting are contained in the Notice of Share Scheme Meeting in Annexure E.
- b. **A-Cap Shareholder Approval.** The Share Scheme will only become Effective and be Implemented if it is approved by the Requisite Majorities of A-Cap Shareholders at the Share Scheme Meeting to be held on Friday, 20 October 2023 and the other Conditions Precedent to the Share Scheme outlined in Section 3.5 are satisfied or waived (as applicable).

The Requisite Majorities of A-Cap Shareholders to approve the Share Scheme are:

- i. at least 75% of the total number of votes which are cast on the Share Scheme Resolution by A-Cap Shareholders present and voting at the Share Scheme Meeting; and
- ii. a majority in number of the A-Cap Shareholders present and voting (either in person or by proxy) at the Share Scheme Meeting.

The Court has the discretion to waive the second of these two requirements if the Court considers it appropriate to do so.

- c. **Court Approval.** Where the Share Scheme is approved by the Requisite Majority of A-Cap Shareholders at the Share Scheme Meeting and the other Conditions Precedent are satisfied or waived, A-Cap will apply to the Court for orders approving the Share Scheme. The Share Scheme must be approved at the Second Court Hearing for the Share Scheme to proceed.
- d. **Effective Date.** If the Court approves the Share Scheme, the Share Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Share Scheme is lodged with ASIC. A-Cap will, upon the Share Scheme becoming Effective, give notice of that event to the ASX. A-Cap intends to apply to the ASX for A-Cap Shares to be suspended from trading on the ASX from close of trading on the Effective Date.
- e. **Record Date.** A-Cap Shareholders who are recorded on the A-Cap Share Register on the Record Date will be entitled to receive the Share Scheme Consideration.
- f. **Implementation Date.** On the Implementation Date, following the issue of the Share Scheme Consideration to the Share Scheme Participants,²⁸ all Scheme Shares will be transferred to Lotus by A-Cap delivering to Lotus a duly completed registrable Scheme Transfer executed by A-Cap on behalf of the Share Scheme Participants as transferor and Lotus duly executing the Scheme Transfer as transferee. A-Cap must immediately attend to the registration of the Scheme Transfer.

3.10 Despatch of holding statements and CHES confirmation advices

The exact number of Lotus Shares to issued to each Share Scheme Participant will not be known until after the Record Date and will not be confirmed to each Share Scheme Participant until they receive their holding statements following the Implementation Date. It is the responsibility of each Share Scheme Participant to confirm their holdings of all Lotus Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.

Shortly following the issue of New Lotus Shares to Share Scheme Participant, they will receive an initial statement of holding that sets out the number of New Lotus Shares which have been allocated to them under the Share Scheme. This statement will also provide details of a shareholder's HIN in the case of a holding on the CHES sub-register or SRN in the case of holding on the issuer-sponsored sub-register. Share Scheme Participants receiving New Lotus Shares under the Share Scheme will be required to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or Lotus Share Register.

28 However, note that the New Lotus Shares to which Ineligible Foreign Holders or Small Scheme Participants would be entitled to will be issued to the Sale Agent. Refer to Section 3.14 for further detail.

3.11 Commencement of trading in New Lotus Shares on ASX

Lotus will seek confirmation from the ASX that, from the Business Day after the Effective Date (or any later date as the ASX requires), the New Lotus Shares will be listed for quotation on the official list of the ASX.

The New Lotus Shares are expected to commence trading on the ASX, initially on a deferred settlement basis from Monday, 30 October 2023, and, from the first Business Day after the Implementation Date being Wednesday, 8 November 2023 (or any later date as the ASX requires), on a normal settlement basis.

Trading on a deferred settlement basis allows A-Cap Shareholders to trade their entitlement to New Lotus Shares before those shares are issued. When trading on a deferred settlement basis, the obligation to settle on the normal T+2 basis is deferred until the New Lotus Shares commence trading on a normal T+2 basis.

Deferred settlement trading will continue until the dispatch of holding statements, which is expected to occur on or about Tuesday, 7 November 2023. These dates are indicative only and are subject to change without notice.

Lotus will apply to ASX after the date of this Scheme Booklet for official quotation of the New Lotus Shares to be issued on Implementation of the Scheme.

It is the responsibility of each Share Scheme Participant to confirm their allocation of New Lotus Shares before trading in those securities, to avoid selling New Lotus Shares they do not own. Any A-Cap Shareholder who sells New Lotus Shares before receiving confirmation of their allocation does so at their own risk.

3.12 Treatment of A-Cap Unlisted Options

All holders of A-Cap Unlisted Options have entered into an irrevocable binding deed pursuant to which their A-Cap Unlisted Options will be extinguished and New Lotus Shares will be issued to holders of A-Cap Unlisted Options on the Implementation Date.

The amount of New Lotus Shares which the former A-Cap Unlisted Optionholders will receive has been determined by the A-Cap Board with reference to the Black Scholes valuation methodology. The assumptions and inputs for that valuation methodology are consistent with those that were utilised in valuing the A-Cap Listed Options. Accordingly, the A-Cap Unlisted Options are not being cancelled on more favourable terms than those terms upon which the A-Cap Listed Options are being acquired under the Option Scheme.

Further detail in relation to the number of outstanding A-Cap Unlisted Options and the aggregate consideration to be paid for cancellation of those options is contained in Section 12.2.

3.13 Treatment of A-Cap Performance Rights

In relation to the A-Cap Performance Rights, the Scheme Implementation Deed requires that either the A-Cap Performance Right holders have agreed to cancel their A-Cap Performance Rights in accordance with irrevocable binding deeds, or alternatively, the A-Cap Board has determined in accordance with any discretion available to it, to vest each A-Cap Performance Right with the result that there will be no A-Cap Performance Rights on issue as at the Implementation Date.

Under the terms upon which the A-Cap Performance Rights were issued, if a change of control event occurs to A-Cap (which was enlivened by the court order under section 411(1) of the Corporations Act approving the convening of the Share Scheme Meeting) and on that date the closing price of A-Cap shares was less than 10 cents, then the A-Cap Board may, in its absolute discretion, determine the number of unvested rights of a participant that will vest and convert to a vested right, notwithstanding that any applicable performance measures have not yet been satisfied. Noting that one tranche of the Performance Rights has already vested, the Board has determined to exercise its discretion so as to vest the remaining three tranches of the A-Cap Performance Rights with effect on the Record Date but on the basis that the vesting of those A-Cap Performance Rights on the Record Date is subject to the Share Scheme becoming Effective.

3. SUMMARY OF THE SHARE SCHEME

The result would be that A-Cap Shares would be issued to A-Cap Performance Right holders in equal number to the vested rights (on issue at that time). Under this scenario, the A-Cap Directors who hold A-Cap Performance Rights would be able to participate in the Share Scheme and receive the Share Scheme Consideration as an A-Cap Shareholder to the extent of the A-Cap Shares issued as a result of the vesting of the A-Cap Performance Rights (subject to any adjustments under rule 9.5 of the A-Cap Director Long Term Incentive Plan rules).

Please refer to Section 12.2 for further information in relation to the proposed treatment of the A-Cap Unlisted Securities in the context of the Schemes.

3.14 Ineligible Foreign Holders

Restrictions in certain foreign countries may make it impractical or unlawful for New Lotus Shares to be issued under the Share Scheme to A-Cap Shareholders in those countries.

Share Scheme Participants whose address is shown on the A-Cap Share Register on the Record Date as being outside of Australia (and its external territories) or any Permitted Foreign Jurisdiction will be regarded as Ineligible Foreign Holders for the purposes of the Share Scheme, unless, no later than three Business Days prior to the Share Scheme Meeting, A-Cap and Lotus agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Share Scheme Participant with the Share Scheme Consideration when the Share Scheme becomes Effective. Ineligible Foreign Holders will not receive any of the Share Scheme Consideration.

Lotus is under no obligation to allot or issue, and will not issue or procure to be issued any New Lotus Shares to any Ineligible Foreign Holder. Instead, if the Share Scheme becomes Effective, Lotus will issue the New Lotus Shares to which the Ineligible Foreign Holder would otherwise have been entitled to the Sale Agent to be held on trust for the Ineligible Foreign Holder and sold through the Sale Facility. See Section 3.16 for further information about the Sale Facility.

3.15 Unmarketable Parcels of Share Scheme Consideration – Small Share Scheme Electing Participants

Share Scheme Participants who are not Ineligible Foreign Holders and who, based on their holding of Scheme Shares on the Record Date would, on Implementation of the Share Scheme, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Lotus Shares, assessed by reference to the price of Lotus Shares on ASX at the close of trade on the Trading Day prior to the Record Date, will be regarded as Small Share Scheme Participants.

A Small Share Scheme Participant may elect, by written notice to A-Cap on or before the Record Date, to be treated as a Small Share Scheme Electing Participant and to have all of their Share Scheme Consideration issued to the Sale Agent and sold through the Sale Facility (Election).

To make an Election, a Small Share Scheme Participant must complete and return the Election Form made available to them with this Scheme Booklet in accordance with the instruction on the Election Form.

The deadline for receipt of an Election Form by the Share Registry is 5:00 pm (Perth time) on Wednesday, 1 November 2023.

Small Share Scheme Participants that make a valid Election will be considered Small Share Scheme Electing Participants and will not be entitled to receive any New Lotus Shares on Implementation of the Share Scheme. Instead, if the Share Scheme becomes Effective, Lotus will issue the New Lotus Shares to which the Small Share Scheme Electing Participant would otherwise have been entitled, to the Sale Agent for sale through the Sale Facility. See Section 3.16 for further information about the Sale Facility.

Unless you hold Scheme Shares as a trustee or nominee:

- a. you may only make an Election under the Share Scheme in respect of all your Scheme Shares; and
- b. if you make an Election under the Share Scheme, it will be deemed to apply to all your Scheme Shares regardless of whether the number of relevant Scheme Shares you hold at the Record Date is greater or less than the number you held at the time you made the Election.

If you hold one or more parcels of Scheme Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate holdings for each of your beneficiaries and make individual Elections for each holding. However, you may not accept instructions from a beneficiary to make an Election unless the Election is in respect of the Share Scheme Consideration attributable to all parcels of Scheme Shares held by you on behalf of that beneficiary.

A Small Share Scheme Participant may withdraw an Election by following the instructions set out on the Election Form.

The deadline for receipt by the Share Registry of instructions to withdraw an election is 5:00 pm (Perth time) on Wednesday, 1 November 2023.

If a Small Share Scheme Participant's valid instructions are not received by this time, they will be treated in accordance with their last valid Election Form and the New Lotus Shares they would otherwise have been entitled to will instead be allotted to the Sale Agent and sold through the Sale Facility. See Section 3.16 for further information about the Sale Facility.

If no valid Election Form has been received from a Small Share Scheme Participant, and if the Share Scheme becomes Effective, Lotus will issue the Small Share Scheme Participant the Share Scheme Consideration in consideration for their Scheme Shares.

In addition, if a Small Share Scheme Participant ceases to be a Small Share Scheme Participant as at the Record Date, then any Election will be invalidated and the Share Scheme Participant will receive the Share Scheme Consideration for their Scheme Shares.

Lotus is under no obligation to allot or issue, and will not issue or procure to be issued any New Lotus Shares to any Small Share Scheme Electing Participant. Instead, if the Share Scheme becomes Effective, Lotus will issue the New Lotus Shares to which the Small Share Scheme Electing Participant would otherwise have been entitled to the Sale Agent to be held on trust for the Small Share Scheme Electing Participant and sold through the Sale Facility. See Section 3.16 for further information about the Sale Facility.

3.16 Sale Facility

If you are an Ineligible Foreign Holder or Small Share Scheme Electing Participant, the entire Share Scheme Consideration that would otherwise have been issued to you will instead be issued to the Sale Agent for sale through the Sale Facility, and you will receive a pro rata share of the Sale Proceeds from the sale of all Share Scheme Consideration sold through the Sale Facility. As the market price of Lotus Shares will be subject to change from time to time, the sale price of the New Lotus Shares and, consequently, the amount of the Sale Proceeds, cannot be guaranteed.

The Sale Facility will operate as follows:

- c. subject to compliance with applicable laws, Lotus must procure that as soon as reasonably practicable and, in any event, not more than 15 Trading Days (on which Lotus Shares are capable of being traded on the ASX) after the Implementation Date, the Sale Agent sells all of the New Lotus Shares issued to the Sale Agent in such manner, on such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
- d. the Sale Agent will, as soon as reasonably practicable after settlement of all the sales of the New Lotus Shares by the Sale Agent, remit the Sale Proceeds to Lotus, who will then promptly after receiving the Sale Proceeds from the Sale Agent, pay each Ineligible Foreign Holder and Small Share Scheme Electing Participant their pro rata share of the Sale Proceeds in accordance with the formula set out in clause 6.8(e) of the Scheme Implementation Deed by either (in Lotus' absolute discretion):
 - i. if the Ineligible Foreign Holder or Small Share Scheme Electing Participant, before the Record Date, made a valid election in accordance with the requirements of the Share Registry to receive dividend payments from A-Cap by electronic funds transfer to a bank account nominated by the Share Scheme Participant, paying or procuring the payment of the relevant amount in Australian dollars by electronic means in accordance with that election;

3. SUMMARY OF THE SHARE SCHEME

- ii. paying or procuring the payment of, the relevant amount in Australian dollars by electronic means to a bank account nominated by the Share Scheme Participant by an appropriate authority from the Ineligible Foreign Holder or Small Share Scheme Electing Participant to Lotus; or
- iii. dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars to the Ineligible Foreign Holder or Small Share Scheme Electing Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Ineligible Foreign Holder or Small Share Scheme Electing Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.3 of the Share Scheme).

Each Ineligible Foreign Holder and Small Share Scheme Electing Participant will receive their pro rata share of the Sale Proceeds based on their proportion of the number of New Lotus Shares that they would have otherwise received on the Implementation of the Share Scheme as a portion of all New Lotus Shares issued to the Sale Agent, in accordance with the formula set out in section 6.8(e) of the Share Scheme.

The pro rata cash amount received by each Ineligible Foreign Holder and Small Share Scheme Electing Participant will depend on the price at which the New Lotus Shares can be sold by the Sale Agent under the Sale Facility at the relevant time, after deduction of any applicable fees, foreign exchange, stamp duty, brokerage and other selling costs, taxes and charges of the Sale Agent reasonably incurred in connection with the sale of the New Lotus Shares. Therefore, the pro rata cash amount received by an Ineligible Foreign Holder or Small Share Scheme Electing Participant may be more or less than the actual price received by the Sale Agent for that Ineligible Foreign Holder's or Small Share Scheme Electing Participant's New Lotus Shares.

Payment by the Sale Agent and Lotus in accordance with the process set out in this Section 3.16 satisfies in full the Ineligible Foreign Holder's or Small Share Scheme Electing Participant's right to the Share Scheme Consideration.

3.17 Fractional Entitlements

Where the calculation of the number of Lotus Shares to be issued to a particular Share Scheme Participant would result in the issue of a fraction of a Lotus Share, then any such fractional entitlement will be rounded up or down to the nearest whole number of Lotus Shares or, if the fractional entitlement would be one-half of a Lotus Share, the entitlement will be rounded up to the nearest whole number of Lotus Shares.

3.18 Deemed warranties by Share Scheme Participants

Share Scheme Participants will provide warranties to Lotus that:

- d. all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Lotus under the Share Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind;
- e. they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Lotus under the Share Scheme; and
- f. as at the Record Date, they have no existing right to be issued any other Scheme Shares or any other of securities in A-Cap.

3.19 Material Contract change of control consents

The Scheme Implementation Deed requires that A-Cap must seek to identify any change of control, unilateral termination rights or similar provisions (Change of Control Right) in favour of any counterparty in any Material Contract which would, or would reasonably be likely to, be triggered by Implementation of the Schemes.

In respect of any Material Contract with a Change of Control Right, A-Cap must use its reasonable endeavours to obtain, prior to 8:00am on the Second Court Date, any required consents in a form and substance satisfactory to Lotus, acting reasonably. Lotus is required to provide reasonable assistance to A-Cap in seeking the required Change of Control Right consents.

Obtaining consents in respect of the Change of Control Rights are not Share Scheme Conditions Precedent nor Option Scheme Conditions Precedent.

3.20 Implications if the Share Scheme is not Implemented

- g. If the Share Scheme is not Implemented, Share Scheme Participants will retain their A-Cap Shares and will not receive the Share Scheme Consideration.
- h. A-Cap will remain listed on ASX as a stand-alone entity and the current A-Cap Board and A-Cap's senior management team will continue to operate A-Cap's business. The benefits anticipated from the Merged Group in Section 1.1 will not be realised.
- i. If the Share Scheme is not Implemented and no Superior Proposal emerges, it is possible that the trading price of A-Cap Shares will fall to below the level at which it has been trading since the Schemes were announced, to the extent that the market price reflects an assumption that the Schemes will be Implemented (although this is difficult to predict with any degree of certainty).
- j. If the Share Scheme is not Implemented, Share Scheme Participants will continue to be subject to all risks currently associated with an investment in A-Cap (and to which Share Scheme Participants are necessarily already exposed to).
- k. If the Share Scheme does not proceed, and no Superior Proposal emerges, A-Cap will need to raise capital. There can be no assurance that sufficient capital will be available and if capital is available it may be on onerous terms not favourable to A-Cap Shareholders.
- l. Additionally, there are certain costs payable by A-Cap regardless of whether or not the Share Scheme is Implemented.
- m. If the Schemes are not Implemented, Share Scheme Participants will continue to be exposed to various further risk factors, including those that currently apply to an investment in A-Cap. Many of the risk factors described in Sections 10.1, 10.2 and 10.3 as applicable to the Merged Group may also apply to a continuing investment in A-Cap as a stand-alone entity.

3.21 Delisting of A-Cap from ASX

Following the Implementation Date, on a date to be agreed between A-Cap and Lotus, acting reasonably, A-Cap will apply for A-Cap to be removed from the official list of ASX, and quotation of A-Cap Shares and A-Cap Listed Options on ASX to be terminated.

4. SUMMARY OF THE OPTION SCHEME

4.1 Introduction

In addition to the Share Scheme, A-Cap also proposes a scheme of arrangement in respect of all A-Cap Listed Options.

If the Option Scheme is approved by the Requisite Majorities of A-Cap Listed Optionholders and the Court, and all other Option Scheme Conditions are satisfied or waived (as applicable), all A-Cap Listed Options which remain outstanding on the Record Date will be transferred to Lotus (or Lotus' nominee) in return for the Option Scheme Consideration.

As at the date of this Scheme Booklet, there are 46,039,445 A-Cap Listed Options on issue.

This Scheme Booklet has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the proposed Option Scheme between A-Cap and the Option Scheme Participants.

4.2 Option Scheme Consideration

If the Option Scheme becomes Effective, Option Scheme Participants will receive 1 (one) Lotus Share for every 500 Scheme Options held by the Option Scheme Participant.

4.3 Ineligible Foreign Holders and Unmarketable Parcels of Option Scheme Consideration

Lotus will not issue the Option Scheme Consideration in the name of any Option Scheme Participants who are Ineligible Foreign Holders or Small Option Scheme Electing Participants. Instead, the Option Scheme Consideration to which Ineligible Foreign Holders or Small Option Scheme Electing Participants would otherwise have been entitled will be issued by Lotus to the Sale Agent, to hold on trust for the Ineligible Foreign Holders and Small Option Scheme Electing Participants.

Option Scheme Consideration that would otherwise have been issued to Ineligible Foreign Holders and Small Option Scheme Electing Participants will instead be issued to the Sale Agent for sale through the Sale Facility, as described in Section 3.16 above.

4.4 Provision of Option Scheme Consideration

On the Implementation Date, all of the Scheme Options will be transferred to Lotus (or Lotus' nominee), and Lotus will accept the transfer of the Scheme Options and will issue to:

- a. each Option Scheme Participant, the number of New Lotus Shares that they are entitled to as the Option Scheme Consideration; or
- b. the Sale Agent, such number of New Lotus Shares as are attributable to the Ineligible Foreign Holders and Small Option Scheme Electing Participants.

In addition, on the Implementation Date, Lotus will enter into the Lotus Share Register:

- a. the name of each Option Scheme Participant in respect of the New Lotus Shares issued to them as Option Scheme Consideration; and
- b. the name of the Sale Agent in respect of the New Lotus Shares that would otherwise be issued to those Option Scheme Participants who are Ineligible Foreign Holders and Small Option Scheme Electing Participants.

4.5 Option Deed Poll

Lotus executed an Option Deed Poll in favour of A-Cap Listed Optionholders on 12 July 2023, undertaking to perform the actions attributed to it under the Option Scheme, including providing or procuring the provision of, the Option Scheme Consideration to each Option Scheme Participant subject to the satisfaction of certain conditions precedent and in accordance with the terms of the Option Scheme.

A copy of the Option Deed Poll is set out in Annexure D to this Scheme Booklet.

4.6 Conditions to the Option Scheme

The Option Scheme is subject to a number of Option Scheme Conditions, set out below.

- a. **Regulatory Approvals:** Before 8:00 am on the Second Court Date:
 - i. **ASIC:** ASIC has issued or provided all such relief, waivers, confirmations, consents, approvals, qualifications or exemptions, and does such other acts, which are necessary to implement the Option Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions and other acts, which are necessary to implement the Option Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions and other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 8:00 am on the Second Court Date;
 - ii. **ASX:** ASX has issued or provided all such relief, confirmations, consents, approvals, waivers, and does such other acts, which are necessary to implement the Option Scheme and such relief, confirmations, consents, approvals, waivers and other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 8.00am on the Second Court Date; and
 - iii. **Other approvals:** All other regulatory approvals, waivers, consents, exemptions or declarations that are necessary or required by law, or by any Regulatory Authority, to implement the Option Scheme being granted, given, made or obtained and those regulatory approvals or waivers not being withdrawn, cancelled, revoked or varied before 8.00am on the Second Court Date.
- b. **A-Cap Listed Optionholder Approval:** A-Cap Listed Optionholders resolve to approve the Option Scheme by the requisite majorities under section 411(4)(a)(i) of the Corporations Act at the Option Scheme Meeting convened in accordance with the orders made under s 411(1).
- c. **Court Approval of Option Scheme:** The Court approves the Option Scheme in accordance with section 411(4)(b) of the Corporations Act.
- d. **Option Scheme Orders lodged with ASIC:** An office copy of the Court order approving the Option Scheme under section 411(10) of the Corporations Act is lodged with ASIC.
- e. **Restraining Orders:** As at 8:00 am on the Second Court Date, no judgment, order, decree, statute, law ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition or other order or decision has been issued, made, entered, enacted, promulgated or enforced by any court of competent jurisdiction or any Regulatory Authority remains in effect that prohibits, restricts, makes illegal or restrains the acquisition of the Scheme Shares by Lotus, or that would otherwise prevent the implementation of the Option Scheme, and there is no other legal restraint or prohibition, preventing the consummation of any aspect of the Option Scheme on the Implementation Date.
- f. **Share Scheme:** The Share Scheme becoming Effective.
- g. **Quotation:** Lotus has complied with its obligations under clause 7.3(j) of the Scheme Implementation Deed in respect of the lodgement of any application to ASX seeking quotation of New Lotus Shares to be issued in connection with the Option Scheme;

4.7 Current status of Option Scheme Conditions

As at the date of this Scheme Booklet, none of the Option Scheme Conditions have been satisfied or waived.

4. SUMMARY OF THE OPTION SCHEME

4.8 A-Cap Directors' unanimous recommendation and voting intentions

The A-Cap Directors believe that the merger with Lotus is in the best interests of A-Cap and in particular, the Option Scheme is in the best interests of A-Cap Listed Optionholders.

The A-Cap Directors have formed their conclusion and made their recommendation on the basis that the potential advantages of the Schemes (set out in Section 1.2) outweigh the potential disadvantages and risks (set out in Section 1.3)

The A-Cap Directors unanimously recommend that A-Cap Listed Optionholders vote in favour of the Option Scheme²⁹ and each A-Cap Director intends to vote all A-Cap Listed Options which they control in favour of the Option Scheme, in each case, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders. Details of the A-Cap Listed Options held by or on behalf of A-Cap Directors are contained in Section 6.8.

4.9 Independent Expert's conclusion

The Independent Expert has determined that the value of 500 A-Cap Listed Options prior to the Implementation of the Schemes on a controlling interest basis, at between \$0.025 and \$0.395 with a preferred value of \$0.135 per 500 A-Cap Listed Options.

This compares to the Independent Expert's assessment of the Option Scheme Consideration (being one share in the Merged Group on a minority basis) of between \$0.11 and \$0.192 with a preferred value of \$0.149.

As the Option Scheme Consideration is within the Independent Expert's range for A-Cap Listed Options, the Independent Expert has concluded the Option Scheme is fair and reasonable to and in the best interests of the A-Cap Listed Optionholders in the absence of a Superior Proposal.

The Independent Expert's Report is included in Annexure G. The Independent Expert's Report should be read in its entirety before casting your vote in relation the Option Scheme.

4.10 Key steps to implement the Option Scheme

The key steps to implement the Option Scheme are:

- a. **Option Scheme Meeting.** At the Option Scheme Meeting, A-Cap Listed Optionholders will be asked vote on the Option Scheme Resolution to approve the Option Scheme. The terms of the Option Scheme Resolution to be considered at the Option Scheme Meeting are contained in the Notice of Option Scheme Meeting in Annexure F.
- b. **A-Cap Listed Optionholder Approval.** The Option Scheme will only become Effective and be Implemented if it is approved by the Requisite Majorities of A-Cap Listed Optionholders at the Option Scheme Meeting to be held on 20 October 2023 and the other Conditions Precedent to the Option Scheme outlined in Section 4.7 are satisfied or waived (as applicable).
- c. **Court Approval.** Where the Option Scheme is approved by the Requisite Majority of A-Cap Listed Optionholders at the Option Scheme Meeting and the other Conditions Precedent are satisfied or waived, A-Cap will apply to the Court for orders approving the Option Scheme. The Option Scheme must be approved at the Second Court Hearing for the Option Scheme to proceed.
- d. **Effective Date.** If the Court approves the Option Scheme, A-Cap will lodge with ASIC a copy of the Court orders approving the Option Scheme. The Option Scheme will then become Effective and the date on which this occurs will be the Effective Date for the Option Scheme and will be the last day for trading of the A-Cap Listed Options on the ASX.
- e. **Record Date.** Those A-Cap Shareholders who are recorded on the A-Cap Share Register on the Record Date will be entitled to receive the Share Scheme Consideration.

- f. Implementation Date.** On the Implementation Date, following the issue of the Option Scheme Consideration to the Option Scheme Participants,³⁰ Lotus will acquire all of the A-Cap Listed Options, the A-Cap Listed Options will be cancelled.

4.11 Dispatch of holding statements and CHESS confirmation advices

The exact number of Lotus Shares to issued to each Option Scheme Participant will not be known until after the Record Date and will not be confirmed to each Option Scheme Participant until they receive their holding statements following the Implementation Date. It is the responsibility of each Option Scheme Participant to confirm their holdings of all Lotus Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.

Shortly following the issue of New Lotus Shares to Option Scheme Participants, they will receive an initial statement of holding that sets out the number of New Lotus Shares which have been allocated to them under the Option Scheme. This statement will also provide details of a shareholder's HIN in the case of a holding on the CHESS sub-register or SRN in the case of holding on the issuer-sponsored sub-register. Option Scheme Participant receiving New Lotus Shares under the Option Scheme will be required to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or Lotus Share Register.

4.12 Commencement of trading in New Lotus Shares on ASX

Lotus will seek confirmation from the ASX that, from the Business Day after the Effective Date (or any later date as the ASX requires), the New Lotus Shares will be listed for quotation on the official list of the ASX.

The New Lotus Shares are expected to commence trading on the ASX, initially on a deferred settlement basis from Monday, 30 October 2023, and, from the first Business Day after the Implementation Date being Tuesday, 7 November 2023 (or any later date as the ASX requires), on a normal settlement basis.

Trading on a deferred settlement basis allows A-Cap Listed Optionholders to trade their entitlement to New Lotus Shares before those shares are issued. When trading on a deferred settlement basis, the obligation to settle on the normal T+2 basis is deferred until the New Lotus Shares commence trading on a normal T+2 basis.

Deferred settlement trading will continue until the dispatch of holding statements, which is expected to occur on or about Tuesday, 7 November 2023. These dates are indicative only and are subject to change without notice.

Lotus will apply to ASX after the date of this Scheme Booklet for official quotation of the New Lotus Shares to be issued on Implementation of the Option Scheme.

It is the responsibility of each Option Scheme Participant to confirm their allocation of New Lotus Shares before trading in those securities, to avoid selling New Lotus Shares they do not own. Any A-Cap Listed Optionholder who sells New Lotus Shares before receiving confirmation of their allocation does so at their own risk.

4.13 Ineligible Foreign Holders

Restrictions in certain foreign countries may make it impractical or unlawful for New Lotus Shares to be issued under the Option Scheme to A-Cap Listed Optionholders in those countries.

Option Scheme Participant whose address is shown on the A-Cap Option Register on the Record Date as being outside of Australia (and its external territories) or any Permitted Foreign Jurisdiction will be regarded as Ineligible Foreign Holders for the purposes of the Option Scheme, unless, no later than three Business Days prior to the Option Scheme Meeting, A-Cap and Lotus agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Option Scheme Participant with the Option Scheme Consideration when the Option Scheme becomes Effective. Ineligible Foreign Holders will not receive any of the Option Scheme Consideration. Option Scheme Participants who are Ineligible Foreign Holders will be treated in the same way Share Scheme Participants who are Ineligible Foreign Holders are treated. See section 3.14 for further information.

³⁰ However, note that the New Lotus Shares to which Ineligible Foreign Holders or Small Scheme Participants would be entitled to will be issued to the Sale Agent. Refer to Section 3.14 for further detail.

4. SUMMARY OF THE OPTION SCHEME

4.14 Unmarketable Parcels of Option Scheme Consideration – Small Option Scheme Electing Participants

Option Scheme Participants who are not Ineligible Foreign Holders and who, based on their holding of Scheme Options on the Record Date would, on Implementation of the Option Scheme, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Lotus Shares, assessed by reference to the price of Lotus Shares on ASX at the close of trade on the Trading Day prior to the Record Date, will be regarded as Small Option Scheme Participants and the information in Section 3.15 applies.

4.15 Sale Facility

If you are an Ineligible Foreign Holder or Small Option Scheme Electing Participant, the entire Option Scheme Consideration that would otherwise have been issued to you will instead be issued to the Sale Agent for sale through the Sale Facility, and you will receive a pro rata share of the Sale Proceeds from the sale of all Option Scheme Consideration sold through the Sale Facility. As the market price of Lotus Shares will be subject to change from time to time, the sale price of the New Lotus Shares and, consequently, the amount of the Sale Proceeds, cannot be guaranteed. The Sale Facility will operate in the same way described in Section 3.16.

4.16 Fractional entitlements

Where the calculation of the number of Lotus Shares to be issued to a particular Option Scheme Participant would result in the issue of a fraction of a Lotus Share, then any such fractional entitlement will be rounded up or down to the nearest whole number of Lotus Shares or, if the fractional entitlement would be one-half of a Lotus Share, the entitlement will be rounded up to the nearest whole number of Lotus Shares.

4.17 Deemed warranties by Option Scheme Participants

As a result of the Option Scheme, the A-Cap Listed Optionholders will exchange their Scheme Options for the Option Scheme Consideration. A-Cap Listed Optionholders will provide warranties to Lotus that:

- a. all their Scheme Options (including any rights and entitlements attaching to those options) transferred to Lotus under the Option Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind;
- b. they have full power and capacity to sell and to transfer their Scheme Options (including any rights and entitlements attaching to those shares) to Lotus under the Option Scheme
- c. as at the Record Date, they have no existing right to be issued any other Scheme Options or any other of securities in A-Cap.

4.18 Implications if the Option Scheme is not Implemented

The Share Scheme can proceed without the Option Scheme being approved, however, for this to occur, Lotus would need to waive the condition precedent to the Share Scheme which requires the Option Scheme to be approved.

Conversely, the Option Scheme may only proceed if the Share Scheme proceeds. If the Share Scheme does not proceed then the implications of the Share Scheme not proceeding as set out in this Scheme Booklet would also apply.

In the scenario where the Share Scheme proceeded but the Option Scheme did not, Lotus will acquire all A-Cap Shares via the Share Scheme, however, A-Cap Listed Optionholders would still hold A-Cap Listed Options exercisable into A-Cap Shares.

In the event that this was to occur, Lotus will consider all alternatives available to it to seek to acquire the A-Cap Listed Options following Implementation of the Share Scheme, either under the Corporations Act, or by private treaty, or by taking no immediate action, in which case A-Cap Listed Optionholders, who subsequently exercise their A-Cap Listed Options would become minority holders of A-Cap (which will have become a subsidiary of Lotus and will be delisted from the ASX).

4.19 Compulsory acquisition of A-Cap Listed Options

If the Share Scheme is not approved, regardless of whether the Option Scheme is approved, the Transaction will not proceed and A-Cap will continue to operate as a stand-alone entity, listed on ASX.

However, if the Share Scheme is approved but the Option Scheme is not approved subject to Lotus waiving the condition precedent in relation to obtaining A-Cap Optionholder Approval, the Share Scheme will proceed and Lotus will acquire all the A-Cap Shares, but A-Cap Listed Optionholders will continue to hold their A-Cap Listed Options. Importantly, following Implementation of the Share Scheme it is likely that A-Cap will be removed from the official list of ASX, which may mean that you are no longer able to trade your A-Cap Listed Options on the ASX.

As noted above, Lotus would have alternatives available to it in relation to the A-Cap Listed Options, including seeking to rely on the compulsory acquisition provisions under the Corporations Act. It is the intention of Lotus to seek to acquire any A-Cap Listed Options following the Implementation of the Share Scheme via the compulsory acquisition provisions in the Corporations Act but Lotus reserves the right to change its intention having regard to the prevailing circumstances.

Under Part 6A.2 of the Corporations Act, a person may compulsorily acquire (for a cash sum) all the shares and securities convertible into shares in a company where the person holds at least 90% of all the securities of the company that are either shares or convertible into shares. The consideration paid under compulsory acquisition must represent fair value as assessed by an independent expert nominated by ASIC.

If Lotus seeks to exercise its compulsory acquisition rights, the Corporations Act sets out procedures and safeguards for A-Cap Listed Optionholders. If people who hold at least 10% of the A-Cap Listed Options and/ or A-Cap Shares validly object to the compulsory acquisition, Lotus must apply to the Court for approval of the compulsory acquisition, and such approval may only be granted by the Court where Lotus establishes that the A-Cap Listed Optionholders will receive fair value for their A-Cap Listed Options and/or A-Cap Shares.

5. YOUR CHOICE AS AN A-CAP SHAREHOLDER AND A-CAP LISTED OPTIONHOLDER AND HOW TO VOTE AT THE SCHEME MEETINGS

5.1 What you should do

Your A-Cap Directors unanimously recommend that you vote in favour of the Schemes as relevant to you, in the absence of a Superior Proposal and in respect of the Share Scheme, subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders and in respect of the Option Scheme, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.³¹

5.2 Your choices as an A-Cap Shareholder

As an A-Cap Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Share Scheme

This is the course of action unanimously recommended by the A-Cap Directors, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Share Scheme is in the best interests of A-Cap Shareholders.³²

To follow the A-Cap Directors' unanimous recommendation, you should vote in favour of the Share Scheme at the Scheme Meeting. For a summary of how to vote on the Share Scheme, please refer to Section 5.7 and the Notice of Scheme Meeting contained in Annexure E of this Scheme Booklet.

Vote against the Share Scheme

If, despite the A-Cap Directors' unanimous recommendation and the Independent Expert's conclusion (that the Share Scheme is in the best interests of A-Cap Shareholders), you do not support the Share Scheme, you may vote against the Share Scheme at the Share Scheme Meeting.

However, if all the Conditions Precedent for the Share Scheme are satisfied or waived (if capable of waiver) and the Share Scheme becomes Effective, the Share Scheme will bind all A-Cap Shareholders, including those who vote against the Share Scheme Resolution at the Share Scheme Meeting and those who do not vote at all.

Sell your A-Cap Shares on the ASX

The Share Scheme does not preclude you from selling some or all of your A-Cap Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be Friday, 27 October 2023), when trading in A-Cap Shares will end if the Share Scheme becomes Effective:

If you are considering selling some or all of your A-Cap Shares:

- you should have regard to the prevailing trading prices of A-Cap Shares and compare those to the Share Scheme Consideration. You may ascertain the current trading prices of A-Cap Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to affect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

A-Cap Shareholders who sell some or all of their A-Cap Shares on market:

- may receive payment (which may vary from the Share Scheme Consideration) for the sale of their A-Cap Shares sooner than they would receive the Share Scheme Consideration under the Share Scheme;
 - may incur a brokerage charge;
-

31 Refer to footnote (2) above.

32 Refer to footnote (2) above.

Sell your A-Cap Shares on the ASX	<ul style="list-style-type: none"> • will not be able to participate in the Share Scheme or, if one emerges, a Superior Proposal, in respect of those A-Cap Shares they have sold; and • may be liable for capital gains tax (CGT) on the disposal of their A-Cap Shares (as they may also be under the Share Scheme – see Section 11 of this Scheme Booklet).
Do nothing	<p>A-Cap Shareholders who elect not to vote at the Share Scheme Meeting on Friday, 20 October 2023 or do not sell their A-Cap Shares on market will:</p> <ul style="list-style-type: none"> • if the Share Scheme is Implemented – have their A-Cap Shares transferred to Lotus by operation of the Scheme and receive the Share Scheme Consideration; or • if the Share Scheme is not Implemented – retain their A-Cap Shares.

5.3 Your choices as an A-Cap Listed Optionholder

As an A-Cap Listed Optionholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Option Scheme	<p>This is the course of action unanimously recommended by the A-Cap Directors, subject to the Independent Expert continuing to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.³³</p> <p>To follow the A-Cap Directors' unanimous recommendation, you should vote in favour of the Option Scheme at the Option Scheme Meeting. For a summary of how to vote on the Option Scheme, please refer to Section 5.7 and the Notice of Option Scheme Meeting contained in Annexure F of this Scheme Booklet.</p>
Vote against the Option Scheme	<p>If, despite the A-Cap Directors' unanimous recommendation and the Independent Expert's conclusion (that the Option Scheme is in the best interests of A-Cap Listed Optionholders), you do not support the Option Scheme, you may vote against the Option Scheme at the Option Scheme Meeting.</p> <p>However, if all the Conditions Precedent for the Option Scheme are satisfied or waived (if capable of waiver) and the Option Scheme becomes Effective, the Option Scheme will bind all A-Cap Listed Optionholders, including those who vote against the Option Scheme Resolution at the Option Scheme Meeting and those who do not vote at all.</p>
Sell your A-Cap Listed Options on the ASX or exercise your A-Cap Listed Options	<p>The Option Scheme does not preclude you from exercising selling or exercising some or all of your A-Cap Listed Options on market for cash or shares (as applicable), if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be Friday, 27 October 2023), when trading in A-Cap Shares and A-Cap Listed Options will end.</p> <p>If you are considering selling or exercising some or all of your A-Cap Listed Options:</p> <ul style="list-style-type: none"> • you should have regard to the prevailing trading prices of A-Cap Listed Options and compare those to the Option Scheme Consideration. You may ascertain the current trading prices of A-Cap Listed Options through the ASX website (www.asx.com.au); and

5. YOUR CHOICE AS AN A-CAP SHAREHOLDER AND A-CAP LISTED OPTIONHOLDER AND HOW TO VOTE AT THE SCHEME MEETINGS

Sell your A-Cap Listed Options on the ASX or exercise your A-Cap Listed Options

- you should contact your stockbroker for information on how to affect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

A-Cap Listed Optionholders who sell some or all of their A-Cap Listed Options on market:

- may receive payment (which may vary from the Option Scheme Consideration) for the sale of their A-Cap Listed Options sooner than they would receive the Option Scheme Consideration under the Option Scheme;
- may incur a brokerage charge;
- will not be able to participate in the Options Scheme or, if one emerges, a Superior Proposal, in respect of those A-Cap Listed Options they have sold; and
- may be liable for capital gains tax (CGT) on the disposal of their A-Cap Listed Options (as they also may be under the Option Scheme – see Section 11 of this Scheme Booklet).

Do nothing

A-Cap Listed Optionholders who elect not to vote at the Option Scheme Meeting on Friday, 20 October 2023 or do not exercise their A-Cap Listed Options on market will:

- if the Option Scheme is Implemented – have their A-Cap Listed Options transferred to shares in Lotus by operation of the Option Scheme and receive the Option Scheme Consideration; or
 - if the Option Scheme is not Implemented – retain their A-Cap Listed Options.
-

5.4 Your vote is important

Your vote is important. The A-Cap Directors strongly encourage you to vote either by attending the Scheme Meeting(s) relevant to you in person at 52 Ord Street, West Perth, West Australia 6005, by voting online via live webcast at: www.advancedshare.com.au/virtual-meeting or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting(s) and vote on your behalf.

5.5 Details of the Scheme Meetings

A-Cap Shareholders

If you are an A-Cap Shareholder, you are invited to participate in the Share Scheme Meeting to be held at 10:00 am (Perth time) on Friday, 20 October 2023.

The Share Scheme Meeting will be held as a hybrid meeting, providing an opportunity for A-Cap Shareholders to either attend in-person at 52 Ord Street, West Perth, West Australia 6005 or participate virtually via the online platform at: www.advancedshare.com.au/virtual-meeting.

All A-Cap Shareholders registered on the A-Cap Share Register as at 4:00 pm on Wednesday, 18 October 2023 will be eligible to vote at the Share Scheme Meeting.

Further details on how to participate and vote in the Share Scheme Meeting, including how to access the online platform and attend the Share Scheme Meeting, are set out in the Notice of Share Scheme Meeting attached to the Scheme Booklet at Annexure E.

A-Cap Listed Optionholders

If you are an A-Cap Listed Optionholder, you are invited to participate in the Option Scheme Meeting to be held at 11:00 am (Perth time) on Friday, 20 October 2023.

The Option Scheme Meeting will be held as a hybrid meeting, providing an opportunity for A-Cap Listed Optionholders to either attend in-person at 52 Ord Street, West Perth, West Australia 6005 or participate virtually via the online platform at: www.advancedshare.com.au/virtual-meeting.

All A-Cap Listed Optionholders registered on the A-Cap Option Register as at 4:00 pm on Wednesday, 18 October 2023 will be eligible to vote at the Option Scheme Meeting.

Further details on how to participate and vote in the Option Scheme Meeting, including how to access the online platform and attend the Option Scheme Meeting, are set out in the Notice of Option Scheme Meeting attached to the Share Scheme Booklet at Annexure F.

5.6 Entitlement to vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Share Scheme Meeting is 4:00 pm on Wednesday, 18 October 2023 and 4:00 pm on Wednesday, 18 October 2023 for the Option Scheme Meeting. Only those A-Cap Shareholders and A-Cap Listed Optionholders entered on the A-Cap Share Register and A-Cap Option Register as at that time will be entitled to attend and vote at the Scheme Meetings either in person, by proxy, by attorney or, in the case of an A-Cap Shareholder or A-Cap Listed Optionholder that is a corporation, by corporate representative. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meetings.

5.7 How to vote

The Scheme Meetings will be held as hybrid meetings, providing an opportunity for A-Cap Shareholders and A-Cap Listed Optionholders to either attend in-person at 52 Ord Street, West Perth, West Australia 6005 or participate virtually via the online platform at: www.advancedshare.com.au/virtual-meeting.

Voting on the Scheme Resolutions will be conducted by way of a poll.

If you are an A-Cap Shareholder or A-Cap Listed Optionholder entitled to vote at the Scheme Meetings, you may vote:

- a. **in person:** by attending and voting in person or online
- b. **by proxy:** by appointing one or two proxies to attend the Scheme Meetings and vote on your behalf, by completing and returning, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Scheme Booklet or lodging your proxy form by sending, faxing or lodging it online as follows:
 - i. **Mail to:** Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909.
 - ii. **Fax to:** +61 8 6370 4203
 - iii. **Email to:** admin@advancedshare.com.au
 - iv. **Online at:** <https://www.advancedshare.com.au/investor-login> and follow the instructions provided. You will need your SRN or HIN, and the Postcode as shown on your Proxy Form.
- c. **by attorney:** by appointing an attorney to attend the Scheme Meetings and vote on your behalf, using a duly executed power of attorney; or
- d. **by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meetings and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

5. YOUR CHOICE AS AN A-CAP SHAREHOLDER AND A-CAP LISTED OPTIONHOLDER AND HOW TO VOTE AT THE SCHEME MEETINGS

Further information on how to vote using each of these methods is contained in the Notice of Share Scheme Meeting attached as Annexure E and Notice of Option Scheme Meeting attached as Annexure F to this Scheme Booklet.

If you are in favour of the Schemes, you should vote in favour of the Schemes.

5.8 How to ask questions

Please read this Scheme Booklet in its entirety before making your decision on how to vote at the Scheme Meeting(s) relevant to you. You are also encouraged to seek independent legal, financial or other professional advice before making any investment decision in relation to your A-Cap Listed Options or A-Cap Shares.

If you have any questions in relation to the Schemes, please contact the A-Cap Shareholder Information Line on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) on Business Days between 8:30 am and 5:00 pm (AEST).

6. OVERVIEW OF A-CAP



6.1 Introduction and business overview

A-Cap Energy Limited (formerly A-Cap Resources Limited) is an Australian resources company focused on the development of critical minerals. A-Cap is listed on the Australian Securities Exchange under the symbol 'ACB'.

Amid renewed global focus on nuclear energy, A-Cap's flagship Letlhakane Project in Botswana hosts 190.4Mlb of contained U_3O_8 (200ppm U_3O_8 cut-off). A-Cap's secondary project is the Wilconi Ni-Co exploration project in Western Australia.

A-Cap was listed as A-Cap Resources Ltd on the Newcastle Stock Exchange in 2003 and later onto the Australian Securities Exchange in 2006, following the identification of uranium mineralisation at the Letlhakane Uranium Project in Botswana. Letlhakane (originally called the Mokobaesi Project), was discovered by Falconbridge in the 1970s.

A-Cap advanced the Letlhakane Project with systematic drilling through to 2009, continually expanding the resource and completing an optimisation study in 2009 and commencing a Bankable Feasibility Study and Environmental Impact Assessment.

The Fukushima event in March 2011 had a dramatic effect on the uranium industry, but A-Cap continued to complete the Feasibility Study and apply for a Mining Licence. The Mining Licence application was submitted to the Government of Botswana in August 2015, and granted to A-Cap in September 2016. The Mining Licence (ML2016/16L) is valid for 22 years.

In August 2019 and 2021, the Letlhakane Uranium Project's programme of works was amended to delay planned construction activities in two-year increments to more closely align forecasted uranium prices to A-Cap's expected timeline to production. A further amendment to the programme of works is currently being prepared that will extend the start of the construction activities by a further two years.

With the slow recovery of the uranium sector post-Fukushima, A-Cap decided to diversify into other energy related minerals. In 2018, A-Cap entered into an earn-in joint venture with Blackham Resources Limited (now Wiluna Mining Corporation) on the Wilconi Ni-Co project near Wiluna in Western Australia. This change also led to the change in name to A-Cap Energy Limited.

6.2 Overview of A-Cap's assets, divisions and operations

Letlhakane Project – Botswana

The Letlhakane Uranium Project is located in Botswana, beside the A1 highway approximately 50km south of Francistown (See Figure 6.1). A-Cap was granted exploration licenses over the Letlhakane project area in early 2005, prior to listing on the ASX in May 2006. The area had previously been drilled by Falconbridge in the 1970's. Since 2006 various drill programmes at Letlhakane have expanded the resources to the current figure of 268.9Mt hosting 190.4M pounds of uranium (200ppm U_3O_8 cut-off) (Figure 6.2 & Table 6.1). The resource is held under a granted mining license (See Figure 6.3). Following the approval of an Environmental Impact Statement in 2016, provisional surface rights were also granted over the Letlhakane resource area (refer to ASX announcements dated 18 May 2016 and 16 June 2016).

6. OVERVIEW OF A-CAP



Figure 6.1: Map showing the location of the Letlhakane Uranium Project in Botswana. Situated beside the main A1 highway between Francistown and Gaborone.

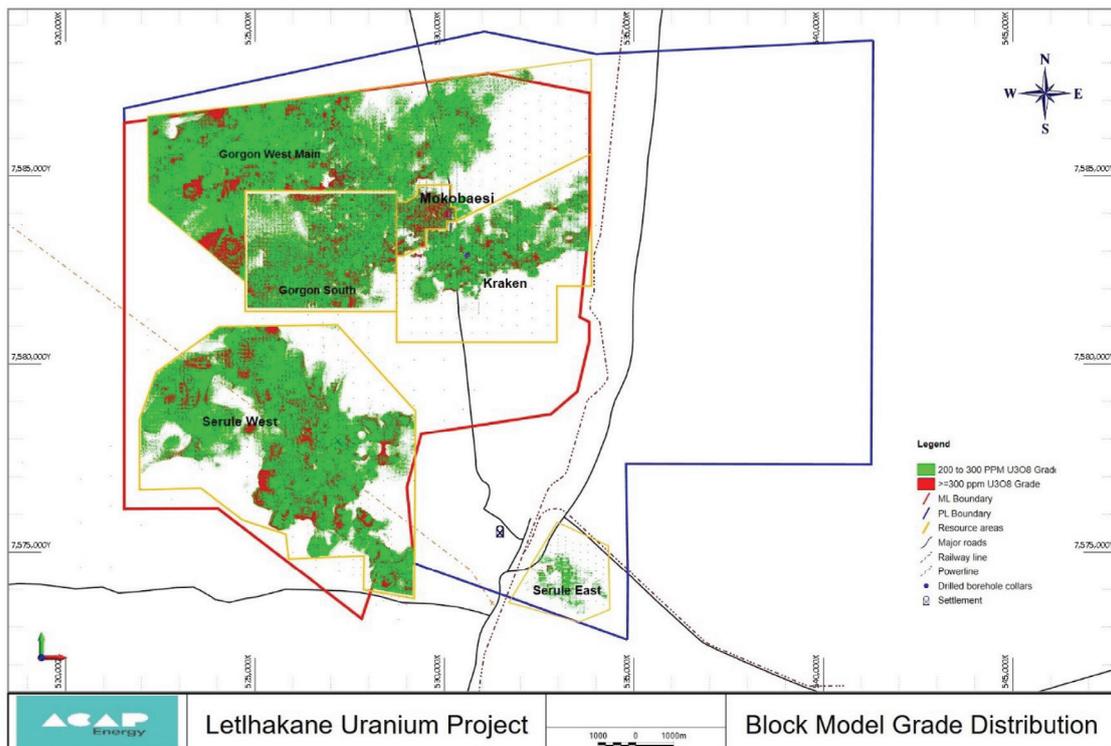


Figure 6.2: Map showing the distribution of grade at Letlhakane based on indicator kriging. It should be noted mineralisation is open to the west. Image taken from ASX release dated 30th July 2013.

LETLHAKANE MINERAL RESOURCE ESTIMATE (JORC 2012)

Cut-off Grade	INDICATED RESOURCES			INFERRED RESOURCES			GLOBAL RESOURCES		
	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs
100 ppm	197.1	197	85.5	625	203	280.1	822	202	365.7
200 ppm	59.2	323	42.2	209.7	321	148.2	269	321	190.4
300 ppm	22.2	463	22.7	81.6	446	80.3	104	450	102.9

Rounding may cause minor inconsistencies

Table 6.1: Letlhakane uranium mineral resource estimate (JORC 2012) from ASX release dated 5 October 2015

Letlhakane Mineral Resources are extracted from the report entitled "Upgrade in Letlhakane Uranium Reserve " dated 5 October 2015, which is available to view on www.acap.com.au and www.asx.com.au. A-Cap confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed. A-Cap confirms that the form and context in which the relevant A-Cap Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.³⁴

6. OVERVIEW OF A-CAP

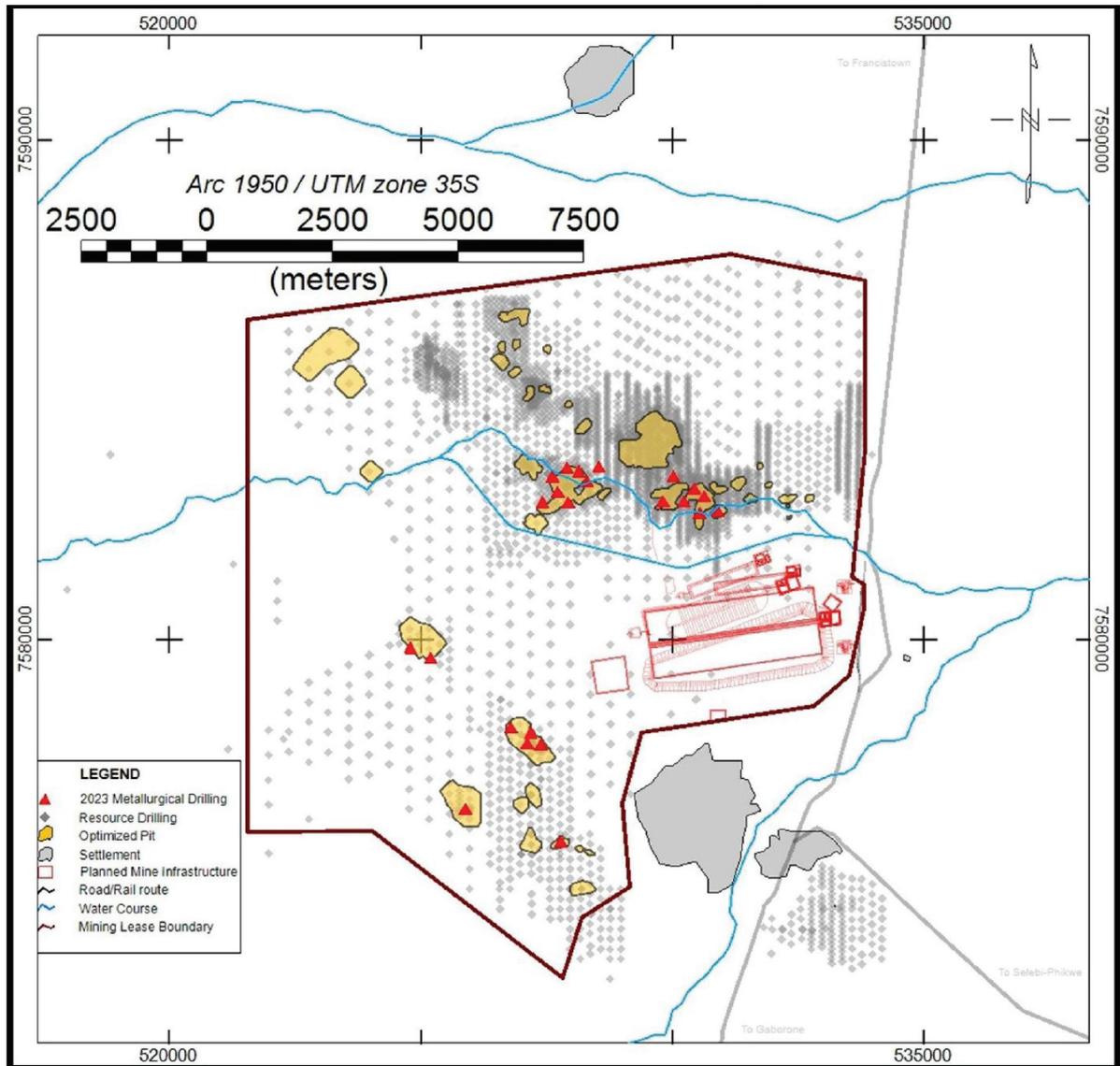


Figure 6.3: Map showing the Lethakane mining lease boundary, drill hole spacings and optimised pits.

The mineralisation at Lethakane is hosted by the basal, fluvatile sediments of the Karoo Super-group, stratigraphic equivalents of the lithologies hosting economic uranium occurrences elsewhere in southern Africa (ie. Beaufort West, Ryst Kuil, Kayelekera, Njame) (Refer Section 2 of JORC Table 1 in ASX release dated 5 October 2015). The host stratigraphy is a sequence of intercalated immature sandstone, siltstone and carbonaceous mudstones with minor coaliferous horizons. The sandstone hosted mineralisation has roll front characteristics, where the uranium was precipitated at redox boundaries. Three ore types have been identified; Primary Ore, Secondary Ore and Oxide Ore (refer ASX release dated 5 October 2015). The most abundant is the Primary Ore (Figure 6.4).

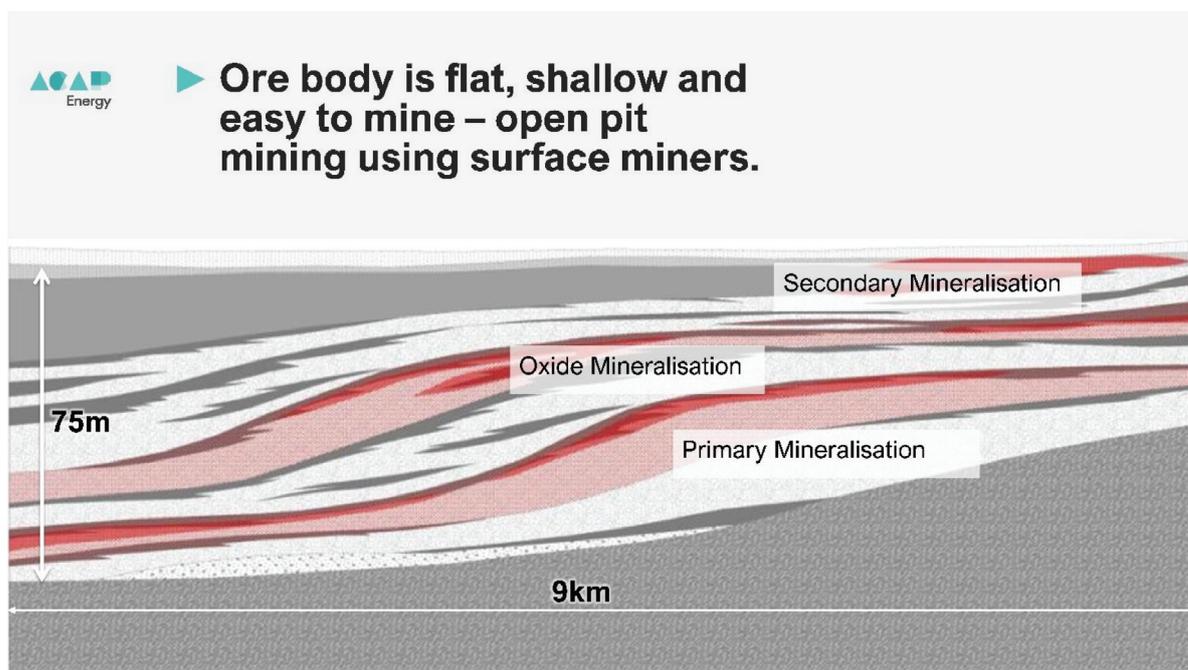


Figure 6.4: Diagrammatic cross section through the Letlhakane deposit showing the zones of shallow, flat-lying uranium mineralisation.

A detailed programme of acid column leaching, Solvent Extraction (SX) and Ion Exchange (IX) testwork was completed in 2016 to better define recoveries and process operating costs for the Letlhakane heap leach operation (refer to ASX release dated 12 October 2016). In addition, SLR Consulting of South Africa, carried out a detailed engineering study of the heap leach facility. At the Australian Nuclear Science and Technology Organisation (**ANSTO**), two campaigns of 2m and 4m columns were completed on the main ore types using a 2-stage acid leaching process. The process was developed to optimise the water and acid balance and minimise acid loss in SX stripping (the standard method used for separation and purification of elements and compounds in concentrates).

At Société Générale de Surveillance (**SGS**), a 4m acid leach column test of the mixed secondary mudstone ore indicated good recoveries with moderate acid consumption indicating this process was the most effective way of treating this secondary mineralisation. This testwork was used to develop engineering design data and process plant designs for acid heap leaching of all ore types excluding the calcrete ore. A process flow diagram is summarised in Figure 6.5.

In March 2023 a diamond coring programme was completed at Letlhakane to obtain fresh samples to continue the metallurgical testwork. Samples are being sent to SGS Bateman (South Africa), an engineering consultant, for characterisation, followed by beneficiation tests using hyperspectral and XRF sorting (a technique used to detect the chemical composition of materials).

6. OVERVIEW OF A-CAP

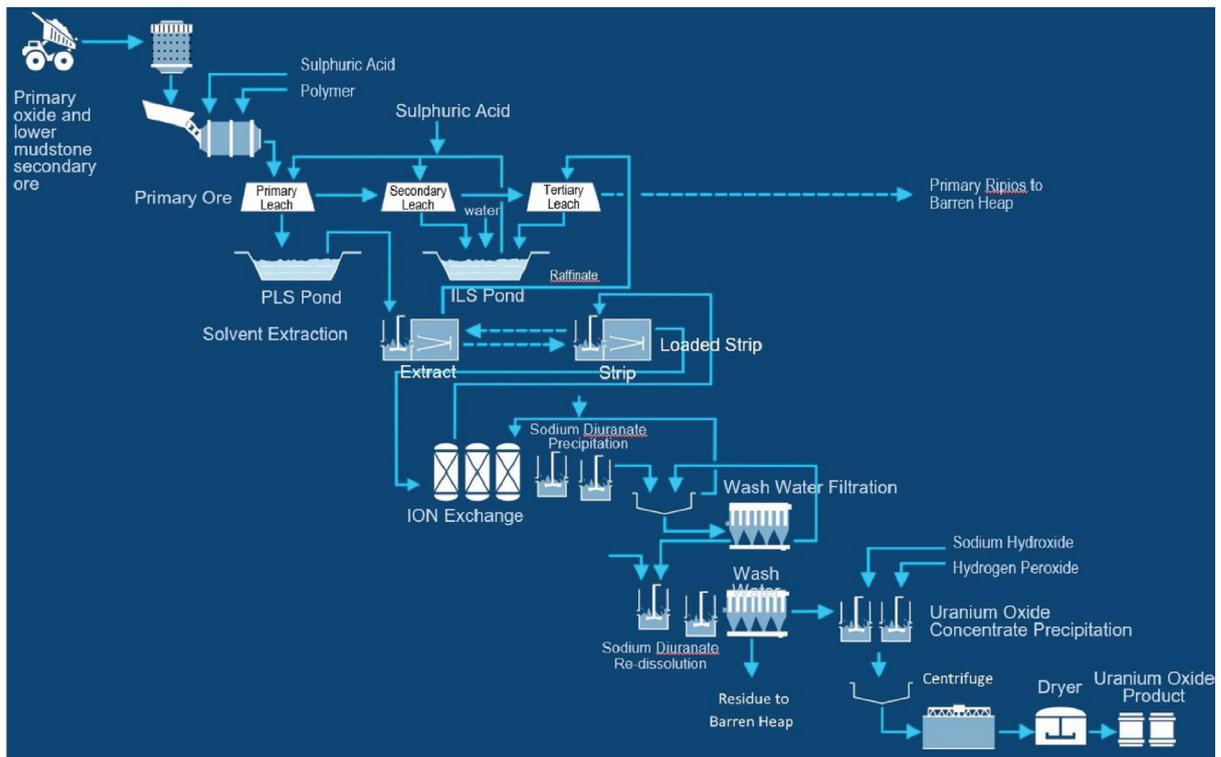


Figure 6.5: Lethakane Uranium project acid leach circuit.

Wilconi Project – Australia

The Wilconi Ni-Co project is located beside the town of Wiluna in central Western Australia. A-Cap entered into a Farm-in and Joint Venture Agreement (**JVA**) under which it acquired an initial 20% participating interest, amongst other things under the JVA, rights to mine various minerals under identified tenements held by Kimba Resources Pty Limited and Matilda Operations Pty Limited, including the right to mine nickel and cobalt (**Participating Interest**).

The Participating Interests in those tenements relate to 12 mining leases, 14 exploration licenses and 1 retention license, totaling 804 km² in area).

The JVA also provided the terms upon which A-Cap could earn additional Participating Interests. Since then, in accordance with the terms of the JVA, A-Cap has earned an additional 35% interest and now holds a 55% Participating Interest under the JVA. A-Cap also has the right to earn an additional 20% Participating Interest, which gives it a right to hold up to 75%, by completing a DFS and making an additional payment of consideration to Kimba Resources Pty Limited and Matilda Operations Pty Limited of A\$1,000,000 cash and A\$1,500,000 of A-Cap shares.

On 20 July 2022, administrators were appointed to Wiluna Mining Corporation and various of its subsidiaries, including Kimba Resources Pty Limited and Matilda Operations Pty Limited, which two entities hold the tenements the subject of the JVA. On 28 July 2023 the administrators of Kimba Resources Pty Limited and Matilda Operations Pty Limited executed a Deed of Company Arrangement. The appointment of the administrators to, and the execution of the DOCA by, Kimba Resources Pty Limited and Matilda Operations Pty Limited, do not create any new liabilities for A-Cap under the terms of the JVA and A-Cap is engaging with Kimba Resources Pty Limited and Matilda Operations Pty Limited in respect of A-Cap's rights under the JVA that have been triggered by these events affecting Kimba Resources Pty Limited and Matilda Operations Pty Limited, which rights include the right to acquire Kimba Resources Pty Limited and Matilda Operations Pty Limited's remaining 45% interest in the JVA. General risks associated with holding interests in tenements are set out in section 10.3(e).

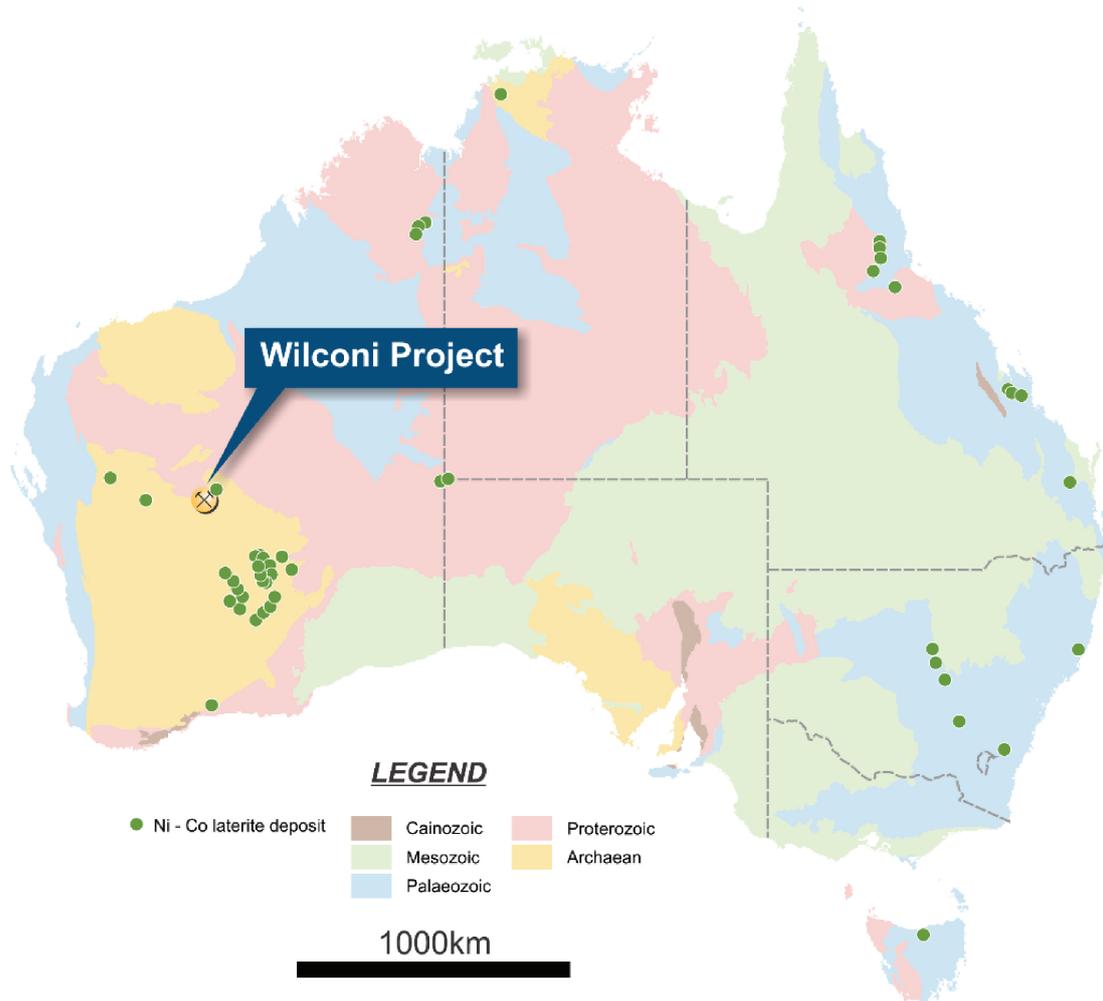


Figure 6.6: Location of Wilconi Project

The deposit forms a flat-lying blanket of nickel mineralisation hosted in saprolitic clays developed over an olivine rich ultramafic intrusive rock. The mineralisation can be traced discontinuously over 19km, averages 350m in width, 7m in thickness and lies between 1m and 70m below surface.

Extensive, historical drilling along the length of the deposit, mainly completed by CRA Limited (**CRA**) in 1995, consisted of rows of Reverse Circulation (**RC**) holes drilled along lines spaced 400m apart. In 2021 and 2022, A-Cap completed two phases of infill drilling at Wilconi (refer to ASX announcements dated 24 September 2021 and 23 November 2022). A total of 443 RC holes (19,324m) and 61 PQ (a drilling size reference) sized diamond holes (2,828m) were drilled. The drilling was focussed on the higher grade near surface portions of the resource and was aimed at improving the confidence in grade and continuity of the deposit.

In May 2023, Snowden-Optiro, a mining advisory firm, reported resources within a Reasonable Prospects for Eventual Economic Extraction (**RPEEE**) pit, using a cut-off grade of 0.5% nickel of 73Mt averaging 0.79% Ni and 0.04% Co (570,000 tonnes of contained nickel and 29,500 tonnes contained cobalt), with 55% of the resources falling into JORC measured and indicated categories (refer to ASX announcement dated 5 June 2023).

In addition to updating the Wilconi resource, numerous other studies have been completed with the aim of completing a project study in due course. These studies include metallurgical testwork, geotechnical studies, soil and waste rock characterisation studies, hydrogeological studies, and flora and fauna studies.

6. OVERVIEW OF A-CAP

6.3 Corporate Structure of A-Cap

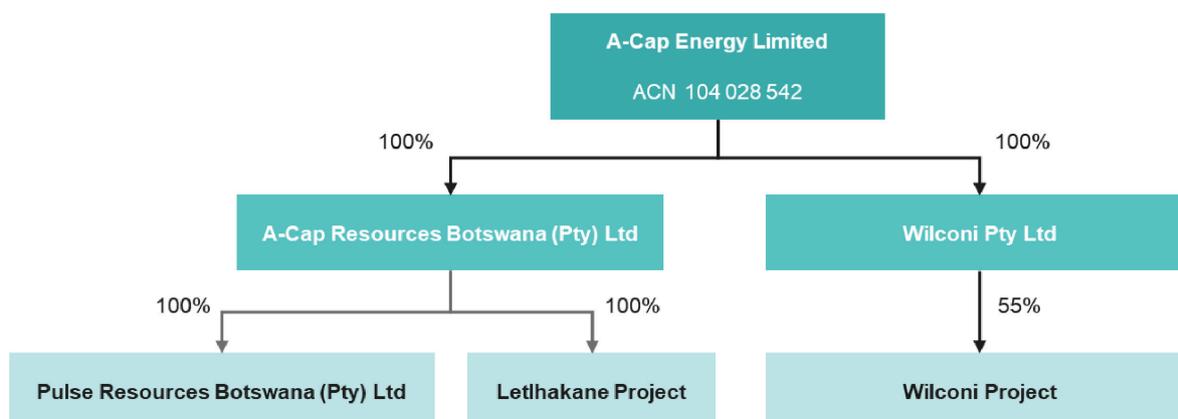


Figure 6.7: Corporate Structure of A-Cap

6.4 Mineral Resources and Ore Reserves

Lethakane JORC 2012 Mineral Resource Estimate (2015)

Table 6.2: Lethakane uranium mineral resource estimate (JORC 2012) from ASX release dated 5th October 2015

LETLHAKANE MINERAL RESOURCE ESTIMATE (JORC 2012)									
Cut-off Grade	INDICATED RESOURCES			INFERRED RESOURCES			GLOBAL RESOURCES		
	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ grade ppm	U ₃ O ₈ Mlbs
100 ppm	197.1	197	85.5	625	203	280.1	822	202	365.7
200 ppm	59.2	323	42.2	209.7	321	148.2	269	321	190.4
300 ppm	22.2	463	22.7	81.6	446	80.3	104	450	102.9

Rounding may cause minor inconsistencies

Lethakane Mineral Resources are extracted from the report entitled "Upgrade in Lethakane Uranium Reserve" dated 5 October 2015, which is available to view on www.acap.com.au and www.asx.com.au. A-Cap confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed. A-Cap confirms that the form and context in which the relevant A-Cap Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.³⁵

Wilconi JORC 2012 Mineral Resource Estimate (2023)

Table 6.3: May 2023 Wilconi Nickel Cobalt Mineral Resource Estimate - cut-off grade 0.5% Ni and 0.04% Co within RPEEE pit

Category	Tonnes (M)	Ni %	Co %	Nickel metal (tonnes)	Cobalt metal (tonnes)
Measured	19	0.88	0.06	160,000	11,200
Indicated	21	0.82	0.03	170,000	8,300
Inferred	33	0.73	0.04	240,000	10,000
Total	73	0.79	0.04	570,000	29,500

Wilconi Mineral Resources are extracted from the report entitled “Wilconi Nickel-Cobalt Project Mineral Resource upgraded” dated 5 June 2023, which is available to view on www.acap.com.au and www.asx.com.au. A-Cap confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed. A-Cap confirms that the form and context in which the relevant A-Cap Competent Person’s findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.³⁶

Note: Rounding may cause minor inconsistencies

6.5 Production and cost guidance

As an exploration and early-stage development company, A-Cap currently has no publicly released production and cost guidance.

6.6 A-Cap Board of Directors

As at the date of this Scheme Booklet, the A-Cap Board comprises:

Table 6.4: A-Cap Board

Name	Position
Jiandong He	Chairman
Paul Ingram	Deputy Chairman
Michael Liu	Independent Non-Executive Director
Jijing Niu	Non-Executive Director
Mark A. E. Syropoulo	Non-Executive Director
Zhenwei Li	Non-Executive Director
Andrew Tunks	Non-Executive Director

6. OVERVIEW OF A-CAP

Jiandong He **Chairman**

Mr He is one of the founders of the Shenke Slide Bearing Corporation, a Chinese listed company, and is currently a director and chairman of both Singapore Shenke International Investment Pte Ltd (**Shenke**), a company incorporated in Singapore, and Shenke Holdings Ltd, a company incorporated in China.

Shenke is the largest shareholder in A-Cap holding approximately 37.66% of the issued A-Cap Shares.

Mr He has a Relevant Interest in Shenke as he beneficially owns and controls all the voting power of Shenke, which is a subsidiary of Shenke Holdings Ltd, an entity which is controlled by Mr He.

As noted in this Scheme Booklet, Shenke has provided a statement to the A-Cap Board to the effect that it intends to vote in favour of the Share Scheme, in the absence of a Superior Proposal and subject to the Independent Expert opining that the Share Scheme is in the best interests of A-Cap Shareholders (and subject to that opinion being maintained up to the date of the Share Scheme Meeting).

Paul Ingram **Deputy Chairman**

Mr Ingram has been a geologist for over 30 years and has extensive experience in corporate and technical management of exploration and mining companies. He has held senior management positions within a number of successful resource companies in the precious metals and energy sectors. Mr Ingram has worked throughout China, South East Asia and Australia.

Mr Ingram currently sits on the board of directors of ASX-listed Impact Minerals Limited.

Michael Liu **Independent Non-Executive Director**

Mr Liu is the current chairman of East China Capital Investments Ltd and has over 20 years' experience in public company management, corporate investment and finance, and international M&A.

In the past 10 years, Mr Liu has overseen several successful acquisitions and divestitures of mining assets including gold, copper, and coal in China and overseas.

Mr Liu holds a Master of Arts from the University of New Brunswick and an MBA from The University of British Columbia in Canada and holds directorships in a number of public companies listed in Canada, UK, and USA.

Jijing Niu **Non-Executive Director**

Mr Niu commenced his investment banking career at United Securities Co., Ltd in 1998. From 2005 Mr Niu joined the Investment Banking Division of Guosen Securities Ltd and was promoted to be the Managing Director of the division until 2015.

He was appointed as Chairman of Jiangsu Chixiang Precision Gear Co., Ltd. in 2016.

Mr Niu graduated from Hunan University majoring in Economics and Information Management and holds an MBA from Fudan University and an EMBA from Cheung Kong School of Business.

Mark Syropoulo
Non-Executive Director

Mr Syropoulo has over 40 years in corporate finance, mainly in resources and technology. He has been an Independent Corporate Consultant since 1994 and has during that time provided services to entities in the natural resources, information technology, environmental services and investment sectors, principally in Australia, USA and China, where he completed six years residence in Shanghai.

Mr Syropoulo has served as an executive or non-executive director on several public company boards on LSE, AIM, Nasdaq and ASX markets.

He holds a BSc graduate (Mathematics and Economics) and a BSc Hons in Economics of the University of Natal, Durban, South Africa.

Zhenwei Li
Non-Executive Director

Mr Li has over ten years' experience in mining operation and investment. He has worked as a manager of several mining projects (gold, copper, lead and zinc projects), and he was a director of research in a private equity firm in China. Mr Li has professional knowledge in mining exploration and capital markets.

Mr Li holds a Master degree of Mining Engineering from China University of Mining & Technology, Beijing and is a member of the AusIMM.

A-Cap understands that Mr Li is an employee of Shenke and is a representative of Shenke on the A-Cap Board.

Andrew Tunks
Non-Executive Director

Dr Tunks has held numerous leadership and exploration positions during his 30+ year career with various ASX-listed companies. Most notably, he led the development of the Letlhakane Project from discovery and first drill hole to one of the world's largest uranium resources. Dr. Tunks has developed a unique skill set including technical, promotional and corporate.

Dr Tunks is a member of the Australian Institute of Geoscientists holding a B.Sc. (Hons) from Monash and a Ph.D. in Economic Geology from the University of Tasmania.

6.7 A-Cap Senior Management

As at the date of this Scheme Booklet, in addition to the members of the A-Cap Board listed above, A-Cap's senior management team comprises:

Table 6.5: A-Cap Senior Management

Name	Position
Harry Mustard	Exploration Manager
Malcolm Smartt	Company Secretary
Shaun Menezes	Chief Financial Officer
Steve Morgan	Operations Manager

6. OVERVIEW OF A-CAP

Harry Mustard **Explorations Manager**

Mr Harry Mustard is a qualified geologist and holds a Bachelor of Science (Honours) degree from James Cook University in Townsville, Australia and is a member of the Australian Institute of Geoscientists (AIG). Harry has 39 years' experience in mineral exploration and mining including 24 years as Exploration Manager/Chief Geologist working on projects in Australia, Papua New Guinea, Southeast Asia, China, Mongolia, Africa and USA.

Harry has experience in management of all facets of exploration including regional grass roots exploration programmes, prospect and mine assessment, establishment of sampling QA/QC protocols, resource/reserve definition, feasibility studies, mine planning, grade control and mine production reconciliation.

Malcolm Smartt **Company Secretary**

Mr Smartt is a corporate consultant to listed and unlisted public companies. He is a qualified accountant and company secretary having had considerable experience in directorial, financial and company secretary roles with a number of listed companies in the resource sector in Australia, South East Asia and Africa.

Shaun Menezes **Chief Financial Officer**

Mr Menezes has worked in the capacity of company secretary and chief financial officer of a number of ASX and SGX listed companies. He has also held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm.

Steve Morgan **Operations Manager**

Mr Morgan previously worked at BHP Billiton where he held the positions of environmental projects coordinator, gas drainage coordinator and specialist mods & small projects. He has a successful track record of building great teams.

6.8 A-Cap securities and capital structure

a. A-Cap securities on issue

As at the Last Practicable Date, the capital structure of A-Cap comprised of the following securities:

Type of security	Number on issue
A-Cap Shares	1,242,050,471
A-Cap Listed Options	46,039,445
A-Cap Unlisted Options	54,000,000
A-Cap Performance Rights	30,000,000

b. A-Cap Listed Options on issue

As at the Last Practicable Date, A-Cap had 46,039,445 Listed Options, as follows:

ASX Code	Exercise Price	Expiry	Total on Issue
ACBO	\$0.20	15-MAR-2024	46,039,445

c. A-Cap Unlisted Options

As at the Last Practicable Date, A-Cap had 54,000,000 unlisted options on issue, as follows:

Code	Exercise Price	Expiry	Total on Issue
ACBAB	\$0.11	31-OCT-2024	22,000,000
ACBAC	\$0.10	31-OCT-2024	8,000,000
ACBAS	\$0.11	31-OCT-2024	24,000,000

Other than A-Cap Listed Options, no other options in A-Cap were on issue as at the Last Practicable Date.

Refer to sections 3.12 and 12.2 for a description of the treatment of the A-Cap Unlisted Options in the context of the Schemes.

d. A-Cap Performance Rights on issue

As at the Last Practicable Date, A-Cap had 30,000,000 A-Cap Performance Rights on issue, comprised of the following securities:

Exercise Price	Expiry	Total on Issue
Nil	17-JAN-2025	7,500,000

A tranche of 7,500,000 Performance Rights, which had a vesting condition requiring the VWAP of A-Cap Shares to be at least \$0.14 (14 cents) for 10 consecutive Trading Days, have already vested.

The vesting conditions for the unvested A-Cap Performance Rights are as follows:

- i. 7,500,000 Performance Rights to vest if the VWAP of A-Cap Shares is at least \$0.18 (18 cents) for 10 consecutive Trading Days.
- ii. 7,500,000 Performance Rights to vest if the VWAP of A-Cap Shares is at least \$0.22 (22 cents) for 10 consecutive Trading Days.
- iii. 7,500,000 Performance Rights to vest if the VWAP of A-Cap Shares is at least \$0.26 (26 cents) for 10 consecutive Trading Days.

Refer to sections 3.12 and 12.2 for a description of the treatment of the A-Cap Performance Rights in the context of the Schemes.

d. (e) Substantial shareholders

Based on publicly available information, as at the Last Practicable Date, A-Cap had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act.

Table 6.6: A-Cap Substantial Shareholders

Name	Number of A-Cap Shares	Percentage Shareholding
Singapore Shenke International Investment PTE LTD	467,751,682	37.66%
Buttonwood Nominees PTY LTD	206,990,260	16.67%
Shen Angang	151,397,908	12.19%

6. OVERVIEW OF A-CAP

As noted earlier in this Scheme Booklet, A-Cap's Chairman, Mr He, has a Relevant Interest in Shenke, and therefore a Relevant Interest in the A-Cap Shares held by Shenke. As announced to the ASX on 13 July 2023, Shenke, which holds a Relevant Interest of approximately 37.66% in A-Cap, has advised the Board of A-Cap that it intends to vote in favour of the Share Scheme, in the absence of a Superior Proposal and subject to the Independent Expert opining that the Share Scheme is in the best interests of A-Cap Shareholders (and subject to that opinion being maintained up to the date of the Share Scheme Meeting).

f. Top 20 A-Cap Shareholders

Based on the A-Cap Share Register as at the Last Practicable Date, the top 20 A-Cap Shareholders held approximately 83.20% of the A-Cap Shares, as set out in the following table.

Table 6.7: A-Cap Top 20 Shareholders

Note: A-Cap Shareholders based on A-Cap Share Register as at the Last Practicable Date

Name	Number of A-Cap Shares	Percentage Shareholding
SINGAPORE SHENKE INTERNATIONAL INVESTMENT PTE LTD	467,751,682	37.66%
BUTTONWOOD NOMINEES PTY LTD	206,990,260	16.67%
SHEN ANGANG	151,397,908	12.19%
BNP PARIBAS NOMINEES PTY LTD	57,604,662	4.64%
BNP PARIBAS NOMINEES PTY LTD	39,850,795	3.21%
MR MICHAEL MUHAN LIU	15,595,939	1.26%
CITICORP NOMINEES PTY LIMITED	12,197,698	0.98%
VERMAR PTY LTD	10,711,970	0.86%
ZEEMINOR SUPER PTY LTD	10,454,758	0.84%
MR SHANE WILLIAM OSMOTHERLY	10,000,000	0.81%
CG NOMINEES (AUSTRALIA) PTY LTD	9,615,385	0.77%
BNP PARIBAS NOMS PTY LTD	6,017,909	0.48%
MS XUPING SONG	6,000,000	0.48%
MR MARK ANTHONY O'SULLIVAN & MRS JAIME JANE O'SULLIVAN	5,993,270	0.48%
FORTUNE MINERALS LTD	5,236,292	0.42%
BNP PARIBAS NOMS PTY LTD	4,315,881	0.35%
XIN LIN	4,310,102	0.35%
MR HARRY SANTAVAS & MRS VICKI SANTAVAS	3,406,327	0.27%
FAHEY SERVICES PTY LTD	3,000,000	0.24%
MR STEPHEN LOOM	2,930,769	0.24%
TOTAL	1,033,381,607	83.20%

6.9 Corporate governance and health and safety

A-Cap has adopted a Corporate Governance Plan which provides the written terms of reference for A-Cap's corporate governance duties. Due to the current size and nature of the existing Board and A-Cap's operations, the Board does not consider that A-Cap will gain any benefit from individual Board committees as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under A-Cap's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

A-Cap's Corporate Governance Plan is available on the following website <https://acap.com.au/corporate/corporate-governance/>.

The A-Cap Board oversees A-Cap's environmental risk management and occupational health and safety processes.

A-Cap is committed to a healthy and safe working environment and to the welfare of all employees and contractors and acknowledges that achieving these objectives is a responsibility shared by all employees.

A-Cap has policies and procedures in place to ensure that all exploration and mining activities are conducted in compliance with applicable legislation, regulations and codes of practice in the field of work health and safety. A-Cap aspires to zero harm to all employees, contractors and the broader community in which it operates, by:

- a. implementing and maintaining work practices which are safe and focused on minimising the short and long- term risks to the health of employees and contractors and third parties;
- b. training, retraining, informing, instructing and supervising all employees so as to ensure that they perform their work duties safely;
- c. identifying, assessing and managing risks and hazards associated with exploration and mining activities and developing appropriate controls and strategies to monitor and manage potential impacts;
- d. committing the human, technical and financial resources necessary to achieving these objectives;
- e. ensuring contractors adopt and implement work health and safety standards at least equal to those of A-Cap, and to enforce this in all contractual agreements;
- f. developing and implementing appropriate management systems at all sites, including via the use of inductions and toolbox meetings; and
- g. fostering a safety conscious and proactive attitude amongst all company personnel, aiming to build on the combined knowledge and experience of all involved and encouraging leadership, ownership and continuous improvement in the area of safety.

6.10 Financing arrangements

A-Cap has no existing debt financing arrangements in place.

6. OVERVIEW OF A-CAP

6.11 A-Cap Historical financial information

Introduction

- a. The financial information relating to A-Cap contained in this Section 6 includes:
 - i. The statutory historical financial information of A-Cap for the financial years ended 30 June 2021 (**FY21**), 30 June 2022 (**FY22**) and the half-year ending 31 December 2022 (**HY23**) comprising:
 - (A) The audited and reviewed historical statements of profit or loss and other comprehensive income for FY21, FY22 and HY23;
 - (B) The audited and reviewed historical statements of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022; and
 - (C) The audited and reviewed statutory historical cash flow statements for FY21, FY22 and HY23,(together, the **A-Cap Statutory Historical Financial Information**); and
 - ii. The reviewed statutory historical statement of financial positions as at 31 December 2022, and pro-forma statement of financial position at that date based upon the subsequent event and pro-forma transactions set out in this Financial Information (the Pro Forma Historical Statement of Financial Position),

(the Statutory Historical Financial Information and the Pro Forma Statement of Financial Position, together the **A-Cap Financial Information**).
- b. The information in this Section 6 should also be read in conjunction with all other information set out in this Scheme Booklet and in particular, the risk factors detailed in Section 10.
- c. All amounts disclosed in Section 6 are unless otherwise noted, rounded to the nearest thousand Australian dollars. Some numerical figures included in this Scheme Booklet have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Scheme Booklet are due to rounding.
- d. A-Cap has a 30 June financial year end.

Basis of preparation and presentation of the financial information

Overview of preparation and presentation of the A-Cap Historical Financial Information

- a. The A-Cap Directors are responsible for the preparation and presentation of the A-Cap Financial Information.
- b. The A-Cap Financial Information included in this Scheme Booklet is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial positions of A-Cap.
- c. Given A-Cap is at an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses. On this basis, the A-Cap Directors believe that there is no reasonable basis for the inclusion of financial forecasts in this Scheme Booklet.
- d. The A-Cap Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian equivalents to International Financial Reporting Standards (**AIFRS**) issued by the Australian Accounting Standards Board. Following the effectuation of the Scheme of Arrangement (the Transaction), the Merged Group will report under AIFRS in Australian Dollars, which is its elected presentation currency. The significant accounting policies are described in Section 6.13.

- e. The interim financial report of A-Cap for the half-year ended 31 December 2022 was reviewed by William Buck and an unmodified review conclusion was issued. The annual financial reports of A-Cap Energy for the years ended 30 June 2021 and 30 June 2022 were audited by William Buck and unmodified opinions were issued for each of these.
- f. The A-Cap Financial Information is presented in an abbreviated form, and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and AIFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Basis for inclusion of Historical Financial Information

- a. A-Cap trades or has traded as a public company on the ASX.
- b. The historical financial statements of A-Cap as referred to above were audited or reviewed and unqualified audit opinions and an unqualified review conclusion was issued for each of those periods.

Investigating Accountant's Report

- a. The Financial Information has been reviewed by William Buck Audit (Vic) Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450: "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information" as stated in its Investigating Accountant's Report set out in Annexure I of this Scheme Booklet. Investors should note the scope and limitations of the Investigating Accountant's Report.

Preparation of the A-Cap Financial Information

- a. The A-Cap Financial Information has been presented on both a statutory and a pro forma basis.
- b. The A-Cap Historical Statutory Financial Information has been derived from the audited and reviewed general purpose financial statements of A-Cap.
- c. In preparing the A-Cap Financial Information, the accounting policies of A-Cap have been consistently applied throughout the periods presented.
- d. Investors should note that past results are not a guarantee of future performance.

Going Concern

- e. The A-Cap Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.
- f. A-Cap Directors believe that there are reasonable grounds that A-Cap will be individually and collectively able to continue as a going concern following the effectuation of the Transaction, and hence it is appropriate to adopt the going concern basis in the preparation of the A-Cap Financial Information.

6. OVERVIEW OF A-CAP

Summary of Statutory Historical Statements of Profit or Loss and other Comprehensive Income – A-Cap Energy Limited

- a. The table below sets out A-Cap's Historical Statement of Profit or Loss and other Comprehensive Income for FY21, FY22 and HY23.

Table 6.8: A-Cap's Historical Statement of Profit or Loss and other Comprehensive Income for FY21, FY22 and HY23.

	FY21 Audited \$'000	FY22 Audited \$'000	HY23 Reviewed \$'000
Other income	15	5	84
Corporate and administrative expenses	(697)	(1,337)	(776)
Employment expenses	(101)	(93)	(394)
Finance charges	(433)	(157)	-
Share-based payment expenses	(16)	(3,461)	(496)
Foreign exchanges gain/(loss)	598	(171)	3
Loss before tax	(634)	(5,215)	(1,579)
Income tax expense	-	-	-
Net loss after tax	(634)	(5,215)	(1,579)
Translation gains / (losses) of foreign operations	(2,110)	1,713	578
Total comprehensive income / (loss)	(2,744)	(3,502)	(1,002)

Management discussion and analysis of the historical statements of profit or loss and other comprehensive income

- a. The following is a description of the key financial terms used in the presentation of the A-Cap Statutory Historical Financial Information:
- i. Share-based payments expense relate to incentives for key employees and contractors under A-Cap's employee share option plan.

Table 6.9: Summary of Statutory Historical Statements of Financial Position – A-Cap Energy

As at	30-Jun-21 Audited \$'000	30-Jun-22 Audited \$'000	31-Dec-22 Reviewed \$'000
Current assets			
Cash and cash equivalents	3,584	12,216	7,793
Security deposits	61	62	62
Trade and other receivables	74	82	93
Prepayments	29	72	171
Total current assets	3,749	12,432	8,119
Non current assets			
Plant and equipment	9	66	179
Capitalized exploration and evaluation	28,276	33,476	37,149
Total non current assets	28,284	33,542	37,328
Total assets	32,033	45,974	45,447
Current liabilities			
Trade and other payables	314	425	411
Employee provisions	45	62	55
Interest bearing liabilities	13,753	-	-
Total current liabilities	14,113	487	465
Total liabilities	14,113	487	466
Net assets	17,921	45,487	44,982
Equity			
Issued capital	71,552	98,507	98,507
Share-based payments reserve	489	4,603	5,099
Foreign currency translation reserve	8,305	10,018	10,596
Accumulated losses	(62,426)	(67,640)	(69,220)
Total equity	17,921	45,487	44,982

Management discussion and analysis of the historical statements of financial position

- a. The following is a description of the key financial terms used in the presentation of the A-Cap Statutory Historical Financial Information:
- i. Capitalized exploration and evaluation represent A-Cap's historic spend on its Letlhakane Uranium Project, in Botswana and its Wilconi Project in Western Australia.

6. OVERVIEW OF A-CAP

Table 6.10: Summary of Statutory Historical Cash Flows – A-Cap Energy Limited

	FY21 Audited \$'000	FY22 Audited \$'000	HY23 Reviewed \$'000
Operating cash flows			
Payments to suppliers and employees	(880)	(1,476)	(1,507)
Interest receipts	1	2	84
Interest paid	(125)	-	-
Net operating cash flows	(1,004)	(1,474)	(1,423)
Investing cash flows			
Payments for plant and equipment	-	(68)	(112)
Payments for capitalized exploration and evaluation	(1,276)	(3,377)	(2,889)
Proceeds from sale of plant and equipment	10	-	-
Net investing cash flows	(1,265)	(3,445)	(3,002)
Financing cash flows			
Proceeds from the issue of equity securities	-	20,966	-
Proceeds from exercise of options	-	489	-
Transaction costs for issue of equities	-	(1,018)	-
Proceeds / (repayments) of borrowings	12,006	-	-
Repayment of loans and borrowings	(6,431)	(6,884)	-
Net financing cash flows	5,575	13,552	-
Net cash movement	3,305	8,633	(4,425)
Cash at the beginning of the financial period	281	3,584	12,216
Net impact on cash and cash equivalents from foreign exchange movements	(1)	(1)	2
Cash at the end of the period	3,584	12,216	7,793

Management discussion and analysis of the historical cash flows

- a. A-Cap is primarily focussed upon activities devoted to the funding, through equity of and investment in its Letlhakane Uranium and Wilconi Projects, which have been recognized as investing activities.

6.12 Material changes in A-Cap's financial position and performance for the period 31 December 2022 to 30 June 2023

- A-Cap's interim financial report for the half year ended 31 December 2022 was released to ASX on 13 March 2023. To the knowledge of the A-Cap Directors, the financial position of A-Cap has not materially changed since 31 December 2022, as reported in A-Cap's half yearly report, other than as follows: Cash and cash equivalents have reduced by \$4.03m to \$3.76m at 30 June 2023 (unaudited);
- Investment in capitalised exploration and evaluation assets has increased by \$2.82m to \$39.96m at 30 June 2023 (unaudited);
- Net cash used in operating activities, largely for employment, corporate and administrative activities, increased by \$0.89m (unaudited);
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by A-Cap; and
- in accordance with generally known market conditions.

Electronic copies of A-Cap's Quarterly Activities Reports and Quarterly Cash Flow Reports for the quarters ended 31 March 2023 and 30 June 2023 and A-Cap's interim financial report for the half year ended 31 December 2022 are available from A-Cap's website at <https://acap.com.au/>, ASX's website at www.asx.com.au and from A-Cap free of charge following a request in writing (info@acap.com.au) received before the Share Scheme is approved by the Court.

Copies of A-Cap's other periodic reports (including for FY22) can also be obtained from A-Cap's website at <https://acap.com.au/>, ASX's website at www.asx.com.au and from A-Cap free of charge following a request in writing (info@acap.com.au) received before the Share Scheme is approved by the Court.

6.13 A-Cap's Directors' intentions for the business

As disclosed elsewhere in this Scheme Booklet, the directors of the Merged Group will be comprised of existing Lotus Directors and not the A-Cap Directors.

Accordingly, it will be for the board of the Merged Group to determine its intentions regarding the Merged Group's business. Please refer to Section 8.7 detailing Lotus' intentions for the Merged Group.

6.14 Recent A-Cap Share price performance

A-Cap Shares are listed on ASX under the ASX code 'ACB'.

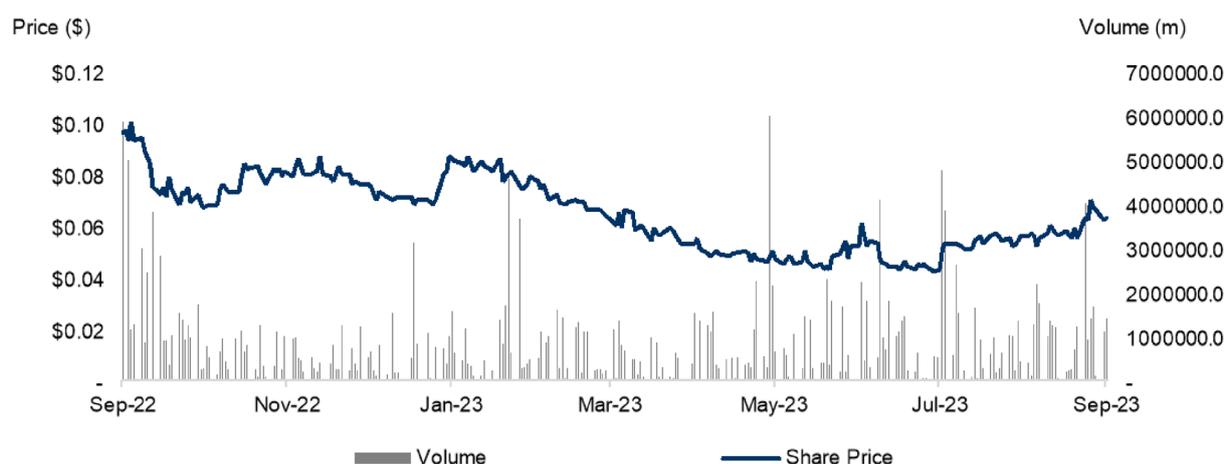
On 11 July 2023, being the last Trading Day prior to the announcement of entry into the Scheme Implementation Deed, the closing A-Cap Share price on ASX was A\$0.0430

From announcement of entry into the Scheme Implementation Deed to Tuesday, 12 September 2023 (being the Last Practicable Date), the closing A-Cap Share price on ASX has ranged from \$0.051 to \$0.070.

In the three months up to Announcement Date (being 13 April 2023 up to 12 July 2023):

- the highest recorded daily closing price for A-Cap Shares on ASX was A\$0.061 on 13 June 2023; and
- the lowest recorded daily closing price for A-Cap Shares on ASX was A\$0.042 on 10 July 2023.

6. OVERVIEW OF A-CAP



Source: Price data obtained from IRESS.

Figure 6.8 – A-Cap Share price and trading volume over the 12 months before the Last Practicable Date

- The highest recorded trading price of A-Cap Shares on ASX in the twelve months before the announcement of the Schemes was \$0.11 on 9 September 2022 and 12 September 2022;
- The lowest recorded trading price of A-Cap Shares on ASX in the twelve months before the announcement of the Schemes was \$0.041 on 11 July 2023;
- The highest recorded trading price of A-Cap Shares on ASX in the three months before the announcement of the Schemes was \$0.064 on 13 June 2023;
- The lowest recorded trading price of A-Cap Shares on ASX in the three months before the announcement of the Schemes was \$0.041 on 11 July 2023;
- The latest recorded trading price of A-Cap Shares on ASX before the announcement of the Schemes on 13 July 2023 was \$0.043 on 11 July 2023; and
- The last recorded trading price of A-Cap Shares on ASX on the Last Practicable Date was \$0.063.

6.15 Recent financial and operational information

On 27 July 2023, A-Cap announced to ASX its Quarterly Cash Flow Report and Quarterly Activities Report. You can access the reports at www.asx.com.au. A-Cap's Full Year Accounts for 30 June 2023 are expected to be publicly released on 30 September 2023. You can also access this financial information on ASX's website at www.asx.com.au.

Additionally, as disclosed in section 7.17, Lotus expects to publicly release its Full Year Accounts for 30 June 2023 on 30 September 2023.

Following the release of A-Cap's Full Year Accounts for 30 June 2023 and Lotus' Full Year Accounts for the same year, the A-Cap Board will obtain the Independent Expert's confirmation of whether this financial and operational information changes the Independent Expert's opinion that the Share Scheme is fair and reasonable and, therefore, is in the best interests of A-Cap Shareholders in the absence of a Superior Proposal, and the Option Scheme is fair and reasonable and, therefore, is in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal.

This confirmation will be released to ASX in advance of the Scheme Meetings (if applicable). If the Independent Expert's opinion changes, A-Cap will advise A-Cap Shareholders and A-Cap Listed Optionholders of the next steps at that time.

The A-Cap Board encourages A-Cap Shareholders and A-Cap Listed Optionholders to read these financial and operational results (and the confirmation from the Independent Expert) before deciding how to vote at the Scheme Meetings.

6.16 Publicly available information available for inspection

A-Cap is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require A-Cap to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. A-Cap is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning A-Cap will continue to be made available on ASX's website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from A-Cap's website at <https://acap.com.au/>, or free of charge following a request in writing to A-Cap at any time before the Scheme Meetings. Copies of documents filed with ASX may also be obtained from ASX's website at www.asx.com.au. Copies of the documents lodged with ASIC in relation to A-Cap may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au including at ASIC's self service kiosks at ASIC's service centres, or obtained from A-Cap following a request in writing to A-Cap at any time before the Scheme Meetings.

A list of announcements made by A-Cap to ASX from the date of the A-Cap's 2022 Annual Report on 24 October 2022 to the Last Practicable Date is included below:

Date	Description of Announcement
11-Sep-23	Update on Merger with Lotus Resources
11-Sep-23	APP3X AND 3Y CORRECTIONS
7-Aug-23	SECTION 708 NOTICE
7-Aug-23	Application for quotation of securities - ACB
27-Jul-23	Quarterly Cash Flow Report
27-Jul-23	Quarterly Activities Report
13-Jul-23	LOT: Webinar on A-Cap Scheme 10.30am AEST
13-Jul-23	Scheme of Arrangement Investor Presentation
13-Jul-23	ACAP ENERGY LOTUS RESOURCES MERGER
12-Jul-23	Trading Halt
5-Jun-23	WILCONI NICKEL COBALT PROJECT UPDATE
21-Apr-23	QUARTERLY CASH FLOW REPORT
21-Apr-23	QUARTERLY ACTIVITIES REPORT
19-Apr-23	Notification of cessation of securities - ACB
19-Apr-23	Notification of cessation of securities - ACB
3-Apr-23	CHANGE IN BOARD ROLES
28-Mar-23	Letlhakane Drilling Release amended
27-Mar-23	Drilling Completed at Letlhakane Uranium Project
13-Mar-23	Half Year Accounts
20-Feb-23	Change in substantial holding from MQG
3-Feb-23	Change in substantial holding - MMAM
30-Jan-23	WILCONI METALLURGICAL TESTWORK RESULTS
24-Jan-23	Quarterly Cash Flow Report
24-Jan-23	Quarterly Activities Report

6. OVERVIEW OF A-CAP

19-Jan-23	Drilling commences at Letlhakane Uranium Project
15-Dec-22	Change in substantial holding from MQG
25-Nov-22	Results of Meeting
23-Nov-22	Wilconi Drilling Update
4-Nov-22	Change in substantial holding

6.17 Litigation

At the date of this Scheme Booklet, A-Cap is not involved in any material legal disputes and is not party to any material litigation.

6.18 Further information

For a summary of the risks associated with the Schemes, refer to Section 10. In particular, Section 10.4 outlines certain risks to A-Cap if the Schemes do not proceed.

7. OVERVIEW OF LOTUS



7.1 Introduction

This Section contains information in relation to Lotus.

The information contained in this Section has been prepared by Lotus (Lotus). The information concerning Lotus and the intentions, views and opinions contained in this Section are the responsibility of Lotus. A-Cap and its Directors and officers do not assume any responsibility for the accuracy or completeness of this information. The Independent Expert's Report set out in Annexure G to this Scheme Booklet contains further information about Lotus.

The historical financial information in this Section relates to Lotus on a stand-alone basis and does not include any ongoing effects that may arise in connection with the Schemes.

7.2 Lotus Background

Lotus is an Australian-based company listed on the ASX ('LOT'), the OTCQX in the USA ('LTSRF') and has focused on uranium since 2019. Lotus is an exploration and development company based in Perth, Western Australia with a strategic focus on acquiring and developing uranium projects. Lotus holds an 85% interest in the Kayelekera Uranium Project in Malawi, Africa (the Kayelekera Project).

a. History

Lotus (formerly Hylea Metals Limited "HCO") entered into an agreement with Paladin Energy Limited (**Paladin**) to acquire a 65% interest in the Kayelekera Project in June 2019. The remaining 35% interest was held by Lotus' joint venture partner Chichewa Resources Pty Ltd (later renamed Kayelekera Resources Pty Ltd (**KRPL**)) (20%) and the Government of Malawi (15%). The acquisition completed on 13 March 2020 following receipt of the necessary Malawian Government approvals.³⁷

Lotus increased its interest in the Kayelekera Project in August 2021 to 85% with the acquisition of the 20% interest held by its joint venture partner, KRPL.³⁸

The Kayelekera Project previously operated for approximately five years between 2009 and 2014 and produced almost 11 million pounds of U₃O₈ before entering into a period of care and maintenance due to low uranium prices.

The Kayelekera Project is located in northern Malawi, near the Tanzania border and 52 kilometres west by road from the regional town of Karonga (see Figure 7.1). Malawi is located in southern Africa and bordered by Mozambique, Zambia and Tanzania with a population of approximately 19 million people.

The mining industry in Malawi generally comprises smaller scale operations however the country is well endowed with mineral resources and boasts several projects covering a range of minerals.

37 Refer to Lotus's ASX announcements dated 24 June 2019 and 13 March 2020.

38 Refer to Lotus' ASX announcements dated 25 March 2021 and 19 August 2021.

7. OVERVIEW OF LOTUS



Figure 7.1: Location of the Kayelekera Project

Since acquiring the Kayelekera Project, Lotus has focussed on increasing the uranium mineral resource through exploration drill programs at the Kayelekera Project and at the Livingstonia uranium deposit (**Livingstonia Deposit**) which was acquired by Lotus in October 2021 and has the potential to be a satellite deposit being located 90 kilometres southeast of the Kayelekera Project.

These drill programs resulted in the reporting of an increase in the uranium mineral resource at the Kayelekera Project and an inaugural resource at Livingstonia Deposit, leading to a total mineral resource estimate of 49.4 million tonnes (Mt) at 475 parts per million (ppm) U_3O_8 for 51.1 million pounds (Mlbs) U_3O_8 .³⁹

Further exploration work, including drilling, has been undertaken on the Chilumba prospect which is located on the northern edge of the Livingstonia Deposit. Drilling intercepted uranium mineralisation with the best result of 3m at 382ppm U_3O_8 from 43m below surface with north westerly tending channel identified for follow up work.⁴⁰

In addition to the uranium mineralisation that forms the core of the Lotus' valuation there is also a rare earth anomaly on the Kayelekera mining licence. This was first identified by Paladin, with two further exploration programs undertaken by Lotus. These programs included geophysics, trenching and drilling. The trenching work returned better results with average total rare earth oxide (TREO) grades of 3.5% from all 70 samples assayed in the first program and with the 22 samples identified as mineralised averaging 8% TREO (maximum TREO grade was 16%).⁴¹

39 Refer to Mineral Resource estimate disclosures at section 7.2(c).

40 Refer to Lotus' ASX announcement dated 6 October 2022.

41 Refer to Lotus' ASX announcements dated 1 February 2021 and 26 October 2022.

During 2021, Lotus completed a positive Restart Scoping Study for the Kayelekera Project⁴². The Restart Scoping Study was underpinned by a significant body of information and data (including operating parameters) from the prior five-year operating period that ended in 2014 and was supplemented by new information in specific areas such as contract mining.

Whilst the results of the Restart Scoping Study outlined a robust uranium operation, a number of areas were identified that had the potential to improve the Kayelekera Project's returns by reducing operating costs, reducing sustaining capital costs, extending the life of mine and by increasing annual production rates. Prior to commencing a Feasibility Study, Lotus worked on multiple technical studies including ore sorting, power supply options, acid recovery; and optimisation of tailings facilities to maximise the Kayelekera Project value.

The studies were completed during FY2021⁴³ with the results being incorporated into the Restart Definitive Feasibility Study (the **Restart DFS**) released on 11 August 2022 which showed a 10-year life of mine producing almost 20 million lbs U₃O₈ with a cash cost of US\$29/lb U₃O₈.⁴⁴

b. Strategic Rationale

The combined uranium assets of Lotus and A-Cap creates a dedicated African uranium vehicle. The resource base of Lotus will increase almost five-fold after the merger with A-Cap, from 51.1Mlb to 241.5Mlb (100% ownership basis), while A-Cap shareholders will gain exposure to a more advanced asset, being the Kayelekera Project. All A-Cap Shareholders and Lotus Shareholders will share in the benefits of a long-term development project complementing the Kayelekera Project's shorter term uranium production profile.

The combined assets not only produce a globally significant uranium resource, but de-risk Lotus going forward with expected improved access to funding and offtake. The Letlhakane Project, which is located in the key mining jurisdiction of Botswana, is anticipated to be the basis for the long-term growth of Lotus, aided by early production at the Kayelekera Project.

7.3 Overview of Lotus' Key Assets and Operations

The Lotus projects and tenements are located in the northern region of Malawi which is approximately 600km north of the Malawian capital Lilongwe.

Lotus holds its interests in Malawi through its 85% interest in subsidiary Lotus (Africa) Limited, which also manages the Malawian project portfolio comprising the Kayelekera Project (ML0152), the Livingstonia Deposit on EL595 and EL583 and exploration tenements EL418 (Chilumba), EL489 (Nthalire), EL502 (Juma-Miwanga) & EL417 (Rukuru) – see Figure 7.2.

The Kayelekera Project is the most advanced, with its major technical studies (Restart DFS), licencing including its mining licence (ML0152) and environmental licence approved and is currently working through a Mine Development Agreement (**MDA**) with the Government of Malawi to set the fiscal regime for the Project. The Kayelekera Project contains measured, indicated and inferred mineral resources.

The Livingstonia Deposit is in an early exploration phase with only inferred mineral resources identified at this time but is the focus of exploration to extend and upgrade the existing resource along with exploration programs also considered for the other tenements held by Lotus.

42 Refer to Lotus' ASX announcement dated 20 October 2020.

43 Refer to Lotus' ASX announcement dated 8 September 2021

44 Refer to Lotus' ASX announcement dated 11 August 2022. Cash Costs of US\$29.10/lb U₃O₈ the first seven years of production after ramp up. Life of mine cash costs are US\$30.10/lb U₃O₈.

7. OVERVIEW OF LOTUS

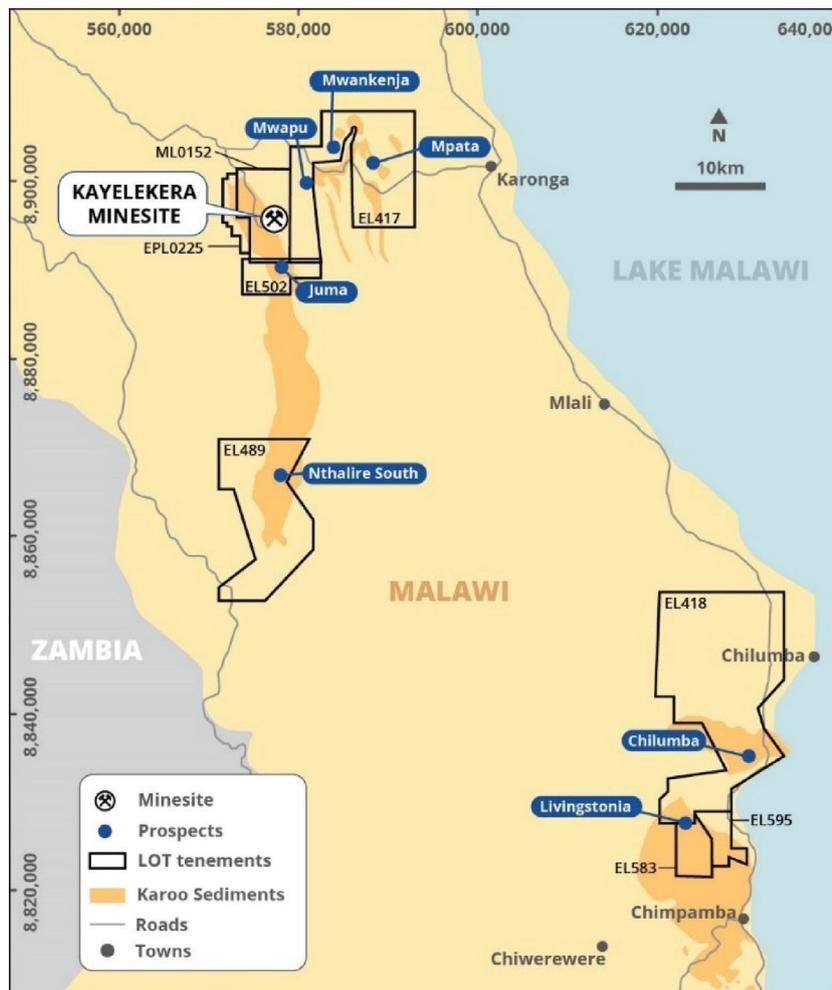


Figure 7.2: Malawi Projects Location

a. Kayelekera Project

The Kayelekera Project hosts a current Mineral Resource Estimate of 46.3 Mlbs U_3O_8 (excluding the inaugural resource at Livingstonia) and historically produced almost 11 Mlbs U_3O_8 equivalent over a five-year period from 2009-2014, before ceasing production in 2014 and entering into care and maintenance due to low uranium prices.⁴⁵

Lotus completed the Restart DFS in August 2022 showing that the Kayelekera Project is capable of operating for another 10 years, producing 19.3 Mlbs U_3O_8 over this period. In the initial phases (~7 years) average annual production is 2.4 Mlbs per annum, with the completion of mining activities and production dropping off in the later 3 years as the mill feed moves to the lower grade interim stockpiles.

The infrastructure onsite remains in relatively good condition (see Figure 7.3) with minimal capital requirements to refurbish the plant (~US\$14m direct costs) with the majority of the remaining upfront capital (total US\$88m) used for the new equipment installations, specifically electricity grid connection, ore sorting and acid plant.

In April 2022, Lotus renewed its Mining Licence on which the Kayelekera Project is located for another 15 years and already has the required environmental licence with the majority of operating permits also in place but other minor permits are still required.

Based on the licencing status and relatively small amount of capital works initial estimates for a restart are 15 months after final investment decision (**FID**).

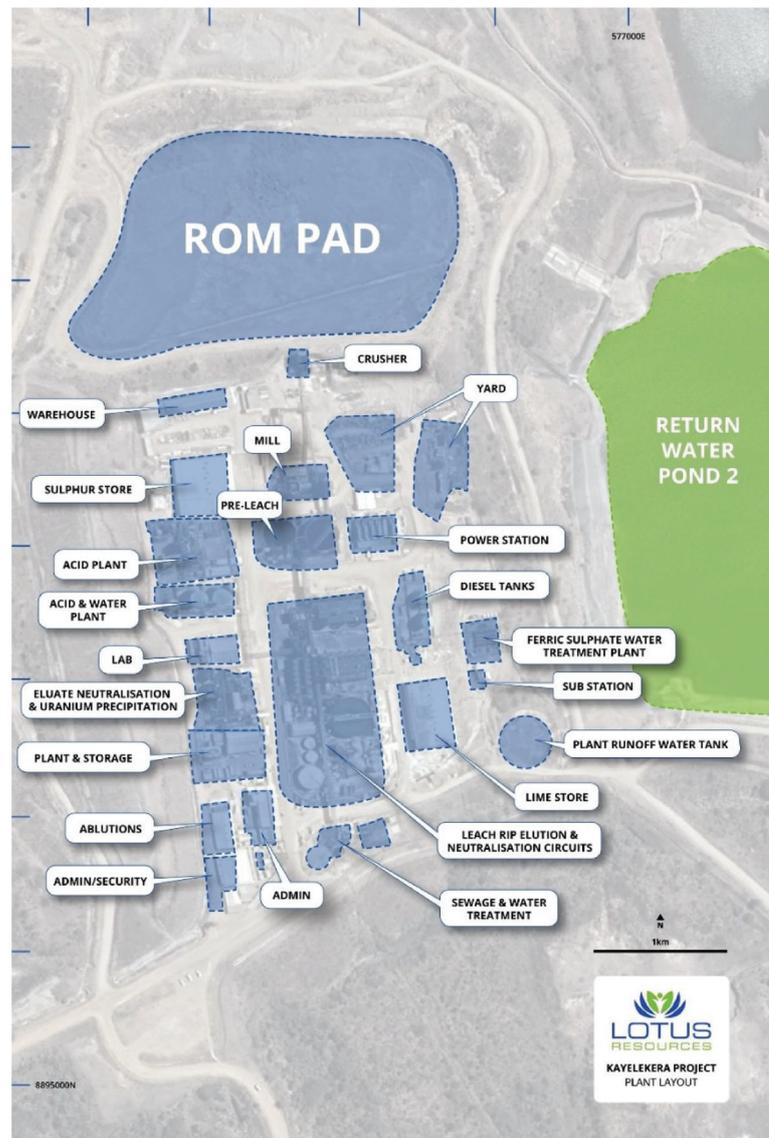


Figure 7.3: Kayelekera Project Layout

b. Livingstonia Deposit

The Livingstonia Deposit is located approximately 90km southeast of the Kayelekera Project (Figure 7.4). Combined with the Chilumba prospect, this region covers 300km².

Lotus commenced consolidation of this prospective region in 2021 and while the Livingstonia Deposit is still very much in an early exploration phase there is already a defined mineral resource of 6.9Mt at 320ppm U₃O₈ for 4.8 Mlbs U₃O₈ and this has the potential to be developed into a future satellite pit with the material trucked to the Kayelekera Project post upgrading for treatment.⁴⁶

7. OVERVIEW OF LOTUS

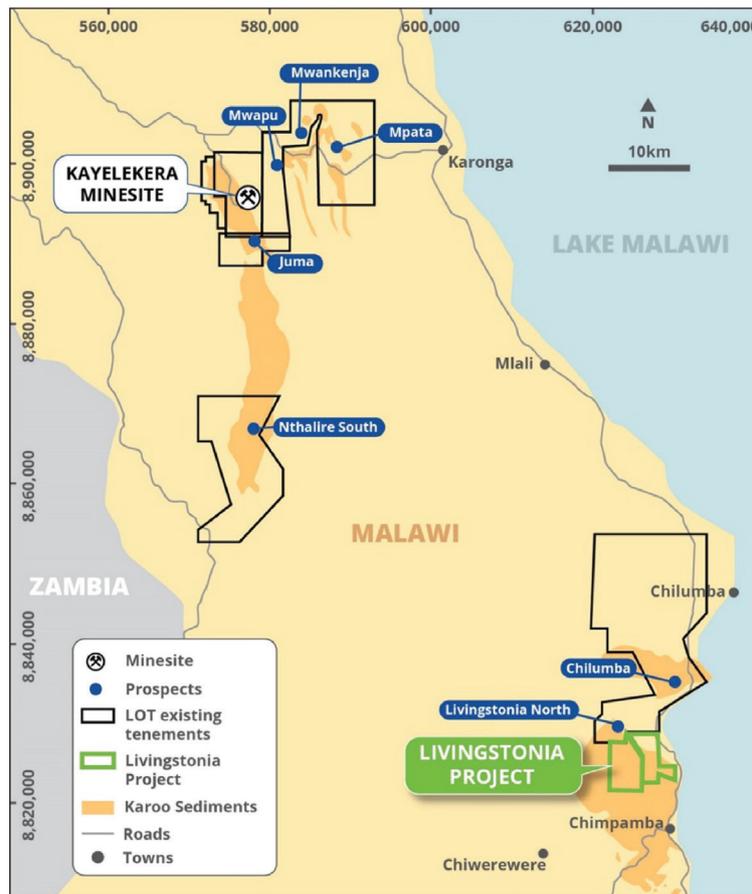


Figure 7.4: Livingstonia Deposit

c. JORC Mineral Resource Estimate Table

Table 7.1: Lotus – JORC Mineral Resources (June 2022)⁴⁷

Below is a summary of the Mineral Resources of Lotus' key assets.

Project	Category	Mt	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Kayelekera Project	Measured	0.9	830	0.7	1.6
Kayelekera Project	Measured – RoM Stockpile ⁴⁸	1.6	760	1.2	2.6
Kayelekera Project	Indicated	29.3	510	15.1	33.2
Kayelekera Project	Inferred	8.3	410	3.4	7.4
Kayelekera Project	Total	40.1	510	20.4	44.8
Kayelekera Project	Inferred – LG Stockpiles ⁴⁹	2.4	290	0.7	1.5
Kayelekera Project	Total All Materials	42.5	500	21.1	46.3
Livingstonia Deposit	Inferred	6.9	320	2.2	4.8
Total	All Uranium Resources	49.4	475	23.3	51.1

⁴⁷ See ASX announcements dated 15 February 2022 and 9 June 2022 for information on the Kayelekera Project and Livingstonia Deposit Mineral Resource Estimates. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 15 February 2022 and 9 June 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed. The Kayelekera Project Mineral Resource Estimates are reported inclusive of the Kayelekera Project Ore Reserve Estimates. Mineral Resources are based on a 100% ownership basis of which Lotus has an 85% interest

⁴⁸ RoM stockpile has been mined and is located near mill facility.

⁴⁹ Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.

d. JORC Ore Reserve Estimate Table

The Ore Reserve estimate was developed using the 9 June 2022 Mineral Resource Estimate for Kayelekera only (i.e. excluding the Livingstonia Deposit). The feasibility level study on which the Ore Reserves estimates are based is the Restart DFS released on 11 August 2022.

Below is a summary of the Ore Reserves of Lotus' Kayelekera Project.

Table 7.2 Lotus – JORC Ore Reserve (July 2022)⁵⁰

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

e. Care and Maintenance Activities at Kayelekera

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

The primary focus for the ongoing activities on site are:

- i. Maintaining a high level of security and safety at site;
- ii. Ensuring compliance with all regulatory requirements;
- iii. Managing the site water balance in the various storage facilities including water treatment and discharge following the wet season; and
- iv. On-going maintenance of critical equipment.

Health & Safety

The Kayelekera Project has achieved 3,313 Lost Time Injury (LTI) free days with a total 3,589,768 manhours worked as at 31 July 2023. There have been no reportable health and safety incidents in the same reporting period. The 12-month rolling Total Recordable Injury Frequency Rate (TIFR) was reduced to 0.90, while the Lost Time Injury Frequency Rate (LTIFR) remains at zero.

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

⁵⁰ Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.

7. OVERVIEW OF LOTUS

Government and Community Relations

Lotus is in the process of negotiating a Mine Development Agreement (MDA) with the Government of Malawi (**GoM**) that will set the fiscal regime in which the Kayelekera Project will operate and will include other provisions for contractual protections as are customary for such concession agreements. The key items being finalised under the agreement are important to support the investment to restart operations and the financial returns for the Kayelekera Project.

Over the course of the last 18 months various meetings have been held between Lotus management and the GoM along with the government appointed lawyers and strategic advisors so as to progress this agreement. To support the negotiation process a benchmarking exercise covering the fiscal regimes in other well-known mining jurisdictions was carried out by an independent expert.

As part of the updated Malawian Mines and Minerals Act (2019) (**Mines Act**), a company that has a large-scale mining licence, such as Lotus' Kayelekera Project, is required to enter into a Community Development Agreement (**CDA**) with the local "qualified communities" as defined in the Mines Act. This CDA provides for 0.45% of the gross revenues generated from the Kayelekera Project to be spent on projects or activities selected by the qualified communities. The objective of the CDA aligns with Lotus' aim to achieve a balance between economic, environmental and social needs.

Lotus' commitment under the CDA includes:

- i. Adhering to the laws and regulations of host countries;
- ii. Respecting and responding to local customs, traditions and cultures;
- iii. Contributing to local economic development of communities;
- iv. Being open and transparent in all communications;
- v. Investing in projects that are of mutual benefit to the company and the community;
- vi. Embracing principles of local procurement and employment; and
- vii. Undertaking activities in a manner that is conducive to ensuring that the local operating company is, and remains, a responsible member of the community.

f. Sustainability

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

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

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

Lotus does this by focusing on ensuring our people are safe and well-supported, local communities prosper and the environment is well cared for so that it benefits future generations. Companies can be courageous and innovative in their approach to sustainability, and Lotus has both the opportunity and the capacity to be a key participant in this approach. We are committed to continuously improving the way we do business.

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

Lotus' commitment to sustainability as described in our annual Sustainability Report, the third of which is due to be released in October 2023.⁵¹ Despite the Kayelekera Project currently being in care and maintenance, we still aim to maximise opportunities around sustainability and each year of reporting has shown steady improvement in terms of the approach and reporting metrics that support this commitment.

Lotus has also worked hard to support the local communities in the region surrounding the Kayelekera Project, so they receive real benefit from our activities.

g. Risk Management

Lotus is committed to the active management of the risks to its activities. Risk management plays a key role in ensuring Lotus achieves its goals. The Lotus Board is responsible for setting the "risk appetite" for Lotus and is responsible for establishing, overseeing and approving the Lotus' risk management framework, strategy and policies, internal compliance and internal control. The Lotus Board delegates to the Audit and Risk Committee responsibility for implementing the risk management system.

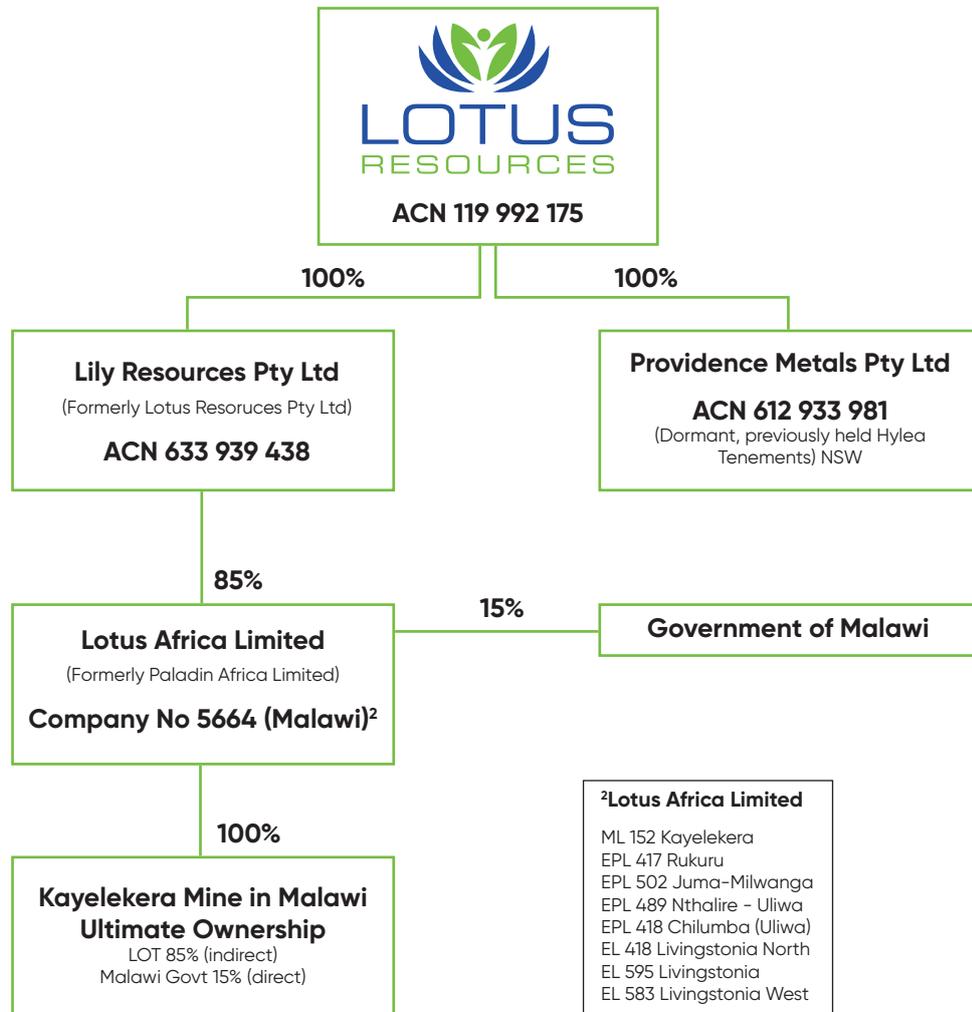
The Lotus Resources Risk Management Policy is the overarching document that provides the foundation which supports the framework and processes for the integration of risk management into Lotus' business activities. Lotus has implemented an organisational framework for the management of risks which ensures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

7. OVERVIEW OF LOTUS

7.4 Lotus Group Structure

The corporate structure of Lotus and its wholly owned or controlled entities is set out below in Figure 7.5. If the Schemes are implemented, A-Cap will become a wholly owned subsidiary of Lotus.

Figure 7.5: Lotus corporate structure



7.5 Board of Directors

The Directors of Lotus as at the date of this Scheme Booklet are shown below in Table 7.3:

Name	Role	Appointment
Michael Bowen	Chairperson	22 February 2021
Keith Bowes	Managing Director	15 February 2021
Grant Davey	Non-Executive Director	23 June 2020
Mark Hanlon	Non-Executive Director	22 February 2021
Dixie Marshall	Non-Executive Director	1 April 2022

Michael Bowen
Chairman

Mr Bowen is a partner of the national law firm Thomson Geer. He practices primarily corporate, commercial and securities law with over 40 years of experience and emphasis on mergers, acquisitions, capital raisings and resources.

Mr Bowen holds a Bachelor of Laws, Jurisprudence and Commerce from the University of Western Australia. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia since 1979 and is also admitted as a solicitor of the High Court of Australia. He is a Certified Public Accountant and member of the Australian Society of Accountants.

Michael is regularly engaged to advise on a broad range of domestic and cross-border transactions including mergers and acquisitions, capital raisings, re-constructions, risk management, due diligence and general commercial, corporate and intellectual property law. His clients operate in a range of sectors, including property, resources, technology, contracting and construction.

He has been a non-executive director of several ASX-listed companies and is currently non-executive director of Genesis Minerals Limited and Emerald Resources Ltd.

Keith Bowes
Managing Director

Mr Bowes is a process engineer with ~28 years' experience in metallurgy, mining operations and project development. He worked in Africa, South America and Australia for some of the world's major mining houses before moving into the small caps / junior exploration space in 2013.

He has led various study teams that have developed a number of projects including the Panda Hill Niobium Project located in Tanzania, the Honeymoon Uranium Project in South Australia, Sovereign Metal's Graphite Project in Malawi and Superior Lake Resource's Zinc Project in Ontario, Canada.

Mr Bowes holds a BSc Chemical Engineering degree and is currently Managing Director for Lotus Resources and a Non-Executive Director of ASX listed company Copper Strike and is a graduate of the Australian Institute of Company Directors (AICD).

Grant Davey
Non – Executive Director

Mr Davey is an entrepreneur with 30 years of senior management and operational experience in the development, construction and operation of global Mining & Energy projects.

He is the Executive Chairman of Frontier Energy Limited (ASX: FHE), Non-Executive Director of Lotus Resources Limited (ASX: LOT) and Cradle Resources Limited (ASX: CXX) and is a member of the Australian Institute of Company Directors.

Mark Hanlon
Non – Executive Director

Mr Hanlon has over 20 years of experience in the resource and resource service sector, as well as 10 years experience in commercial and merchant banking. He has a broad background of senior executive experience across a wide range of industries, including mining and mining services. Mr Hanlon chairs the audit and risk committee at Lotus.

He is currently a Non-Executive Director of Red River Resources Limited (ASX: RVR), and is also a Non-Executive Director of Canadian listed company Waroona Energy Limited (TSXV: WHE).

7. OVERVIEW OF LOTUS

Dixie Marshall **Non – Executive Director**

Ms Marshall has 40 years' experience in strategic communications – including crisis communications, editorial media, advertising, marketing and government communications.

Currently the Chief Growth Officer of Marketforce, WA's oldest advertising agency, Ms Marshall previously worked as the Western Australian Government Director of Strategic Communications, as well as for the Nine Network as a senior news anchor.

Ms Marshall is the Deputy Chair of the WA Football Commission and a Commissioner of The Australian Sports Commission. She is also a Non-Executive Director of Frontier Energy Limited (ASX: FHE).

7.6 Senior Management

The members of senior management of Lotus as at the date of this Scheme Booklet are shown below in Table 7.4:

Table 7.4: Lotus Senior Management

Australia – Corporate	
Keith Bowes	Managing Director
Michael Ball	Chief Financial Officer
Catherine Anderson	Company Secretary
Martin Stulpner	Corporate Development Manager
Malawi – Kayelekera Site	
Theo Keyter	General Manager Malawi
United States – Marketing	
Robert Rich	Sales and Marketing Executive

Keith Bowes **Managing Director**

Keith Bowes is a process engineer with ~28 years' experience in metallurgy, mining operations and project development. He worked in Africa, South America and Australia for some of the world's major mining houses before moving into the small caps / junior exploration space in 2013.

He has led various study teams that have developed a number of projects including the Panda Hill Niobium Project located in Tanzania, the Honeymoon Uranium Project in South Australia, Sovereign Metal's Graphite Project in Malawi and Superior Lake Resource's Zinc Project in Ontario, Canada.

Keith holds a BSc Chemical Engineering degree and is currently Managing Director for Lotus Resources and a Non-Executive Director of ASX listed company Copper Strike and is a graduate of the Australian Institute of Company Directors (AICD).

Michael Ball **Chief Financial Officer**

Michael Ball is a qualified Chartered Accountant and Fellow of the Governance Institute of Australia with over 20 years' experience in finance roles, including the last 10 years as Chief Financial Officer for ASX listed resource companies.

He brings significant operational experience, including project development through construction and into production, in addition to significant capital markets experience, being involved in leading and managing several project financings. He also has considerable expertise in feasibility study preparation, operational optimisation, commodity and currency risk management and contract tendering.

Catherine Anderson
Company Secretary

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

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

Martin Stulpner
Corporate Business Development Manager

Martin Stulpner, CFA, MAICD has over 20 years' experience in the mining and financial services industries, including in corporate development, M&A, strategic planning, and equity research (sell side).

Martin's previous senior leadership positions include GM at Aquila Resources, where Martin had accountability for Aquila's stake in the West Pilbara Iron Ore Project (now under construction as the \$3bn Onslow Iron Project), and for Aquila's South African business.

As Director at Macquarie, Martin provided equity research of Western Australian metals and mining companies to institutional investors in Australia and globally.

At Anglo American Ferrous Metals (FTSE 100), as VP of Strategy, Martin developed and led a global strategic planning team to facilitate informed strategic decision making by the Executive.

Robert Rich
Sales and Marketing Executive

Robert Rich is based in the United States and has over 30 years' experience working as a Nuclear Fuel Consultant. During this time, he has advised a number of major US utilities in the procurement of nuclear fuels and worked with a wide range of producers in securing offtake agreements. During his career, Robert has overseen the sale of over 60Mlbs of uranium from producers and been responsible for the purchase of over US\$100M annually of U3O8, conversion and enrichment for utilities.

Robert received his PhD and Masters in Geology from Harvard University before becoming a Post-Doctoral Research Fellow for the US Department of Energy (previously ERDA) also at Harvard University.

Theo Keyter
General Manager Malawi

Theo Keyter is a highly experienced Mine General Manager with 39 years of experience working on operations in South Africa, Sierra Leone, Malawi and Saudi Arabia across a range of commodities. Theo worked as the Project Manager on The Mponeng Deepening Project in South Africa, which is currently the deepest mining operation in the world.

Theo has been the driver behind our recent cost improvement initiatives and has developed good working relations with government and other stakeholders.

7. OVERVIEW OF LOTUS

7.7 Interests of Lotus Directors in Lotus Securities and A-Cap Securities

a. Lotus Shares held by Lotus Directors

As at the Last Practicable Date, the number, description and amount of Lotus Shares held by or on behalf of each Lotus Director are set out below:

Table 7.5: Lotus Shares held by Lotus Directors

Director	Number of Shares	% of Issued Capital
Keith Bowes	4,000,000	0.30%
Michael Bowen ⁵²	5,250,000	0.39%
Grant Davey ⁵³	179,459,031	13.35%
Mark Hanlon ⁵⁴	6,500,000	0.48%
Dixie Marshall	Nil	-

a. Lotus Options held by Lotus Directors

As at the Last Practicable Date, the number, description and amount of Lotus Options held by or on behalf of each Lotus Director are set out below:

Table 7.6: Lotus Options held by Lotus Directors

Director	Number of Shares
Keith Bowes	10,478,475
Michael Bowen	Nil
Grant Davey	Nil
Mark Hanlon	Nil
Dixie Marshall	2,000,000

b. Dealings by Lotus Directors in Lotus Securities

Other than the disposal of 50,954,438 Lotus Shares held by Kayelekera Resources Pty Ltd (an entity related to Mr Davey) pursuant to a court order (appeal pending), no Lotus Director has acquired or disposed of a relevant interest in any Lotus Security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

c. Interests in the A-Cap Securities held directly or indirectly by Lotus Directors

There are no A-Cap Securities held by or on behalf of any Lotus Director as at the date of this Scheme Booklet.

d. Dealings by Lotus Directors in A-Cap Securities

No Lotus Director has acquired or disposed of a relevant interest in any A-Cap Security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

52 Bouchi Pty Ltd, an entity which Mr Bowen is a director and shareholder, holds 5,250,000 Lotus Shares.

53 Davey Holdings (Aus) Pty Ltd, an entity which Mr Davey is a director and shareholder, holds 3,949,542 Lotus Shares. Kayelekera Resources Pty Ltd, an entity related to Mr Davey, holds 175,509,489 Lotus Shares.

54 Mr Hanlon holds 2,000,000 shares directly and 4,500,000 are held by Buprestid Pty Ltd as trustee of the Hanlon Family SF

e. Lotus interest and dealings in A-Cap Securities

As at the date of this Scheme Booklet, Lotus has no voting power or relevant interest in any A-Cap Security.

Except for the consideration to be provided under the Schemes during the period of four months before the date of this Scheme Booklet, neither Lotus nor any Associate of Lotus:

- has provided, or agreed to provide, consideration for any A-Cap Shares under a purchase or an agreement; or
- has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:
 - i. vote in favour of the Schemes; or
 - ii. dispose of A-Cap Shares.

Lotus has not acquired or disposed of a relevant interest in any A-Cap Security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

f. Other interests of Lotus Directors

Except as provided in this Scheme Booklet, the Lotus Directors have no interest in the outcome of the Schemes.

g. Disclosure of interests

Except as otherwise provided in this Scheme Booklet, no:

- Lotus Director or proposed director of Lotus;
- person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution in this Scheme Booklet for or on behalf of Lotus; or
- promoter, stockbroker or underwriter of Lotus or the Merged Group in the context of the Schemes;

(together, the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet, any interests in:

- the formation or promotion of Lotus or the Merged Group;
- property acquired or proposed to be acquired by Lotus in connection with the formation or promotion of Lotus or the Merged Group or the offer of New Lotus Shares under the Schemes; or
- the offer of New Lotus Shares under the Schemes.

h. Disclosure of fees and other benefits

Except as otherwise disclosed in this Scheme Booklet, Lotus has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- to a Director or proposed director of Lotus to induce them to become or qualify as a Director; or
- for services by any Interested Persons in connection with:
 - i. the formation or promotion of Lotus or the Merged Group; or
 - ii. the offer of New Lotus Shares under the Schemes.

7. OVERVIEW OF LOTUS

7.8 Lotus Historical Financial Information

Introduction

- a. The financial information relating to Lotus contained in this Section 7 includes:
 - i. The statutory historical financial information of Lotus for the financial years ended 30 June 2021 (**FY21**), 30 June 2022 (**FY22**) and the half-year ended 31 December 2022 (**HY23**) comprising:
 - (A) The audited and reviewed historical statements of profit or loss and other comprehensive income for FY21, FY22 and HY23;
 - (B) The audited and reviewed historical statements of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022; and
 - (C) The audited and reviewed statutory historical cash flow statements for FY21, FY22 and HY23,(together, the **Lotus Statutory Historical Financial Information**); and
 - ii. The reviewed statutory historical statement of financial positions as at 31 December 2022, and pro-forma statement of financial position at that date based upon the subsequent event and pro-forma transactions set out in section 9.1 of this Financial Information (the **Pro Forma Historical Statement of Financial Position**),
(the Statutory Historical Financial Information and the Pro Forma Statement of Financial Position, together the **Lotus Financial Information**).
- b. The information in this Section 7 should also be read in conjunction with all other information set out in this Scheme Booklet and in particular, the risk factors detailed in Section 10.
- c. All amounts disclosed in Section 7 are unless otherwise noted, rounded to the nearest thousand Australian dollars. Some numerical figures included in this Scheme Booklet have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Scheme Booklet are due to rounding.
- d. Lotus has a 30 June annual financial year end and 31 December half-year end.

Basis of preparation and presentation of the financial information

Overview of preparation and presentation of the Lotus Historical Financial Information

- a. The Directors of Lotus are responsible for the preparation and presentation of the Financial Information.
- b. The Financial Information included in this Scheme Booklet is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial positions of Lotus.
- c. Given that Lotus is at an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses. On this basis, the Lotus Directors believe that there is no reasonable basis for the inclusion of financial forecasts in this Scheme Booklet.
- d. The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian equivalents to International Financial Reporting Standards (**AIFRS**) issued by the Australian Accounting Standards Board. Following the effectuation of the Scheme of Arrangement (the Transaction), the Merged Group will report under AIFRS in Australian Dollars, which is its elected presentation currency. The significant accounting policies are described in Section 6.13.

- e. The interim financial report of Lotus for the half-year ended 31 December 2022 was reviewed by their external auditor and an unmodified review conclusion was issued. The annual financial reports of Lotus for the years ended 30 June 2021 and 30 June 2022 were audited by their external auditor and unmodified opinions were issued for each of these.
- f. The Financial Information is presented in an abbreviated form, and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and AIFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Basis for inclusion of Lotus Historical Financial Information

- a. Lotus trades as a public company on the ASX.
- b. The historical financial statements referred to above were audited or reviewed and unqualified audit opinions and an unqualified review conclusion was issued for each of those periods.
- c. The Pro Forma Historical Statement of Financial Position reflects a consolidation of both Parties that is expected to occur upon effectuation of the Transaction.

Investigating Accountant's Report

- a. The Financial Information has been reviewed by William Buck Audit (Vic) Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450: "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information" as stated in its Investigating Accountant's Report set out in Annexure I of this Scheme Booklet. Investors should note the scope and limitations of the Investigating Accountant's Report.

Preparation of the Financial Information

- a. The Financial Information has been presented on both a statutory and a pro forma basis.
- b. The Historical Statutory Financial Information has been derived from the audited and reviewed general purpose financial statements of Lotus.
- c. In preparing the Financial Information, the accounting policies of A-Cap and Lotus have been consistently applied throughout the periods presented.
- d. Investors should note that past results are not a guarantee of future performance.

Going Concern

- e. The Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.
- f. The Directors believe that there are reasonable grounds that Lotus will be able to continue as a going concern following the effectuation of the Transaction, and hence it is appropriate to adopt the going concern basis in the preparation of the Financial Information.

7. OVERVIEW OF LOTUS

Summary of Statutory Historical Statements of Profit or Loss and other Comprehensive Income – Lotus Resources Limited

- a. The table below sets out Lotus' Historical Statement of Profit or Loss and other Comprehensive Income for FY21, FY22 and HY23.

Table 7.7: Lotus' Historical Statement of Profit or Loss

	FY21 Audited \$'000	FY22 Audited \$'000	HY23 Reviewed \$'000
Other income	187	2,580	585
Care and maintenance expenses	(3,371)	(3,543)	(1,422)
Corporate and administrative expenses	(2,310)	(2,818)	(1,672)
Depreciation charges	(1)	(1)	(1)
Exploration and evaluation expenses		(4,696)	(637)
Finance charges	-	-	(717)
Impairment charges	-	(1,242)	(525)
Share-based payment expenses	(404)	(3,243)	(925)
Loss before tax	(5,898)	(12,963)	(5,314)
Income tax expense	-	-	(170)
Net loss after tax	(5,898)	(12,963)	(5,484)
Exchange differences on translating foreign operations	(698)	1,077	159
Total comprehensive income / (loss)	(6,596)	(11,886)	(5,325)

Management discussion and analysis of the historical statements of profit or loss and other comprehensive income

- a. The following is a description of the key financial terms used in the presentation of the Statutory Historical Financial Information:
- i. Care and maintenance expenses relate to the obligations of Lotus to conduct activities in accordance with tenements granted by the respective authority in respect of processing costs, engineering services, site services, safety, health, environment and radiation services, maintenance and security fees, administration, corporate and expatriate expenditures relating to the care and maintenance activities .
 - ii. Exploration costs relate solely to expenditures incurred in activities associated with exploring and evaluating mineral tenements.
 - iii. The finance charge relates to the unwind of the present value discount applied to Lotus' provision for restoration and rehabilitation; and
 - iv. Share-based payments expense relate to incentives for key employees and contractors under Lotus' employee share option plan.

Table 7.8: Summary of Statutory Historical Statements of Financial Position – Lotus Resources Limited

As at	30-Jun-21 Audited \$'000	30-Jun-22 Audited \$'000	31-Dec-22 Reviewed \$'000
Current assets			
Cash and cash equivalents	14,752	4,876	23,599
Other assets	739	895	1,036
Total current assets	15,491	5,771	24,635
Non current assets			
Other financial assets	13,573	14,553	14,667
Plant and equipment	4	4	3
Exploration and evaluation assets	46,279	46,279	46,799
Total non current assets	73,372	60,836	61,469
Total assets	88,863	66,607	86,104
Current liabilities			
Trade and other payables	625	1,746	423
Employee provisions	14	6	8
Environmental bonds payable	2,671	4,351	4,400
Deferred consideration owing to Paladin Energy Limited	-	3,000	3,000
Total current liabilities	3,310	9,104	7,831
Non current liabilities			
Restoration and rehabilitation provision	56,202	42,729	43,914
Environmental bonds payable	4,007	-	-
Deferred consideration owing to Paladin Energy Limited	3,000	-	-
Total non-current liabilities	7,007	42,729	43,914
Total liabilities	66,519	51,833	51,745
Net assets	22,344	14,774	34,359
Equity			
Issued capital	78,143	114,924	140,387
Share-based payments reserve	46	2,637	2,084
Foreign currency translation reserve	(1,150)	(44)	165
Option premium reserve	1,361	1,361	1,361
Capital reserves	-	(34,946)	(34,946)
Accumulated losses	(56,442)	(68,392)	(73,581)
Non-controlling interest	386	(766)	(1,111)
Total equity	22,344	14,774	34,359

7. OVERVIEW OF LOTUS

Management discussion and analysis of the historical statements of financial position

- a. The following is a description of the key financial terms used in the presentation of the Lotus Statutory Historical Financial Information:
 - i. Security deposits consist of a collateral deposit in the form of a bond issued for rehabilitation obligations of the Kayelekera Project in the amount of USD10m, as is required by Malawian laws and regulations. In the event of non-fulfilment of those restoration and rehabilitation obligations, these deposits may be forfeited to Malawian regulatory authorities.
 - ii. Capitalised exploration represents exploration expenses, principally incurred for Lotus' Kayelekera Project
 - iii. Deferred consideration owing to Paladin Energy Limited is discussed in Pro-Forma transactions in section 9.2;
 - iv. The restoration and rehabilitation provision relates to an outcome from work performed on the Kayelekera Restart Definitive Feasibility Study (DFS), which required an estimate of a closure cost of the Kayelekera Project. The provision includes estimates relating to the timing and inflation of costs that are expected to occur in closing the project according to the mine plan, discounted back to present value applying interest rates best matched to the timing of outflows of the closure.; and
 - v. Capital reserves relate to the value of equity instruments issued to a non-controlling interest as part of Lotus' acquisition of the Kayelekera Uranium Mine. In FY22 Lotus' increased its interest in the subsidiary owning the Project (Lotus (Africa) Limited in Malawi) from 65% to 85%. The amount taken to the reserve reflects the acquisition of that addition 20% non-controlling interest.

Table 79: Summary of Statutory Historical Cash Flows – Lotus Resources Limited

As at	30-Jun-21 Audited \$'000	30-Jun-22 Audited \$'000	31-Dec-22 Reviewed \$'000
Operating cash flows			
Payments to suppliers and employees	(6,225)	(6,225)	(3,404)
Payments for care and maintenance	(3,887)	(3,887)	(1,610)
Receipts from other income	249	249	-
Interest received/(paid)	-	(4)	377
Payments for finance costs		(137)	
Income tax payments	1	-	(128)
Other income	56	249	-
Net operating cash flows	(6,506)	(9,963)	(4,765)
Investing cash flows			
Proceeds from sale of tenements	-	2,196	-
Payments for plant and equipment	(2)	(1,047)	(525)
Payments for capitalized exploration and evaluation	-	-	-
Payments for deferred consideration	(1,315)	(2,707)	-
Payments for deposits	-	(45)	-
Net investing cash flows	(1,317)	(1,603)	(525)
Financing cash flows			
Proceeds from the issue of ordinary shares	17,404	174	25,000
Proceeds from the exercise of options	4,822	899	-
Share issue transaction costs	(1,302)	-	(1,346)
Payments for lease liabilities	(27)	-	158
Net financing cash flows	20,897	1,073	23,985
Net cash movement	13,073	(10,492)	18,696
Cash at the beginning of the financial period	1,853	14,752	4,876
Net impact on cash and cash equivalents from foreign exchange movements	(175)	618	27
Cash at the end of the period	14,752	4,876	23,599

Management discussion and analysis of the historical cash flows

Lotus is primarily focussed upon activities devoted to the funding, through equity of and investment in its Kayelekera Project. Those activities that were devoted to caring for and maintaining the Project, and not enhancing the Project, have been recognized as operating and not investing activities.

7. OVERVIEW OF LOTUS

7.9 Material Changes to the Financial Position of Lotus and performance for the period 31 December 2022 to 30 June 2023

Lotus's interim financial report for the half year ended 31 December 2022 was released to ASX on 14 March 2023. To the knowledge of the Lotus Directors, the financial position of Lotus has not materially changed since 31 December 2022, as reported in Lotus's half yearly report, other than as follows:

- Cash and cash equivalents have reduced by \$8.1m to \$15.5m at 30 June 2023 (unaudited);
- Investment in capitalised exploration and evaluations assets has decreased by \$7.3m to \$39.5m at 30 June 2023 (unaudited);
- Other current liabilities relating to the deferred consideration payable to Paladin Energy Limited and payment of the final tranche of the environmental bond reimbursement have decreased by \$7.4m to \$0 (unaudited). Refer to section 9.2 for more details;
- Non-current provisions relating to rehabilitation obligations for Kayelekera have decreased by \$6.6m to \$37.3m predominately as a result of changes in estimates (unaudited);
- Issued capital has increased by \$3.1 million to \$143.5m as a result of the issue of 12,987,013 ordinary fully paid shares to settle deferred consideration payable to Paladin Energy Limited worth \$3 million;
- Net cash used in operating activities, largely for care and maintenance, employment, corporate and administrative activities, increased by \$3.5m (unaudited);
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by A-Cap; and
- in accordance with generally known market conditions.

Electronic copies of Lotus's Quarterly Activities Reports and Quarterly Cash Flow Reports for the quarters ended 31 March 2023 and 30 June 2023 and Lotus's interim financial report for the half year ended 31 December 2022 are available from Lotus's website at <https://lotusresources.com.au/>, ASX's website at www.asx.com.au and from Lotus free of charge following a request in writing (info@lotusresources.com.au) received before the Share Scheme is approved by the Court.

Copies of Lotus' annual reports for the years ended 30 June 2021, 30 June 2022 and the half-year financial report for the six months ended 31 December 2022 (being the last three financial reporting periods) and any continuous disclosure notice given by Lotus after the lodgement of the 31 December 2022 half-year financial report may be obtained from ASX's website (<https://www.asx.com.au/>) or Lotus' website (<https://lotusresources.com.au/>), or Lotus will provide a copy free of charge to anyone who requests a copy before the Schemes are approved by the Court.

7.10 Capital Structure and Substantial Shareholders

a. Lotus ownership

Lotus is listed on the ASX and has a diverse shareholder base. As at the Last Practicable Date, Lotus had 4,966 Lotus Shareholders.

To the best of its knowledge, Lotus is not directly or indirectly controlled by another corporation or any person or foreign government and there are no current activities known which may, at a subsequent date, result in a change of control of Lotus.

a. Lotus Shares on issue

As at the Last Practicable Date, Lotus has 1,343,982,044 Lotus Shares on issue.

b. Lotus Options on issue

As at the Last Practicable Date, Lotus has 31,131,780 Lotus Options on issue. A breakdown of the Lotus Option has been detailed in Table 7.10 below.

Table 7.10: Lotus Options on issue

Number of options	Exercise price	Expiry date
3,000,000	Nil	01/01/24
250,000	Nil	05/01/25
250,000	Nil	05/01/26
6,000,000	Nil	10/02/24
11,050	Nil	14/12/24
1,319,000	Nil	14/12/26
5,000,000	\$0.04	23/10/23
2,500,000	\$0.06	23/10/23
2,500,000	\$0.08	23/10/23
550,800	Nil	29/07/24
1,230,000	Nil	29/11/26
2,000,000	Nil	31/03/25
2,697,857	Nil	31/10/25
3,823,073	Nil	31/10/27
Total: 31,131,780		

c. Substantial shareholders

Based on publicly available information, as at the date of this Scheme Booklet, Lotus has received notifications from the following substantial shareholders under section 671B of the Corporations Act:

Table 7.11- Lotus Substantial Shareholders

Shareholder name	Number of Lotus Shares	Percentage shareholding
Grant Davey related entities	179,459,031 ⁵⁵	13.35%
MM Asset Management Inc.	79,857,097	6.01%

7.11 Rights and Liabilities Attaching to Lotus Shares

a. Introduction

The rights and liabilities attaching to the New Lotus Shares which will be issued as Share Scheme Consideration and Option Scheme Consideration are set out in Lotus' constitution (Lotus Constitution) and are subject to the Corporations Act and the Listing Rules.

b. Overview

This Section summarises some of the key rules in the Lotus Constitution in relation to the rights and liabilities currently attaching to Lotus Shares. This summary does not purport to be exhaustive and must be read subject to the full text of the Lotus Constitution, available from the ASX's website (<https://www.asx.com.au/>) or Lotus' website (<https://lotusresources.com.au/>).

Under the Corporations Act, the Lotus Constitution has effect as a contract between:

- Lotus and each Lotus Shareholder;
- Lotus and each director and company secretary of Lotus; and
- A Lotus Shareholder and each other Lotus Shareholder.

55 Davey Holdings (Aus) Pty Ltd, an entity which Mr Davey is a director and shareholder, holds 3,949,542 Lotus Shares. Kayelekera Resources Pty Ltd, an entity related to Mr Davey, holds 175,509,489 Lotus Shares. Grant Davey's interests are held through Kayelekera Resources Pty Ltd and Davey Holdings (Aus) Pty Ltd.

7. OVERVIEW OF LOTUS

Accordingly, if you receive New Lotus Shares pursuant to the Schemes, you are taken to receive them subject to the terms of the Lotus Constitution and you will be bound by the terms of the Lotus Constitution.

A-Cap Shareholders should seek their own independent advice in relation to their rights and liabilities as potential holders of Lotus Shares in specific circumstances.

c. Meetings of Lotus Shareholders and notices

Each Lotus Shareholder is entitled to receive notice of, attend and vote at general meetings of Lotus and to receive all notices, reports, audited accounts and other documents required to be sent to Lotus Shareholders under the Lotus Constitution, Corporations Act and Listing Rules.

Lotus may give a notice of meeting to Lotus Shareholders by serving it on him or her personally, or by sending it by post to the Lotus Shareholder at his or her address as shown in the register of Lotus Shareholders or by sending it by fax or other electronic means to the fax number or electronic address nominated by the Lotus Shareholder for giving notices.

If the Lotus Shareholder does not have, or has not supplied, a registered address for giving notices, or if Lotus has a reasonable belief that whereabouts of a Lotus Shareholder are unknown, Lotus may give notice by exhibiting it at its registered office for 48 hours.

d. Voting rights

Subject to any rights or restrictions attached to any class of Lotus shares, at a meeting of Lotus Shareholders, each holder entitled to attend and vote in person, by proxy, by attorney or by representative has one vote on a show of hands, and, on a poll one vote for every fully paid Lotus Share held and a fraction of a vote for each partly paid Lotus Share equivalent to the proportion which each partly paid Lotus Share is paid up.

If more than one joint holder of a Lotus Share is present at a meeting in person or by proxy, attorney or representative tenders a vote, the vote of the Lotus Shareholder named first in the Lotus Register will be accepted to the exclusion of the others.

A resolution at a meeting of Lotus Shareholders must be decided on a show of hands unless a poll is demanded immediately after the declaration of the result of the show of hands by the chair person, at least five Lotus Shareholders present and entitled to vote on the resolution or by any one or more Lotus Shareholders holding not less than 5% of all Lotus Shareholders having the right to vote on the resolution in question.

e. Dividend rights, distributions in kind and bonus plans

Subject to the Corporations Act, the Listing Rules and the rights of any preference Lotus Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Lotus Directors may from time to time pay a dividend which shall be payable on all shares according to the proportion that the amount paid up on that share.

Lotus has not paid any dividends to date.

Subject to the Listing Rules and the Corporations Act, Lotus may by ordinary resolution, authorise the Lotus Directors to implement a bonus share plan and which plan provides for any dividend the Lotus Directors may declare not to be payable on bonus shares, but for those shares to carry instead an entitlement to receive an allotment of additional fully paid shares to be issued as bonus shares.

Subject to the Listing Rules and the Corporations Act, Lotus may by ordinary resolution authorise the Lotus Directors to implement a dividend reinvestment plan, and which plan provides for any dividend declared from time to time and payable on shares participating in the dividend reinvestment plan to be applied by Lotus to the payment of the subscription price of ordinary fully paid shares.

f. Issue of further Lotus Shares

Subject to the Lotus Constitution, ASX Listing Rules and Corporations Act, the Lotus Directors have the right to issue Lotus Shares or grant options over unissued Lotus Shares to any person as they think fit and on conditions they think fit.

Subject to the Listing Rules and the Corporations Act, Lotus may also issue preference shares with the rights attaching to preference shares as set out in the Lotus Constitution, including preference shares that are subject to redemption or conversion to Lotus Shares. There are no preference shares on issue as at the date of this Scheme Booklet.

g. Transfer of Lotus Shares

Subject to the Lotus Constitution and to any restrictions attached to Lotus Shares, Lotus Shares may be transferred by an ASX Settlement Transfer (in accordance with the ASX Settlement Operating Rules), or an instrument in writing in any usual or common form or in any other form that the Lotus Directors approve.

The Lotus Directors may refuse to register a transfer of Lotus Shares (other than an ASX settlement transfer) where the Listing Rules permit or require Lotus to do so, or the transfer is a transfer of restricted securities which is or might be in breach of the Listing Rules (or any escrow agreement entered into with Lotus).

h. Proportional takeover provisions

The Lotus Constitution does not presently contain provisions relating to proportional takeovers, but as at the date of the Scheme Booklet, it is proposed that a special resolution will be put to Shareholders at the 2023 AGM to amend the Constitution to include a provision to the effect that Shareholder approval is required in relation to any proportional takeover bid. These provisions will then need to be renewed by Lotus Shareholders every three years.

i. Variation of rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- With the consent in writing of the holders of 75% of the issued shares in that class; or
- By a special resolution passed at a separate meeting of the holders of those shares.

j. Election and removal of directors

The Lotus Board must comprise of a minimum of three directors and a maximum of nine, which numbers may be increased or decreased by ordinary resolution of the Lotus Shareholders. Lotus currently has five directors.

Lotus Directors are elected or re-elected at general meetings of Lotus.

No Lotus Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected.

The Lotus Board may also appoint a person to be a director either to fill a casual vacancy on the Lotus Board or as an addition to the existing directors, who will then hold office until the conclusion of the next annual general meeting of Lotus following their appointment.

k. Remuneration of directors

Each Lotus Director is entitled to remuneration out of the funds of Lotus as the Lotus Board may determine, but the remuneration of non-executive directors may not exceed in total in any year the amount fixed by Lotus in general meeting for that purpose. The remuneration payable by Lotus to a non-executive director must not include a commission on, or percentage of, profits or operating revenue. In addition to their remuneration, directors are entitled to be paid reasonable expenses incurred by them in the performance of their duties as Lotus Directors and remuneration for any extra services they perform.

At present, the total aggregate fixed sum per annum to be paid to Lotus Directors (excluding salaries of executive directors) is \$500,000.

7. OVERVIEW OF LOTUS

l. Officers' indemnity

Lotus, to the extent permitted by law, indemnifies every director, executive officer and secretary of Lotus and may indemnify an officer of Lotus against a liability to another person provided that the provisions of the Corporations Act in that regard are complied with and the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer. The indemnity includes an indemnity against a liability for costs and expenses incurred by an officer in that capacity in defending proceedings in which judgement is given in favour of that officer, or they are acquitted. Lotus may take out insurance covering such events.

m. Capitalising profits

Subject to the Listing Rules and any rights or restrictions attached to any Lotus Shares, the Lotus Directors may capitalise profits and that amount shall be applied for the benefit of Lotus Shareholders in the proportions to which those Lotus Shareholders would have been entitled in a distribution of that amount by way of dividend.

Application of the capitalised amount may be made by way of paying up any amounts unpaid on shares, and/or in paying up in full unissued shares to be issued to shareholders as fully paid.

n. Reduction of capital

Subject to the Lotus Constitution, the Corporations Act and the Listing Rules, Lotus may reduce its share capital in any way including (but not limited to) distributing to Lotus Shareholders the securities of any other body corporate.

o. Winding up

Subject to the Corporations Act and the rights of Lotus Shareholders entitled to shares with special rights on a winding up, all monies and property that are to be distributed among Lotus Shareholders on a winding up shall be distributed in proportion to the number of shares they hold, irrespective of the amount paid up or credited as paid up on the shares.

If Lotus is wound up, the liquidator may, with the sanction of a special resolution, divide among the Lotus Shareholders the whole or part of Lotus' property and decide how the division is to be carried out as between Lotus Shareholders.

p. Unmarketable parcels

In accordance with the Listing Rules, the Lotus Board may sell Lotus Shares that constitute less than a marketable parcel by following the procedures set out in the Lotus Constitution.

An unmarketable parcel of Lotus Shares is a holding of Lotus Shares with a market value of less than \$500.

q. Amendment to Lotus' Constitution

The Lotus Constitution can only be amended by special resolution passed by at least three-quarters of Lotus Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of Lotus.

7.12 Lotus Employee Share Option Plan

The Lotus Board is responsible for defining Lotus' remuneration strategy and determining the structure and quantum of remuneration for officers and staff to support and drive the achievement of Lotus' strategic objectives.

The Lotus Board established an employee incentive scheme called the Lotus Employee Share Option Plan (the Lotus Plan), the terms of which were approved by Lotus Shareholders at Lotus' 2022 AGM, with the goal of motivating and retaining an excellent and dedicated team, and to attract new and high-quality employees.

Under the terms of the Lotus Plan, the Lotus Board may from time to time determine that any director, employee or contractor of Lotus is entitled to participate in a grant of options under the Lotus Plan.

For more information regarding the Lotus Plan, please refer to Schedule 2 of Lotus' Notice of Annual General Meeting dated 24 October 2022 available from ASX's website (<https://www.asx.com.au/>) or Lotus' website (<https://lotusresources.com.au/>).

7.13 Corporate Governance

The Lotus Directors have developed policies, procedures and systems of control to provide a strong framework to ensure governance outcomes meet the high expectations of Lotus, its subsidiaries and all stakeholders. Lotus regularly reviews its corporate governance practices against both current and emerging corporate governance developments which are relevant to the Lotus Group, or to accepted principles and good practice.

Lotus' Corporate Governance Statement for the 2022 financial year outlined the key features of Lotus' corporate governance framework, by reference to the ASX Corporate Governance Council's 4th edition of its Corporate Governance Principles and Recommendations. The Corporate Governance Statement can be found on Lotus' website (<https://lotusresources.com.au/>).

7.14 Lotus Share price performance (ASX)

The following graph shows Lotus Shares price performance and volume of shares traded on ASX in the twelve months before the announcement of the Schemes.



Figure 7.6: Lotus Share price and trading volume over the 12 months before the Last Practicable Date

Source: Price data obtained from IRESS.

7. OVERVIEW OF LOTUS

a. Recorded Lotus Share Prices

- The highest recorded trading price of a Lotus Share on ASX in the twelve months before the announcement of the Schemes was \$0.295 on 31 August 2022.
- The lowest recorded trading price of a Lotus Share on ASX in the twelve months before the announcement of the Schemes was \$0.155 on 27 March 2023.
- The highest recorded trading price of a Lotus Share on ASX in the three months before the announcement of the Schemes was \$0.215 on 10 May 2023.
- The lowest recorded trading price of a Lotus Share on ASX in the three months before the announcement of the Schemes was \$0.165 on 31 May 2023.
- The trading price range of a Lotus Share on ASX before the announcement of the Schemes on 13 July 2023 was \$0.18 to \$0.175.
- The latest recorded trading price of a Lotus Share on ASX before the announcement of the Schemes on 13 July 2023 was \$0.18 on 11 July 2023.
- The last recorded trading price of a Lotus Share on the Last Practicable Date was \$ 0.25.

7.15 Key management transaction with Lotus

Mr Grant Davey, is a director and shareholder of Matador Capital Pty Ltd (Matador Capital), Lotus has entered into a shared services agreement with Matador Capital under which Matador Capital provides office space and general office costs to Lotus at cost plus 5%. The Company also uses Matador Capital's technical and project management expertise and Matador Capital receives consultancy fees in addition to Mr Davey's director fees. These services are provided by Matador Capital on normal commercial terms.

7.16 Recent financial and operational information

On 28 July 2023, Lotus announced to ASX its Quarterly Cash Flow Report and Quarterly Activities Report. You can access the reports at www.asx.com.au.

Lotus' Full Year Accounts for 30 June 2023 are expected to be publicly released on 30 September 2023. You can access this financial information on ASX's website at www.asx.com.au.

As noted in Section 6.15, following the public release of Lotus' Full Year Accounts for 30 June 2023, the A-Cap Board will obtain the Independent Expert's Confirmation of whether this financial and operation information changes the Independent Expert's opinion that the Share Scheme is fair and reasonable and, therefore, is in the best interests of A-Cap Shareholders in the absence of a Superior Proposal, and the Option Scheme is fair and reasonable and, therefore, is in the best interests of A-Cap Listed Optionholders in the absence of a Superior Proposal.

This confirmation will be released to ASX in advance of the Scheme Meetings (if applicable). If the Independent Expert's opinion changes, A-Cap will advise A-Cap Shareholders and A-Cap Listed Optionholders of the next steps at that time.

The A-Cap Board encourages A-Cap Shareholders and A-Cap Listed Optionholders to read these financial and operational results (and the confirmation from the Independent Expert) before deciding how to vote at the Scheme Meetings.

7.17 Publicly available information about Lotus

Lotus is listed on ASX. Lotus is a disclosing entity for the purposes of the Corporations Act and the Listing Rules and is subject to regular reporting and disclosure obligations that require Lotus to immediately disclose to the market any information of which it is aware which a reasonable person may expect to have a material impact on the price or value of Lotus Shares.

ASIC also maintains a record of documents lodged with it by Lotus, and these may be obtained from or inspected at any office of ASIC.

Lotus is required to prepare and lodge with ASIC and ASX both annual and half-year financial statements accompanied by a statement and report from Lotus Directors and an audit or review report.

Lotus also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website (<https://www.asx.com.au/>).

Further information about Lotus is available in electronic form from Lotus' website (<https://lotusresources.com.au/>). Lotus is also listed on the OTCQX in the USA.

On request to Lotus and free of charge, A-Cap Shareholders may obtain a copy of:

- The annual financial report of Lotus for the year ended 30 June 2022 (being the annual financial report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC);
- The half year of Lotus for the period ended 31 December 2022 (being the half year financial report most recently lodged with ASIC before lodgement of this Scheme Booklet); and
- Any continuous disclosure notice given to ASX by Lotus since the lodgement with ASIC of the annual financial report of Lotus for the year ended 30 June 2022.

A-Cap Shareholders may request copies of the above documents by email to info@lotusresources.com.au or by phone at +61 8 9200 3427.

A list of announcements made by Lotus to ASX from the date of annual financial report of Lotus for the year ended 30 June 2022 lodged on 3 October 2022 to the Last Practicable Date is included below.

Table 7.12: Lotus Announcements Since 2022 Annual Report

Date	Description of Announcement
3/10/2022	Appendix 4G
3/10/2022	Corporate Governance Statement
6/10/2022	Greenfield drill program at Chilumba hits mineralisation
7/10/2022	Application for quotation of securities - LOT
7/10/2022	Date of AGM and closing date for nominations
14/10/2022	Cleansing notice under s708A(5)(e) Corporations Act
24/10/2022	Notice of annual general meeting and proxy form
26/10/2022	Milenje Rare Earth Project Shows Potential
27/10/2022	Quarterly activities report and Appendix 5B
15/11/2022	Notification of cessation of securities - LOT
15/11/2022	Application for quotation of securities - LOT
15/11/2022	Vesting of options and section 708(5)(e) cleansing notice
15/11/2022	Notification of cessation of securities - LOT
16/11/2022	Notification regarding unquoted securities - LOT
23/11/2022	2022 Sustainability Report
25/11/2022	2022 AGM Results
28/11/2022	Investor presentation
30/11/2022	Notification regarding unquoted securities - LOT
30/11/2022	Change of Director's Interest Notice
16/12/2022	Becoming a substantial holder from MQG
19/12/2022	Application for quotation of securities - LOT
20/12/2022	Becoming a substantial holder
20/12/2022	Cleansing notice under s708A(5)(e) Corporations Act
12/1/2023	New Company Secretary
16/1/2023	Application for quotation of securities - LOT

7. OVERVIEW OF LOTUS

Table 7.12: Lotus Announcements Since 2022 Annual Report

Date	Description of Announcement
20/1/2023	Cleansing Notice
27/1/2023	Application for quotation of securities - LOT
27/1/2023	Cleansing Notice
31/1/2023	Quarterly Activities Report/Appendix 5B
3/2/2023	Application for quotation of securities - LOT
13/2/2023	Application for quotation of securities
13/2/2023	App 3Y - K Bowes Options Vest
16/2/2023	Change in substantial holding from MQG
17/2/2023	Change in substantial holding - MMAM
17/2/2023	Application for quotation of securities - LOT
24/2/2023	Application for quotation of securities - LOT
28/2/2023	Application for quotation of securities - LOT
28/2/2023	App 3Y - K Bowes
3/3/2023	Application for quotation of securities - LOT
10/3/2023	Application for quotation of securities - LOT
14/3/2023	Half Yearly Report and Accounts
14/3/2023	Application for quotation of securities - LOT
14/3/2023	Cleansing Notice
14/3/2023	Notification of cessation of securities - LOT
13/4/2023	Notification regarding unquoted securities - LOT
28/4/2023	Quarterly Activities Report/App 5B
16/5/2023	Application for quotation of securities - LOT
18/5/2023	Corporate Presentation
26/5/2023	Notification of cessation of securities - LOT
12/7/2023	Trading Halt
13/7/2023	Scheme of Arrangement with A-Cap Energy
13/7/2023	Scheme of Arrangement Investor Presentation
13/7/2023	Letlhakane Uranium Mineral Resource Estimate
13/7/2023	Webinar on A-Cap Scheme 10.30am AEST
28/7/2023	Quarterly Activities Report / Appendix 5B Cashflow Report
24/8/2023	F604 - Substantial Shareholder change
24/8/2023	Appendix 3Y - G Davey
11/09/2023	ACB: Update on Merger with Lotus Resources

7.18 Litigation

As at the date of this Scheme Booklet, Lotus is not involved in any material legal disputes and is not a party to any material litigation.

7.19 No other material information

Except as otherwise disclosed in this Scheme Booklet, the Lotus Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision in relation to the Schemes which has not been previously disclosed to A-Cap Shareholders.

8. OVERVIEW OF THE MERGED GROUP



8.1 Introduction

This Section contains information in relation to the Merged Group if the Schemes are Implemented. The Independent Expert's Report set out in Annexure G to this Scheme Booklet also contains information about the Merged Group.

The information contained in this Section has been prepared by Lotus after consultation with A-Cap. The information concerning the Merged Group and the intentions, views and opinions contained in this Section are the responsibility of Lotus and A-Cap.

The pro-forma historical financial information in this Section relates to the Merged Group and does not include any ongoing effects that may arise in connection with the Schemes.

8.2 Background

The Schemes will bring together two highly complementary projects, being the Letlhakane Project and the Kayelekera Project, which will be exposed to the global uranium thematic. With two high quality, synergistic projects under a single, African-focused uranium vehicle, the combined entity will have an enhanced market position, increased levels of trading liquidity and a stronger balance sheet.

The significant scale benefits that will arise from the merger could drive valuable re-rating and broader sell-side broker research coverage potential, with the potential of future additional inclusion in ASX and uranium-specific indices.

Botswana and Malawi are in the same region of Africa, and the two projects are on a similar geological trend. Lotus' advanced Kayelekera Project in Malawi, combined with A-Cap's future large-scale growth asset Letlhakane in Botswana, create a combined 241Mlbs⁵⁶ Mineral Resource Base.

The combined portfolio of assets is expected to benefit from financing flexibility which can fast-track the development of both projects as the pro-forma portfolio will be more attractive to major utilities and potential offtake partners. This expected enhanced ability to source future debt and equity financing de-risks aspects of the project development.

Lotus' highly credentialed team are focused on driving growth in the years ahead, with its proven uranium expertise working towards optimising the undeveloped uranium resources in Letlhakane. The combined team has a track record of successfully financing projects and developing projects with extensive expertise over a broad range of technical, environmental and regulatory fields and with deep experience in uranium marketing, contracting and sales. These advantages are expected to be crucial for a fast start to production once the global uranium price recovers.

56 Resource stated on a 100% ownership basis. See ASX announcements dated 15 February 2022 and 9 June 2022 for information on the Kayelekera Project and the Livingstonia Deposit Mineral Resource Estimates. Lotus has an 85% interest in the Kayelekera Project. The Mineral Resource information relating to Letlhakane Deposit is based on the outcomes of a technical study which was previously released to the ASX on 5 October 2015 "Upgrade in Letlhakane Uranium Resource". Letlhakane Deposit Mineral Resources are reported at 200ppm cut-off grade.

8. OVERVIEW OF THE MERGED GROUP

8.3 Overview of the Merged Group's Assets

Following Implementation of the Schemes, the Merged Group will have a diversified portfolio of assets in Malawi, Botswana and Western Australia.

a. Kayelekera Project, Malawi (85%)

The Kayelekera Project is located in northern Malawi, Africa. The Kayelekera Project is a past producer, currently in care and maintenance, which produced almost 11Mlbs U3O8 equivalent over five-years between 2009–2014, before the asset was shut down to preserve its longevity due to a sustained low uranium price.

The Kayelekera Project has a mining licence in place (which expires in 2037) and its environmental permits, access to a local workforce who worked at the asset previously, as well as strong government support (Government of Malawi are 15% owners in the Kayelekera Project) through Lotus Malawian subsidiary).

Following Lotus' acquisition of the Kayelekera Project in 2020, a Re-Start Scoping Study was completed in October 2020 which identified the key drivers for the project economics. Additional technical studies were undertaken to investigate these opportunities, the results of which have been incorporated into a Restart Definitive Feasibility Study (**Restart DFS**).⁵⁷

The Restart DFS was released in August 2022⁵⁸, and confirmed the Kayelekera Project ranks as one of the lowest capital cost uranium projects globally (Initial Capital Cost – US\$88m), whilst being able to quickly recommence production once a Final Investment Decision is made.

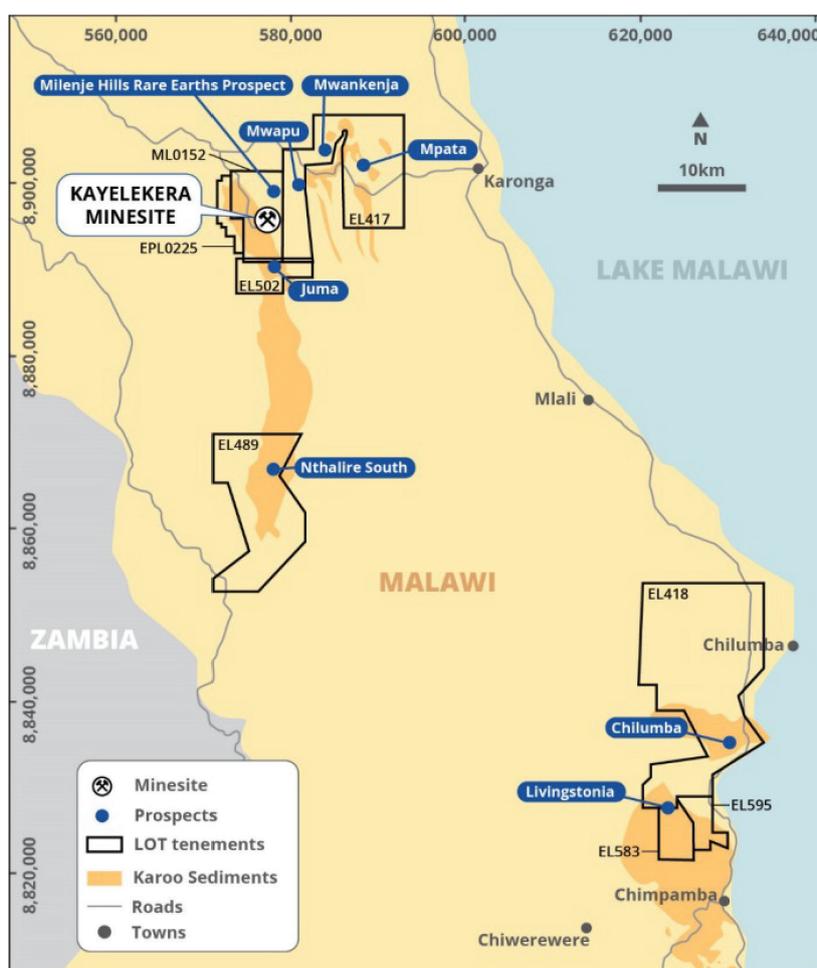


Figure 8.1: Location of the Kayelekera Project and Lotus' other Malawi assets

⁵⁷ Refer to Lotus' ASX announcement dated 20 October 2020 and 11 August 2022.

⁵⁸ See ASX announcement August 2022

The key highlights from the Restart DFS include:

- Low initial capital cost – US\$88M ranks the Kayelekera Project as one of the lowest capital cost uranium projects globally with an initial capital intensity of US\$37/lb;⁵⁹
- Quick restart – 15 months post final investment decision (**FID**) to first production;
- Proven processing facility reduces start-up risks – Debottlenecked flowsheet consisting of traditional milling, acid leach and resin-in-pulp circuits with high metallurgical recoveries of 86.7%;
- Simple mining technique lowers operating costs – Shallow open pit mining with low strip ratio of 1.8 (waste to ore ratio);
- High degree of confidence – 96% of uranium produced from the mine plan is from Ore Reserves with the remaining 4% coming from Inferred Resources contained in existing stockpiles;
- Low operating cost – Cash costs are US\$29.1/lb and AISC of US\$36.2/lb during the first 7 years of production (after ramp-up); and
- 10-year Life of Mine (**LOM**), with production of 19.3Mlbs U₃O₈ at an average annual production rate of 2.0Mlbs (2.4Mlbs for the first 7 years after ramp up before completion of mining activities where production is sourced from stockpiles).

b. Letlhakane Project, Botswana (100%)

The Letlhakane Project lies adjacent to Botswana’s main North-South infrastructure corridor that includes a sealed all-weather highway (the A1 Highway), railway line and the national power grid, all of which make significant contributions to keeping the capital cost of future developments low.

The Letlhakane Project’s large resource base contains 269Mt at 321ppm U₃O₈ for 190Mlb contained uranium, of which 22% is Measured & Indicated⁶⁰. The Letlhakane Project has a Mining Licence in place (issued in 2016), which has a 22 year initial term and can be extended. A Prospecting Licence to the east of the Mining Licence was granted in April 2023. Provisional Surface Rights have been granted, as are water abstraction rights and rights to install boreholes.

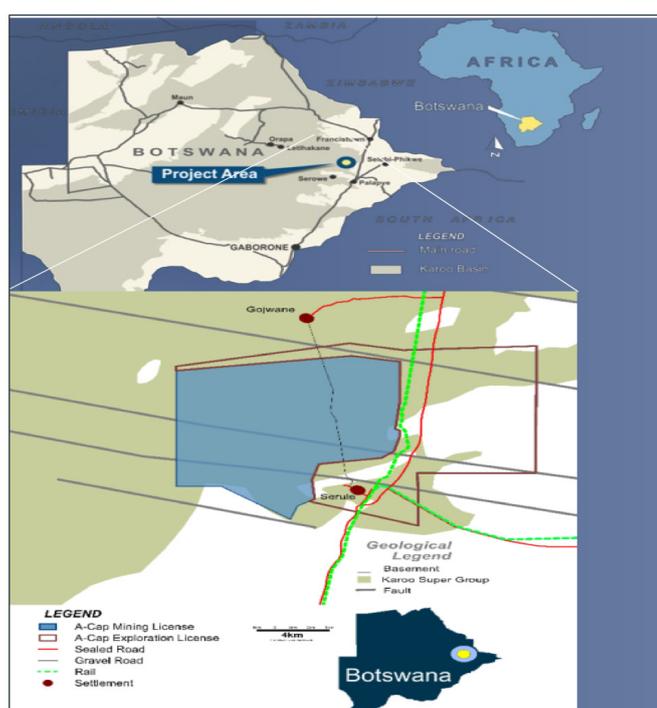


Figure 8.2: Location of the Letlhakane Project

59 Initial Capital Intensity = Initial Capital Cost (US\$88m) / Steady State Average Production (2.4Mlbs U₃O₈).

60 See section 8.3(c).

8. OVERVIEW OF THE MERGED GROUP

c. Consolidated Uranium Resources and Reserves

The Mineral Resource Estimate is diversified across assets as set out below:

Table 8.1: Merged Group Pro-forma JORC Mineral Resources⁶¹ – Uranium Mineral Resource

Project	Category	Tonnes (M)	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Kayelekera Project	Measured	0.9	830	0.7	1.6
Kayelekera Project	Measured – RoM Stockpile ⁶²	1.6	760	1.2	2.6
Kayelekera Project	Indicated	29.3	510	15.1	33.2
Kayelekera Project	Inferred	8.3	410	3.4	7.4
Kayelekera Project	Total	40.1	510	20.4	44.8
Kayelekera Project	Inferred – LG Stockpiles ⁶³	2.24	290	0.7	1.5
Kayelekera Project	Total – Kayelekera	42.5	500	21.1	46.3
Letlhakane Project	Indicated	59.2	323	19.1	42.2
Letlhakane Project	Inferred	209.7	321	67.2	148.1
Letlhakane Project ⁶⁴	Total - Letlhakane	268.9	321	86.3	190.4
Livingstonia Deposit	Inferred	6.9	320	2.2	4.8
Total	All Uranium Resources	318.3	344	109.6	241.5

d. Pro-forma Ore Reserve Estimates

The Merged Group Ore Reserves are based on the Ore Reserves contained at the Kayelekera Project. The Letlhakane Project has not declared any Ore Reserves to date.

61 See ASX announcements dated 15 February 2022 and 9 June 2022 for information on the Kayelekera Project and Livingstonia Deposit Mineral Resource Estimates. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 15 February 2022 and 9 June 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed.

The Kayelekera Project Mineral Resource Estimates are reported inclusive of the Kayelekera Project Ore Reserve Estimates. Mineral Resources are based on a 100% ownership basis of which Lotus has an 85% interest in the Kayelekera Project.

The Mineral Resource information relating to the Letlhakane Project is based on the outcomes of a technical study which was previously released to the ASX on 5 October

62 RoM stockpile has been mined and is located near mill facility.

63 Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with initial studies to assess this optionality already completed

64 The Letlhakane Project Mineral Resources reported at 200ppm cut-off grade

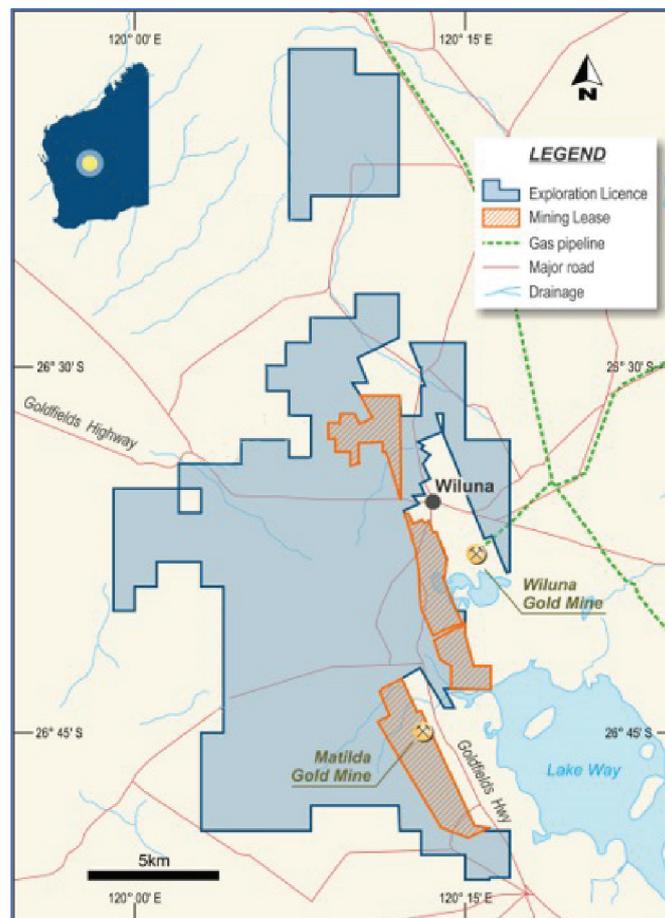
Table 8.2: Merged Group Ore Reserve⁶⁵

Project	Category	Tonnes (M)	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Kayelekera Project	Open Pit – Proved	0.6	902	0.5	1.2
Kayelekera Project	Open Pit – Probable	13.7	637	8.7	19.2
Kayelekera Project	RoM Stockpile – Proved	1.6	760	1.2	2.6
Kayelekera Project	Total – Kayelekera	15.9	660	10.4	23

e. Wilconi Nickel Project, Western Australia (55% Joint Venture interest)

The Wilconi Nickel Project is a nickel-cobalt laterite deposit located within the Archaean Norseman-Wiluna greenstone belt in Western Australia. The Wilconi Nickel Project Resource is located largely within granted Mining Leases. The Merged Group has a controlling stake, with a 55% holding, and an option to increase to 75% by completing a Feasibility Study. The JV partners are Wiluna Mining Corporation Limited (formerly Blackham Resources Limited) and certain wholly owned subsidiaries, who are currently in administration.

The Wilconi Nickel Project is connected by a well-developed road network and has an all-weather airstrip with regular flights servicing the mines and local community. The site is connected to a major gas pipeline from the Northwest Shelf Oilfield which is expected to provide an economically viable power source.


Figure 8.3: Location of the Wilconi Nickel-Cobalt Project

⁶⁵ Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest

8. OVERVIEW OF THE MERGED GROUP

Nickel-Cobalt Mineral Resource

Table 8.3: Merged Group Nickel-Cobalt Resource⁶⁶

Project	Category	Tonnes (M)	Ni %	C %	Nickel metal (tonnes)	Cobalt metal (tonnes)
Wilconi Nickel Project	Measured	19	0.88	0.06	160,000	11,200
Wilconi Nickel Project	Indicated	21	0.82	0.03	170,000	8,300
Wilconi Nickel Project	Inferred	33	0.73	0.04	240,000	10,000
Wilconi Nickel Project	Total	73	0.79	0.04	570,000	29,500

8.4 Market Positioning

Following Implementation of the Schemes, the Merged Group aspires to be a leading Southern African-focused uranium player with significant scale and resources.

8.5 Strategic rationale for the Transaction

Combining the uranium assets of Lotus and A-Cap creates a dedicated African uranium vehicle. The resource base of Lotus will increase almost five-fold after the merger with A-Cap, from 51.1Mlb to 241.5Mlb (100% ownership basis), while A-Cap shareholders will gain exposure to a more advanced asset, being the Kayelekera Project. All A-Cap Shareholders and Lotus Shareholders will share in the benefits of a long-term development project complementing the Kayelekera Project's shorter term uranium production profile.

The combined assets not only produce a globally significant uranium resource, but de-risk Lotus going forward with expected improved access to funding and offtake. The Letlhakane Project, which is located in the key mining jurisdiction of Botswana, will be the basis for the long-term growth of Lotus, aided by early production at the Kayelekera Project.

The strategic rationale of the Transaction is summarised below:

a. Two highly complementary projects which will be exposed to the global uranium thematic

A combined 241.5Mlbs Resource base (100% ownership basis), to position the combined entity for a market re-rating. Combined entity will have an enhanced market positioning and increased trading liquidity. Potential for future inclusion in relevant additional ASX and uranium-specific indices.

b. Increased financing flexibility to fast-track project development scale, liquidity and capital markets profile

The Pro-forma project portfolio is expected to be more attractive to major utilities and potential offtake partners. The expected enhanced ability to source future debt and equity financing de-risks project development.

c. Highly credentialled, focused team to drive growth

The combined management team of the Merged Group has a track record of successfully financing and developing projects and have deep experience in uranium marketing, contracting and sales. Lotus' proven uranium expertise will assist in optimising the Letlhakane Project.

More information regarding the intended composition of the proposed board of the Merged Group is set out in Section 7.8 of this Scheme Booklet.

d. Key diversification benefits

Two geographic project locations – a differentiator to other single asset uranium developers. Opportunity to capture regional synergies including shared consumables and potentially export path. Developing and operating two strategic assets serves to mitigate single asset risk. More information regarding the assets of the Merged Group is set out in Section 8.3 of this Scheme Booklet.

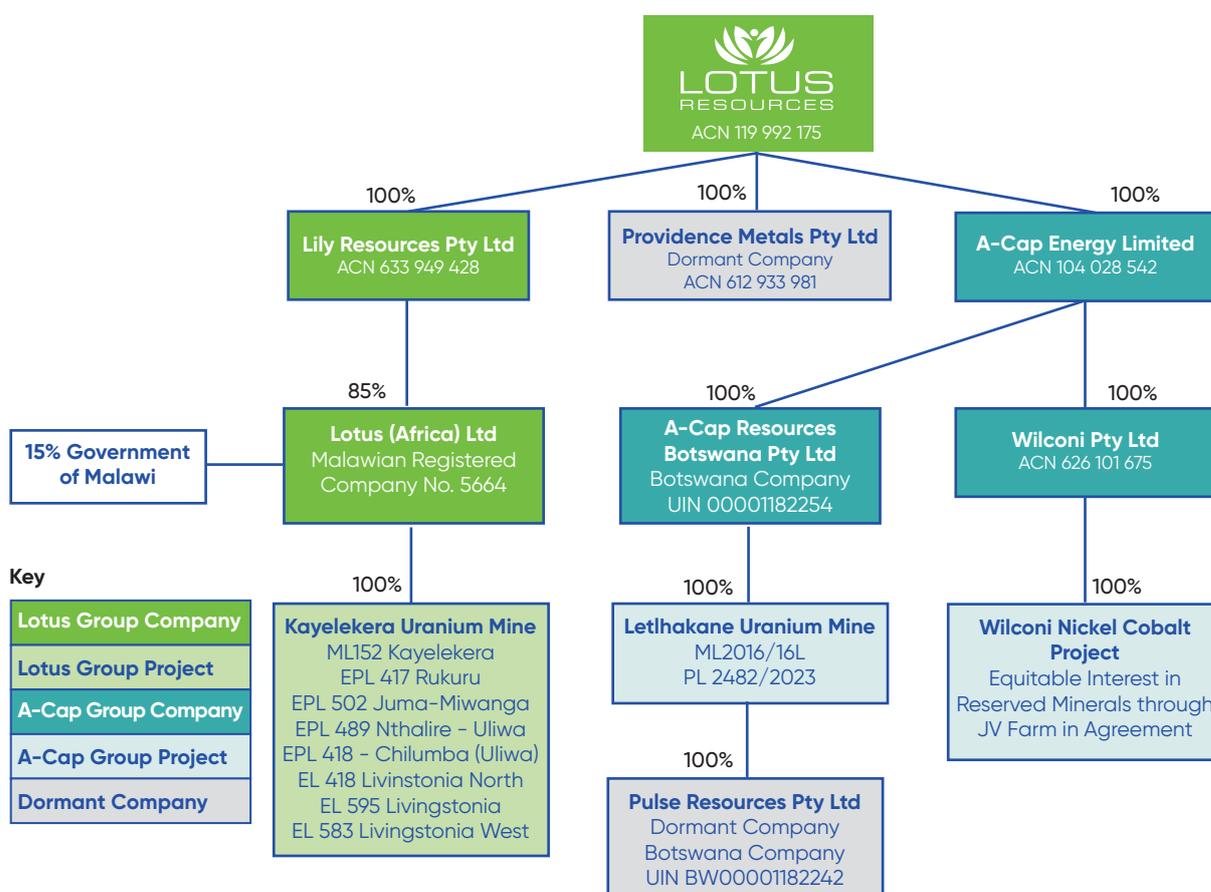
e. Strong commitment to sustainability and ESG

The Merged Entity recognises the importance of health and safety, and ESG principles, and understands that these are critical in guiding sustainable practices and creating long-term value for all stakeholders.

Lotus management is focused on ESG matters and has significant ESG initiatives and expertise, including identifying ESG focused projects. An example of this is the hybrid power project that is expected to reduce power related CO₂ emissions by more than 70% (or ~21,000t CO₂e)⁶⁷ when the Kayelekera Project is back in operation. Lotus intends to apply learnings at the Kayelekera Project to the Letlhakane Project as far as practicable. The Merged Entity will seek to create sustainable jobs and economic benefits to its local communities.

8.6 Corporate structure of the Merged Group

The structure of the Merged Group following Implementation of the Schemes is illustrated in the diagram below.



Note: ACN represents the Australian Company Number a unique identifier for all registered Australian Companies

Figure 8.5: Merged Group Corporate Structure

8. OVERVIEW OF THE MERGED GROUP

8.7 Board and management of the Merged Group

This Section sets out the current intentions of Lotus in relation to the Merged Group if the Schemes are Implemented. The statements of intention are formed on the basis of facts and information concerning A-Cap known to Lotus and the general business environment as at the time of preparing this Scheme Booklet.

The Merged Group's Board and management intend to explore opportunities to optimise the Merged Group's existing operations, exploration and development projects and maximise value for its shareholders. Final decisions regarding these matters will be made by the Merged Group's Board in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intentions only, which may vary as new information becomes available or circumstances change, and the Merged Group further develops its strategic focus and outlook.

a. Corporate matters

In accordance with the Scheme Implementation Deed, if the Schemes are Implemented, A-Cap will apply for termination of official quotation of A-Cap shares on the ASX and will apply to be removed from the official list of the ASX. A-Cap, as a subsidiary of Lotus, will become part of the Merged Group and will be governed by the existing Lotus Board as detailed in Section 7.8 below.

Following delisting, A-Cap Shareholders will no longer be able to acquire or trade in A-Cap Shares or A-Cap Listed Options on the ASX. A-Cap Shareholders and A-Cap Listed Optionholders will, however, be able to trade in New Lotus Shares (being the consideration they will receive under the Schemes) on the ASX.

b. Continuation of the business of A-Cap

If the Schemes are Implemented, Lotus intends to undertake a detailed review of the Merged Group's operations covering strategic, financial, and operating matters to determine and implement improvements to deliver the optimal outcomes for the Merged Group. Subject to that review, Lotus' only intended change to the business of A-Cap is as set out below.

c. Corporate strategy

If the Schemes are implemented, the strategy of the Merged Group will be to continue creating shareholder value through:

- i. Working towards a Final Investment Decision (FID) for the Kayelekera Project by:
 - (A) Securing a MDA;
 - (B) Progressing financing discussions;
 - (C) Negotiating uranium offtake (term contracts);
 - (D) Reaching agreement with ESCOM for connection to the national electricity grid;
 - (E) Preparation of Operational Readiness Plan; and
 - (F) Preparation of scope and costs for FEED in conjunction with a program for site based early works.
- ii. Optimising the Letlhakane Project development plans, by applying similar optimisation thinking as has been applied to improve the Kayelekera Project investment case. Specific areas already identified for review include:
 - (A) Resource and exploration drilling campaigns;
 - (B) Preparation of updated Mineral Resource Estimates;
 - (C) Geometallurgical modelling;
 - (D) Beneficiation of run-of-mine materials;
 - (E) Optimising of mine schedules; and
 - (F) Reviewing processing options.

- iii. Leveraging the complementary skill sets of the Lotus directors, Lotus management team and A-Cap to implement an industry standard approach to the Merged Group's portfolio of assets;
- iv. Continuing initiatives to extend the Kayelekera Project Life-of-Mine, including
 - (A) Investigating opportunities to expand the Kayelekera Project resource by extending the mineralisation outside the current pit envelope;
 - (B) Progressing regional uranium exploration, including the Livingstonia Deposit and Chilumba prospect; and
 - (C) Seeking to incorporate additional feedstocks, including medium grade mudstone stockpiles, into production schedule.
- v. Capturing value from A-Cap's Wilconi Nickel Project, including seeking third party strategic interest for the Merged Group's stake in the Wilconi Nickel Project;
- vi. Progressing the Kayelekera Project's Rare Earths opportunity at Milenje Hills, located only 2km from the Kayelekera Project and returning TREO grades > 15% in several samples;⁶⁸
- vii. Continuing responsible corporate governance and management which protect the interest of all stakeholders; and
- viii. Continuing Lotus' strong commitment to sustainability and ESG objectives.

d. Employees

If the Schemes are Implemented, Lotus will undertake a detailed review of the combined business. This will include a review of human resource requirements to determine the best way to utilise A-Cap employees for the benefit of the Merged Group. While it is anticipated that A-Cap's exploration, technical and environment personnel will transition to the Merged Group, without having conducted the abovementioned review, Lotus cannot formulate a view in relation to employee numbers. Any reduction in employee levels would be achieved through employees being made redundant in compliance with all applicable regulatory requirements and their contractual rights.

e. Employee incentive arrangements

A-Cap's existing director and employee incentive plans, under which the A-Cap Unlisted Securities were issued, will no longer be applicable following implementation of the Schemes.

Refer to Section 12.2 for further details of the proposed treatment of A-Cap Unlisted Securities.

Lotus' existing employee incentive plan (approved by Lotus Shareholders at the 2022 AGM) will remain in place and employees transitioning to Lotus from A-Cap will be eligible to participate on the same basis as existing Lotus' personnel going forward.

f. Corporate office and trading name

The Merged Group will continue as Lotus Resources Limited. It will remain in its current corporate head office in Perth, Western Australia. Lotus will continue to be listed on ASX and on the US based OTCQB.

g. Corporate governance

It is intended that the Merged Group will be governed by Lotus' current corporate governance policies, all of which are available on its website.

h. Board of directors and senior management

If the Schemes are Implemented, the board of the Merged Group will remain the current Lotus Board, with only in-country management of A-Cap remaining employed.

i. Transaction Implementation Committee

Under clause 7.9 of the Scheme Implementation Deed, A-Cap and Lotus have established a "Transaction Implementation Committee" as a forum for consultation and planning by A-Cap and

8. OVERVIEW OF THE MERGED GROUP

Lotus to primarily ensure a smooth transition of the management and business and affairs of A-Cap to Lotus following the Implementation of the Schemes.

8.8 Board of the Merged Group

b. Board of Directors

If the Schemes are Implemented, the board of the Merged Group will be the current Lotus Board. The profiles of the Lotus Board are detailed in Section 7.5.

c. Director remuneration and benefits

Each of the current Lotus' Directors will continue in their roles on the same terms and conditions as before Implementation of the Schemes, as detailed in Lotus' 2022 remuneration report.

8.9 Capital Structure and substantial shareholders of the Merged Group

a. Share capital

As at the Last Practicable Date, Lotus had 1,343,982,044 Lotus Shares on issue.

If the Schemes are approved and Implemented, Lotus will issue approximately 1 New Lotus Share to Share Scheme Participants for every 3.54 Scheme Shares, and 1 New Lotus Share to Option Scheme Participants for every 500 Scheme Options, with the result that existing A-Cap Shareholders and A-Cap Listed Optionholders will own approximately 21% of the Merged Group⁶⁸. The table below summarises the pro-forma capital structure of the Merged Group upon Implementation of the Schemes.

Table 8.4: Capital structure of the Merged Group

Security	Total (pro-forma) upon implementation of the Scheme
Ordinary Shares ⁶⁹	1,705,704,858
Lotus Options with 4-cent exercise price and expiry date of 23/10/2023	5,000,000
Lotus Options with 6-cent exercise price and expiry date of 23/10/2023	2,500,000
Lotus Options with 8-cent exercise price and expiry date of 23/10/2023	2,500,000
Lotus Options with nil exercise price and expiry date of 1/1/2024	3,000,000
Lotus Options with nil exercise price and expiry date of 10/2/2024	6,000,000
Lotus Options with nil exercise price and expiry date of 29/7/2024	550,800
Lotus Options with nil exercise price and expiry date of 14/12/2024	11,050
Lotus Options with nil exercise price and expiry date of 5/1/2025	250,000
Lotus Options with nil exercise price and expiry date of 31/3/2025	2,000,000
Lotus Options with nil exercise price and expiry date of 31/10/2025	2,697,857
Lotus Options with nil exercise price and expiry date of 5/1/2026	250,000
Lotus Options with nil exercise price and expiry date of 29/11/2026	1,230,000
Lotus Options with nil exercise price and expiry date of 14/12/2026	1,319,000
Lotus Options with nil exercise price and expiry date of 31/10/2027	3,823,073*
*Total options on issue: 31,131,780b.	

Substantial shareholders of the Merged Group

68 On a fully diluted basis

69 Includes New Lotus Shares to be issued to A-Cap Shareholders, Option Scheme Participants and A-Cap Unlisted Optionholders, assuming that all Performance Rights convert into A-Cap Shares and the Option Scheme is implemented. The number of New Lotus Shares to be issued to A-Cap Shareholders is calculated by applying the Scheme Consideration ratio of 1 New Lotus Share for every 3.54 A-Cap Shares on a fully diluted basis taking into account the above assumptions. The number of New Lotus Shares to be issued to Option Scheme Participants is calculated by applying the Option Scheme Consideration ratio of 1 New Lotus Share for every 500 Scheme Options taking into account the above assumptions. The number of New Lotus Shares to be issued to A-Cap Unlisted Optionholders is per the option cancellation deed entered by A-Cap Unlisted Optionholders, as outlined in Section 3.12 and Section 12.2.

Table 8.5: Substantial shareholders of the Merged Group

Shareholder name	Number of Lotus Shares	Current percentage shareholding in Lotus	Number of A-Cap Shares	Current percentage shareholding in A-Cap	Pro-forma percentage shareholding in the Merged Group ⁷⁰
Grant Davey	179,459,031	13.35%	0	0%	10.61%
MM Asset Management	79,857,097	5.94%	203,487,496	16.51%	8.05%
Singapore Shenke	-	-	467,751,682	37.95%	7.75%

8.10 Merged Group financial arrangements

a. Forecast Financial Information for the Merged Group

A-Cap and Lotus have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for the Merged Group. A-Cap and Lotus Directors have concluded that, as at the date of this Scheme Booklet, it would be misleading to provide forecast financial information for the Merged Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Merged Group will be influenced by various factors that cannot be predicted with a high level of confidence and are generally outside its control. These factors include:

- The timing and quantum of any commercial potential that may be gained from the acquisition;
- Competitive forces and changes in customer expectations and behaviours which impact revenue and growth opportunities; and
- Future economic conditions in Australia and in particular the regions which the businesses operate, which can be impacted by both global and local events and government policies.

A-Cap and Lotus do not have an established practice of issuing financial forecasts. It should be noted that past financial performance is not an indicator of future performance.

Table 8.6: A-Cap Shares issued at 24 August 2023

Shareholder name	Number of Shares	A\$000s
A-Cap Shares on issue 31 December 2022	1,232,435,086	98,507
Issue of Shares to Financial Advisor	9,615,385	500
A-Cap Shares on issue 24 August 2023	1,242,050,471	99,007

70 Percentage shareholding of the Merged Group is calculated based on the pro-forma number of ordinary shares in the Merged Group on a basic (undiluted) basis, calculated based on existing Lotus Shares on issue and New Lotus Shares to be issued to A-Cap Shareholders by applying the Scheme Consideration ratio of 1 New Lotus Share for every 3.54 A-Cap shares. Number of Lotus Shares and A-Cap Shares held by substantial shareholders is sourced from Lotus' and A-Cap's most recent substantial holding notices as published on the ASX per the Last Practicable Date. Percentage shareholdings in Lotus and A-Cap, as well as in the pro-forma Merged Group, is calculated based on the respective (basic) ordinary shares currently on issue.

8. OVERVIEW OF THE MERGED GROUP

Note A – A-Cap Shares issued between 1 January 2023 and 24 August 2023

Note B – Issue of New Lotus Shares and acquisition of A-Cap Shares and A-Cap Listed Options

For the purposes of preparing the pro-forma historical information, the Transaction has been accounted for as an asset acquisition. For the purpose of the pro-forma historical financial information, the Transaction has been measured with reference to the estimated fair value of the Share Scheme Consideration and Option Scheme Consideration.

The estimated fair value of the Share Scheme Consideration and Option Scheme Consideration has been calculated as follows:

Table 8.7: Pro-Forma Equity of the Merged Group

Number of A-Cap shares on issue at 24 August 2023	1,242,050,471
Number of A-Cap shares to be issued on vesting of Performance Rights	30,000,000
Projected Shares on issue at Record Date	1,272,050,471
Exchange ratio	3.54:1
Projected New Lotus Shares issued	359,336,291
Number of listed options in A-Cap at 24 August 2023	46,039,445
Number of listed options in A-Cap that will convert to 1 share in the merged group	500
Number of shares in the Merged Group to be issued to A-Cap Listed Option Holders	92,079
Number of unlisted options in A-Cap at 24 August 2023	54,000,000
Number of shares in the Merged Group to be issued to A-Cap unlisted Option Holders	2,294,444
Total number of shares in the merged group to be issued to A-Cap Shareholders, Listed Option Holders and Unlisted Option Holders	361,722,814
Lotus Share price at date of Scheme announcement 13 July 2023	\$0.18
A\$ value of consideration (A\$000's)	\$65,110
Total equity Merged Group (A\$000's)	\$208,648

Transaction costs to be incurred by A-Cap and Lotus in relation to advisory fees, legal fees, expert fees and other transaction related expenses are estimated to be approximately A\$ 2,381,000 in aggregate. As the basis of the pro-forma historical financial information is an asset acquisition, these costs have been added to the estimated Share Scheme Consideration and Option Scheme Consideration to determine the total cost of the acquisition.

Based on asset acquisition accounting, the total cost of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date.

The estimated total cost of the acquisition has been allocated to the net assets as follows (rounded to the nearest thousand):

Table 8.8: Estimated total costs of acquisition

	A\$000s
Estimated total costs of acquisition	2,381
Value of share-based consideration	(500)
Estimated transaction costs	1,881

Table 8.9: Allocation of Investment

	A\$000s
Total fair value of consideration	65,110
Carrying value of net assets in A-Cap as at 31 December 2022	(44,982)
Uplift in exploration and development assets	20,127

Table 8.10: Value of exploration assets

	A\$000s
Carrying value of exploration assets in Lotus	46,799
Carrying value of exploration assets in A-Cap	37,149
Uplift in carrying value of exploration assets	20,127
Carrying value of exploration assets post-merger	104,075

Note C – Accrual of estimated transaction costs to be incurred by A-Cap

This adjustment recognises an accrual for A-Cap and Lotus' estimated transaction costs of approximately A\$2.4 million in relation to the Schemes. For further details on the estimated transaction costs to be incurred, see Note B above.

Note D – Elimination of A-Cap's pre-acquisition contributed equity

This adjustment eliminates A-Cap's adjusted pre-acquisition equity, reserves and retained earnings.

1. Transaction not included in Pro-Forma Adjustments

The pro-forma historical financial information has not been adjusted to reflect the trading of either A-Cap or Lotus since 31 December 2022 apart from the Pre-Merger and Pro-forma Adjustments listed above.

8.11 Capital structure of the Merged Group

If the Schemes are Implemented, Lotus will issue between approximately 355,000,000 and 365,000,000 Lotus Shares to Scheme Participants who are entitled to receive Lotus Shares. The eventual number will be dependent on the elections made by A-Cap Shareholders and A-Cap Listed Optionholders and the application of any scale back.

As a result of the Schemes, the number of Lotus Shares on issue will increase from approximately 1,343,980,044 (being the number on issue as at the date of this Scheme Booklet) to approximately between 1,698,980,044 and 1,708,980,044 as illustrated below.

9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

This Section 9 contains the pro-forma financial information for the Merged Group, reflecting the combined businesses of A-Cap and Lotus. The pro-forma financial information is presented to provide A-Cap Shareholders with an indication of the Merged Group's statement of financial position as if the Schemes were implemented on 31 December 2022.

Under the Schemes, Lotus will acquire all of the A-Cap Shares and A-Cap Listed Options held by the Share Scheme Participants and Option Scheme Participants for the Share Scheme Consideration and Option Scheme Consideration respectively. For illustrative purposes, this Section contains the following historical financial information:

Stand-alone historical consolidated statements of financial position for both A-Cap and Lotus are set out in Section 6.11 and Section 7.8 respectively.

A-Cap is responsible for the preparation of the Pro-Forma Historical Statement of Financial Position.

9.1 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

Set out below is the statutory historical statement of financial position of Lotus and A-Cap and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Lotus and A-Cap's consolidated financial position upon completion of the Transaction or at a future date.

Table 9.1: Statutory Historical Statement of Financial Position and Pro Forma Adjustments

As at	31-Dec-22			
	Lotus Resources Limited Reviewed \$'000	A-Cap Energy Limited Reviewed \$'000	Pro-Forma Transactions \$'000	Pro forma \$'000
Current assets				
Cash and cash equivalents	23,600	7,793	(6,275)	25,117
Other current assets	1,036	326	-	1,362
Total current assets	24,635	8,119	(6,275)	26,479
Non current assets				
Property, plant and equipment	3	179	-	182
Capitalized exploration and evaluation	46,799	37,149	20,127	104,075
Other financial assets	14,667	-	-	14,667
Total non current assets	61,469	37,328	20,127	118,924
Total assets	86,104	45,447	13,852	145,403

Table 9.1: Statutory Historical Statement of Financial Position and Pro Forma Adjustments

As at	31-Dec-22			
	Lotus Resources Limited Reviewed \$'000	A-Cap Energy Limited Reviewed \$'000	Pro-Forma Transactions \$'000	Pro forma \$'000
Current liabilities				
Trade and other payables	423	411	-	834
Employee provisions	8	54	-	62
Environmental bonds payable (6.10a)	4,400	-	(4,400)	-
Deferred consideration owing to Paladin Energy Limited (6.10b)	3,000	-	(3,000)	-
Total current liabilities	7,830	465	(7,400)	896
Non current liabilities				
Restoration and rehabilitation provision	43,914	-	-	43,914
Total liabilities	51,744	465	(7,400)	44,810
Net assets	34,359	44,982	21,252	100,593
Equity				
Issued capital	140,387	98,507	(30,246)	208,648
Share-based payments reserve	3,445	5,099	(5,099)	3,445
Foreign currency translation reserve	165	10,596	(10,595)	165
Capital reserves	(34,946)	-	-	(34,946)
Accumulated losses	(73,581)	(69,220)	67,193	(75,608)
Non-controlling interest	(1,111)	-	-	(1,111)
Total equity	34,359	44,982	21,252	100,593

9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

9.2 Pro forma Transactions

The following Pro Forma Transactions are included in the above Pro-Forma adjustments in the Pro Forma Historical Statement of Financial Position.

Pro forma Transactions

Pro forma transactions include the impact of accounting acquisition of A-Cap Energy by Lotus Resources (including consolidation eliminations). Anticipated costs of the Schemes to be incurred by both A-Cap Resources & Lotus Resources have been accounted for.

Subsequent events

The following transactions and events had not occurred prior to 31 December 2022 but have taken place or will take place on or before the effectuation of the Schemes:

- On 13 March 2023 Lotus made a payment of \$4,545,455 to settle the final tranche of of the reimbursement to Paladin Energy Limited under the terms of the sale and purchase agreement for the acquisition of the Kayelekera Uranium Project (the SPA) of cash collateral to support environmental bonds provided in favour of the Malawian regulatory authorities. A foreign exchange loss arising from the movement in exchange rates from 31 December 2022 totalling \$145,415 was recognized in the profit or loss at that date from the movement in the liability;
- On 14 March 2023 Lotus issued 12,987,013 ordinary fully paid shares to settle deferred consideration payable to Paladin Energy Limited under the terms of SPA, worth \$3,000,000;
- From 1 January 2023 through to the date of this scheme booklet, a total of 3,771,774 options in Lotus have been exercised for ordinary fully paid shares at a strike price of 4 cents per share, realizing proceeds of \$150,871; and
- On 7 August 2023 A-Cap Issued 9,615,385 ordinary fully paid shares to settle the first tranche of the financial advisory fees payable under the terms of the mandate to Canaccord Genuity who are acting as financial advisors to A-Cap.

Transactions part of the Scheme of Arrangement

The following pro forma adjustments are expected under the Schemes:

The consolidation of A-Cap, as a legal and accounting subsidiary of Lotus. All pre-existing equity balances and reserves of A-Cap are eliminated on consolidation. Under the Schemes the following scrip consideration is expected to be paid:

Table 9.2: Pro Forma Adjustments

Item	# shares
Ordinary fully paid shares in A-Cap Energy Limited as at the date of this scheme booklet	1,242,050,471
Performance rights in A-Cap, which vest 1:1 to ordinary fully paid shares in A-Cap upon an exit event, which process is enlivened by the court order under section 411(1) of the Corporations Act approving the convening of the Share Scheme Meeting (refer Section 12.2 of this Scheme Booklet)	30,000,000
The conversion of 100,539,445 unlisted and listed options into A-Cap shares. All holders of A-Cap Unlisted Options have entered into cancellation deeds which forfeits their right to the option in-exchange for Lotus Shares. For a breakdown of these, including the valuation calculation assumptions, refer to Note 6.x.	8,448,291
ASX	
Total A-Cap Shares to be acquired by Lotus	1,280,498,762
Ratio of conversion to Lotus Shares (refer Section 3.2 of this Scheme Booklet)	3.54:1
Other	
Total consideration of Lotus Shares	361,722,814
Spot price applied to the value of those Lotus Shares (Section 6.8(d))	18 cents
Total fair value of consideration (\$)	65,110,106

As an outcome of the aforesaid legal and accounting acquisition, the following uplift was calculated to the value of capitalized exploration and evaluation of the consolidated entity:

Item	# shares
Uplift in value taken to Capitalized Exploration and Evaluation	65,110
<i>Less</i>	
Carrying values of net assets in A-Cap as at 31 December 2022	(44,982)
Uplift in value taken to Capitalized Exploration and Evaluation	20,128

Cash expenses of the Transaction, being \$1,881,000, as set out in the Scheme Booklet.

9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

9.3 Pro forma capital structure

The following sets out the capital structure of Lotus that would occur upon effectuation of the Pro Forma transaction:

Table 9.3: Capital Structure of Lotus

	Ref	No. of shares	\$'000
As at 31 December 2022 – Lotus Resources Limited		1,327,223,257	140,387
Subsequent events:			
Repayment of deferred consideration	7.10b	12,987,013	3,000
Exercise of share options	7.10c	3,771,774	151
Pre-Transaction capital structure	7.10(b)	1,343,982,044	143,538
Pro forma transactions			
Issue of shares to A-Cap Shareholders	6.10d	361,720,814	65,110
Total (undiluted)		1,705,702,858	208,648

9.4 Pro forma cash reconciliation

Table 9.4: Pro Forma Cash Reconciliation

	Ref	\$'000
As at 31 December 2022 – Lotus		23,600
As at 31 December 2022 – A-Cap		7,793
Subsequent events:		
Payment for environmental bond	6.10a	(4,545)
Exercise of share options	6.10c	151
Pre Transaction cash		26,998
Pro forma transactions		
Cash costs of the Schemes	6.10f	(1,881)
Total		25,117

9.5 Conversion of share options in A-Cap

As set out above, these pro forma transactions feature the conversion of an aggregate number of 100,539,445 A-Cap Unlisted and A-Cap Listed Options into A-Cap Shares. These conversions have been calculated by Canaccord, A-Cap's corporate finance adviser to the Transaction, applying a Black-Scholes model and calculated applying the following assumptions:

Table 9.5: Conversion of Unlisted and Listed Options to Shares

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of options	8,000,000	24,000,000	22,000,000	46,039,445
Exercise price	10c	11c	11c	20c
Months to expiry	15	15	15	8
Spot price	5c	5c	5c	5c
Risk-free rate	4.18%	4.18%	4.18%	4.18%
Volatility	80%	80%	80%	80%
Fair value per option	0.85c	0.75c	0.75c	0.04c

9.6 Contractual obligations and commitments

A-Cap has paid deposits in relation to its Project areas which become non-refundable in the event the mine closure is appropriately managed. For further detail, refer to section 6.5.

As at the date of their last audited financial report for the year ended 30 June 2022, A-Cap and Lotus have submitted to various regulatory authorities planned exploration activities which, if met, would mean the following cash outflows due within the next twelve months:

Table 9.6: Cash outflows due within the next 12 months

	Lotus \$'000	A-Cap \$'000
Within the next twelve months	51	1,245

9.7 Critical Accounting Policies

Preparing financial statements in accordance with Australian Accounting Standards requires management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements that A-Cap and Lotus have made in the application of Australian Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The following key judgments are relevant:

9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

Share-based payment transactions

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

Assessment of accounting acquiree and acquirer

Notwithstanding that this scrip-for-scrip Transaction will mean an outcome where Lotus will be the legal acquirer, the directors of A-Cap and Lotus have considered whether or not from an accounting perspective Lotus will also be (in substance) the accounting acquirer. In concluding that this is in fact the case, the directors considered the following:

- That shareholders from Lotus, post-Transaction, will represent more than 78% of the merged entities;
- That the Board will be comprised of five directors of which all five have formerly represented Lotus; and that
- Senior management will be comprised of seven executives, of which six formerly represented Lotus.

As a consequence of this, A-Cap will be the accounting acquiree in the Transaction, and upon consolidation, opening equity balances and comparative results will be that of Lotus, which from both a legal and accounting perspective will acquire A-Cap.

Assessment of acquisitions as either business or asset acquisitions

When an acquisition takes place, the directors assess whether or not the acquiree to the Transaction meets the definition of a business. In assessing this, the directors consider the following matters which they also consider in their pre-transaction due diligence: the concentration of customers, suppliers and assets of the acquiree; the size of the workforce that joins the consolidated entity post-acquisition and an overall understanding of the acquiree's trading activity pre-acquisition.

For this Transaction, the directors of A-Cap and Lotus have determined that A-Cap, which has no revenues from trading activity and few employees and with substantially all of the business' assets included within its capitalized exploration and evaluation asset, does not meet the accounting definition of a business.

Assessment and valuation of restoration and evaluation provision

The restoration and rehabilitation provision relates to an outcome from work performed on the Kayelekera Restart Definitive Feasibility Study (DFS), which required an estimate of a closure cost of the Kayelekera Project. The provision includes estimates relating to the timing and inflation of costs that are expected to occur in closing the project according to the mine plan, discounted back to present value applying interest rates best matched to the timing of outflows of the closure.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

A-Cap and Lotus assess impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to each consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences or carry-forward tax losses only if the directors consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

9.8 Dividend Policy

The Lotus Directors anticipate that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Scheme Booklet. Accordingly, the Lotus Directors do not expect to declare any dividends during that period.

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

9.9 Summary of significant accounting policies in relation to the Financial Statements

a. Basis of Preparation

The Pro-Forma Historical Statement of Financial Position is provided for illustrative purposes and is presented in accordance with the recognition and measurement requirements of the Australian Accounting Standards on the assumption that the Schemes were implemented on 31 December 2022.

The Merged Group Pro-Forma Historical Statement of Financial Position in this Section is presented in an abbreviated form and does not contain all disclosures, presentations, statements or comparatives that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

Amounts in this Section have been rounded to the nearest \$1,000. Some numerical figures included in Scheme Booklet have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in Scheme Booklet are due to rounding.

The Pro-Forma Financial Information has been derived from the reviewed interim financial statements of A-Cap and Lotus for their respective half-years ended 31 December 2022. The interim financial statements of A-Cap for the half-year ended 31 December 2022 were reviewed by William Buck who issued an unmodified opinion. The interim financial statements of Lotus for the half-year ended 31 December 2022 were reviewed by RSM Australia Partners who issued an unmodified opinion.

The Pro-Forma Historical Statement of Financial Position has been prepared in accordance with Lotus' accounting policies, as set out in the financial report for Lotus for the year ended 30 June 2022.

The Pro-Forma Historical Statement of Financial Position has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3420 Assurance Engagements to Report on the Compilation of Pro-Forma Historical Statement of Financial Position included in a prospectus or other Document (ASAE 3420) by William Buck. Their Investigating Accountant's Report can be found in Annexure I. Investors should note the scope and limitations of the Investigating Accountant's Report.

b. Principles of consolidation

Consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of its subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Merged Group from the date on which control is obtained by the Merged Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Merged Group.

9. PRO FORMA HISTORICAL FINANCIAL INFORMATION OF THE MERGED GROUP

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

d. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Merged Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

f. Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

g. Share-based payments

Equity-settled and cash-settled share-based compensation benefits may be provided to employees and third-party suppliers.

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

- i. during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- ii. from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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

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

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

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

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

10. RISK FACTORS

In considering the Schemes, you should be aware that there are a number of risk factors, both general in nature and those specific to the Schemes.

This section outlines some of the:

- a. specific risk factors relating to the Schemes and the creation of the Merged Group (see Section 10.1 of this Scheme Booklet); and
- b. risks relating to the Merged Group (see Sections 10.2 and 10.2 of this Scheme Booklet).

A significant number of the risks related to the Merged Group are, or will be, risks to which A-Cap Shareholders are already exposed and will continue to be exposed to even if the Schemes do not proceed. If the Share Scheme proceeds, the nature of the Merged Group's business will change (from that of the standalone business of A-Cap) and accordingly, A-Cap Shareholders will potentially be exposed to additional risks in respect of the Merged Group.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of A-Cap Shareholders. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Schemes, it is recommended that you consult your legal, financial, taxation or other professional adviser before deciding how to vote.

You should carefully consider the risk factors discussed in this Section 10, as well as the other information contained in this Scheme Booklet before voting on the Schemes.

Introduction

A-Cap Shareholders are currently exposed to various risks as a result of their investment in A-Cap. If the Schemes are Implemented, there will be a change in the risk profile to which Scheme Participants are exposed. This is because:

- a. A-Cap will become a wholly owned subsidiary of Lotus;
- b. Scheme Participants will receive New Lotus Shares and become Lotus Shareholders from the Implementation Date;
- c. Scheme Participants will continue to be exposed to the risks associated with an interest in A-Cap's assets (as they will have an indirect interest in A-Cap through their holding of New Lotus Shares); and
- d. Scheme Participants will potentially be exposed to additional risks associated with an investment in the Merged Group through their holding of New Lotus Shares. The nature of the Merged Group's business will change from that of the stand-alone business of A-Cap. In a number of cases, those risks are different from, additional to or greater than, those faced by A-Cap Shareholders and A-Cap Listed Optionholder currently.

This Section sets out some of the potential risks associated with Implementation of the Schemes and the Merged Group that Scheme Participants will be exposed to through their holding of New Lotus Shares. These risks include:

- a. Risks relating to the Implementation of the Schemes;
- b. Specific risks relating to an investment in the Merged Group;
- c. General risks relating to an investment in the Merged Group; and
- d. Risks relating to an investment in A-Cap if the Schemes are not Implemented.

Qualifications and Limitations

The risks summarised below, and the information set out in this Section, should be considered in conjunction with other information contained in this Scheme Booklet. In particular the risks summarised below, and the information set out in this Section:

- a. are not an exhaustive statement of the risks that Scheme Participants may face if the Schemes are Implemented, and they receive New Lotus Shares; and
- b. are general in nature and regard has not been had to the individual circumstances, including the investment objectives, financial situation, tax position or particular needs of Scheme Participants.

Scheme Participants should consult their professional adviser if they have any doubts about an investment in the Merged Group.

Additional risks and uncertainties that A-Cap is currently unaware of, or that A-Cap currently considers to be immaterial, may also become important factors that can adversely affect the Merged Group's operating and financial performance in the future.

10.1 Specific risks relating to the Schemes and the creation of the Merged Group

The following risks will apply to the Merged Group if the Schemes proceed. As they are related to the Schemes, they do not currently apply to either A-Cap or Lotus as standalone entities or businesses.

a. Market value of the Share Scheme Consideration and Option Scheme Consideration

Under the terms of the Share Scheme, A-Cap Shareholders will receive 1 New Lotus Share for every 3.54 A-Cap Shares they hold, equating to an implied value of \$0.052 per A-Cap Share (based on the 30 day VWAP of Lotus Shares on ASX on the last trading day of Lotus Shares prior to the announcement of the Schemes). Under the terms of the Option Scheme, A-Cap Listed Optionholders will receive 1 New Lotus Share for every 500 A-Cap Listed Options they hold. However, the exact value of the Share Scheme Consideration that individual A-Cap Shareholders will receive (and the exact value of the Option Scheme Consideration that individual A-Cap Listed Optionholders will receive) will be dependent on the price at which the New Lotus Shares trade on ASX after the Implementation Date.

Following Implementation of the Schemes, the price of New Lotus Shares will continue to rise or fall based on market conditions and the Merged Group's financial and operating performance.

In addition, the Sale Agent will be issued New Lotus Shares attributable to Ineligible Foreign Holders and those Small Share Scheme Electing Participants and Small Option Scheme Electing Participants who elect to have their Share Scheme Consideration and Option Scheme Consideration (as applicable) in the form of New Lotus Shares sold on their behalf as soon as practicable and in any event within 15 Trading Days after the Implementation Date.

There is no guarantee regarding the price that will be realised by the Sale Agent (or the proceeds of sale that are ultimately delivered to those Ineligible Foreign Holders and Small Share Scheme Electing Participants and Small Option Scheme Electing Participants after deducting any reasonable brokerage or other selling costs, taxes and charges), and it is possible that such sales may exert downwards pressure on the price of Lotus Shares in the period following the Implementation Date. In providing services to Lotus in connection with the sale of the New Lotus Shares to which the Ineligible Foreign Holders and those Small Share Scheme Electing Participants and Small Option Scheme Electing Participants would otherwise have been entitled, the Sale Agent is not acting as agent or sub agent of those Scheme Participants.

There is no guarantee regarding the prices that will be realised by the Sale Agent or the future market price of the New Lotus Shares. Future market prices may be either above or below current or historical market prices. For more information on the closing price and daily trading volume of Lotus

10. RISK FACTORS

Shares over the last twelve months before the announcement of the Schemes, see Section 7.8.

b. Implementation of the Schemes are subject to Conditions Precedent that must be satisfied or waived (where permitted)

Implementation of the Schemes are subject to the satisfaction or waiver (where permitted) of a number of outstanding Conditions Precedent. There can be no certainty, nor can A-Cap provide any assurance, that these Conditions Precedent will be satisfied or waived (where permitted), or if satisfied or waived (where permitted), when that will occur. A number of outstanding Conditions Precedent are outside the control of A-Cap and Lotus, including, but not limited to, approval of the Schemes by Scheme Participants and approval by the Court of the Schemes.

If, for any reason, a Scheme Condition is not satisfied or waived (where permitted) and the Schemes are not Implemented, there may be adverse consequences for A-Cap and Scheme Participants, including that the market price of A-Cap Shares may be adversely affected.

Further information in relation to the Share Scheme Conditions is contained in Section 3.5 and the Option Scheme Conditions in Section 4.6.

c. The Scheme Implementation Deed may be terminated by A-Cap or Lotus in certain circumstances, in which case the Schemes will not be Implemented (including in relation to a Material Adverse Event)

A-Cap and Lotus have the right to terminate the SID in certain circumstances. See Section 1.4(j) for a summary of the circumstances which may give rise to a right for A-Cap or Lotus to terminate the SID. Accordingly, there is no certainty that the SID will not be terminated by either A-Cap or Lotus before the implementation of the Schemes.

If the SID is terminated prior to the Second Court Date, the Schemes will not be implemented and A-Cap will not be able to achieve, as a stand-alone entity, the benefits that the merger with Lotus may have provided.

In addition, some circumstances which cause the Share Scheme (and/or the Option Scheme) not to proceed may result in the payment of the Reimbursement Fee by A-Cap or Lotus to the other party.

Termination events are set out in clause 14.1 of the SID (See Summary in section 1.4, and as announced in the ASX Announcement on 13 July 2023) and, as well as termination rights relating a breach of the SID by either party, or the inability to meet a representation or warranty, include the occurrence of certain "Material Adverse Events".

There are a myriad of different circumstances that may, depending on their effect, trigger or engage this definition of a Material Adverse Event. One of the risks of having a qualitative or principle-based Material Adverse Event clause (as distinct from a strictly quantitative or monetary threshold clause) is that the clause may be engaged in a wider range of circumstances. Equally, having a quantitative test means that the individual elements of that test are also subject to argument or interpretation, quantification and temporal issues.

The absence of the occurrence of an A-Cap Material Adverse Event is a condition precedent for Lotus and a Lotus Material Adverse Event is a condition precedent for A-Cap. While a Material Adverse Event may result in a wide range of contractual and commercial outcomes, it is possible that A-Cap and Lotus could end up in dispute over the existence of the Material Adverse Event or its consequence under the SID. This could result in the Schemes not proceeding, the Schemes otherwise being terminated, or a transaction being proposed on different terms in accordance with the SID.

d. The issue of New Lotus Shares could adversely affect the market price of Lotus Shares

If the Schemes are Implemented, a number of additional Lotus Shares (being the New Lotus Shares issued as Share Scheme Consideration and Option Scheme Consideration) will be available for trading in the public market (see Section 8.9 for details of the capital structure of the Merged Group if the Schemes are Implemented). The increase in the number of Lotus Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the

market for, and the market price of, Lotus Shares.

In addition, the process to be undertaken by the Sale Agent of selling the New Lotus Shares that would otherwise be issued to Ineligible Foreign Holders and Small Scheme Participants as soon as practicable and in any event within 15 Trading Days after the Implementation Date may place short-term downward pressure on the market price for Lotus Shares by creating additional selling volumes.

e. Accounting risk

Both A-Cap and Lotus, as stand-alone entities, have particular accounting policies and methods which are fundamental to how they record and report their financial position and results of operations. The A-Cap and Lotus Directors may have exercised judgment in selecting accounting policies or methods in respect of A-Cap and Lotus (respectively), which might have been reasonable in the circumstances yet might have resulted in reporting materially different outcomes than would have been reported under the other company's policies and methods. The integration of A-Cap's and Lotus's accounting functions may lead to revisions of these accounting policies, which may adversely impact on the Merged Group's reported results of operations and/or financial position and performance.

f. Court approval and delays

There is a risk that the Court may not approve the Schemes, or that the approval of the Court may be delayed. In particular, if there is a material change in circumstances between the Scheme Meetings (assuming the Scheme Resolutions are passed by Requisite Majorities) and the Second Court Date, then the Court will have regard to that change in circumstances in deciding whether to approve the Schemes. If such changes are so important that they materially alter the Schemes, there is a risk that the Court may not approve the Schemes on the Second Court Date.

If the Court refuses to make any orders for the purposes of approving the Schemes, A-Cap must, at Lotus' reasonable request, appeal the Court's decision to the fullest extent possible (except to the extent that A-Cap and Lotus agree otherwise, or legal advice is received from Senior Counsel that, in their view, an appeal would have no prospect of success before the End Date).

g. Tax consequences for Scheme Participants

If the Schemes proceed, there may be tax consequences for Scheme Participants. Scheme Participants should seek their own professional advice regarding the individual taxation consequences of the Schemes.

Further information on the taxation consequences of the Schemes for Scheme Participants is set out in Section 11 of this Scheme Booklet.

h. Change of control

Contracts to which A-Cap, Lotus and their respective subsidiaries are party (including contracts with customers, lenders and joint venture partners), may contain change of control or deemed assignment provisions that could be triggered by the Schemes (including by entry into the SID, implementation of the Schemes, changes to the composition of the A-Cap Board or the Lotus Board (as applicable) or other events in connection with or otherwise contemplated by the Scheme).

If any such provision is enlivened, this may allow the counterparty to review, adversely modify, exercise rights under or terminate the contract. If a counterparty to any such contract were to do so, this may have an adverse effect on the Merged Group, which may be material (depending on the materiality of the relevant contract).

As at the date of this Scheme Booklet, A-Cap and Lotus have undertaken a process to identify those of A-Cap's and Lotus's material contracts in respect of which consents or waivers may be required under such provisions (in connection with or as a consequence of the Schemes) and intend to seek those waivers and consents as soon as practicable.

i. Change in risk and investment profile

After Implementation of the Schemes, Scheme Participants will be exposed to risk factors relating to Lotus, and certain additional risks relating to the Merged Group and the integration of the two businesses.

10. RISK FACTORS

In particular, the asset portfolio, capital structure and size of the Merged Group will be different from that of A-Cap on a stand-alone basis. These changes in risk and investment profile may be considered a disadvantage by some Scheme Participants.

j. Transaction costs and expenses

If the Schemes are Implemented, external costs of approximately \$2,011,000 (excluding GST) are expected to be paid by A-Cap. Further detail of these costs is contained in Section 12.9.

In addition, additional external costs of approximately \$370,000 (excluding GST) are expected to be paid by Lotus. This includes financial advisory, legal, accounting, administration, share registry and ASX fees and other expenses. Therefore, total transaction costs of approximately \$2,381,000 (excluding GST) excluding stamp duty are expected to be incurred by the Merged Group if the Schemes are Implemented.

10.2 Specific risks relating to the Merged Group

A list of some of the specific investment risks associated with the Merged Group is set out below:

a. Change in risk and investment profile

If the Schemes are Implemented, Scheme Participants will be exposed to risk factors relating to Lotus and to certain other risks relating to the Merged Group and the integration of Lotus and A-Cap.

While the operations of Lotus and A-Cap are similar in a number of ways, there may be further risks relating to the operation of a broader suite of assets both in nature, geographic scope, sovereign risk, environmental risks and human resources.

b. Failure to realise benefits of the Schemes

After Implementation of the Schemes, the Merged Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet. There is a risk that the Merged Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of the strategies, operational objectives and benefits are delayed.

Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Merged Group's operations, financial performance and financial position.

c. Integration risk

The success of the Merged Group will depend, amongst other things, on the ability to integrate the respective businesses of A-Cap and Lotus.

Successful integration will depend on a range of factors, including organisational and cultural compatibility and operational integration. Unexpected issues and complications could arise during integration.

While Lotus expects to successfully integrate with A-Cap's operations, integration may take longer than expected, or may cost more than anticipated. Potential factors influencing a successful integration include:

- i. Disruption to the ongoing operations of both businesses;
- ii. Higher than anticipated integration costs;
- iii. Unforeseen costs relating to integration of operational systems, IT systems and financial and accounting systems of both businesses; and
- iv. Unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the Schemes.

If the integration is not achieved in an effective manner, the full benefits of the combination of the two business may be achieved only in part, or not at all. This could adversely impact the Merged Group's financial performance and position, and the future prospects of the Merged Group. Reasons for this may include unexpected/unplanned delays, challenges, liabilities and costs in relation, but not limited to, integrating operating and management systems such as IT, information or accounting systems and the loss of key personnel of the Merged Group.

d. Final Investment Decision

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

e. Uranium Mining Laws and Regulations

Malawi

Mining in Malawi is subject to regulation under the Mines and Minerals Act 2018. There are also additional regulations relating to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and associated matters.

A new Mining Act of 2023 has also been proposed but is yet to be ratified by the Malawian parliament. The timing for the ratification of this new Act is unknown at this time.

Malawian government permits and/or approvals for the development of the Kayelekera Project may not be granted to the Merged Group or may be significantly delayed. Delays in the granting of government permits and/or approvals, or the grant of government permits and/or approvals with onerous conditions, may render the continued development of the deposit uneconomic, which may force the Merged Group to pause activities at some or all of its operations.

Botswana

Mining in Botswana is subject to regulation under the Mines and Mineral Act 1999 and the Botswana Environmental Assessment Act 2011. There are also additional regulations relating to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and associated matters.

Botswana government approvals may not be granted to the Merged Group or may be significantly delayed. Delays in the granting of government approvals, or the grant of government approvals with onerous conditions, may render the continued development of the deposit uneconomic, which may force the Merged Group to pause activities at some or all of its operations.

General

Approvals required for uranium mining are stringent and rigorous compared with other types of mining activities. Exploration approvals are required before exploration can commence and, if uranium is discovered, further approvals including safeguard approvals for permits to possess nuclear material. Development of any mineral resources will be dependent on the Merged Group's ability to obtain environmental and legislative approvals to carry out its operations and its ability to meet any proposed conditions on these approvals. There is no guarantee that these approvals will be granted.

Whilst the Merged Group intends to conduct its business in accordance with all applicable laws and regulations, compliance and re-compliance, any unforeseen changes to the legislation or regulations could cause delays and introduce costs that could impact adversely on project viability.

Scheme Participants should be aware that changes of government, new legislation and changes to existing legislation and government policy may impact upon the timely grant of approvals which may affect the Merged Group's profitability and the viability of the Merged Group's operations.

10. RISK FACTORS

f. Exploration and Development risks

The business of uranium exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. A-Cap and Lotus's projects are at varying stages of exploration and evaluation and there is no guarantee that development will be achieved. Success is dependent on many factors such as:

- The global uranium price;
- The discovery and/or acquisition of economically recoverable reserves;
- Access to adequate capital for project development;
- Design and construction of efficient development and production infrastructure within capital expenditure budgets;
- Securing and maintaining title to mining interests;
- Obtaining regulatory consents and approvals necessary for the conduct of mineral exploration, development and production;
- Securing plant and equipment, particularly given equipment utilisation rates are high in the current period of global exploration/production activity, with high competition for such equipment; and
- Access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

There is no assurance that any exploration on current or future interests held by the Merged Group will result in the discovery of an economic uranium deposit. As mentioned above, the Merged Group aims to perform activities including the front-end engineering and design for the Kayelekera Project and a review of the Letlhakane Project to inform an updated Pre-Feasibility Study, which may have different results to previous studies including the 2022 Restart Definitive Feasibility Study for Kayelekera or the 2015 Feasibility Study for Letlhakane. In particular, the Merged Group may not produce sufficient quantities or qualities of uranium to be profitable or commercially viable and may result in a total loss of the investments by the Merged Group.

Whether or not income will result from projects owned by the Merged Group undergoing exploration and development programs depends on successful exploration and establishment of production facilities.

Drilling activities by the Merged Group carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks of the Merged Group include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Merged Group and substantial losses to the Merged Group due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Merged Group.

In addition, the Merged Group will be subject to multi-jurisdictional compliance with governmental regulations in relation to licence conditions, the environment and operational conduct.

These factors affect the Merged Group's ability to establish mining operations, continue with its projects, earn income from its operations and may affect the Merged Group's share price.

g. Requirement for further funds

The Merged Group will require significant further capital to develop its projects. There can be no assurance that sufficient capital will be available and if capital is available it may be on onerous terms not favourable to the Merged Group shareholders.

h. Mineral Resource and Ore Reserve estimates may be inaccurate

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice utilising suitably certified Competent Persons to endorse statements made by the Merged Group. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Merged Group encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Merged Group's operations.

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

i. Insurance coverage risk

Exploration and development operations on mineral properties by the Merged Group involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes, changes in regulatory environment, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Merged Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and development may not generally be available to the Merged Group or to other companies in the industry. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of Lotus.

j. Commodity price risk and exchange risk

In the future, the Merged Group's revenue is expected to come from the sale of product. Therefore, its future earnings will be closely related to the price and arrangements it enters into for selling of its products. Product prices fluctuate and are affected by factors including the relationship between global supply and demand for uranium, forward selling by producers, the cost of production and general global economic conditions.

A decline in the market prices of uranium and/or other commodities may also require the Merged Group to write down its Ore Reserve and Mineral Resource estimates which would have a material and adverse effect on its earnings and profitability. Should any significant write-down in Ore Reserve and Mineral Resource estimates be required, material write-down of the Merged Group's investment in the affected mining properties and increased amortisation may also be required.

The Merged Group's projects are focused on uranium in Malawi and Botswana.

International factors such as inflation, exchange rates, supply and demand and political and economic events, amongst other things, impact on the price of commodities including uranium. If the price of uranium significantly declines in the future, this will materially impact on the Merged Group's ability to continue with its projects and the Merged Group may be forced to pause activities at some or all of its operations.

10. RISK FACTORS

The Merged Group gives no assurance that the fluctuations in the commodity prices will not affect the timing and viability of the projects.

k. Government policy and sovereign risk

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

In 2009 the Government of Malawi was granted a 15% ownership interest in the Malawian registered Kayelekera Project holding company Lotus (Africa) Limited (formerly Paladin (Africa) Limited). This interest is governed under the Shareholders Deed between the parties and may be subject to change in accordance with the Mines and Minerals Act and the negotiations for the Mine Development Agreement.

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

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the operations of the Merged Group.

l. Mine Development Agreement for Malawi operations

Lotus is in the process of negotiating a Mine Development Agreement with the Government of Malawi which will set out the fiscal regime and certain other matters for its operations in Malawi. The Agreement is an important pre-cursor to the restart of operations at Kayelekera. There is no guarantee that Lotus will be able to secure an agreement in a reasonable time frame or on terms that are supportive of the restart of operations or that the agreement secured may be on terms less favorable to Lotus than modelled, impacting the value of the Kayelekera Project and Lotus Shares.

m. Competition from alternative energy and public perception

Nuclear energy is in direct competition with other more conventional sources of energy which include renewables, gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Although the nuclear industry is currently subject to improved public sentiment due to political, technological and environmental factors, there is a risk adverse impact on the demand for uranium may occur from other energy sources.

n. Access to land

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to gain access to land in Malawi and Botswana. The Merged Group will experience delays and cost overruns if it is unable to access the land required for its operations. This may be as a result of environmental restraints, legislative issues, landholder's activities or other factors.

Access to land often depends on a company being successful in negotiating with landholders. There is no assurance that the Merged Group will obtain all the permissions required as and when required or that new conditions will not be imposed in connection therewith. To the extent such permissions are not obtained, the Merged Group may be curtailed or prohibited from continuing with its exploration activities or proceeding with any future exploration or development.

o. Title risk

The Merged Group's mining, development and exploration activities are dependent upon the grant, or as the case may be, the maintenance or renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of mineral concessions often depends on the Merged Group being successful in obtaining required statutory approvals. There is no assurance that the Merged Group will be granted all the mineral concessions for which it has applied or will apply for or that any licences, concessions, leases, permits or consents will be renewed as and when required or that new conditions will not be imposed. To the extent such approvals, consents or renewals are not obtained, the Merged Group may be curtailed or prohibited from continuing with its mining, exploration and development activities or proceeding with any future exploration or development.

Further, the Merged Group could face penalties, lose title to its interest in the licences, concessions, leases, permits or consents, or any other tenements that may be acquired by the Merged Group in the future, if conditions attached to those interests are not met or if insufficient funds are available to meet expenditure requirements.

p. Native title and heritage risk

Exploration and mining activities can be affected by land claim compensation and environmental considerations.

q. Environmental regulation risk

The Merged Group's operations are subject to environmental regulations in Malawi, Botswana and Western Australia.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Merged Group's operations.

Government approvals and permits are required in connection with the Merged Group's operations. To the extent such approvals are required and not obtained, the Merged Group may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Amendments to current laws, regulations and permits governing the Merged Group's operations and activities, or more stringent implementation thereof, could have a material adverse impact on the Merged Group and cause increases in capital expenditures or require abandonment or delays in the development of new properties.

r. Environmental liabilities risk

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

10. RISK FACTORS

s. Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Such requirements are embodied in legislated mine closure requirements. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land-forms and vegetation. In order to carry out rehabilitation obligations imposed on the Merged Group in connection with its mineral exploration, the Merged Group must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

There are material rehabilitation liabilities relating to the Kayelekera Project as a result of land disturbances through its past operations. The Lotus financial reports provide an estimate of these liabilities however due to the nature of the activities and the time frames involved it is possible that the actual cost of rehabilitation may differ from these estimates.

t. Community action and community relations

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

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

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

u. Country risk

The Merged Group will conduct exploration, development and mining activities in Malawi and Botswana.

The Merged Group's activities may be subject to the effects of political changes, war and civil conflict, terrorist activities, changes in government personnel and policy, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, restrictions on the repatriation of money, lack of law enforcement, unlawful occupation of mining areas and illegal uranium mining, labour unrest, the creation of new laws and other risks arising out of governmental sovereignty.

These changes may impact the profitability and viability of the Merged Group's activities and may require protracted negotiations with host governments, local governments and communities, local competent authorities, national mining companies and third parties and may be subject to economic, social and political considerations outside of the Merged Group's control.

Investors should note that developing countries could be subject to rapid change and that the information set out in the Scheme Booklet may become outdated relatively quickly. Moreover, financial turmoil in developing countries tends to adversely affect prices in equity markets of other developing countries as investors move their money to more stable, developed markets.

Any of the factors detailed above or similar factors could have a material adverse effect on the business, results of operations or financial condition of the Merged Group. If disputes arise in connection with operations in developing countries the Merged Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons, especially foreign ministries and national companies, to the legal jurisdiction of Australia.

v. Litigation risk

The Merged Group is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Merged Group is or may become subject could have a material effect on its financial position, results of operations or the Merged Group's activities.

w. Unforeseen expenses

The Merged Group may be subject to significant unforeseen expenses or actions.

This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The directors of the Merged Group expect that the Merged Group will have adequate working capital to carry out its stated objectives. However, there is the risk that additional funds may be required to fund the Merged Group's future objectives.

x. Substantial Shareholders

Based on the current substantial shareholders of Lotus and A-Cap, it is expected that the Merged Group will have substantial shareholders upon implementation of the Schemes. While the market price of Lotus Shares may be affected by many variables, the sale, transfer or disposal of Lotus Shares by a substantial shareholder(s) may result in the market price of Lotus Shares to fall.

y. Reliance on key personnel

The Merged Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group.

The loss of any of the Merged Group's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a disruption to the Merged Group and adversely impact the Merged Group's operations, financial performance and financial position.

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

z. Development risk

The ability of the Merged Group to achieve production targets or meet operating and capital expenditure estimates on a timely and accurate basis cannot be assured. The Merged Group may fail to deliver on their objectives within time and budget and to set performance targets.

The Merged Group expects to incur significant capital expenditures during the continued development of its projects. Capital cost estimates may be inaccurate or may be subject to change as a result of factors including estimation inaccuracies, inflation or supply chain issues. The Merged Group may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns or underperformance, inability to successfully connect to the national grid resulting in increased power costs for the operation, unusual or unexpected adverse geological conditions, unexpected or accelerating adverse ground movement, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labour costs and the existence of any labour disputes, and adverse local or general economic or infrastructure conditions.

Accordingly, the Merged Group may not be able to complete the full development of the Projects and any delays beyond the expected development periods or increased costs above those expected to be incurred, could have a material adverse effect on the Merged Group's business, financial condition, results of operations, cash flows and ability to pay dividends.

10. RISK FACTORS

aa. Operating risks

The Merged Group's business operations are subject to risks and hazards inherent in the uranium industry. The exploration for and the development of Mineral Resources and the production of uranium chemicals involves significant risks, including environmental and safety hazards, industrial accidents, equipment failure, import/customs delays, shortage or delays in installing and commissioning plant and equipment, metallurgical and other processing problems, seismic activity, unusual or unexpected rock formations, wall failure, cave-ins or slides, burst dam banks, the failure of solution ponds, flooding, fires, or other natural disasters, outbreaks, continuations or escalations of disease (including pandemics), interruption to, or the increase in costs of, services (such as water, fuel or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production and power facilities, dams, ponds or other properties, and could cause personal injury or death, environmental damage, pollution, delays in mining, increased production costs, monetary losses and possible legal liability. In particular, mining operations involve the use of heavy machinery, which involves inherent risks that cannot be completely eliminated through preventative efforts.

There may also be geotechnical issues around the processing plant which cannot be mitigated causing damage to plant and infrastructure.

There are risks associated with the logistics involved in the transport of product from the mine site to port and to the point of sale to customers including obtaining the necessary permits for transport in the countries in which the logistics function will transit, access to port facilities, shipping services, and to conversion facilities, acceptance of product by conversion facilities and customers.

Costs of production may be affected by a variety of factors, including changing waste-to-ore ratios, lower grades in brine ponds, adverse weather that could reduce grades in brine ponds, geotechnical issues, unforeseen difficulties associated with power supply including inability to connect to the main grid or lower availability than expected, water supply and infrastructure, ore and brine grade, metallurgy, labour costs, changes to applicable laws and regulations, general inflationary pressures and currency exchange rates.

The Merged Group will focus on securing offtake agreements with the necessary volumes and pricing mechanisms to support the restart of Kayelekera. Sales contracts can contain terms imposing an obligation on the producer to deliver product or pay financial compensation to the counterparty. Unexpected production interruptions can result in additional adverse financial outcomes if delivery of product is not possible and contract renegotiation is not successful.

If faced by the Merged Group, these circumstances could result in the Merged Group not realising its operational or development plans, or in such plans costing more than expected, or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Merged Group's financial and operational performance.

The Merged Group will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Merged Group's performance and the value of its assets.

bb. Contractual risks

As in any contractual relationship, the exercise of the Merged Group's rights are dependent upon the Merged Group's ability to comply with its obligations, and the relevant counterparty complying with its contractual obligations.

The Directors of the Merged Group are unable to predict the risk of:

- Financial failure or default by a participant in any joint venture to which the Merged Group is or may become a party; or
- Insolvency or other managerial failure by any of the contractors or other service providers used by the Merged Group in any of its activities.

cc. Production inputs

Timely and cost-effective execution of the Merged Group's mining operations and exploration activities are dependent on the adequate and timely supply of water, fuel, chemicals and other critical supplies.

Supply chain disruption of suppliers, logistics partners, products, services/specialists and third-party providers has the potential to impact the Merged Group's operations. A continuation or escalation of global supply disruptions could materially affect the ability of the Merged Group's suppliers to provide products and services to the future development of its projects.

Any increase in the price of production inputs, including labour, fuels, power, consumables or other inputs could materially and adversely affect the Merged Group's business and results of operations. Input costs can be affected by changes in factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside the Merged Group's control.

If the Merged Group is unable to procure the requisite quantities of water, fuel or other inputs in time and at commercially acceptable prices or if there are significant disruptions in the supply of fuel, water or other inputs (including as a result of COVID-19), the performance of the Merged Group's business and results of operations could be materially and adversely affected.

dd. No certainty that the Merged Group will pay dividends

Any future determination as to the payment of dividends by the Merged Group will be at the discretion of the board of the Merged Group and will depend on the financial condition of the Merged Group, future capital requirements and general business and other factors considered relevant to the board of the Merged Group.

No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by the Merged Group.

10.3 General risks relating to the Merged Group

A list of some of the general investment risks associated with the Merged Group is set out below:

a. Economic risks

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

Further, share market conditions may affect the value of the Merged Group's quoted securities (namely, Lotus Shares) regardless of the Merged Group's operating performance. Share market conditions are affected by many factors such as:

- General economic outlook;
- Interest rates and inflation rates;
- Currency fluctuations;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital; and
- Terrorism or other hostilities.

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

10. RISK FACTORS

b. Force Majeure events

Events may occur within or outside the jurisdictions in which the Merged Group operates that could impact upon the global economy, the economy of the jurisdictions in which the Merged Group operates, the Merged Group's operations and the price of the Lotus Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Merged Group's products and its ability to operate its assets or may otherwise adversely impact the Merged Group's operations, financial performance and financial position. The Merged Group only has a limited ability to insure against some of these risks.

c. Change in laws

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

d. Foreign operational risks

The Merged Group will have operations in Malawi and Botswana, and as such, are exposed to various levels of political, economic and other natural and man-made risks and uncertainties over which the Merged Group will have no or limited control.

These risks and uncertainties include, but are not limited to: economic, social or political instability, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction and outbreaks of disease and other potential endemic health issues in the Merged Group's work force, including COVID-19, malaria, HIV/AIDS and other contagious diseases.

Changes, if any, in mining, environmental or investment policies or shifts in political attitude in Malawi or Botswana may have a material adverse effect on the Merged Group's business, financial condition and results of operations.

e. Compliance with mining laws and mining tenement conditions

Interests in mining tenements are governed by legislation and are evidenced by the granting of licences or leases. Generally, each licence or lease (referred to as "tenements") is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. The Merged Group could lose its title to or its interest in one or more of the tenements in which it has an interest if conditions attaching to those tenements are not met or if insufficient funds are available to the relevant holders of the tenements to meet minimum expenditure commitments.

f. Compliance with anti-corruption laws

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

The Merged Group will maintain anti-bribery policies, anti-corruption training programs, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. However, wherever the Merged Group operates it always needs to be aware of the potential risk of fraud, bribery and corruption. The Merged Group cannot predict the nature, scope or effect of future regulatory requirements to which the Merged Group's operations might be subject or the manner in which existing laws might be administered or interpreted. Instances

of fraud, bribery and corruption, and violations of laws and regulations could expose the Merged Group and its directors and senior management to civil or criminal penalties or other sanctions, and could have a material adverse effect on the Merged Group's reputation, business, results of operations, financial condition and the share price.

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

g. Accounting risk

In accounting for the Schemes, the Merged Group will need to perform a fair value assessment of all of A-Cap's assets, liabilities and contingent liabilities, which will include the identification and valuation of intellectual property and intangible assets. As a result of this fair value assessment, the Merged Group's depreciation and amortisation charges may be substantially greater than the depreciation and amortisation charges of A-Cap and Lotus as separate businesses and to that extent may significantly reduce the future earnings of the Merged Group.

To the extent goodwill is recognised in respect of accounting for the acquisition of A-Cap by Lotus, it will be subject to annual impairment testing. If the recoverable amount of goodwill is impaired, this will result in a charge against future earnings.

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which may have an adverse impact on the Merged Group.

The impact of changes to the Australian Equivalent of International Financial Reporting Standards (AIFRS) could adversely affect the Merged Group's reported earnings performance in any given period and its financial position from time to time.

h. Taxation risk

Changes to income tax (including capital gains tax), GST, duty or other revenue legislation, case law, rulings or determinations issued by the Commissioner of Taxation or other practices of tax authorities may change following implementation of the Schemes or adversely affect the Merged Group's profitability, net assets and cash flow. In particular, both the level and basis of taxation may change.

In addition, an investment in New Lotus Shares involves tax considerations which may differ for each Scheme Participant. Each Scheme Participant is encouraged to seek professional tax advice in connection with any investment in New Lotus Shares.

i. Securities price fluctuations

The New Lotus Shares issued under the Schemes carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Lotus Shares will be determined by the securities market and will be subject to a range of factors beyond the control of A-Cap, A-Cap Directors, and A-Cap's management. The risk is similar to that faced by Scheme Participants currently.

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

10. RISK FACTORS

j. Share market risk

The market price of the New Lotus Shares could fluctuate significantly. The market price of the New Lotus Shares may fluctuate based on a number of factors including the Merged Group's operating performance and the performance of competitors and other similar companies, the public's reaction to the Merged Group's press releases, other public announcements and the Merged Group's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who may track the Lotus Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of Lotus Shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Merged Group or its competitors.

In addition, the market price of the New Lotus Shares will be affected by many variables not directly related to the Merged Group's success and are therefore not within the Merged Group's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Lotus Shares, and the attractiveness of alternative investments.

10.4 Risks and implications for A-Cap if the Share Scheme is not Implemented

There are existing risks relating to A-Cap's business and an investment in A-Cap that will continue to be relevant if the Schemes are not approved and Implemented including the risks set out in this section 10.4.

Please note that whilst the Share Scheme is conditional on the Option Scheme proceeding, Lotus can waive this condition, for example if the Option Scheme was not approved by the Requisite Majorities.

Please refer to Section 10.4(g) for implications of remaining as an A-Cap Listed Optionholder if the Share Scheme is Implemented but the Option Scheme is not.

a. Scheme Participants will not receive the Share Scheme Consideration or Option Scheme Consideration

If the Schemes are not Implemented, Scheme Participants will retain their A-Cap Shares and will not receive the Share Scheme Consideration or Option Scheme Consideration (as applicable). A-Cap will remain listed on ASX as a stand-alone entity and the current A-Cap Board and A-Cap's senior management team will continue to operate A-Cap's business. In these circumstances, Scheme Participants will continue to be subject to all risks currently associated with an investment in A-Cap (and to which Scheme Participants are necessarily already exposed to).

b. The benefits associated with the Merged Group will not be realised

If the Schemes are not Implemented, A-Cap will remain listed on ASX as a stand-alone entity, and the benefits anticipated from the Merged Group will not be realised. More information about these anticipated benefits is set out in Section 1.2.

c. If the Schemes do not proceed, the price of A-Cap Shares may fall below its recent trading price, in the absence of a Superior Proposal

Fluctuations in the trading price of A-Cap Shares are affected by many variables, including national and global economic financial conditions, the market's response to the Schemes, changes in uranium and other commodity prices, market perceptions of A-Cap, regulatory changes affecting A-Cap's operations, variations in A-Cap's operating results and the liquidity of financial markets. There can be no assurance that such fluctuations will not affect the price of A-Cap Shares in the future if the Schemes do not proceed.

If the Schemes are not implemented and no Superior Proposal emerges, it is possible that the trading price of A-Cap Shares will fall to below the level at which it has been trading since the Schemes were announced, to the extent that the market price reflects an assumption that the Schemes will be implemented (although this is difficult to predict with any degree of certainty).

d. Risks for A-Cap as a stand-alone entity

If the Schemes do not proceed, and no Superior Proposal emerges, the A-Cap Board intends to continue with its existing strategy. There are a number of risks, including those associated with A-Cap as a stand-alone entity, that may affect A-Cap's performance and operations more broadly.

e. Requirement for further funding Risks for A-Cap as a stand-alone entity

If the Schemes do not proceed, and no Superior Proposal emerges, A-Cap will need to raise capital in the short term. There can be no assurance that sufficient capital will be available and if capital is available it may be on onerous terms not favourable to A-Cap shareholders.

f. Transaction costs already incurred

As referred to in Section 12.9, A-Cap estimates that it will incur costs of approximately \$2,011,000 (exclusive of GST) in connection to the Schemes, of which \$1,116,400 (exclusive of GST) will be payable by A-Cap regardless of whether or not the Schemes are implemented.

g. Implications of remaining as an A-Cap Listed Optionholder if the Share Scheme is Implemented but the Option Scheme is not

The Share Scheme can proceed without the Option Scheme being approved. In this scenario, Lotus will acquire all A-Cap Shares via the Share Scheme, however, A-Cap Listed Optionholders would still hold A-Cap Listed Options exercisable into A-Cap Shares. Specifically, Clause 3.2(a) (iii) of the Scheme Implementation Deed provides the A-Cap Listed Optionholder Approval may be waived as a condition precedent with the written consent of Lotus.⁷¹ In this scenario, Lotus will acquire all A-Cap Shares via the Share Scheme. Specifically, in this scenario, Lotus would consider all alternatives available to it, either under the Corporations Act, or by private treaty, or by taking no immediate action, in which case A-Cap Listed Optionholders, who subsequently exercise their A-Cap Listed Options would become minority holders of A-Cap (which will have become a subsidiary of Lotus and may have been delisted from the ASX).

h. Financial risks

As discussed in its Annual Report dated 24 October 2022, A-Cap is exposed to a range of other financial risks, treasury and foreign currency risks, and interest rate risks.

10.5 Other Risks

If the Schemes are not Implemented, Scheme Participants will continue to be exposed to various further risk factors, including those that currently apply to an investment in A-Cap. Many of the risk factors described in Sections 10.1, 10.2 and 10.3 as applicable to the Merged Group may also apply to a continuing investment in A-Cap as a stand-alone entity.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Lotus, A-Cap or the Merged Group. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Lotus, A-Cap and the Merged Group and the value of the Share Scheme Consideration (and Option Scheme Consideration) and Lotus Shares generally.

71 If Lotus does not waive this condition and the SID is terminated, Lotus may be required to pay the Reimbursement Fee. Refer to Section 3.5 for more details.

11. TAXATION IMPLICATIONS

11.1 General overview of Australian tax implications for A-Cap Shareholders on Implementation of the Share Scheme

This section 11 contains a general overview of the Australian income tax (including Capital Gains Tax (CGT)), Good and Services tax (GST) and stamp duty implications for certain Australian and foreign resident A-Cap Shareholders on Implementation of the Share Scheme.

The categories of A-Cap Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their A-Cap Shares on capital account.

The tax summary contained in this section does not include consideration of the tax implications of the vesting of A-Cap Performance Rights which occurs prior to the Record Date.

The tax comments outlined in this summary are relevant only to certain A-Cap Shareholders and are not applicable to all A-Cap Shareholders and do not cover A-Cap Shareholders who:

- a. hold their A-Cap Shares as a revenue asset (ie trading entities or entities who acquired their A-Cap Shares for the purposes of resale at a profit) or as trading stock;
- b. are partnerships or individuals who are partners of such partnerships;
- c. hold their A-Cap Shares as pre-CGT assets
- d. hold their A-Cap Shares as an asset in a business that is carried on through a permanent establishment in Australia;
- e. acquired their A-Cap Shares pursuant to an arrangement which qualifies as an employee share plan;
- f. are under a legal disability;
- g. are exempt from Australian income tax;
- h. are Ineligible Shareholders;
- i. are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their A-Cap Shares;
- j. are subject to the Investment Manager Regime under Subdivision 842-1 of the Income Tax Assessment Act 1997 (Cth) in respect of their A-Cap Shares;
- k. are a significant shareholder as defined in Section 124-783 of the Income Tax Assessment Act 1997 (Cth).

This summary is prepared solely for A-Cap Shareholders as described and limited above. This summary has been prepared for the purpose of enabling certain A-Cap Shareholders to broadly understand certain Australian taxation implications of the proposed Share Scheme as outlined in this Scheme Booklet.

This summary is based on the Australian tax law, and the practice of the tax authorities, at the time of issue of this Scheme Booklet. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of their A-Cap Shares will depend upon each A-Cap Shareholder's specific circumstances.

These comments should not be a substitute for advice from an appropriate professional advisor having regard to each A-Cap Shareholder's individual circumstances. All A-Cap Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

11.2 Australian Tax Resident A-Cap Shareholders

This section applies to A-Cap Shareholders who are residents of Australia for income tax purposes. Under the Share Scheme, A-Cap Shareholders will dispose of their A-Cap Shares to Lotus in exchange for the Share Scheme Consideration, comprising 1 New Lotus Share for every 3.54 fully paid ordinary A-Cap Share held on the Record Date.

a. CGT Event on the disposal of A-Cap Shares to Lotus

The disposal of the A-Cap Shares to Lotus under the Share Scheme should give rise to CGT event A1 for A-Cap Shareholders. The timing of the CGT event for the A-Cap Shareholders should be the date the A-Cap Shares are disposed of, which will occur on the Implementation Date (ie currently expected to be on or around 31 October 2023).

b. Calculation of capital gain or capital loss

In the absence of CGT roll-over relief (discussed below), A-Cap Shareholders should make a capital gain on the disposal of A-Cap Shares to Lotus should give rise to CGT event A1 for A-Cap Shareholders. A-Cap Shareholders should either:

- make a capital gain if the capital proceeds received by the A-Cap Shareholders on the exchange of their A-Cap Shares is greater than the cost base of those A-Cap Shares.
- make a capital loss if the capital proceeds received by the A-Cap Shareholders on the exchange of their A-Cap Shares is less than the reduced cost base of those A-Cap Shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. A-Cap Shareholders should seek their own tax advice in relation to the operation of these rules.

c. Capital proceeds received by A-Cap Shareholders

The capital proceeds on the disposal of the A-Cap Shares should be equal to the Share Scheme Consideration received by the A-Cap Shareholders.

Therefore, the capital proceeds should be equal to the market value of the New Lotus Shares (or cash in the case of an Ineligible Shareholder) received by the A-Cap Shareholders. Lotus will determine the relevant market value of the Lotus shares for the A-Cap Shareholders following the Implementation of the Share Scheme and publish this on the Lotus and A-Cap investor websites.

d. Cost base and reduced cost base of a A-Cap Share

The calculation of cost base should generally include the amount paid, and the market value of any property given to acquire A-Cap Shares, plus certain incidental costs of acquisition and disposal (such as brokerage fees, legal fees and stamp duty) that are not otherwise deductible to the A-Cap Shareholder and the cost base may require adjustment in certain circumstances (for example, where there has been a capital return). The reduced cost base of an A-Cap Share should be determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the A-Cap Shareholder's individual circumstances. The calculation of cost base and reduced cost base will be different for each A-Cap Shareholder depending on their individual circumstances.

e. CGT discount

The CGT discount may be applicable to A-Cap Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their A-Cap Shares for at least 12 months (not including the date of acquisition or the date of disposal) before the Implementation Date. The CGT discount should reduce the amount of any capital gain (after application of capital losses) from the disposal of their A-Cap Shares by:

- one-half if the A-Cap Shareholder is an individual or trustee: meaning only 50% of the capital gain should be included in assessable income; and

11. TAXATION IMPLICATIONS

- one-third if the A-Cap Shareholder is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain should be included in assessable income.

The CGT discount is not available to A-Cap Shareholders that are companies.

If the A-Cap Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses should be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the A-Cap Shareholder's net capital gain for the income year and included in assessable income.

The CGT discount rules relating to trusts are complex. Subject to certain requirements being satisfied, the capital may flow through to the beneficiaries in that trust, who will assess eligibility for the CGT discount in their own right. Accordingly, we recommend trustees seek their own independent advice on how the CGT discount applies to them and the trust's beneficiaries.

f. Availability of CGT Scrip-for-scrip roll-over relief

As Lotus will become the owner of 80% or more of the shares in A-Cap upon successful Implementation of the Share Scheme, A-Cap Shareholders who make a capital gain from the disposal of their A-Cap Shares should generally be eligible to choose CGT scrip-for-scrip roll-over relief.

Broadly, CGT scrip-for-scrip roll-over relief enables A-Cap Shareholders to disregard the capital gain they make from the disposal of their A-Cap Shares under the Share Scheme.

A-Cap Shareholders do not need to inform the ATO, or document their choice to claim CGT scrip-for-scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

A-Cap Shareholders should note that A-Cap has not and does not intend to apply for a class ruling from the ATO on the applicability of the CGT scrip-for-scrip roll-over relief. A-Cap Shareholders should seek independent professional advice to confirm the eligibility for CGT roll-over relief in light of their own specific circumstances.

g. Consequences for choosing CGT scrip-for-scrip roll-over relief

If an A-Cap Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their A-Cap Shares under the Share Scheme should be disregarded.

The first element of the cost base for their New Lotus Shares is then determined by attributing, on a reasonable basis, the existing cost base of the A-Cap Shares exchanged under the Share Scheme. The first element of the reduced cost base is determined similarly.

For the purposes of determining an A-Cap Shareholder's future eligibility for the CGT Discount, the acquisition date of the New Lotus Shares is taken to be the date when the relevant A-Cap Shareholder originally acquired their A-Cap Shares.

h. Consequences if CGT scrip for scrip roll-over relief is not available or is not chosen

If an A-Cap Shareholder does not qualify for CGT scrip-for-scrip roll-over relief, or the A-Cap Shareholder chooses not to obtain CGT scrip-for-scrip roll-over relief, the general CGT treatment outlined at paragraph 11.2(a) should apply.

If an A-Cap Shareholder makes a capital loss from the disposal of their A-Cap Shares, this loss may be used to offset capital gains in the same or subsequent years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset net capital gains arising in earlier income years.

The first element of the cost base (and reduced cost base) of the New Lotus Shares received by an A-Cap Shareholder should be equal to the market value of the A-Cap Shares it exchanges for the New Lotus Shares. In the absence of any contrary indication of the value of the A-Cap Shares, their market value could be taken to be equal to the market value of the New Lotus Shares on the date the New Lotus Shares are issued (being the Implementation Date).

The acquisition date of the New Lotus Shares for A-Cap Shareholders for CGT Discount purposes should be the Implementation Date. This means an A-Cap Shareholder will need to hold their New Lotus Shares for at least 12 months after that date before the CGT Discount (as described above) may apply on a subsequent disposal of the New Lotus Shares.

i. Ongoing ownership of Lotus Shares

Generally, a Share Scheme Participant should be required to include in its assessable income the gross amount (including any attached franking credits) of any dividends it received from Lotus when those dividends are paid or credited to them. To the extent Lotus pays franked dividends, a franking tax offset may also be available.

On a future disposal of Lotus shares, Share Scheme Participants may make a capital gain if the capital proceeds of that disposal are more than the cost base or a capital loss if the capital proceeds of that disposal are less than the reduced cost base. The cost base and acquisition date of the Lotus Shares, and eligibility for the CGT discount, are as described earlier.

11.3 Foreign tax resident shareholders

For any A-Cap Shareholder who:

- a. is not a resident of Australia for Australian income tax purposes; and
- b. does not hold their A-Cap Shares in carrying on a business through a permanent establishment in Australia;

the disposal of A-Cap Shares should generally only result in Australian CGT implications if:

- c. that shareholder together with its associates held an interest of 10% or more in A-Cap at the time of disposal or for a 12 month period within 2 years preceding the disposal (referred to as a "non portfolio interest"); and
- d. more than 50% of the market value of A-Cap's assets is attributable to direct or indirect interests in "taxable Australian real property" (as defined in the income tax legislation).

A-Cap considers that currently and up to Implementation Date, less than 50% of the market value of A-Cap's assets is attributable to direct or indirect interests in "taxable Australian real property", therefore, non-resident shareholders who do not hold their A-Cap Shares in carrying on a business through a permanent establishment in Australia should not be subject to CGT as a result of the Scheme.

A foreign resident CGT withholding tax of 12.5% applies to transactions involving the acquisition of an asset that is indirect Australian real property interest. A-Cap considers that less than 50% of the market value of A-Cap's assets are attributable to direct or indirect "taxable Australian real property". On this basis, the foreign resident CGT withholding tax should not apply.

Any foreign resident individual A-Cap Shareholder who was previously a resident of Australia and chose to disregard a capital gain or capital loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on disposal of their A-Cap Shares as set out in section 1.2, although the CGT discount should only be available to the extent of the period that the foreign resident individual A-Cap Shareholder was an Australian resident. Further, scrip for scrip roll-over relief should not be available for foreign residents where the replacement interest (ie the Lotus Shares received) is not taxable Australian property.

Non-resident A-Cap Shareholders should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.

11. TAXATION IMPLICATIONS

11.4 Australian Tax Resident A-Cap Listed Optionholders

Under the Option Scheme, A-Cap Listed Optionholders will dispose of their A-Cap Listed Options to Lotus in exchange for the Option Scheme Consideration, comprising 1 New Lotus Share for every 500 A-Cap Options held.

The Australian taxation consequences will differ depending on how the A-Cap Listed Optionholder acquired their A-Cap Listed Options. The following summary is prepared on the basis that the A-Cap Listed Options were not acquired under an employee share option plan (or similar scheme or arrangement) that is subject to Division 83A of the ITAA 1997 (ESOP).

For completeness, CGT scrip for scrip roll-over relief should not be available in respect of A-Cap Listed Options.

a. Australian CGT consequences for A-Cap Listed Optionholders

CGT asset

For Australian CGT purposes, the A-Cap Listed Options should be treated as CGT assets.

CGT event and calculation of capital gain or capital loss

The disposal of A-Cap Listed Options held by an Australian resident under the Option Scheme should constitute a CGT event for Australian income taxation purposes on the Implementation Date.

Under the Option Scheme, Australian resident A-Cap Listed Optionholders should:

- make a capital gain if the capital proceeds received by the A-Cap Listed Optionholders on the exchange of their A-Cap Listed Options is greater than the cost base of those A-Cap Listed Options.
- make a capital loss if the capital proceeds received by the A-Cap Listed Optionholders on the exchange of their A-Cap Listed Options is less than the reduced cost base of those A-Cap Listed Options.

Capital losses can only be offset against capital gains derived in the same income year or later income years but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. A-Cap Listed Optionholders should seek their own tax advice in relation to the operation of these rules.

Capital proceeds received by A-Cap Listed Optionholders

The capital proceeds on the disposal of the A-Cap Listed Options should be equal to the Option Scheme Consideration received by the A-Cap Listed Optionholders.

Therefore, the capital proceeds should be equal to the market value of the New Lotus Shares (or cash in the case of an Ineligible Listed Optionholder) received by the A-Cap Listed Optionholders.

Cost base and reduced cost base of an A-Cap Listed Option

The calculation of cost base should generally include the amount paid, and the market value of any property given to acquire A-Cap Listed Options, plus certain incidental costs of acquisition and disposal (such as brokerage fees, legal fees and stamp duty) that are not otherwise deductible to the A-Cap Listed Optionholder and the cost base may require adjustment in certain circumstances. The reduced cost base of an A-Cap Listed Option should be determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the A-Cap Listed Optionholder's individual circumstances. The calculation of cost base and reduced cost base will be different for each A-Cap Listed Optionholder depending on their individual circumstances.

CGT discount

The comments in 11.2(e) in relation to qualification for the CGT discount should apply equally to Australian resident A-Cap Listed Optionholders who are individuals, trusts or complying superannuation funds and have held their A-Cap Listed Options for at least 12 months at the time of their disposal.

11.5 Foreign Tax Resident A-Cap Listed Optionholders

For A-Cap Listed Optionholders who are not Australian residents, then the CGT consequences outlined in section 11.3 above should apply in a similar manner in respect of the disposal of the A-Cap Listed Options.

11.6 GST

A-Cap Shareholders should not be liable to Australian GST in respect of a disposal of their A-Cap Shares, regardless of whether the A-Cap Shareholder is registered for GST or not.

A-Cap Shareholders may incur GST included in costs (such as adviser fees relating to their participation in the Share Scheme) that relate to the Share Scheme. A-Cap Shareholders that are registered for GST may be entitled for input tax credits or reduced input tax credits for such costs. This will depend on each A-Cap Shareholder's individual circumstances.

11.7 Stamp duty

No stamp duty should be payable by A-Cap Shareholders in any Australian State or Territory on the acquisition by Lotus of their A-Cap Shares under the Share Scheme or on receipt by A-Cap Shareholders of the Lotus Shares as Share Scheme Consideration.

12. ADDITIONAL INFORMATION

This Section sets out the additional information required by section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the Corporations Regulations, as well as some additional information that may be relevant to A-Cap Shareholders and A-Cap Listed Optionholders in making a decision on how to vote at the Scheme Meetings on the Scheme Resolutions.

12.1 Interests held by or on behalf of A-Cap Directors in marketable securities of A-Cap

a. Interests of A-Cap Directors in A-Cap Shares

As at the Last Practicable Date, the A-Cap Shares which are held or controlled by A-Cap Directors are listed below.

Table 12.1: Interests of A-Cap Directors in A-Cap Shares

Director	Number of A-Cap Shares	Percentage interest in A-Cap Shares
Jiandong He	467,751,682 ⁷²	37.66%
Paul Ingram	10,454,758	0.84%
Michael Liu	15,595,939	1.26%
Jijing Niu	2,250,000	0.18%
Mark Syropoulo	505,524	0.04%
Zhenwei Li	0	n/a
Andrew Tunks	272,465	0.02%
Total	496,830,368	40.00%

Each A-Cap Director intends to vote any A-Cap Shares held or controlled by them in favour of the Share Scheme Resolution, subject to no Superior Proposal and provided that the Independent Expert continues to conclude that the Share Scheme is in the best interests of A-Cap Shareholders.

b. Interests of A-Cap Directors in A-Cap Listed Options

As at the Last Practicable Date, no A-Cap Director has a Relevant Interest in A-Cap Listed Options:

c. Interests of A-Cap Directors in A-Cap Unlisted Options and A-Cap Performance Rights

As at the Last Practicable Date, the A-Cap Directors have the following Relevant Interest in A-Cap Unlisted Options and A-Cap Performance Rights:

Table 12.2: Interests of A-Cap Directors in A-Cap Unlisted Options and A-Cap Performance Rights

Director	Number of A-Cap Unlisted Options	Percentage interest in A-Cap Unlisted Options	Number of A-Cap Performance Rights	Percentage interest in A-Cap Performance Rights
Jiandong He	4,000,000	7.41%	5,000,000	16.67%
Paul Ingram	6,000,000	11.11%	5,000,000	16.67%
Michael Liu	3,500,000	6.48%	5,000,000	16.67%
Jijing Niu	3,500,000	6.48%	5,000,000	16.67%
Mark Syropoulo	3,500,000	6.48%	5,000,000	16.67%
Zhenwei Li	3,500,000	6.48%	5,000,000	16.67%
Andrew Tunks	3,500,000	6.48%	0	n/a
Total	27,500,000	50.93%	30,000,000	100%

d. Dealings of A-Cap Directors in A-Cap Securities

No A-Cap Director acquired or disposed of a Relevant Interest in any A-Cap Securities in the four month period ending on the date immediately before the date of this Scheme Booklet.

e. Interests held by or on behalf of A-Cap Directors in marketable securities of Lotus

No A-Cap Director has a Relevant Interest in any securities of Lotus or any of its Related Bodies Corporate.

f. Dealings of A-Cap Directors' in Lotus Securities

No A-Cap Director has acquired or disposed of a Relevant Interest in any securities in Lotus or any of its Related Bodies Corporate in the four month period ending on the date immediately before the date of this Scheme Booklet.

12.2 Treatment of A-Cap Unlisted Securities

A condition precedent to the Share Scheme proceeding is that, by 8:00am on the Second Court Date, A-Cap has taken the steps contemplated in the Scheme Implementation Deed in relation to the A-Cap Unlisted Securities. This involves A-Cap Unlisted Options either being exercised and A-Cap Shares issued to those former A-Cap Unlisted Optionholders or the A-Cap Unlisted Options being cancelled in return for the issuance of New Lotus Shares, upon the Share Scheme becoming Effective. Similarly, in the case of the A-Cap Performance Rights, these are either to vest with A-Cap Shares issued to former performance right holders or alternatively, they would be cancelled in return for the issuance of New Lotus Shares upon the Share Scheme becoming Effective. Further detail is provided below.

a. A-Cap Unlisted Options

As noted in section 6.8, A-Cap has various tranches of A-Cap Unlisted Options on issue, which are predominantly held by a range of A-Cap Directors, senior management, employees, consultants, financial advisers and shareholders of A-Cap. The number of A-Cap Unlisted Options held by each of A-Cap's Directors is detailed in Table 12.2 in Section 12.2 above.

12. ADDITIONAL INFORMATION

The A-Cap Unlisted Options have been issued variously under A-Cap's Executive and Consultant Share Option Scheme, the A-Cap Director Long Term Incentive Plan (in each case approved at prior A-Cap general meetings) and in the case of one tranche, under the terms contained in A-Cap's prospectus dated 24 September 2021.

The implications of a change of control of A-Cap with respect to each tranche of A-Cap Unlisted Options differs. In that regard, and in the context of negotiating of the broader Transaction, the A-Cap Board resolved that all A-Cap Unlisted Optionholders be invited to cancel their A-Cap Unlisted Options (subject to the Share Scheme being approved by the Requisite Majorities of A-Cap Shareholders at the Share Scheme Meeting and the grant of a waiver of ASX Listing Rule 6.23.2 from ASX (as discussed further in section 12.5(a) below).

As at the date of this Scheme Booklet, cancellation deeds have been entered into by all A-Cap Unlisted Optionholders. Under those cancellation deeds, in consideration for the cancellation of their A-Cap Unlisted Options, A-Cap Unlisted Optionholders will receive an amount of New Lotus Shares, which has been determined by the A-Cap Board with reference to the Black Scholes valuation methodology. The assumptions and inputs for that Black Scholes valuation methodology are consistent with those that were utilised in valuing the A-Cap Options. Accordingly, the A-Cap Unlisted Options are not being cancelled on more favourable terms than those terms upon which the A-Cap Listed Options are being acquired under the Option Scheme.

As at the Last Practicable Date, there are 54,000,000 A-Cap Unlisted Options on issue. Pursuant to the cancellation deeds, the aggregate value of the consideration payable by Lotus to the A-Cap Unlisted Optionholders in the form of the issue of New Lotus Shares is approximately \$400,000.

b. A-Cap Performance Rights

As noted in section 6.8, A-Cap has four tranches of A-Cap Performance Rights on issue, which are all held by present A-Cap Directors. One tranche of the A-Cap Performance Rights has already vested. The remaining tranches remain unvested. The A-Cap Performance Rights were issued under the A-Cap Director Long Term Incentive Plan (approved at A-Cap's 2021 annual general meeting) and on the terms of the A-Cap Director Long Term Incentive Plan together with those contained in the relevant Terms of Participation set out in the offer letter issued to each participant. The Scheme Implementation Deed required that there be no A-Cap Performance Rights on issue as at the Implementation Date. It provided for two primary means of treatment of the A-Cap Performance Rights, in order to give effect to this requirement:

- i. Under the terms upon which the A-Cap Performance Rights were issued, if a change of control event occurs to A-Cap and on that date the closing price of A-Cap shares was less than 10 cents, then the A-Cap Board may, in its absolute discretion, determine the number of unvested rights of a participant that will vest and convert to a vested right, notwithstanding that any applicable performance measures have not been satisfied. Any rights which remain unvested continue in accordance with their terms. Under the terms, a change of control event includes the court making orders under section 411(1) of the Corporations Act the convening of the meeting to consider a proposed scheme of arrangement, which has now occurred in respect of the Share Scheme Meeting and the Option Scheme Meeting.
- ii. Alternatively, all A-Cap Performance Right holders would be invited to cancel their A-Cap Performance Rights (subject to the Share Scheme becoming Effective and the grant of a waiver of Listing Rule 6.23.2 from ASX (as discussed further in section 12.5(a) below). Under this alternative, those A-Cap Performance Right holders would be issued with New Lotus Shares on the Implementation Date on terms to be agreed.

Noting that one tranche of the A-Cap Performance Rights has already vested as at the date of this Scheme Booklet, and the terms of the transaction as agreed with Lotus under the SID, the A-Cap Board determined to exercise its discretion to vest the remaining three tranches of A-Cap Performance Rights with effect on the Record Date (because the terms of the transaction required that all rights be vested and converted or cancelled on terms to be agreed and the A-Cap Board did not consider that any substantially different terms would be reached by agreement) but on the basis that the vesting of all of those A-Cap Performance Rights is subject to the Share Scheme becoming Effective. The result is that, subject to that condition, A-Cap Shares will be issued to

A-Cap Performance Right holders in equal number to the vested rights (on issue at that time). The A-Cap Directors who hold A-Cap Performance Rights will then participate in the Share Scheme and receive the Share Scheme Consideration as an A-Cap Shareholder to the extent of the A-Cap shares issued as a result of the vesting of the A-Cap Performance Rights.

12.3 A-Cap Directors Benefits and agreements

a. **Directors and Officers (D&O) Liability Insurance**

A-Cap pays premiums in respect of a directors and officers insurance policy for the benefit of the Directors and executive officers. A-Cap may prior to 8:00 am on the Second Court Date, enter into arrangements to secure directors and officers' run-off insurance for any and all directors and officers of each member of the A-Cap Group for up to a seven-year period from the Implementation Date. The SID also provides for certain releases by A-Cap and Lotus of each director, officer and employee of any member of the A-Cap Group, as is customary for transactions of this nature such as the Schemes.

b. **Benefits in connection with retirement from office**

There is no payment or other benefit that is proposed to be made or given to any A-Cap Director, secretary or executive officer of A-Cap (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in A-Cap (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the implementation of, the Scheme.

c. **Other agreements or arrangements connected with or conditional on the Scheme**

Other than the matters described in this Scheme Booklet, there are no agreements or arrangements made between any A-Cap Director and any other person, including Lotus, in connection with, or conditional on the outcome of, the Scheme.

d. **Interests of A-Cap Directors in contracts with Lotus**

None of the A-Cap Directors has any interest in any contract entered into by Lotus.

e. **Benefits from Lotus**

None of the A-Cap Directors has agreed to receive, or is entitled to receive, any benefit from Lotus, which is conditional on, or is related to, the Share Scheme other than in their capacity as an A-Cap Shareholder.

12.4 Standstill arrangements

Under the Confidentiality Agreement entered into between A-Cap and Lotus, each party is subject to a standstill regime under which it must, and must ensure that its Associates and the officers and employees do not, in summary:

- c. acquire a Relevant Interest in any of the outstanding A-Cap Shares or any rights or option to acquire any shares in A-Cap; or
- d. enter into any agreement, arrangement or understanding involving the conferring of rights, the economic effect of which is equivalent, or substantially equivalent, to a party or an associate or related body corporate of it acquiring or holding securities, or any interest in securities, in A-Cap; or
- e. solicit proxies from securityholders of the other party or otherwise seek to influence or control the management or policies of the other party; or
- f. disclose any intention, plan or arrangement inconsistent with the foregoing; or
- g. advise, assist or encourage any other person in connection with any of the foregoing.

The standstill regime is subject to certain exceptions including:

- h. the Implementation of the Transaction; and
- i. in respect of anything done by a party with the prior written consent or written agreement of the other party.

12. ADDITIONAL INFORMATION

12.5 Regulatory relief

a. ASX waiver

ASX has granted A-Cap a waiver of ASX Listing Rule 6.23.2, which permits the cancellation of the A-Cap Unlisted Options and the cancellation of the A-Cap Performance Rights, for consideration without obtaining the prior approval of A-Cap Shareholders, on the basis that the cancellation is conditional upon the Share Scheme becoming Effective. Further detail in relation to the proposed treatment of the A-Cap Unlisted Options and A-Cap Performance Rights is contained in section 12.2.

b. ASIC relief

Paragraphs 8201(a), (b), (c), (d) and (e) and 8203(a) and (b) of Part 2 of Schedule 8 of the Corporations Regulations contain various disclosure obligations in connection with a creditors' scheme of arrangement. Under paragraph 5.1.01(1) of the Corporations Regulations, ASIC has granted A-Cap with a waiver of these requirements in relation to the Option Scheme (which is a creditors' scheme of arrangement).

ASIC has also granted A-Cap a modification of paragraph 8302(d) of Part 3 of Schedule 8 of the Corporate Regulations, such that A-Cap need only set out detail of payments and benefits to any director, secretary or executive officer of A-Cap (or any Related Body Corporate) in connection with his or her retirement from office, as a consequence of the Share Scheme. Further, ASIC has granted A-Cap relief from paragraph 8302(h) of Part 2 of Schedule 8 of the Corporations Regulations, such that the Scheme Booklet only needs to set out whether, within the knowledge of the A-Cap Directors, the financial position of A-Cap has materially changed since 31 December 2022 (being the last date of the period to which the financial statements for the half-year ended 31 December 2022 relate).

Section 250N of the Corporations Act requires A-Cap to hold its annual general meeting for the financial year ended 30 June 2023 by no later than 30 November 2023. A-Cap has applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold this meeting by three months. A-Cap will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available.

12.6 Effect of the Schemes on creditors

The Schemes, if Implemented, will not affect the interests of creditors of A-Cap. No new liability in respect of the Schemes is expected to be incurred by A-Cap (other than transaction costs and expenses) as a consequence of Implementation of the Schemes.

12.7 Formal disclosures and consents

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- j. to be named in this Scheme Booklet in the form and context in which they are named; and
- k. if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appears in this Scheme Booklet.

Name	Role
Canaccord Genuity (Australia) Limited	Australian financial advisers to A-Cap
Ernst & Young	Taxation Advisors to A-Cap
William Buck Audit (Vic) Pty Ltd	Investigating Accountant
Jones Day	Australian Legal adviser to A-Cap
BDO Corporate Finance (WA) Pty Ltd	Independent Expert
Valuation and Resource Management Pty Ltd.	Independent Technical Expert
Advanced Share Registry Limited	Share Registry

Lotus:

- a. has assumed and accepted responsibility for the preparation and inclusion of the Lotus Information; and
- b. has given and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the Lotus Information in the form and context in which it appears in this Scheme Booklet.

BDO has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure G and references to the Independent Expert's Report in the form and context in which they appear.

William Buck has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Investigating Accountant's Report in this Scheme Booklet in the form and context in which it appears in Annexure I and references to the Investigating Accountant's Report in the form and context in which they appear.

VRM has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Technical Assessment Report in this Scheme Booklet in the form and context in which it appears in Annexure H and references to the Independent Technical Assessment Report in the form and context in which they appear.

Each person named above:

- a. has not authorised or caused the issue of the Scheme Booklet;
- b. does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - i. Lotus in respect of the Lotus Information; and
 - ii. BDO in respect of the Independent Expert's Report;
 - iii. William Buck in respect of the Investigating Accountant's Report; and
 - iv. VRM in respect of the Independent Technical Assessment Report.
- c. to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet, other than Lotus in respect of the Lotus Information, BDO in respect of the Independent Expert's Report, William Buck in respect of the Investigating Accountant's Report and VRM in respect of the Independent Technical Assessment Report.

12.8 Foreign jurisdictions and international offer restrictions

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. A failure to comply with such restrictions may contravene applicable securities laws. A-Cap and its representatives and advisers disclaim all liability to such persons. A-Cap Shareholders who are nominees, trustee and custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Schemes in any jurisdiction outside of Australia other than those jurisdictions which are listed in the Important Information Section of this Scheme Booklet.

12. ADDITIONAL INFORMATION

12.9 Fees and expenses

The fees set out in this Section only relate to fees payable by A-Cap in connection with the Schemes. Such fees include payments to:

- a. to A-Cap's professional advisers (including its corporate financial, legal, accounting, communications and tax advisers);
- b. to the Independent Expert;
- c. to the Independent Technical Expert;
- d. to the Investigating Accountant;
- e. to the A-Cap Share Registry; and
- f. in respect of costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meetings and other general and administrative expenses in connection with the Schemes.

As at the date of this Scheme Booklet, the aggregate amount of the fees and expenses expected to be incurred by A-Cap in connection with the Schemes is approximately A\$ 2,011,000 (excluding GST). Of this amount, approximately A\$ 1,116,400 will be paid irrespective of whether the Schemes become Effective (and is Implemented).

The fee payable by A-Cap to its corporate finance adviser, Canaccord Genuity (Australia) Limited (**Canaccord**), comprises multiple tranches (these fees are included in the aggregate fees and expenses set out above). In respect of the first tranche Canaccord was paid by way of the issue of new A-Cap Shares, in lieu of a cash payment of an equivalent value. As announced to the ASX, this parcel of A-Cap Shares was issued to Canaccord Genuity (Australia) Limited on 7 August 2023, and at the time of issue, had an aggregate value of \$500,000. If the Schemes become Effective (and are Implemented), a subsequent tranche of fees of approximately \$802,000 (depending on the final value of the aggregate consideration under the Schemes) will be payable to Canaccord by A-Cap in connection with the Schemes. This subsequent tranche will be payable by A-Cap in cash.

The amounts set out above do not include the transaction costs that may be incurred by Lotus in relation to the Schemes.

12.10 Competent Persons Statements

a. A-Cap

The information in this Scheme Booklet that relates to:

- i. Letlhakane Mineral Resources is extracted from the report entitled "Upgrade in Letlhakane Uranium Resource" dated 5 October 2015, which is available to view on www.acap.com.au and www.asx.com.au. A-Cap confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed. A-Cap confirms that the form and context in which the relevant A-Cap Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.
- ii. Wilconi Nickel-Cobalt Mineral Resources is extracted from the report entitled "Wilconi Nickel-Cobalt Project Mineral Resource upgraded" dated 5 June 2023, which is available to view on www.acap.com.au and www.asx.com.au. A-Cap confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed. A-Cap confirms that the form and context in which the relevant A-Cap Competent Person's findings are presented in this Scheme Booklet have not been materially modified from the original market announcement.

b. Lotus

i. Definitive Feasibility Study

For information relating to Lotus' Restart Definitive Feasibility Study, refer to Lotus' ASX announcements dated 11 August 2022, being "DFS confirms Kayelekera as a low-cost, quick restart asset" and "Positive DFS results presentation". Lotus confirms that in relation to the Definitive Feasibility Study announced on 11 August 2022 (including the disclosed production target and forecast financial information), it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions underpinning the production target and forecast financial information included in those announcements continue to apply and have not materially changed.

ii. Ore Reserves

For information relating to Lotus' Ore Reserve Estimate, refer to Lotus' ASX announcements dated 11 August 2022, being "DFS confirms Kayelekera as a low-cost, quick restart asset" and "Positive DFS results presentation". Lotus confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the Ore Reserve Estimate, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Competent Person for the Ore Reserve Estimate was Mr Ryan Locke. Lotus confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the relevant original market announcement.

iii. Mineral Resources

For information relating to Lotus Mineral Resource Estimates, see Lotus' ASX announcements dated 15 February 2022 and 9 June 2022, being (respectively) "Kayelekera Mineral Resource increases by 23%" and "Uranium Resource Increases to 51.1Mlbs". Lotus confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the Mineral Resource Estimates, that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in those announcements continue to apply and have not materially changed. The Competent Person for the announcements was Mr David Princep. Lotus confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

iv. Exploration Results

Lotus' exploration results referred to in this document were reported by Lotus in its ASX announcements dated 6 October 2022 and 26 October 2022, being Maiden Greenfield Drill Program at the Chilumba Prospect Hits Uranium Mineralisation and Milenje Rare Earth Project Shows Potential. Lotus confirms that it is not aware of any new information or data that materially affects the information included in those original market announcements. The Competent Person for the announcements was Mr Alfred Gillman. Lotus confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

12. ADDITIONAL INFORMATION

12.11 Responsibility for Information

A-Cap has prepared, and is responsible for, the A-Cap Information (and is not responsible for the Lotus Information). None of Lotus, its Related Bodies Corporate or their respective directors, officers, employees and advisers has verified any A-Cap Information and none of them assumes any responsibility for the accuracy or completeness of any A-Cap Information.

Lotus has prepared, and is responsible for, the Lotus Information (and not the A-Cap Information). None of A-Cap, its Related Bodies Corporate, or their respective directors, officers, employees and advisers has verified any of the Lotus Information, and none of them assumes any responsibility for the accuracy or completeness of any the Lotus Information.

BDO has prepared the Independent Expert's Report in relation to the Schemes contained in Annexure G and takes sole responsibility for that report. None of A-Cap, Lotus, nor any of their Related Bodies Corporate or their respective directors, officers, employees and advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of A-Cap and Lotus respectively, in relation to the information which each has provided to the Independent Expert.

William Buck has prepared the Investigating Accountant's Report in relation to the Schemes contained in Annexure I and takes sole responsibility for that report. None of A-Cap, Lotus, nor any of their Related Bodies Corporate or their respective directors, officers, employees and advisers assume any responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report, except, in the case of A-Cap and Lotus respectively, in relation to the information which each has provided to the Investigating Accountant.

VRM has prepared the Independent Technical Assessment Report contained in Annexure H and takes sole responsibility for that report. None of A-Cap, Lotus, nor any of their Related Bodies Corporate or their respective directors, officers, employees and advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Technical Assessment Report, except, in the case of A-Cap and Lotus respectively, in relation to the information which each has provided to the Independent Technical Expert.

12.12 Supplementary information

A-Cap will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Scheme Meetings:

- a. a material statement in the Scheme Booklet is false or misleading in a material respect;
- b. a material omission from this Scheme Booklet;
- c. a significant change affecting a matter included in this Scheme Booklet; or
- d. a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, A-Cap may circulate and publish any supplementary document by:

- a. approaching the Court for a direction as to what is appropriate in the circumstances;
- b. placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- c. posting a statement on A-Cap's website at <https://acap.com.au/>;
- d. making an announcement to ASX; or
- e. taking such other action as A-Cap, in its absolute discretion, considers appropriate.

12.13 No unacceptable circumstances

The A-Cap Directors believe that the Schemes do not involve any circumstances in relation to the affairs of A-Cap that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

12.14 A-Cap Directors’ statement

The issue of this Scheme Booklet has been authorised by the A-Cap Board.

12.15 Other information material to the making of a decision in relation to the Schemes

Except as set out in this Scheme Booklet, so far as the A-Cap Directors are aware, there is no other information material to the making of a decision in relation to the Schemes, being information that is within the knowledge of any A-Cap Director or director of any Related Body Corporate of A-Cap, as at the date of this Scheme Booklet, which has not been previously disclosed to A-Cap Securityholders.

12.16 Right to inspect and obtain copies of the Share Register and Option Register

In accordance with section 170 of the Corporations Act, A-Cap maintains a register of all A-Cap Shareholders and A-Cap Listed Optionholders.

A-Cap Shareholders have the right to inspect the A-Cap Share Register which contains the name and address of each A-Cap Shareholder and certain other prescribed details relating to A-Cap Shareholders, without charge.

A-Cap Listed Optionholders have the right to inspect the A-Cap Option Register which contains the name and address of each A-Cap Listed Optionholder and certain other prescribed details relating to A-Cap Listed Optionholders, without charge.

A-Cap Shareholder and A-Cap Listed Optionholders also have the right to request a copy of the A-Cap Share Register or A-Cap Option Register (as applicable), upon payment of a fee (if any) up to a prescribed amount. A-Cap Shareholders and A-Cap Listed Optionholders have these rights by virtue of section 173 of the Corporations Act.

13. GLOSSARY

13.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below.

Term	Meaning
Abstain Order	means where a Court makes or imposes an order that one or more A-Cap Directors abstain or withdraw from making a recommendation to A-Cap Shareholders and A-Cap Listed Optionholders to vote in favour of the Schemes due to a Personal Interest
A-Cap	means A-Cap Energy Limited ACN 104 028 542.
A-Cap Board	means the board of directors of A-Cap.
A-Cap Competent Persons	means the "Competent Persons" (as defined in the JORC Code) used by A-Cap.
A-Cap Directors	means any director of A-Cap comprising part of the A-Cap Board.
A-Cap Disclosure Materials	has the meaning given to it in the Scheme Implementation Deed.
A-Cap Excluded Transaction	has the meaning given to it in the Scheme Implementation Deed.
A-Cap Fundamental Representations and Warranties	means the warranties in Part A of Schedule 2 of the Scheme Implementation Deed.
A-Cap Group	means A-Cap and its Related Bodies Corporate.
A-Cap Information	means the information contained in this Scheme Booklet, other than the Lotus Information the Independent Expert's Report, the Independent Technical Assessment Report and the Investigating Accountant's Report.
A-Cap Listed Option	means an option as set out in the table in section 6.8(a).
A-Cap Listed Optionholder	means a registered holder of an A-Cap Listed Option.
A-Cap Material Adverse Event	has the meaning given to it in the Scheme Implementation Deed.
A-Cap Option Register	means the register of A-Cap Listed Optionholders maintained by or on behalf of A-Cap in accordance with the Corporations Act.
A-Cap Performance Right	means a performance right as set out in the table in section 6.8(a).
A-Cap Prescribed Occurrence	has the meaning given to it in the Scheme Implementation Deed.
A-Cap Securities	means A-Cap Shares, A-Cap Listed Options, A-Cap Unlisted Options and A-Cap Performance Rights.

Term	Meaning
A-Cap Securityholder	means the holder of an A-Cap Security.
A-Cap Share	means an issued fully paid ordinary share in the capital of A-Cap.
A-Cap Share Register	means the register of A-Cap Shareholders maintained by or on behalf of A-Cap in accordance with the Corporations Act.
A-Cap Shareholder	means each person who is registered in the A-Cap Share Register as a holder of an A-Cap Share.
A-Cap Shareholder Information Line	means the information line set up for the purpose of responding to enquiries from A-Cap Shareholders in relation to the Schemes, being 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) on Business Days between 8:30 am and 5:00 pm (AEST)
A-Cap Unlisted Options	means an unlisted option as set out in the table in section 6.8(a).
A-Cap Unlisted Securities	means the: <ol style="list-style-type: none"> a. A-Cap Unlisted Options; and b. A-Cap Performance Rights;
Agreed Public Announcement	has the meaning given to that term in the Scheme Implementation Deed.
Announcement Date	means 13 July 2023, being the date of announcement of the Schemes to the ASX.
Applicable Law	means the Corporations Act, the Corporations Regulations, the ASX Listing Rules and any applicable ASIC regulatory guide and Takeovers Panel guidance note.
ASIC	means the Australian Securities and Investments Commission.
Associates	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and A-Cap was the designated body.
ASX	means ASX Limited ACN 008 624 691, or the financial market operated by it, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
ATO	means the Australian Taxation Office.

13. GLOSSARY

Term	Meaning
Authorisation	<p>means:</p> <ol style="list-style-type: none"> an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.
Australian Accounting Standards	<p>means the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts.</p>
Business Day	<p>means:</p> <ol style="list-style-type: none"> when used in relation to the Implementation Date and the Record Date, has the meaning given in the ASX Listing Rules; and in all other cases, means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.
CGT	<p>means Australian capital gains tax.</p>
CHESS	<p>means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.</p>
Competing Bidder	<p>means in relation to:</p> <ol style="list-style-type: none"> a Competing Transaction, the person(s) who made that Competing Transaction; and a Lotus Proposal, the person(s) who made that Lotus Proposal.
Competent Person	<p>has the meaning given to it in the JORC Code.</p>
Competing Transaction	<p>has the meaning given to it in the Scheme Implementation Deed.</p>
Conditions, Conditions Precedent or Scheme Conditions	<p>the Share Scheme Conditions and Option Scheme Conditions.</p>
Control	<p>has the meaning given in section 50AA of the Corporations Act.</p>
Corporations Act	<p>means the <i>Corporations Act 2001 (Cth)</i>.</p>

Term	Meaning
Corporations Regulations	means the <i>Corporations Regulations 2001 (Cth)</i> .
Counter Proposal	means a proposal from Lotus to A-Cap or the A-Cap Shareholders to provide an equivalent or superior outcome for A-Cap Shareholders than that offered under a Competing Transaction.
Court	means the Federal Court of Australia, or such other court of competent jurisdiction as A-Cap and Lotus agree in writing.
Deed Poll	means the Deed Poll executed by Lotus on 12 July 2023 under which Lotus undertakes in favour of each Share Scheme Participant to undertake all other actions attributed to them under the Share Scheme (including providing or procuring the provision of the Share Scheme Consideration to each Share Scheme Participant in accordance with the terms of the Share Scheme). A copy of the executed Deed Poll is included in Annexure C of this Scheme Booklet.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
Effective	means when used in relation to the Schemes, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Schemes.
Effective Date	means the date on which the Schemes becomes Effective.
Election	has the meaning given to it in section 3.15
Election Form	means a form issued by or on behalf of A-Cap for the purposes of a Small Share Scheme Participant who has made a valid election in writing to have all of the Share Scheme Consideration issued to the Sale Agent and sold on their behalf.
End Date	means 12 January 2024, subject to any extension to that date in accordance with the process set out in the Scheme Implementation Deed.
Excluded Options	means any A-Cap Listed Options held by an Excluded Shareholder.
Excluded Shareholder	means any member of the Lotus Group.
Exclusivity Period	<p>means the period beginning on 12 July 2023 and ending on the earlier of the:</p> <ol style="list-style-type: none"> termination of the Scheme Implementation Deed in accordance with its terms; Implementation Date; and End Date.

13. GLOSSARY

Term	Meaning
Execution Date	means the date of the Scheme Implementation Deed, being 12 July 2023.
Fairly Disclosed	means changes, events, circumstances, occurrences, information or matters disclosed to the relevant party in writing (including through any public announcements on ASX) in sufficient detail so as to enable Lotus or its Representatives as a reasonable and sophisticated party experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the A-Cap Group, to identify the nature and scope of the relevant fact, matter, event or circumstance in the context to which it relates.
FY21	means the financial year ending 31 December 2021.
FY22	means the financial year ending 31 December 2022.
Governmental Agency	means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Ineligible Foreign Holder	has the meaning given to it in the Scheme Implementation Deed.
Implementation Date	means the fifth Business Day after the Record Date.
Implementation	<p>means, in relation to:</p> <ol style="list-style-type: none"> a. the Share Scheme, the issuing of the Share Scheme Consideration to Share Scheme Participants and the transfer of all A-Cap Shares to Lotus pursuant to the Share Scheme; and b. the Option Scheme, the issuing of the Option Scheme Consideration to Option Scheme Participants and the transfer of all A-Cap Listed Options to Lotus pursuant to the Option Scheme. <p>A reference to Implement, Implemented, Implementing, or Implementation of the Share Scheme or Option Scheme (as applicable) has a corresponding meaning.</p>
Independent Expert or BDO	means BDO Corporate Finance (WA) Pty Ltd.

Term	Meaning
Independent Expert's Report	means the report by the Independent Expert set out in Annexure G of this Scheme Booklet.
Independent Technical Expert or VRM	means Valuation and Resource Management Pty Ltd.
Independent Technical Assessment Report	means the report by the Independent Technical Expert set out in Annexure H of this Scheme Booklet.
Ineligible Foreign Holder	means any Scheme Participant whose address is shown on either the A-Cap Share Register or A-Cap Option Register as at the Record Date is a place outside of Australia, New Zealand, Canada, China, Hong Kong, Singapore and any such other jurisdiction as agreed in writing between A-Cap and Lotus, unless, no less than three Business Days prior to the Scheme Meetings, A-Cap and Lotus agree in writing that is lawful and not unduly onerous or unduly impracticable to issue that Scheme Participant with the Scheme Consideration when the Schemes becomes Effective.
Investigating Accountant or William Buck	means William Buck Audit (Vic) Pty Ltd.
Investigating Accountant's Report	means the report by the Investigating Accountant set out in Annexure I of this Scheme Booklet.
Investor Presentation	means the investor presentation announced to ASX by each of A-Cap and Lotus on the Announcement Date.
JORC Code	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012, as updated from time to time.
Kayelekera Project	is described in section 8.3(a).
Last Practicable Date	means the Trading Day that is three Business Days prior to the date of this Scheme Booklet.
Letlhakane Project	is described in section 6.2.
Lotus	means Lotus Resources Limited ACN 119 992 175
Lotus Board	means the board of directors of Lotus.
Lotus Director	means any director of Lotus comprising part of the Lotus Board.
Lotus Due Diligence Information	has the meaning given to it in the Scheme Implementation Deed.
Lotus Group	means Lotus and its Related Bodies Corporate.

13. GLOSSARY

Term	Meaning
Lotus Information	<p>means the information set out in the following sections of this Scheme Booklet:</p> <ul style="list-style-type: none"> • <i>Letter from the Managing Director of Lotus;</i> • Section 1 – <i>Considerations relevant to your vote on the Scheme Resolutions</i>, limited to the following sections: <ul style="list-style-type: none"> ○ 1.2(b) (last sentence only); and ○ 1.2(d); • Section 2 – responses to the following <i>Frequently Asked Questions</i>: <ul style="list-style-type: none"> ○ Information about Lotus; and ○ Information about the Merged Group • Section 4 – <i>Summary of the Option Scheme</i>, limited to the following sections: <ul style="list-style-type: none"> ○ 4.18; and ○ 4.19; • Section 7 – <i>Overview of Lotus</i>; • Section 8 – <i>Overview of the Merged Group</i>, except to the extent it pertains to A-Cap or A-Cap’s contribution to the information of the Merged Group; • Section 9 – <i>Pro Forma Historical Financial Information of the Merged Group</i>, except to the extent it pertains to A-Cap or A-Cap’s contribution to the information of the Merged Group; • Section 10 – <i>Risks related to the Merged Group</i>, except to the extent it pertains to A-Cap or A-Cap’s contribution to the information of the Merged Group. in the following sections: <ul style="list-style-type: none"> ○ 10.1; ○ 10.2; and ○ 10.3; • Section 12 – <i>Additional Information</i>, limited to the following sections: <ul style="list-style-type: none"> ○ 12.10(b). <p>The information contained elsewhere in this Scheme Booklet repeating or based on the information referred above.</p>
Lotus Material Adverse Event	has the meaning given to it in the Scheme Implementation Deed.
Lotus Option	means an unlisted option in the capital of Lotus.
Lotus Prescribed Occurrence	has the meaning given to it in the Scheme Implementation Deed.

Term	Meaning
Lotus Proposal	has the meaning given to it in the Scheme Implementation Deed.
Lotus Securities	means Lotus Shares and Lotus Options.
Lotus Share	means an issued fully paid ordinary share in the capital of Lotus.
Lotus Shareholder	means each person who is registered in the Lotus Register as a holder of a Lotus Share.
Lotus Share Register	means the share register of Lotus.
Major Lotus Transaction	has the meaning given to it in the Scheme Implementation Deed.
Material Contract	<p>means each of the following:</p> <ul style="list-style-type: none"> • the Farm in and Joint Venture Agreement between A-Cap, Wilconi Pty Ltd, Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd (formerly, Matilda Operations Pty Ltd) and Willuna Mining Corporation Limited (formerly, Blackham Resources Limited) dated 20 December 2018, as varied; • a Deed of Amendment, Restatement and Consolidation – Wiluna Royalty Deed between Franco-Nevada Australia Pty Ltd (ACN 128 617 078), Kimba Resources Pty Ltd and Wiluna Operations Pty Ltd dated 9 December 2016, as amended by Deed of Assignment, Assumption and Consent between Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd, Wilconi Pty Ltd and Franco-Nevada Australia Pty Ltd dated 15 January 2019; • a Deed of Amendment, Restatement and Consolidation – Matilda Royalty Deed between Franco-Nevada Australia Pty Ltd (ACN 128 617 078), Nova Energy Pty Ltd and Kimba Resources Pty Ltd dated 9 December 2016, as amended by Deed of Assignment, Assumption and Consent between Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd, Wilconi Pty Ltd and Franco-Nevada Australia Pty Ltd dated 15 January 2019; • a Tripartite Deed between Wilconi Pty Ltd, Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd (formerly, Matilda Operations Pty Ltd), Lind Asset Management XIV LLC, Wiluna Mining Corporation Limited (formerly, Blackham Resources Limited), Scaddan Energy Pty Ltd, Zanthus Energy Pty Ltd, Lignite Pty Ltd and Matilda Gold Pty Ltd dated 29 January 2019; • a Tripartite Deed between Wilconi Pty Ltd, Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd (formerly, Matilda Operations Pty Ltd), MACA Mining Pty Ltd, Wiluna Mining Corporation Limited (formerly, Blackham Resources Limited), Scaddan Energy Pty Ltd, Zanthus Energy Pty Ltd, Lignite Pty Ltd and Matilda Gold Pty Ltd dated 24 January 2019;

13. GLOSSARY

Term	Meaning
Material Contract	<ul style="list-style-type: none"> • a Tripartite Deed between Wilconi Pty Ltd, Kimba Resources Pty Ltd, Wiluna Operations Pty Ltd (formerly, Matilda Operations Pty Ltd), Mercuria Energy Trading Pte Ltd, Wiluna Mining Corporation Limited (formerly, Blackham Resources Limited), Scaddan Energy Pty Ltd, Zanthus Energy Pty Ltd, Lignite Pty Ltd and Matilda Gold Pty Ltd dated 13 August 2020; and • a Royalty Security between Wilconi Pty Ltd and Franco-Nevada Australia Pty Ltd undated 2019.
Merged Group	means Lotus and the entities owned and/or controlled by Lotus following Implementation of the Scheme.
Merged Group Information	means any information in the Scheme Booklet or any supplementary disclosure to A-Cap Shareholders in respect of the Scheme, regarding the Merged Group.
Mineral Resource	has the meaning given to it in the JORC Code.
New Lotus Share (or share in the Merged Group)	means a fully paid ordinary share in Lotus to be issue as Share Scheme Consideration or Option Scheme Consideration under the Share Schemes and Option Scheme, respectively.
Notice of Share Scheme Meeting	means the notice in relation to the Share Scheme Meeting set out in Annexure E of this Scheme Booklet.
Notice of Option Scheme Meeting	means the notice in relation to the Option Scheme Meeting set out in 13.10 of this Scheme Booklet.
Option Deed Poll	means the deed poll to be entered into by Lotus in the form contained in Schedule 7 of the Scheme Implementation Deed or in such other form as agreed in writing between Lotus and A-Cap.
Option Scheme	means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between A-Cap and Option Scheme Participants, the form of which is contained in Schedule 6 of the Scheme Implementation Deed subject to any alterations or conditions that are: (i) agreed to in writing by A-Cap and Lotus and approved by the Court; or (ii) made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Lotus and A-Cap.
Option Scheme Conditions Precedent or Option Scheme Conditions	means those described in section 4.6.
Option Scheme Consideration	means the consideration to be provided by Lotus to each Option Scheme Participant for the transfer of each Scheme Option under the Option Scheme, being, 1 New Lotus Share per 500 Scheme Options.

Term	Meaning
Option Scheme Meeting	means the meeting of A-Cap Listed Optionholders convened by the Court in relation to the Option Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.
Option Scheme Participant	means each person who is an A-Cap Listed Optionholder on the Record Date (other than Excluded Shareholders).
Option Scheme Order	means the orders of the Court made under section 411(4)(b) of the Corporations Act (and if applicable and subject to clause 8.9, section 411(6) of the Corporations Act) in relation to the Option Scheme.
Option Scheme Resolution	means the resolution to be put to A-Cap Listed Optionholders at the Option Scheme Meeting to approve the Option Scheme, as set out in Annexure F.
Ore Reserve	has the meaning given to it in the JORC Code.
Permitted Foreign Jurisdiction	<p>means</p> <ul style="list-style-type: none"> • Canada; • People's Republic of China, where a A-Cap shareholder is a (i) qualified domestic institutional investor as approved by the relevant PRC regulatory authorities to invest in overseas capital markets, (ii) sovereign wealth fund or quasi-government investment fund that has the authorisation to make overseas investment or (iii) another type of qualified investor that has obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise); • Hong Kong; • New Zealand • Republic of Singapore; and • any such other jurisdictions as agreed in writing between A-Cap and Lotus. <p>Nominees and custodians who hold A-Cap shares on behalf of a beneficial owner resident outside a Permitted Foreign Jurisdiction may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of A-Cap and Lotus.</p>
Personal Interest	means, in respect of an A-Cap Director, any personal interest which the A-Cap Director has in the outcome of the Share Scheme or the Option Scheme that has been Fairly Disclosed in the A-Cap Disclosure Materials.
Public Registers	<p>means:</p> <ol style="list-style-type: none"> a. the records made available for public inspection by ASIC and which are revealed on an electronic search under a party's name, ACN or ABN; and b. the announcements made by a party to ASX.

13. GLOSSARY

Term	Meaning
Record Date	means the record date for determining entitlements to the Share Scheme Consideration or Option Scheme Consideration (as applicable), being 7:00 pm (AEST) on the second Business Day after the Effective Date or such other date (after the Effective Date) as A-Cap and Lotus may agree in writing.
Registered Address	means in relation to an A-Cap Shareholder, the address of the shareholder shown in the Register as at the Record Date.
Regulatory Authority	has the meaning given to it in the Scheme Implementation Deed.
Reimbursement Fee	means the amount of \$660,000.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representative	has the meaning given to it in the Scheme Implementation Deed.
Requisite Majorities	<p>means the approval of the Share Scheme Resolution by:</p> <ul style="list-style-type: none"> • unless the Court orders otherwise, a majority in number (ie more than 50%) of A-Cap Shareholders present and voting on the Share Scheme Resolution at the Share Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate A-Cap Shareholders, body corporate representative; and • at least 75% of the total number of votes cast on the Share Scheme Resolution at the Share Scheme Meeting by A-Cap Shareholders, either in person or by proxy, attorney or, in the case of corporate A-Cap Shareholders, body corporate representative. <p>or</p> <p>the approval of the Option Scheme Resolution by:</p> <ul style="list-style-type: none"> • unless the Court orders otherwise, a majority in number (ie more than 50%) of A-Cap Listed Optionholders present and voting on the Option Scheme Resolution at the Option Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate A-Cap Listed Optionholders, body corporate representative; and • at least 75% (by value) of the total amount of the debts and claims of A-Cap Listed Optionholders present and voting (either in person or by proxy) at the Option Scheme Meeting. For this purpose, the amount (or value) of each A-Cap Listed Optionholder's debt and claim will be the same as the Option Scheme Consideration payable for the transfer of the A-Cap Listed Options held by that A-Cap Listed Optionholder under the Option Scheme. As all A-Cap Listed Options have the same terms and, under the Option Scheme, each A-Cap Listed Optionholder will receive the same consideration per A-Cap Listed Option held on the Record Date, A-Cap Listed Optionholders will have one vote for each A-Cap Listed Option held as at Wednesday, 18 October 2023 at 4:00 pm, being the date for determining eligibility to vote at the Option Scheme Meeting.

Term	Meaning
Sale Agent	means the person appointed by Lotus and A-Cap in accordance with the Scheme Implementation Deed to effect the sale of New Lotus Shares that would be issued to Ineligible Shareholders if they were entitled to receive the Scheme Consideration in the form of New Lotus Shares.
Sale Facility	means the facility to be made available to Ineligible Foreign Holders, Small Share Scheme Electing Participants and Small Option Scheme Electing Participants for their Scheme Consideration to be sold by the Sale Agent and have the Sale Proceeds remitted to them as contemplated in Sections 3.16 and 4.15.
Sale Proceeds	means the total proceeds of the sales by the Sale Agent of the New Lotus Shares which would otherwise have been issued to Ineligible Foreign Holders, Small Share Scheme Electing Participants or Small Option Scheme Electing Participants on Implementation of the Share Scheme and Option Scheme, after deduction of any applicable fees, foreign exchange, stamp duty, brokerage and other selling costs, taxes and charges of the Sale Agent reasonably incurred in connection with the sale of such New Lotus Shares.
Schemes	means the Share Scheme and Option Scheme.
Scheme Booklet	means this document, including the Annexures to it.
Scheme Consideration	means the Share Scheme Consideration and Option Scheme Consideration.
Scheme Implementation Deed	means the scheme implementation deed between A-Cap and Lotus dated 12 July 2023 (as amended on 11 September 2023 and 12 September 2023). A summary is set out in section 1.4 of this Scheme Booklet. A copy is attached in full to A-Cap's ASX announcement on the Announcement Date, which is available on ASX's website at www.asx.com.au and on A-Cap's website at https://acap.com.au/ with the amendments made on 11 September having been announced on ASX on 11 September 2023.
Scheme Meetings	means the Share Scheme Meeting and Option Scheme Meeting.
Scheme Options	means all of the A-Cap Listed Options on issue on the Record Date other than the Excluded Options.
Scheme Participant	means either a Share Scheme Participant or an Option Scheme Participant.
Scheme Transfer	means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares or Scheme Options held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer for all Scheme Shares or Scheme Options.

13. GLOSSARY

Term	Meaning
Scheme Resolutions	means the Share Scheme Resolution and Option Scheme Resolution.
Scheme Share	means an A-Cap Share held by a Share Scheme Participant.
Second Court Date and Second Court Hearing	<p>means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Schemes is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.</p> <p>The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Schemes is the Second Court Hearing.</p>
Share Registry	means Advanced Share Registry Limited.
Share Scheme	means the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which all Scheme Shares will be transferred to Lotus, in the form set out in Annexure A of this Scheme Booklet (subject to any amendment or modification made pursuant to section 411(6) of the Corporations Act and agreed to by A-Cap and Lotus).
Share Scheme Conditions Precedent or Share Scheme Conditions	means those described in section 3.5.
Share Scheme Consideration	means the consideration to be provided by Lotus to each Scheme Participant for the transfer of each Scheme Share under the Share Scheme, being, 1 New Lotus Share per 3.54 Scheme Shares.
Share Scheme Meeting	means the meeting of A-Cap Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Share Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Share Scheme Order	means the orders of the Court made under section 411(4)(b) of the Corporations Act (and if applicable and subject to clause 8.9, section 411(6) of the Corporations Act) in relation to the Share Scheme.
Share Scheme Participant	means each person who is an A-Cap Shareholder on the Record Date (other than Excluded Shareholders)
Share Scheme Resolution	means the resolution to be put to A-Cap Shareholders at the Share Scheme Meeting to approve the Share Scheme, as set out in Annexure E.

Term	Meaning
Share Splitting	means the splitting, by a holder of A-Cap Shares, of their single holding of A-Cap Shares into two or more parcels of A-Cap Shares, whether or not it results in any change in beneficial ownership of the A-Cap Shares.
Small Option Scheme Electing Participants	means a Small Option Scheme Participant who has elected in writing to have all of their Option Scheme Consideration issued to the Sale Agent and sold on their behalf in accordance with clause 6.8 of the Option Scheme of Arrangement.
Small Option Scheme Participants	means an Option Scheme Participant (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Options on the Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Lotus Shares (assessed by reference to the price of Lotus Shares on ASX at the close of trade on the Trading Day prior to the Record Date).
Small Scheme Participant	means a Small Share Scheme Participant or a Small Option Scheme Participant.
Small Share Scheme Electing Participant	means a Small Share Scheme Participant who has elected in writing to have all of their Share Scheme Consideration issued to the Sale Agent and sold on their behalf in accordance with clause 6.8 of the Share Scheme of Arrangement.
Small Share Scheme Participant	means a Share Scheme Participant (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Lotus Shares (assessed by reference to the price of Lotus Shares on ASX at the close of trade on the Trading Day prior to the Record Date).
Subsidiary	has the meaning given in the Corporations Act.
Superior Proposal	<p>means a bona-fide Competing Transaction which the A-Cap Board, acting in good faith and after taking advice from A-Cap's financial and legal advisors, determines:</p> <ol style="list-style-type: none"> a. is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and b. would, if so implemented, likely result in a more favourable outcome for A-Cap's Shareholders than would result from Implementation.
Takeovers Panel	means the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).

13. GLOSSARY

Term	Meaning
Tax	means any tax, levy, charge, impost, fee, deduction, GST, compulsory loan or withholding, stamp, transaction or registration duty or similar charge that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.
Tenements	has the meaning given to it in the Scheme Implementation Deed.
Transition Team	means the committee comprised of senior A-Cap executives and senior Lotus executives established under the Scheme Implementation Deed.
Trading Day	has the meaning given in the ASX Listing Rules.
Transaction	means the merger between A-Cap and Lotus to be effected by way of the Schemes.
Unmarketable Parcel Shareholder	means a Share Scheme Participant (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Lotus Shares (assessed by reference to the price of Lotus Shares on ASX at the close of trade on the Trading Day prior to the Record Date).
Voting Power	has the meaning given in section 610 of the Corporations Act.
VRM	means Valuation and Resource Management Pty Ltd.
VWAP	means volume weighted average price.
Wilconi Nickel/Cobalt Project	is described in section 8.3(e).

13.2 Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- a. headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- b. words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;
- c. the singular includes the plural and vice versa;
- d. a gender includes all genders;
- e. a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- f. if a word is defined, another part of speech has a corresponding meaning;
- g. unless stated otherwise, a reference to a section or Annexure is a reference to a section or Annexure of this Scheme Booklet;
- h. a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- i. unless expressly stated otherwise, a reference to time is a reference to time in Perth, Western Australia;
- j. unless expressly stated otherwise, a reference to dollars or \$, is to Australian dollars (AUD); and
- k. references to "lbs" are references to pounds, and references to "Mlbs" are references to millions of pounds.

ANNEXURE A

Share Scheme of Arrangement

Thomson Geer

Lawyers

Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000 Australia

T +61 8 9404 9100 | F +61 8 9300 1338

Scheme of Arrangement

between

A-Cap Energy Limited
ACN 104 028 542
(A-Cap)

and

Scheme Participants

Table of contents

1	Defined terms & interpretation	1
	1.1 Defined terms	1
	1.2 Interpretation	4
2	Preliminary	5
	2.1 A-Cap	5
	2.2 Lotus	5
	2.3 Lotus Nominee	5
	2.4 Agreement to implement this Scheme	6
	2.5 Deed Poll	6
	2.6 Summary of Scheme	6
3	Conditions precedent	6
	3.1 Conditions precedent	6
	3.2 Certificates	7
4	The Scheme	7
	4.1 Effective Date	7
	4.2 End Date	7
5	Implementation of the Scheme	7
	5.1 Lodgement of Scheme Order with ASIC	7
	5.2 Transfer of Scheme Shares	7
	5.3 Timing	8
	5.4 Entitlement to Scheme Consideration	8
6	Scheme Consideration	8
	6.1 Scheme Consideration	8
	6.2 Issue of Scheme Consideration	8
	6.3 Joint holders	9
	6.4 Rounding Entitlements	9
	6.5 Scheme Participants' agreement	9
	6.6 Warranty by Scheme Participants	10
	6.7 Binding instruction or notifications	10
	6.8 Ineligible Foreign Holders and Small Scheme Electing Participants	10
	6.9 Other ineligible Scheme Participants	12
	6.10 Orders of a Court or Regulatory Authority	12
	6.11 Unclaimed monies	13
7	Dealings in A-Cap Shares	13
	7.1 Determination of Scheme Participants	13
	7.2 A-Cap Share Register	13
	7.3 Transfer requests received after Record Date	13
	7.4 No disposals after Record Date	13
	7.5 Maintenance of A-Cap Share Register	14
	7.6 Effect of Holding Statements	14
	7.7 Details of Scheme Participants	14
	7.8 Quotation of A-Cap Shares	14
8	General	14
	8.1 Scheme Participant agreements and consents	14
	8.2 Authority given to A-Cap	14
	8.3 Further assurances	15
	8.4 Scheme binding	15
	8.5 Beneficial entitlement to Scheme Shares	15
	8.6 Appointment of Lotus as agent, attorney and sole proxy in respect of Scheme Shares	16
	8.7 Withholding	16
	8.8 Notices	16
	8.9 Alterations and conditions	17

8.10	Duty.....	17
8.11	Limitation of liability.....	17
8.12	Governing Law.....	17

This scheme of arrangement is made

between **A-Cap Energy Limited** ACN 104 028 542 of 52 Ord Street, West Perth, WA 6005
(**A-Cap**)

and the **Scheme Participants**

1 Defined terms & interpretation

1.1 Defined terms

In this Scheme, except where the context otherwise requires:

A-Cap Group means A-Cap and its Subsidiaries.

A-Cap Listed Option means an ASX listed option issued by A-Cap to acquire an A-Cap Share.

A-Cap Option means an option issued by A-Cap to acquire an A-Cap Share, being an A-Cap Listed Option or an A-Cap Unlisted Option.

A-Cap Performance Right means a right granted by A-Cap to acquire an A-Cap Share, and for the avoidance of doubt, does not include an A-Cap Option.

A-Cap Share means a fully paid ordinary share in the capital of A-Cap.

A-Cap Share Register means the register of A-Cap Shareholders maintained by or on behalf of A-Cap in accordance with the Corporations Act.

A-Cap Shareholder means a person who is registered in the A-Cap Share Register as the holder of one or more A-Cap Shares, from time to time.

A-Cap Unlisted Option means an unlisted option issued by A-Cap to acquire an A-Cap Share.

AEST means Australian Eastern Standard Time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires, including where relevant the financial market it operates.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement.

Business Day means a business day as defined in the Listing Rules.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

Conditions Precedent means the conditions precedent in clause 3.1 of the Scheme Implementation Deed.

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

Court means the Federal Court of Australia.

Deed Poll means the deed poll to be entered into by Lotus the form of which is contained in Schedule 5 to the Scheme Implementation Deed or in such other form as agreed in writing between A-Cap and Lotus.

Effect means, when used in relation to the Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme and **Effective** has a corresponding meaning.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention right of first refusal, option, royalty or preferential right.

End Date means the date 6 months after the Execution Date, or such later date as agreed to in writing between A-Cap and Lotus.

Excluded Shareholder means any member of the Lotus Group.

Excluded Shares means any A-Cap Shares held by an Excluded Shareholder.

Execution Date means the date of the Scheme Implementation Deed.

First Court Date means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by A-Cap and Lotus.

Ineligible Foreign Holder means any Scheme Participant whose address shown on the A-Cap Share Register as at the Record Date is a place outside Australia, New Zealand, Republic of Singapore, Hong Kong, the People's Republic of China and such other jurisdictions as agreed in writing between A-Cap and Lotus, unless, no less than three Business Days prior to the Scheme Meeting, A-Cap and Lotus agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that A-Cap Shareholder with the Scheme Consideration when the Scheme becomes Effective.

Listing Rules means the official listing rules of the ASX.

Lotus means Lotus Resources Limited ACN 119 992 175.

Lotus Group means Lotus and its Subsidiaries.

Lotus Nominee has the meaning given in clause 2.3.

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

Lotus Share Register means the central securities register of Lotus maintained by or on behalf of Lotus.

Marketable Parcel means a parcel of Lotus Shares having a value of \$500 or more based on the price of Lotus Shares on the ASX at close of trade on the Record Date.

Record Date means 7:00pm (AEST) on the second Business Day following the Effective Date, or such other date (after the Effective Date) as A-Cap and Lotus may agree in writing.

Registered Address means in relation to a Scheme Participant, the address shown in the A-Cap Share Register as at the Record Date.

Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal, tax or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;

- (c) any regulatory organisation established under statute;
- (d) any applicable securities commission or stock or securities exchange;
- (e) in particular, ASX, ASIC and the Takeovers Panel; and
- (f) any authorised representative of any of the above.

Representative means:

- (a) in relation to A-Cap, any director, officer or employee of any member of the A-Cap Group and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to A-Cap in relation to the Transaction; and
- (b) in relation to Lotus, any director, officer or employee of any member of the Lotus Group and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Lotus in relation to the Transaction.

Sale Agent means a person appointed by A-Cap and Lotus to sell the Lotus Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders or Small Scheme Electing Participants under the terms of the Scheme.

Sale Proceeds has the meaning given in clause 6.8(d)(ii).

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between A-Cap and Scheme Participants as set out in this document, subject to any alterations of conditions that are: (i) agreed to by Lotus and A-Cap in writing from time to time and approved by the Court; or (ii) made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Lotus and A-Cap.

Scheme Consideration means the consideration to be provided by Lotus to each Scheme Participant for the transfer of each Scheme Share under the Scheme, being, subject to clause 6.8, 1 Lotus Share per 3.54 Scheme Shares.

Scheme Implementation Deed means the Scheme Implementation Deed dated on or about 10 July 2023 between Lotus and A-Cap, as amended or varied from time to time.

Scheme Meeting means the meeting of A-Cap Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Scheme Order means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 8.9, section 411(6) of the Corporations Act) in relation to the Scheme.

Scheme Participant means each person who is an A-Cap Shareholder on the Record Date (other than Excluded Shareholders).

Scheme Shares means all of the A-Cap Shares on issue on the Record Date other than Excluded Shares.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer for all Scheme Shares.

Second Court Date means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing at which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the adjourned hearing.

Small Scheme Electing Participant means a Small Scheme Participant who has elected in writing to have all of their Scheme Consideration issued to the Sale Agent and sold on their behalf in accordance with clause 6.8.

Small Scheme Participant means a Scheme Participant whose entitlement to the Scheme Consideration would be less than a Marketable Parcel of Lotus Shares.

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.

Tax or Taxes means all taxes, surtaxes, duties, levies, imposts, fees, withholdings, dues and other charges of any nature, imposed or collected by any Regulatory Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including GST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Regulatory Authority including any instalment payments, interest, penalties or other additions associated therewith, whether or not disputed.

Tax Authority means any Regulatory Authority responsible for the assessment, collection, withholding or administration of Tax in any applicable country or jurisdiction.

Trading Day means a trading day as defined in the Listing Rules.

Transaction has the meaning given to that term in the Scheme Implementation Deed.

1.2 Interpretation

In this Scheme:

- (a) headings and catchwords are for convenience only, and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to A\$, dollar, Australian dollar or \$ is to Australian currency;
- (g) a reference to time is to time in Brisbane, Queensland, unless otherwise noted;
- (h) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (k) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (l) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- (p) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2 Preliminary

2.1 A-Cap

- (a) A-Cap is a public company incorporated in Australia and registered in Victoria and is a company limited by shares. A-Cap is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at 52 Ord Street, West Perth, WA 6005.
- (b) As at the date of the Scheme Implementation Deed, the issued A-Cap securities and rights to be issued A-Cap securities comprised:
 - (i) 1,232,435,086 A-Cap Shares;
 - (ii) 46,039,445 A-Cap Listed Options
 - (iii) 54,000,000 A-Cap Unlisted Options; and
 - (iv) 30,000,000 A-Cap Performance Rights.

2.2 Lotus

Lotus is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares. Lotus is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at Level 20, 140 St George's Terrace, Perth, WA 6000.

2.3 Lotus Nominee

- (a) Lotus may nominate any wholly-owned Subsidiary of Lotus (**Lotus Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice which sets out the details of the Lotus Nominee to A-Cap on or before the date that is 10 Business Days before the First Court Date.
- (b) If Lotus nominates a Lotus Nominee to acquire the Scheme Shares under the Scheme, then:
 - (i) references in this Scheme to Lotus acquiring the Scheme Shares under the Scheme are to be read as references to the Lotus Nominee doing so;
 - (ii) other references in this Scheme to Lotus are to be read as references to Lotus or the Lotus Nominee (as the context requires);

- (iii) the parties must procure that the Scheme Shares transferred under the Scheme are transferred to the Lotus Nominee, rather than Lotus;
- (iv) Lotus must procure that the Lotus Nominee complies with the relevant obligations of Lotus under this Scheme; and
- (v) any such nomination will not relieve Lotus of its obligations under this Scheme and the Deed Poll, including the obligation to issue the Scheme Consideration in accordance with the terms of the Scheme.

2.4 Agreement to implement this Scheme

Each of A-Cap and Lotus have agreed, by executing the Scheme Implementation Deed, to facilitate the implementation of the terms of this Scheme.

2.5 Deed Poll

- (a) This Scheme attributes actions to Lotus but does not itself impose an obligation on Lotus to perform those actions. Lotus has undertaken in favour of each Scheme Participant, by executing the Deed Poll, that it will perform (or procure the performance of) its obligations under, and do all acts attributed to it and things necessary or desirable on its part to give full effect to, this Scheme, including to provide to each Scheme Participant the Scheme Consideration in accordance with the terms of the Scheme.
- (b) A-Cap undertakes in favour of each Scheme Participant to enforce the Deed Poll against Lotus on behalf of and as agent and attorney for the Scheme Participants.

2.6 Summary of Scheme

If this Scheme becomes Effective:

- (a) all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) must be transferred to Lotus and A-Cap will become a wholly-owned Subsidiary of A-Cap on the Implementation Date;
- (b) in consideration of the transfer to Lotus of each Scheme Share held by a Scheme Participant, Lotus must provide to each Scheme Participant the Scheme Consideration in accordance with the terms of this Scheme and the Deed Poll; and
- (c) A-Cap must enter the name of Lotus in the A-Cap Share Register as the holder of all the Scheme Shares transferred to Lotus in accordance with the terms of the Scheme.

3 Conditions precedent

3.1 Conditions precedent

This Scheme is conditional upon, and will have no force or effect unless and until, each of the following conditions precedent are satisfied:

- (a) as at 8:00am on the Second Court Date, each Condition Precedent having been satisfied or (if permitted) waived, other than the conditions in clause 3.1(c) (*Court Approval of Scheme*), 3.1(d) (*Scheme Orders lodged with ASIC*), 3.1(n) (*Court Approval of Option Scheme*) and 3.1(o) (*Option Scheme Orders lodged with ASIC of the Scheme Implementation Deed*) in accordance with the Scheme Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Scheme Implementation Deed not having been terminated in accordance with its terms;
- (c) as at 8:00am on the Second Court Date, the Deed Poll not having been terminated in accordance with its terms;

- (d) approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act having been obtained and if applicable, A-Cap and Lotus having accepted in writing any modification made or required by the Court under section 411(6) of the Corporations Act; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by A-Cap and Lotus as having been satisfied or waived).

3.2 Certificates

- (a) At the Second Court Hearing for the Scheme, each of A-Cap and Lotus must provide a certificate to the Court confirming (in respect of matters within their knowledge) whether or not all the Conditions Precedent in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived as at 8:00am on the Second Court Date.
- (b) The certificate referred to in this clause 3.2 will constitute conclusive evidence of whether the Conditions Precedent in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived as at 8:00am on the Second Court Date.

4 The Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

Without limiting any rights under the Scheme Implementation Deed, this Scheme will lapse and be of no further force or effect (and each of A-Cap and Lotus are released from any obligations and any liability in connection with this Scheme or the Deed Poll) if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Deed or the Deed Poll are terminated in accordance with their respective terms,

unless A-Cap or Lotus otherwise agree in writing (and, if required, as approved by the Court).

5 Implementation of the Scheme

5.1 Lodgement of Scheme Order with ASIC

If the conditions precedent set out in clauses 3.1(a), 3.1(b) and 3.1(c) are satisfied or waived, A-Cap must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Scheme Order as soon as possible and by no later than 5:00pm on the first Business Day after the date on which the Court makes that Scheme Order (or such later time agreed in writing between A-Cap and Lotus).

5.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Lotus, without the need for any further act by any Scheme Participant

(other than acts performed by A-Cap as agent and attorney of the Scheme Participants under clauses 8.1 and 8.2 or otherwise), by:

- (i) A-Cap delivering to Lotus a duly completed registrable Scheme Transfer, duly executed on behalf of the Scheme Participants by A-Cap as the attorney and agent of the Scheme Participants as transferor; and
 - (ii) Lotus duly executing that Scheme Transfer as transferee, attending to the stamping of the Scheme Transfer (if required) and delivering it to A-Cap for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 5.2(a)(ii), A-Cap must attend to registration of the Scheme Transfer and enter, or procure the entry of, the name of Lotus in the A-Cap Share Register as holder of all the Scheme Shares transferred to Lotus in accordance with this Scheme.

5.3 **Timing**

Notwithstanding any other provision of this Scheme, while Lotus Shares forming the Scheme Consideration must be issued (and the Lotus Share Register updated to record their issuance) on the Implementation Date, any requirements under clause 6 for the sending of holding statements or allotment advices (or equivalent) may be satisfied as soon as practicable after the Implementation Date (and in any case within the time period required under the Listing Rules).

5.4 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration of the transfer of the Scheme Shares to Lotus, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each Scheme Share held by them on the Record Date in accordance with clause 6.

6 Scheme Consideration

6.1 **Scheme Consideration**

On the Implementation Date, Lotus must provide the Scheme Consideration to each Scheme Participant in accordance with this clause 6.

6.2 **Issue of Scheme Consideration**

- (a) Subject to clause 6.8, on the Implementation Date, Lotus must:
- (i) issue, or procure the issuance of, to each Scheme Participant (other than Ineligible Foreign Holders and Small Scheme Electing Participants) the Scheme Consideration for each Scheme Share transferred to Lotus on the Implementation Date by that Scheme Participant; and
 - (ii) procure that:
 - (A) the Lotus Share Register is updated to record the issuance of the Lotus Shares on the Implementation Date forming the Scheme Consideration; and
 - (B) a holding statement is sent to the Registered Address of each Scheme Participant, who is not an Ineligible Foreign Holder or Small Scheme Electing Participant, representing the Scheme Consideration issued to such Scheme Participant.
- (b) Lotus covenants in favour of A-Cap (in its own right and separately as trustee and nominee for each of the Scheme Participants) that:

- (i) the Lotus Shares to be issued as Scheme Consideration will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing and outstanding Lotus Shares listed on the ASX;
- (ii) the Lotus Shares to be issued as Scheme Consideration are free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise;
- (iii) holders of the Lotus Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Lotus Shares on and after the Implementation Date subject to the requirements of Lotus's constitution and all applicable laws;
- (iv) on issue pursuant to the Scheme, each such Lotus Share will be validly issued, as fully paid Lotus Shares; and
- (v) it will use its best endeavours to ensure that the Lotus Shares issued as Scheme Consideration will be listed for trading on the ASX as soon as practicable after the Implementation Date (or such later date as ASX may require).

6.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the Lotus Shares to be issued under this Scheme will be issued to and registered in the names of the joint holders;
- (b) any other document required to be sent under this Scheme will be forwarded to the registered address of the holder whose name appears first in the A-Cap Share Register on the Record Date; and
- (c) in respect of any Ineligible Foreign Holder or Small Scheme Electing Participant, any cheque required to be paid to Scheme Participants will be payable to the joint holders and will be forwarded to the registered address of the holder whose name appears first in the A-Cap Share Register on the Record Date.

6.4 Rounding Entitlements

Where the calculation of the number of Lotus Shares to be issued to a particular Scheme Participant (or to the Sale Agent in the case of an Ineligible Foreign Holder or a Small Scheme Electing Participant) as Scheme Consideration would result in the issue of a fraction of a Lotus Share, the fractional entitlement will be rounded up or down to the nearest whole number of Lotus Shares or, if the fractional entitlement would be one-half of a Lotus Share, the fractional entitlement will be rounded up to the nearest whole number of Lotus Shares.

6.5 Scheme Participants' agreement

If the Scheme becomes Effective:

- (a) each Scheme Participant (other than an Ineligible Foreign Holder, Small Scheme Electing Participant and the Sale Agent) will be deemed to have irrevocably agreed to become a shareholder of Lotus and to have accepted the Lotus Shares issued to that holder under this Scheme subject to, and to be bound by, the constitution of Lotus and to be recorded in the Lotus Share Register as a holder of Lotus Shares (in respect of the Scheme Consideration which such Scheme Participant is issued pursuant to this Scheme);
- (b) each Scheme Participant that is an Ineligible Foreign Holder or a Small Scheme Electing Participant irrevocably agrees and acknowledges that the payment to it of an amount in accordance with clause 6.8(e) constitutes the satisfaction in full of its entitlement to the Scheme Consideration under this Scheme; and

- (c) each Scheme Participant agrees to the transfer of their Scheme Shares to Lotus, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

6.6 **Warranty by Scheme Participants**

- (a) Each Scheme Participant warrants to Lotus and is deemed to have appointed and authorised A-Cap to warrant to Lotus as agent and attorney for the Scheme Participant by virtue of this clause 6.6, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Lotus under the Scheme will, as at the date of the transfer, be fully paid and free from:
 - (A) all Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (B) restrictions on transfer of any kind;
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Lotus under the Scheme; and
 - (iii) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of securities in A-Cap.
- (b) A-Cap undertakes in favour of each Scheme Participant that it will provide such warranty to Lotus as agent and attorney of each Scheme Participant as at the time of the transfer of the Scheme Shares.

6.7 **Binding instruction or notifications**

Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and A-Cap relating to Scheme Shares on the Record Date (including any instructions relating to payment of dividends or to communications from A-Cap) will, from the Record Date, be deemed (except to the extent determined otherwise by Lotus in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Lotus, in respect of the Lotus Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Lotus, provided that any such instructions or notifications accepted by Lotus will apply to and in respect of the Lotus Shares issued as Scheme Consideration only to the extent that they are:

- (a) not inconsistent with the other provisions of this Scheme; or
- (b) recognised under Australian law or Lotus's constitution.

6.8 **Ineligible Foreign Holders and Small Scheme Electing Participants**

- (a) Lotus will allow Small Scheme Participants to elect, by providing notice in writing to A-Cap on or before the Record Date, to be treated as a Small Scheme Electing Participant for the purposes of this clause 6.8.
- (b) Subject to clause 6.8(c), Lotus has no obligation under this Scheme to issue, and will not issue, any Scheme Consideration to any Ineligible Foreign Holder or Small Scheme Electing Participant under the Scheme.
- (c) The Lotus Shares that would, but for this clause 6.8, have been issued to an Ineligible Foreign Holder or a Small Scheme Electing Participant as Scheme Consideration, must be issued by Lotus to the Sale Agent (subject to clauses 6.4 and 6.10).
- (d) Subject to compliance with all applicable laws, Lotus must procure that, as soon as reasonably practicable and in any event, not more than 15 Trading Days (on which Lotus Shares are capable of being traded on the ASX) after the Implementation Date, the Sale Agent:

- (i) sells all the Lotus Shares issued to the Sale Agent pursuant to clause 6.8(c) in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
 - (ii) as soon as reasonably practicable and in any event no more than 10 Business Days after settlement of all the sales of Lotus Shares by the Sale Agent under clause 6.8(d)(i), remits to Lotus the total proceeds of those sales after deduction of any applicable fees, foreign exchange, stamp duty, brokerage and other selling costs, Taxes and charges of the Sale Agent reasonably incurred in connection with the sale of such Lotus Shares (**Sale Proceeds**).
- (e) Lotus must, promptly after receiving the Sale Proceeds from the Sale Agent, pay each Ineligible Foreign Holder and Small Scheme Electing Participant such proportion of the Sale Proceeds (in Australian dollars) to which that Ineligible Foreign Holder or Small Scheme Electing Participant is entitled, to be determined in accordance with the following formula:

$$P = \left(\frac{E}{T} \right) * SP$$

where:

P = the proportion of the Sale Proceeds to which the Ineligible Foreign Holder or Small Scheme Electing Participant is entitled;

E = the number of Lotus Shares to which the Ineligible Foreign Holder or Small Scheme Electing Participant would have been entitled if they had not been an Ineligible Foreign Holder or a Small Scheme Electing Participant;

T = the total number of Lotus Shares which were issued to and sold by the Sale Agent in accordance with this clause 6.8; and

SP = the Sale Proceeds.

- (f) The obligations of Lotus under clause 6.8(e) will be satisfied by Lotus (in its absolute discretion, and despite an election referred to in clause 6.8(f)(i) or authority referred to in clause 6.8(f)(iii) made or given by the Scheme Participant):
- (i) if a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the A-Cap share registry to receive dividend payments from A-Cap by electronic funds transfer to a bank account nominated by the Scheme Participant, Lotus paying or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (ii) paying or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Lotus; or
 - (iii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.3).
- (g) Each Ineligible Foreign Holder and Small Scheme Electing Participant:
- (i) acknowledges and agrees that:
 - (A) payment by the Sale Agent to an Ineligible Foreign Holder in accordance with clauses 6.8(a) to 6.8(f) satisfies in full the Ineligible Foreign Holder's or the Small Scheme Electing Participant's right to the Scheme Consideration; and

- (B) none of Lotus, A-Cap or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the Lotus Shares described in this clause 6.8, and the sale of the Lotus Shares under this clause 6.8 will be at the risk of the Ineligible Foreign Holder and the Small Scheme Electing Participant; and
 - (C) A-Cap, Lotus and the Sale Agent each expressly disclaim any fiduciary duty to any Ineligible Foreign Holder and Small Scheme Electing Participant that may arise in connection with this clause 6.8; and
- (ii) appoints Lotus, and each director and officer of Lotus, as its agent to receive on its behalf any financial services guide or other notice which is required to be given by the Sale Agent to the Ineligible Foreign Holder and the Small Scheme Electing Participant for or in connection with its appointment or sales under the Corporations Act or any other applicable law.

6.9 Other ineligible Scheme Participants

Where the issue of Scheme Consideration to which a Scheme Participant (other than an Ineligible Foreign Holder or Small Scheme Electing Participant) would otherwise be entitled under this Scheme would result in a breach of law:

- (a) Lotus will issue the maximum possible number of Lotus Shares as Scheme Consideration to the Scheme Participant without giving rise to such a breach; and
- (b) any further Lotus Shares to which that Scheme Participant is entitled as Scheme Consideration but the issue of which to the Scheme Participant would give rise to such a breach of law (**Ineligible Scheme Consideration**), will instead be issued to the Sale Agent and dealt with under clause 6.8 as if the Ineligible Scheme Consideration were Scheme Consideration that an Ineligible Foreign Holder or a Small Scheme Electing Participant would have (but for clause 6.8) been entitled to.

6.10 Orders of a Court or Regulatory Authority

- (a) If A-Cap (or the A-Cap share registry) or Lotus (or the Lotus share registry) receives written notice of an order or direction made by a court of competent jurisdiction or by a Regulatory Authority that:
 - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable or required to be issued to that Scheme Participant by A-Cap or Lotus in accordance with this clause 6, then A-Cap or Lotus (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (ii) prevents A-Cap or Lotus from providing consideration to any particular Scheme Participant in accordance with this clause 6, or the payment or issuance of such consideration is otherwise prohibited by applicable law, A-Cap or Lotus (as applicable) will be entitled to:
 - (A) in the case of any Ineligible Foreign Holder or Small Scheme Electing Participant, retain an amount, in Australian dollars, equal to the relevant Ineligible Foreign Holder's or Small Scheme Electing Participant's share of any proceeds of sale received by A-Cap pursuant to clause 6.8; and
 - (B) not issue (or, in the case of A-Cap, direct Lotus not to issue), or issue (or, in the case of A-Cap, direct Lotus to issue) to a permitted trustee or nominee, such number of Lotus shares as Scheme Consideration,

until such time as provision of the Scheme Consideration in accordance with this clause 6 is permitted by that (or another) order or direction or otherwise by law.

- (b) To avoid doubt, any payment or retention by A-Cap or Lotus (as applicable) under clause 6.10(a) will constitute the full discharge of Lotus's obligations under clause 6.1 with respect to the amount so paid or retained until, in the case of clause 6.10(a)(ii), the amount is no longer required to be retained.

6.11 Unclaimed monies

- (a) A cheque issued under this clause 6 may be cancelled if the cheque:
 - (i) is returned to the sender; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to the sender (or the sender's share registry) (which request may not be made until the date which is 30 Business Days after the Implementation Date), the sender of the cheque must reissue a cheque that was previously cancelled under this clause 6.11.
- (c) The unclaimed proceeds may be dealt with as unclaimed moneys under applicable unclaimed moneys legislation.

7 Dealings in A-Cap Shares

7.1 Determination of Scheme Participants

To establish the identity of Scheme Participants, dealings in A-Cap Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the A-Cap Share Register as holder of the relevant A-Cap Shares as at the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings, or valid requests in respect of other alterations, are received by A-Cap's Share Registry at or before the Record Date.

7.2 A-Cap Share Register

A-Cap must register any transmission application or transfer received in accordance with clause 7.1 by or as soon as practicable after the Record Date provided that, to avoid doubt, nothing in this clause 7.2 requires A-Cap to register a transfer that would result in an A-Cap Shareholder holding a parcel of A-Cap Shares that is less than a Marketable Parcel.

7.3 Transfer requests received after Record Date

A-Cap will not accept for registration or recognise for any purpose any transfer, transmission or application in respect of A-Cap Shares received after the times specified in clause 7.1, or received prior to such times but not in registrable form, other than a transfer to Lotus in accordance with this Scheme.

7.4 No disposals after Record Date

If this Scheme becomes Effective, each Scheme Participant, and any person claiming through that Scheme Participant, must not dispose of or transfer, or purport or agree to dispose of or transfer, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will be void and have no legal effect.

whatsoever and A-Cap must disregard any such disposal, transfer or transmission application in respect of Scheme Shares received after the Record Date.

7.5 Maintenance of A-Cap Share Register

For the purpose of determining entitlements to the Scheme Consideration, A-Cap must maintain, or procure the maintenance of, the A-Cap Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Participants and Lotus has been entered into the A-Cap Share Register. The A-Cap Share Register in this form will solely determine entitlements to the Scheme Consideration.

7.6 Effect of Holding Statements

All statements of holding in respect of A-Cap Shares will cease to have effect after the Record Date as documents of title (or evidence thereof) in respect of those A-Cap Shares. After the Record Date, each entry current on the A-Cap Share Register on and from the Record Date (other than entries on the A-Cap Share Register in respect of Lotus) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the A-Cap Shares relating to that entry.

7.7 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event within three Business Days of the Record Date, A-Cap must provide to Lotus details of the names, registered addresses and holdings of A-Cap Shares for each Scheme Participant, as shown in the A-Cap Share Register on the Record Date, in such form as Lotus reasonably requires.

7.8 Quotation of A-Cap Shares

- (a) A-Cap must apply to ASX to suspend trading on ASX in A-Cap Shares with effect from the close of trading on ASX on the Effective Date.
- (b) With effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date, A-Cap must apply:
 - (i) for termination of the official quotation of A-Cap Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

8 General

8.1 Scheme Participant agreements and consents

Each Scheme Participant irrevocably agrees and consents for all purposes to:

- (a) the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Lotus in accordance with the terms of this Scheme and agree to the variation, cancellation or modification of the rights attached to their A-Cap Shares constituted or resulting from this Scheme (if any); and
- (b) A-Cap and Lotus doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

in each case without the need for any further act by that Scheme Participant.

8.2 Authority given to A-Cap

- (a) On and from this Scheme becoming Effective, each Scheme Participant, without the need for any further act, is deemed to have irrevocably appointed A-Cap as its attorney and agent for the purposes of:
 - (i) enforcing the Deed Poll against Lotus; and
-

- (ii) in the case of Scheme Shares in a CHESSE holding:
 - (A) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Rules so as to transfer the Scheme Shares held by the Scheme Participant from the CHESSE sub-register of A-Cap to the issuer sponsored sub-register operated by A-Cap or its share registry at any time after Lotus has provided the Scheme Consideration which is due under this Scheme to Scheme Participants; and
 - (B) completing and signing on behalf of Scheme Participants any required form of transfer of Scheme Shares; and
- (iii) in the case of Scheme Shares registered in the issuer sponsored sub-register operated by A-Cap or its share registry, completing and signing on behalf of Scheme Participants any required form of transfer; and
- (iv) doing all things and executing any agreements, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) as contemplated by clause 5.2,

and A-Cap accepts such appointment.

- (b) A-Cap as attorney and agent of each Scheme Participant, may sub delegate its functions, authorities or powers under this clause 8.2 to all or any of its directors and officers (jointly, severally or jointly and severally) (**Sub-Attorney**). Anything done by a Sub-Attorney pursuant to a delegation under this clause is taken to be done by A-Cap as the Scheme Participant's attorney and agent.
- (c) Each Scheme Participant consents to A-Cap or a Sub-Attorney doing anything it is authorised to do under this document as the Scheme Participant's attorney and agent.

8.3 Further assurances

A-Cap will execute documents and do all things and acts necessary or expedient in order to give full effect to the Scheme.

8.4 Scheme binding

This Scheme binds A-Cap and all Scheme Participants from time to time (including, to avoid doubt, those who do not attend the Scheme Meeting, those who do not vote at that meeting or vote against this Scheme) and, to the extent of any inconsistency, overrides the constitution of A-Cap.

8.5 Beneficial entitlement to Scheme Shares

- (a) Immediately from the time that Lotus has satisfied its obligations under clause 6 pending registration by A-Cap of Lotus in the A-Cap Share Register as the holder of all the Scheme Shares:
 - (i) Lotus will be beneficially entitled to the Scheme Shares transferred to it under this Scheme; and
 - (ii) to the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Lotus will, at the time of transfer to Lotus, vest in Lotus free from all:
 - (A) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (B) restrictions on transfer of any kind.

- (b) To avoid doubt, notwithstanding clause 8.5(a)(i), to the extent that clause 6.10(a) applies to any Scheme Participant, Lotus will be beneficially entitled to any Scheme Shares held by that Scheme Participant immediately upon compliance with clause 6.10 on the Implementation Date as if Lotus had provided the Scheme Consideration to that Scheme Participant.

8.6 Appointment of Lotus as agent, attorney and sole proxy in respect of Scheme Shares

Immediately from the time that Lotus has satisfied its obligations under clause 6 pending registration by A-Cap of Lotus in the A-Cap Share Register as the holder of all the Scheme Shares, each Scheme Participant, without the need for any further act by that Scheme Participant:

- (a) irrevocably appoints Lotus as attorney and agent (and directs Lotus in each capacity) to appoint any director, officer, secretary or agent nominated by Lotus as its sole proxy and, where applicable, its corporate representative to attend shareholder meetings of A-Cap, exercise the votes attached to the Scheme Shares registered in the name of the Scheme Participant and sign any shareholders resolution of A-Cap (whether in person, by proxy or by corporate representative);
- (b) undertakes not to attend or vote at any such meetings or sign any such resolutions, whether in person, by proxy or by corporate representative other than pursuant to clause 8.6(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Lotus reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in this clause 8.5(a)(ii), any director, officer, secretary or agent nominated by Lotus may act in the best interests of Lotus as the intended registered holder of the Scheme Shares.

8.7 Withholding

- (a) If Lotus is required by (i) Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to pay amounts to the ATO or (ii) any other law to pay an amount to a Tax Authority on behalf of an A-Cap Shareholder in respect of the acquisition of A-Cap Shares from certain A-Cap Shareholders, Lotus:
 - (i) may treat those A-Cap Shareholders as Ineligible Foreign Holders for the purposes of this Scheme (if they are not treated as such);
 - (ii) is entitled to deduct the relevant amounts from those A-Cap Shareholders' proportion of the Sale Proceeds referred to in clause 6.8 and remit those amounts to the ATO;
 - (iii) will not be obliged to increase the aggregate sum paid to A-Cap Shareholders by the amount of the deduction and the net aggregate sum payable to those A-Cap Shareholders should be taken to be in full and final satisfaction of amounts owing to those A-Cap Shareholders; and
 - (iv) must pay any amount to the relevant Tax Authority in the time permitted by law and, if requested in writing by the relevant A-Cap Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the payment of such receipt or other evidence) to the relevant A-Cap Shareholder.

8.8 Notices

- (a) Where a notice, transfer, transmission application or other communication referred to in this Scheme is sent by post to A-Cap, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at A-Cap's registered office or at the office of the A-Cap share registry.
- (b) The accidental omission to give notice of the Scheme Meeting to any A-Cap Shareholders, or the non-receipt of such a notice by any A-Cap Shareholders, will not,

unless ordered by the Court, invalidate this Scheme or the proceedings at the Scheme Meeting.

8.9 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act:

- (a) A-Cap may, by its counsel on behalf of all persons concerned (including each Scheme Participant), consent to only such of those conditions or alterations to this Scheme;
and
- (b) each Scheme Participant agrees to any such conditions or alterations which counsel for A-Cap has consented to,

provided Lotus has agreed to those conditions or alterations in writing.

8.10 Duty

All duty (including stamp duty), and any related fines, penalties and interest, payable in connection with the transfer by Scheme Participants of the Scheme Shares to Lotus pursuant to the Scheme will be payable by Lotus.

8.11 Limitation of liability

None of A-Cap or Lotus nor any of their respective Representatives is liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

8.12 Governing Law

- (a) This Scheme is governed by and will be construed according to the laws of Western Australia.
- (b) Each party irrevocably:
 - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Scheme;
and
 - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 8.12(b)(i).

ANNEXURE B
Option Scheme of Arrangement

Thomson Geer

Lawyers

Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000 Australia

T +61 8 9404 9100 | F +61 8 9300 1338

Option Scheme of Arrangement

between

A-Cap Energy Limited
ACN 104 028 542
(A-Cap)

and

Option Scheme Participants

Table of contents

1	Defined terms & interpretation	1
1.1	Defined terms	1
1.2	Interpretation.....	4
2	Preliminary.....	5
2.1	A-Cap.....	5
2.2	Lotus	5
2.3	Lotus Nominee.....	5
2.4	Agreement to implement this Option Scheme	6
2.5	Option Deed Poll.....	6
2.6	Summary of Option Scheme.....	6
3	Conditions precedent.....	6
3.1	Conditions precedent.....	6
3.2	Certificates.....	7
4	The Option Scheme.....	7
4.1	Effective Date	7
4.2	End Date	7
5	Implementation of the Option Scheme	7
5.1	Lodgement of Option Scheme Order with ASIC.....	7
5.2	Transfer of Scheme Options.....	7
5.3	Timing	8
5.4	Entitlement to Option Scheme Consideration.....	8
6	Option Scheme Consideration	8
6.1	Option Scheme Consideration.....	8
6.2	Issue of Option Scheme Consideration	8
6.3	Joint holders	9
6.4	Rounding Entitlements.....	9
6.5	Option Scheme Participants' agreement	9
6.6	Warranty by Option Scheme Participants.....	10
6.7	Binding instruction or notifications	10
6.8	Ineligible Foreign Holders and Small Option Scheme Electing Participants	10
6.9	Other ineligible Option Scheme Participants	12
6.10	Orders of a Court or Regulatory Authority	12
6.11	Unclaimed monies	13
7	Dealings in A-Cap Listed Options	13
7.1	Determination of Option Scheme Participants	13
7.2	A-Cap Listed Option Register.....	13
7.3	Transfer requests received after Record Date	14
7.4	No disposals after Record Date.....	14
7.5	Maintenance of A-Cap Listed Option Register	14
7.6	Effect of Holding Statements	14
7.7	Details of Option Scheme Participants	14
7.8	Quotation of A-Cap Listed Options.....	14
8	General.....	14
8.1	Option Scheme Participant agreements and consents	14
8.2	Authority given to A-Cap.....	15
8.3	Further assurances.....	15
8.4	Option Scheme binding	15
8.5	Beneficial entitlement to Scheme Options.....	15
8.6	Appointment of Lotus as agent, attorney and sole proxy in respect of Scheme Options	16
8.7	Withholding	16
8.8	Notices	17
8.9	Alterations and conditions.....	17

8.10	Duty.....	17
8.11	Limitation of liability.....	17
8.12	Governing Law.....	17

This scheme of arrangement is made

between **A-Cap Energy Limited** ACN 104 028 542 of 52 Ord Street, West Perth, WA 6005
(**A-Cap**)

and the **Option Scheme Participants**

1 Defined terms & interpretation

1.1 Defined terms

In this Option Scheme, except where the context otherwise requires:

A-Cap Group means A-Cap and its Subsidiaries.

A-Cap Listed Option means an ASX listed option issued by A-Cap to acquire an A-Cap Share.

A-Cap Listed Option Register means the register of A-Cap Listed Optionholders maintained by or on behalf of A-Cap in accordance with the Corporations Act.

A-Cap Listed Optionholder means a person who is registered in the A-Cap Listed Option Register as the holder of one or more A-Cap Listed Options, from time to time.

A-Cap Option means an option issued by A-Cap to acquire an A-Cap Share, being an A-Cap Listed Option or an A-Cap Unlisted Option.

A-Cap Performance Right means a right granted by A-Cap to acquire an A-Cap Share, and for the avoidance of doubt, does not include an A-Cap Option.

A-Cap Share means a fully paid ordinary share in the capital of A-Cap.

A-Cap Unlisted Option means an unlisted option issued by A-Cap to acquire an A-Cap Share.

AEST means Australian Eastern Standard Time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires, including where relevant the financial market it operates.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement.

Business Day means a business day as defined in the Listing Rules.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

Conditions Precedent means the conditions precedent in clause 3.3 of the Scheme Implementation Deed.

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

Court means the Federal Court of Australia.

Effect means, when used in relation to the Option Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Option Scheme and **Effective** has a corresponding meaning.

Effective Date means the date on which the Option Scheme becomes Effective.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention right of first refusal, option, royalty or preferential right.

End Date means the date 6 months after the Execution Date, or such later date as agreed to in writing between A-Cap and Lotus.

Excluded Optionholder means any member of the Lotus Group.

Excluded Options means any A-Cap Listed Options held by an Excluded Optionholder.

Execution Date means the date of the Scheme Implementation Deed.

First Court Date means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Option Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by A-Cap and Lotus.

Ineligible Foreign Holder means any Option Scheme Participant whose address shown on the A-Cap Listed Option Register as at the Record Date is a place outside Australia, New Zealand, Republic of Singapore, Hong Kong, the People's Republic of China and such other jurisdictions as agreed in writing between A-Cap and Lotus, unless, no less than three Business Days prior to the Option Scheme Meeting, A-Cap and Lotus agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that A-Cap Listed Optionholder with the Option Scheme Consideration when the Option Scheme becomes Effective.

Listing Rules means the official listing rules of the ASX.

Lotus means Lotus Resources Limited ACN 119 992 175.

Lotus Group means Lotus and its Subsidiaries.

Lotus Nominee has the meaning given in clause 2.3.

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

Lotus Share Register means the central securities register of Lotus maintained by or on behalf of Lotus.

Marketable Parcel means a parcel of Lotus Shares having a value of \$500 or more based on the price of Lotus Shares on the ASX at close of trade on the Record Date.

Option Deed Poll means the deed poll to be entered into by Lotus the form of which is contained in Schedule 7 to the Scheme Implementation Deed or in such other form as agreed in writing between A-Cap and Lotus.

Option Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between A-Cap and Option Scheme Participants as set out in this document, subject to any alterations of conditions that are: (i) agreed to by Lotus and A-Cap in writing from time to time and approved by the Court; or (ii) made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Lotus and A-Cap.

Option Scheme Consideration means the consideration to be provided by Lotus to each Option Scheme Participant for the transfer of each Scheme Option under the Option Scheme, being, subject to clause 6.8, 1 Lotus Share per 500 Scheme Options.

Option Scheme Meeting means the meeting of A-Cap Listed Optionholders convened by the Court in relation to the Option Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Option Scheme Order means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 8.9, section 411(6) of the Corporations Act) in relation to the Option Scheme.

Option Scheme Participant means each person who is an A-Cap Listed Optionholder on the Record Date (other than Excluded Optionholders).

Option Scheme Transfer means, for each Option Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Options held by that Option Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer for all Scheme Options.

Record Date means 7:00pm (AEST) on the second Business Day following the Effective Date, or such other date (after the Effective Date) as A-Cap and Lotus may agree in writing.

Registered Address means in relation to an Option Scheme Participant, the address shown in the A-Cap Listed Option Register as at the Record Date.

Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal, tax or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute;
- (d) any applicable securities commission or stock or securities exchange;
- (e) in particular, ASX, ASIC and the Takeovers Panel; and
- (f) any authorised representative of any of the above.

Representative means:

- (a) in relation to A-Cap, any director, officer or employee of any member of the A-Cap Group and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to A-Cap in relation to the Transaction; and
- (b) in relation to Lotus, any director, officer or employee of any member of the Lotus Group and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Lotus in relation to the Transaction.

Sale Agent means a person appointed by A-Cap and Lotus to sell the Lotus Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders or Small Option Scheme Electing Participants under the terms of the Option Scheme.

Sale Proceeds has the meaning given in clause 6.8(d)(ii).

Scheme Implementation Deed means the Scheme Implementation Deed dated on or about 10 July 2023 between Lotus and A-Cap, as amended or varied from time to time.

Scheme Options means all of the A-Cap Listed Options on issue on the Record Date other than Excluded Options.

Second Court Date means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Option Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing at which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Option Scheme is heard or, if the application is adjourned for any reason adjourned hearing.

Small Option Scheme Electing Participant means a Small Option Scheme Participant who has elected in writing to have all of their Option Scheme Consideration issued to the Sale Agent and sold on their behalf in accordance with clause 6.8.

Small Option Scheme Participant means an Option Scheme Participant whose entitlement to the Option Scheme Consideration would be less than a Marketable Parcel of Lotus Shares.

Subsidiary has the meaning given to that term in section 9 of the Corporations Act.

Tax or Taxes means all taxes, surtaxes, duties, levies, imposts, fees, withholdings, dues and other charges of any nature, imposed or collected by any Regulatory Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including GST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Regulatory Authority including any instalment payments, interest, penalties or other additions associated therewith, whether or not disputed.

Tax Authority means any Regulatory Authority responsible for the assessment, collection, withholding or administration of Tax in any applicable country or jurisdiction.

Trading Day means a trading day as defined in the Listing Rules.

Transaction has the meaning given to that term in the Scheme Implementation Deed.

1.2 Interpretation

In this Option Scheme:

- (a) headings and catchwords are for convenience only, and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to A\$, dollar, Australian dollar or \$ is to Australian currency;
- (g) a reference to time is to time in Brisbane, Queensland, unless otherwise noted;
- (h) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (k) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (l) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- (p) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2 Preliminary

2.1 A-Cap

- (a) A-Cap is a public company incorporated in Australia and registered in Victoria and is a company limited by shares. A-Cap is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at 52 Ord Street, West Perth, WA 6005.
- (b) As at the date of the Scheme Implementation Deed, the issued A-Cap securities and rights to be issued A-Cap securities comprised:
 - (i) 1,232,435,086 A-Cap Shares;
 - (ii) 46,039,445 A-Cap Listed Options
 - (iii) 54,000,000 A-Cap Unlisted Options; and
 - (iv) 30,000,000 A-Cap Performance Rights.

2.2 Lotus

Lotus is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares. Lotus is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at Level 20, 140 St George's Terrace, Perth, WA 6000.

2.3 Lotus Nominee

- (a) Lotus may nominate any wholly-owned Subsidiary of Lotus (**Lotus Nominee**) to acquire the Scheme Options under the Option Scheme by giving written notice which sets out the details of the Lotus Nominee to A-Cap on or before the date that is 10 Business Days before the First Court Date.
- (b) If Lotus nominates a Lotus Nominee to acquire the Scheme Options under the Option Scheme, then:
 - (i) references in this Option Scheme to Lotus acquiring the Scheme Options under the Option Scheme are to be read as references to the Lotus Nominee doing so;

- (ii) other references in this Option Scheme to Lotus are to be read as references to Lotus or the Lotus Nominee (as the context requires);
- (iii) the parties must procure that the Scheme Options transferred under the Option Scheme are transferred to the Lotus Nominee, rather than Lotus;
- (iv) Lotus must procure that the Lotus Nominee complies with the relevant obligations of Lotus under this Option Scheme,; and
- (v) any such nomination will not relieve Lotus of its obligations under this Option Scheme and the Option Deed Poll, including the obligation to issue the Option Scheme Consideration in accordance with the terms of the Option Scheme.

2.4 Agreement to implement this Option Scheme

Each of A-Cap and Lotus have agreed, by executing the Scheme Implementation Deed, to facilitate the implementation of the terms of this Option Scheme.

2.5 Option Deed Poll

- (a) This Option Scheme attributes actions to Lotus but does not itself impose an obligation on Lotus to perform those actions. Lotus has undertaken in favour of each Option Scheme Participant, by executing the Option Deed Poll, that it will perform (or procure the performance of) its obligations under, and do all acts attributed to it and things necessary or desirable on its part to give full effect to, this Option Scheme, including to provide to each Option Scheme Participant the Option Scheme Consideration in accordance with the terms of the Scheme.
- (b) A-Cap undertakes in favour of each Option Scheme Participant to enforce the Option Deed Poll against Lotus on behalf of and as agent and attorney for the Option Scheme Participants.

2.6 Summary of Option Scheme

If this Option Scheme becomes Effective:

- (a) all of the Scheme Options (together with all rights and entitlements attaching to the Scheme Options) must be transferred to Lotus;
- (b) in consideration of the transfer to Lotus of each Scheme Option held by an Option Scheme Participant, Lotus must provide to each Option Scheme Participant the Option Scheme Consideration in accordance with the terms of this Option Scheme and the Option Deed Poll; and
- (c) A-Cap must enter the name of Lotus in the A-Cap Listed Option Register as the holder of all the Scheme Options transferred to Lotus in accordance with the terms of the Option Scheme.

3 Conditions precedent

3.1 Conditions precedent

This Option Scheme is conditional upon, and will have no force or effect unless and until, each of the following conditions precedent are satisfied:

- (a) as at 8:00am on the Second Court Date, each Condition Precedent having been satisfied or (if permitted) waived (other than the conditions in clauses 3.3(c) (*Court Approval of Option Scheme*), 3.3(d) (*Option Scheme Orders lodged with ASIC*) and 3.3(f) (*Scheme*) in accordance with the Scheme Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Scheme Implementation Deed not having been terminated in accordance with its terms;

- (c) as at 8:00am on the Second Court Date, the Option Deed Poll not having been terminated in accordance with its terms;
- (d) approval of the Option Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act having been obtained and if applicable, A-Cap and Lotus having accepted in writing any modification made or required by the Court under section 411(6) of the Corporations Act; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Option Scheme and agreed to by A-Cap and Lotus as having been satisfied or waived.

3.2 Certificates

- (a) At the Second Court Hearing for the Option Scheme, each of A-Cap and Lotus must provide a certificate to the Court confirming (in respect of matters within their knowledge) whether or not all the Conditions Precedent in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived as at 8:00am on the Second Court Date.
- (b) The certificate referred to in this clause 3.2 will constitute conclusive evidence of whether the Conditions Precedent in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived as at 8:00am on the Second Court Date.

4 The Option Scheme

4.1 Effective Date

Subject to clause 4.2, this Option Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

Without limiting any rights under the Scheme Implementation Deed, this Option Scheme will lapse and be of no further force or effect (and each of A-Cap and Lotus are released from any obligations and any liability in connection with this Option Scheme or the Option Deed Poll) if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Deed or the Option Deed Poll are terminated in accordance with their respective terms,

unless A-Cap or Lotus otherwise agree in writing (and, if required, as approved by the Court).

5 Implementation of the Option Scheme

5.1 Lodgement of Option Scheme Order with ASIC

If the conditions precedent set out in clauses 3.1(a), 3.1(b) and 3.1(c) have been satisfied or waived, A-Cap must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Option Scheme Order as soon as possible and by no later than 5:00pm on the first Business Day after the date on which the Court makes that Option Scheme Order (or such later time agreed in writing between A-Cap and Lotus).

5.2 Transfer of Scheme Options

On the Implementation Date:

- (a) subject to the provision of the Option Scheme Consideration for the Scheme Options in accordance with clause 6, all of the Scheme Options, together with all rights and

entitlements attaching to the Scheme Options as at the Implementation Date, must be transferred to Lotus, without the need for any further act by any Option Scheme Participant (other than acts performed by A-Cap as agent and attorney of the Option Scheme Participants under clauses 8.1 and 8.2 or otherwise), by:

- (i) A-Cap delivering to Lotus a duly completed registrable Option Scheme Transfer, duly executed on behalf of the Option Scheme Participants by A-Cap as the attorney and agent of the Option Scheme Participants as transferor; and
 - (ii) Lotus duly executing that Option Scheme Transfer as transferee, attending to the stamping of the Option Scheme Transfer (if required) and delivering it to A-Cap for registration; and
- (b) immediately after receipt of the Option Scheme Transfer in accordance with clause 5.2(a)(ii), A-Cap must attend to registration of the Option Scheme Transfer and enter, or procure the entry of, the name of Lotus in the A-Cap Listed Option Register as holder of all the Scheme Options transferred to Lotus in accordance with the Option Scheme.

5.3 Timing

Notwithstanding any other provision of this Option Scheme, while Lotus Shares forming the Option Scheme Consideration must be issued (and the Lotus Share Register updated to record their issuance) on the Implementation Date, any requirements under clause 6 for the sending of holding statements or allotment advices (or equivalent) may be satisfied as soon as practicable after the Implementation Date (and in any case within the time period required under the Listing Rules).

5.4 Entitlement to Option Scheme Consideration

On the Implementation Date, in consideration of the transfer of the Scheme Options to Lotus, each Option Scheme Participant will be entitled to receive the Option Scheme Consideration in respect of each Scheme Option held by them on the Record Date in accordance with clause 6.

6 Option Scheme Consideration

6.1 Option Scheme Consideration

On the Implementation Date, Lotus must provide the Option Scheme Consideration to each Option Scheme Participant in accordance with this clause 6.

6.2 Issue of Option Scheme Consideration

- (a) Subject to clause 6.8, on the Implementation Date, Lotus must:
 - (i) issue, or procure the issuance of, to each Option Scheme Participant (other than Ineligible Foreign Holders and Small Option Scheme Electing Participants) the Option Scheme Consideration for each Scheme Option transferred to Lotus on the Implementation Date by that Option Scheme Participant; and
 - (ii) procure that:
 - (A) the Lotus Share Register is updated to record the issuance of the Lotus Shares on the Implementation Date forming the Option Scheme Consideration; and
 - (B) a holding statement is sent to the Registered Address of each Option Scheme Participant, who is not an Ineligible Foreign Holder or Small

Option Scheme Electing Participant, representing the Option Scheme Consideration issued to such Option Scheme Participant.

- (b) Lotus covenants in favour of A-Cap (in its own right and separately as trustee and nominee for each of the Option Scheme Participants) that:
- (i) the Lotus Shares to be issued as Option Scheme Consideration will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing and outstanding Lotus Shares listed on the ASX;
 - (ii) the Lotus Shares to be issued as Option Scheme Consideration are free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise;
 - (iii) holders of the Lotus Shares issued as Option Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Lotus Shares on and after the Implementation Date subject to the requirements of Lotus's constitution and all applicable laws;
 - (iv) on issue pursuant to the Option Scheme, each such Lotus Share will be validly issued, as fully paid Lotus Shares; and
 - (v) it will use its best endeavours to ensure that the Lotus Shares issued as Option Scheme Consideration will be listed for trading on the ASX as soon as practicable after the Implementation Date (or such later date as ASX may require).

6.3 Joint holders

In the case of Scheme Options held in joint names:

- (a) the Lotus Shares to be issued under this Option Scheme will be issued to and registered in the names of the joint holders;
- (b) any other document required to be sent under this Option Scheme will be forwarded to the registered address of the holder whose name appears first in the A-Cap Listed Option Register on the Record Date; and
- (c) in respect of any Ineligible Foreign Holder or Small Option Scheme Electing Participant, any cheque required to be paid to Option Scheme Participants will be payable to the joint holders and will be forwarded to the registered address of the holder whose name appears first in the A-Cap Listed Option Register on the Record Date.

6.4 Rounding Entitlements

Where the calculation of the number of Lotus Shares to be issued to a particular Option Scheme Participant (or to the Sale Agent in the case of an Ineligible Foreign Holder or a Small Option Scheme Electing Participant) as Option Scheme Consideration would result in the issue of a fraction of a Lotus Share, the fractional entitlement will be rounded up or down to the nearest whole number of Lotus Shares or, if the fractional entitlement would be one-half of a Lotus Share, the fractional entitlement will be rounded up to the nearest whole number of Lotus Shares.

6.5 Option Scheme Participants' agreement

If the Option Scheme becomes Effective:

- (a) each Option Scheme Participant (other than an Ineligible Foreign Holder, Small Option Scheme Electing Participant and the Sale Agent) will be deemed to have irrevocably agreed to become a shareholder of Lotus and to have accepted the Lotus Shares issued to that holder under this Option Scheme subject to, and to be bound by, the constitution of Lotus and to be recorded in the Lotus Share Register as a holder of

Lotus Shares (in respect of the Option Scheme Consideration which such Option Scheme Participant is issued pursuant to this Option Scheme);

- (b) each Option Scheme Participant that is an Ineligible Foreign Holder or a Small Option Scheme Electing Participant irrevocably agrees and acknowledges that the payment to it of an amount in accordance with clause 6.8(e) constitutes the satisfaction in full of its entitlement to the Option Scheme Consideration under this Option Scheme; and
- (c) each Option Scheme Participant agrees to the transfer of their Scheme Options to Lotus, together with all rights and entitlements attaching to those Scheme Options, in accordance with the terms of this Option Scheme.

6.6 **Warranty by Option Scheme Participants**

- (a) Each Option Scheme Participant warrants to Lotus and is deemed to have appointed and authorised A-Cap to warrant to Lotus as agent and attorney for the Option Scheme Participant by virtue of this clause 6.6, that:
 - (i) all their Scheme Options (including any rights and entitlements attaching to those options) transferred to Lotus under the Option Scheme will, as at the date of the transfer, be fully paid and free from:
 - (A) all Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (B) restrictions on transfer of any kind;
 - (ii) they have full power and capacity to sell and to transfer their Scheme Options (including any rights and entitlements attaching to those option) to Lotus under the Option Scheme; and
 - (iii) as at the Record Date, they have no existing right to be issued any other Scheme Options or any other form of securities in A-Cap.
- (b) A-Cap undertakes in favour of each Option Scheme Participant that it will provide such warranty to Lotus as agent and attorney of each Option Scheme Participant as at the time of the transfer of the Scheme Options.

6.7 **Binding instruction or notifications**

Except for an Option Scheme Participant's tax file number, any binding instruction or notification between an Option Scheme Participant and A-Cap relating to Scheme Options on the Record Date (including any instructions relating to payment of dividends or to communications from A-Cap) will, from the Record Date, be deemed (except to the extent determined otherwise by Lotus in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Lotus, in respect of the Lotus Shares issued to the Option Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Lotus, provided that any such instructions or notifications accepted by Lotus will apply to and in respect of the Lotus Shares issued as Option Scheme Consideration only to the extent that they are:

- (a) not inconsistent with the other provisions of this Option Scheme; or
- (b) recognised under Australian law or Lotus's constitution.

6.8 **Ineligible Foreign Holders and Small Option Scheme Electing Participants**

- (a) Lotus will allow Small Option Scheme Participants to elect, by providing notice in writing to A-Cap on or before the Record Date, to be treated as a Small Option Scheme Electing Participant for the purposes of this clause 6.8.
- (b) Subject to clause 6.8(c), Lotus has no obligation under this Option Scheme to issue, and will not issue, any Option Scheme Consideration to any Ineligible Foreign Holder or Small Option Scheme Electing Participant under the Option Scheme.

- (c) The Lotus Shares that would, but for this clause 6.8, have been issued to an Ineligible Foreign Holder or a Small Option Scheme Electing Participant as Option Scheme Consideration, must be issued by Lotus to the Sale Agent (subject to clauses 6.4 and clause 6.10).
- (d) Subject to compliance with all applicable laws, Lotus must procure that, as soon as reasonably practicable and in any event, not more than 15 Trading Days (on which Lotus Shares are capable of being traded on the ASX) after the Implementation Date, the Sale Agent:
- (i) sells all the Lotus Shares issued to the Sale Agent pursuant to clause 6.8(c) in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
 - (ii) as soon as reasonably practicable and in any event no more than 10 Business Days after settlement of all the sales of Lotus Shares by the Sale Agent under clause 6.8(d)(i), remits to Lotus the total proceeds of those sales after deduction of any applicable fees, foreign exchange, stamp duty, brokerage and other selling costs, Taxes and charges of the Sale Agent reasonably incurred in connection with the sale of such Lotus Shares (**Sale Proceeds**).
- (e) Lotus must, promptly after receiving the Sale Proceeds from the Sale Agent, pay each Ineligible Foreign Holder and Small Option Scheme Electing Participant such proportion of the Sale Proceeds (in Australian dollars) to which that Ineligible Foreign Holder or Small Option Scheme Electing Participant is entitled, to be determined in accordance with the following formula:

$$P = \left(\frac{E}{T} \right) * SP$$

where:

P = the proportion of the Sale Proceeds to which the Ineligible Foreign Holder or Small Option Scheme Electing Participant is entitled;

E = the number of Lotus Shares to which the Ineligible Foreign Holder or Small Option Scheme Electing Participant would have been entitled if they had not been an Ineligible Foreign Holder or a Small Option Scheme Electing Participant;

T = the total number of Lotus Shares which were issued to and sold by the Sale Agent in accordance with this clause 6.8; and

SP = the Sale Proceeds.

- (f) The obligations of Lotus under clause 6.8(e) will be satisfied by Lotus (in its absolute discretion, and despite an election referred to in clause 6.8(f)(i) or authority referred to in clause 6.8(f)(iii) made or given by the Option Scheme Participant):
- (i) If an Option Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the A-Cap share registry to receive dividend payments from A-Cap by electronic funds transfer to a bank account nominated by the Option Scheme Participant, Lotus paying or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (ii) paying or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Option Scheme Participant by an appropriate authority from the Option Scheme Participant to Lotus; or
 - (iii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Option Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the

name of the Option Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.3).

- (g) Each Ineligible Foreign Holder and Small Option Scheme Electing Participant:
- (i) acknowledges and agrees that:
 - (A) payment by the Sale Agent to an Ineligible Foreign Holder in accordance with clauses 6.8(a) to 6.8(f) satisfies in full the Ineligible Foreign Holder's or the Small Option Scheme Electing Participant's right to the Option Scheme Consideration; and
 - (B) none of Lotus, A-Cap or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the Lotus Shares described in this clause 6.8, and the sale of the Lotus Shares under this clause 6.8 will be at the risk of the Ineligible Foreign Holder and the Small Option Scheme Electing Participant; and
 - (C) A-Cap, Lotus and the Sale Agent each expressly disclaim any fiduciary duty to any Ineligible Foreign Holder and Small Option Scheme Electing Participant that may arise in connection with this clause 6.8; and
 - (ii) appoints Lotus, and each director and officer of Lotus, as its agent to receive on its behalf any financial services guide or other notice which is required to be given by the Sale Agent to the Ineligible Foreign Holder and the Small Option Scheme Electing Participant for or in connection with its appointment or sales under the Corporations Act or any other applicable law.

6.9 Other ineligible Option Scheme Participants

Where the issue of Option Scheme Consideration to which an Option Scheme Participant (other than an Ineligible Foreign Holder or Small Option Scheme Electing Participant) would otherwise be entitled under this Option Scheme would result in a breach of law:

- (a) Lotus will issue the maximum possible number of Lotus Shares as Option Scheme Consideration to the Option Scheme Participant without giving rise to such a breach; and
- (b) any further Lotus Shares to which that Option Scheme Participant is entitled as Option Scheme Consideration but the issue of which to the Option Scheme Participant would give rise to such a breach of law (**Ineligible Option Scheme Consideration**), will instead be issued to the Sale Agent and dealt with under clause 6.8 as if the Ineligible Option Scheme Consideration were Option Scheme Consideration that an Ineligible Foreign Holder or a Small Option Scheme Electing Participant would have (but for clause 6.8) been entitled to.

6.10 Orders of a Court or Regulatory Authority

- (a) If A-Cap (or the A-Cap share registry) or Lotus (or the Lotus share registry) receives written notice of an order or direction made by a court of competent jurisdiction or by a Regulatory Authority that:
 - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Options held by a particular Option Scheme Participant, which would otherwise be payable or required to be issued to that Option Scheme Participant by A-Cap or Lotus in accordance with this clause 6, then A-Cap or Lotus (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (ii) prevents A-Cap or Lotus from providing consideration to any particular Option Scheme Participant in accordance with this clause 6, or the payment or

issuance of such consideration is otherwise prohibited by applicable law, A-Cap or Lotus (as applicable) will be entitled to:

- (A) in the case of any Ineligible Foreign Holder or Small Option Scheme Electing Participant, retain an amount, in Australian dollars, equal to the relevant Ineligible Foreign Holder's or Small Option Scheme Electing Participant's share of any proceeds of sale received by A-Cap pursuant to clause 6.8; and
- (B) not issue (or, in the case of A-Cap, direct Lotus not to issue), or issue (or, in the case of A-Cap, direct Lotus to issue) to a permitted trustee or nominee, such number of Lotus shares as Option Scheme Consideration,

until such time as provision of the Option Scheme Consideration in accordance with this clause 6 is permitted by that (or another) order or direction or otherwise by law.

- (b) To avoid doubt, any payment or retention by A-Cap or Lotus (as applicable) under clause 6.10(a) will constitute the full discharge of Lotus's obligations under clause 6.1 with respect to the amount so paid or retained until, in the case of clause 6.10(a)(ii), the amount is no longer required to be retained.

6.11 Unclaimed monies

- (a) A cheque issued under this clause 6 may be cancelled if the cheque:
 - (i) is returned to the sender; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from an Option Scheme Participant to the sender (or the sender's share registry) (which request may not be made until the date which is 30 Business Days after the Implementation Date), the sender of the cheque must reissue a cheque that was previously cancelled under this clause 6.11.
- (c) The unclaimed proceeds may be dealt with as unclaimed moneys under applicable unclaimed moneys legislation.

7 Dealings in A-Cap Listed Options

7.1 Determination of Option Scheme Participants

To establish the identity of Option Scheme Participants, dealings in A-Cap Listed Options will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the A-Cap Listed Option Register as holder of the relevant A-Cap Listed Options as at the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings, or valid requests in respect of other alterations, are received by A-Cap's Share Registry at or before the Record Date.

7.2 A-Cap Listed Option Register

A-Cap must register any transmission application or transfer received in accordance with clause 7.1 as soon as practicable after the Record Date provided that, to avoid doubt, nothing in this clause 7.2 requires A-Cap to register a transfer that would result in an A-Cap Listed Optionholder holding a parcel of A-Cap Listed Options that is less than a Marketable Parcel.

7.3 **Transfer requests received after Record Date**

A-Cap will not accept for registration or recognise for any purpose any transfer, transmission or application in respect of A-Cap Listed Options received after the times specified in clause 7.1, or received prior to such times but not in registrable form, other than a transfer to Lotus in accordance with this Option Scheme.

7.4 **No disposals after Record Date**

If this Option Scheme becomes Effective, each Option Scheme Participant, and any person claiming through that Option Scheme Participant, must not dispose of or transfer, or purport or agree to dispose of or transfer, any Scheme Options or any interest in them after the Record Date otherwise than pursuant to this Option Scheme, and any attempt to do so will be void and have no legal effect whatsoever and A-Cap must disregard any such disposal, transfer or transmission application in respect of Scheme Options received after the Record Date.

7.5 **Maintenance of A-Cap Listed Option Register**

For the purpose of determining entitlements to the Option Scheme Consideration, A-Cap must maintain, or procure the maintenance of, the A-Cap Listed Option Register in accordance with the provisions of this clause until the Option Scheme Consideration has been delivered to the Option Scheme Participants and Lotus has been entered into the A-Cap Listed Option Register. The A-Cap Listed Option Register in this form will solely determine entitlements to the Option Scheme Consideration.

7.6 **Effect of Holding Statements**

All statements of holding in respect of A-Cap Listed Options will cease to have effect after the Record Date as documents of title (or evidence thereof) in respect of those A-Cap Listed Options. After the Record Date, each entry current on the A-Cap Listed Option Register on and from the Record Date (other than entries on the A-Cap Listed Option Register in respect of Lotus) will cease to have effect except as evidence of entitlement to the Option Scheme Consideration in respect of the A-Cap Listed Options relating to that entry.

7.7 **Details of Option Scheme Participants**

As soon as practicable after the Record Date, and in any event within three Business Days of the Record Date, A-Cap must provide to Lotus details of the names, registered addresses and holdings of A-Cap Listed Options for each Option Scheme Participant, as shown in the A-Cap Listed Option Register on the Record Date in such form as Lotus reasonably requires.

7.8 **Quotation of A-Cap Listed Options**

A-Cap must apply to ASX to suspend trading on ASX in A-Cap Listed Options with effect from the close of trading on ASX on the Effective Date.

8 General

8.1 **Option Scheme Participant agreements and consents**

Each Option Scheme Participant irrevocably agrees and consents for all purposes to:

- (a) the transfer of their Scheme Options, together with all rights and entitlements attaching to those Scheme Options, to Lotus in accordance with the terms of this Option Scheme and agree to the variation, cancellation or modification of the rights attached to their A-Cap Listed Options constituted or resulting from this Option Scheme (if any); and
- (b) A-Cap and Lotus doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Option Scheme and the transactions contemplated by it,

in each case without the need for any further act by that Option Scheme Participant.

8.2 Authority given to A-Cap

- (a) On and from this Option Scheme becoming Effective, each Option Scheme Participant, without the need for any further act, is deemed to have irrevocably appointed A-Cap as its attorney and agent for the purposes of:
- (i) enforcing the Option Deed Poll against Lotus; and
 - (ii) in the case of Scheme Options in a CHESSE holding:
 - (A) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Rules so as to transfer the Scheme Options held by the Option Scheme Participant from the CHESSE sub-register of A-Cap to the issuer sponsored sub-register operated by A-Cap or its share registry at any time after Lotus has provided the Option Scheme Consideration which is due under this Option Scheme to Option Scheme Participants; and
 - (B) completing and signing on behalf of Option Scheme Participants any required form of transfer of Scheme Options; and
 - (iii) in the case of Scheme Options registered in the issuer sponsored sub-register operated by A-Cap or its share registry, completing and signing on behalf of Option Scheme Participants any required form of transfer; and
 - (iv) doing all things and executing any agreements, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Option Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Option Scheme Transfers) as contemplated by clause 5.2,

and A-Cap accepts such appointment.

- (b) A-Cap as attorney and agent of each Option Scheme Participant, may sub delegate its functions, authorities or powers under this clause 8.2 to all or any of its directors and officers (jointly, severally or jointly and severally) (**Sub-Attorney**). Anything done by a Sub-Attorney pursuant to a delegation under this clause is taken to be done by A-Cap as the Option Scheme Participant's attorney and agent.
- (c) Each Option Scheme Participant consents to A-Cap or a Sub-Attorney doing anything it is authorised to do under this document as the Option Scheme Participant's attorney and agent.

8.3 Further assurances

A-Cap will execute documents and do all things and acts necessary or expedient in order to give full effect to the Option Scheme.

8.4 Option Scheme binding

This Option Scheme binds A-Cap and all Option Scheme Participants from time to time (including, to avoid doubt, those who do not attend the Option Scheme Meeting, those who do not vote at that meeting or vote against this Option Scheme) and, to the extent of any inconsistency, overrides the constitution of A-Cap.

8.5 Beneficial entitlement to Scheme Options

- (a) Immediately from the time that Lotus has satisfied its obligations under clause 6 pending registration by A-Cap of Lotus in the A-Cap Listed Option Register as the holder of all the Scheme Options:

- (i) Lotus will be beneficially entitled to the Scheme Options transferred to it under this Option Scheme; and
- (ii) to the extent permitted by law, the Scheme Options (including all rights and entitlements attaching to the Scheme Options) transferred under this Option Scheme to Lotus will, at the time of transfer to Lotus, vest in Lotus free from all:
 - (A) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (B) restrictions on transfer of any kind.
- (b) To avoid doubt, notwithstanding clause 8.5(a)(i), to the extent that clause 6.10(a) applies to any Option Scheme Participant, Lotus will be beneficially entitled to any Scheme Options held by that Option Scheme Participant immediately upon compliance with clause 6.10 on the Implementation Date as if Lotus had provided the Option Scheme Consideration to that Option Scheme Participant.

8.6 Appointment of Lotus as agent, attorney and sole proxy in respect of Scheme Options

Immediately from the time that Lotus has satisfied its obligations under clause 6 pending registration by A-Cap of Lotus in the A-Cap Listed Option Register as the holder of all the Scheme Options, each Option Scheme Participant, without the need for any further act by that Option Scheme Participant:

- (a) irrevocably appoints Lotus as attorney and agent (and directs Lotus in each capacity) to appoint any director, officer, secretary or agent nominated by Lotus as its sole proxy and, where applicable, its corporate representative to attend listed optionholder meetings of A-Cap, exercise the votes attached to the Scheme Options registered in the name of the Option Scheme Participant and sign any listed optionholders resolution of A-Cap (whether in person, by proxy or by corporate representative);
- (b) undertakes not to attend or vote at any such meetings or sign any such resolutions, whether in person, by proxy or by corporate representative other than pursuant to clause 8.6(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Options as Lotus reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in this clause 8.5(a)(ii), any director, officer, secretary or agent nominated by Lotus may act in the best interests of Lotus as the intended registered holder of the Scheme Options.

8.7 Withholding

- (a) If Lotus is required by (i) Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to pay amounts to the ATO or (ii) any other law to pay an amount to a Tax Authority on behalf of an A-Cap Listed Optionholder in respect of the acquisition of A-Cap Listed Options from certain A-Cap Listed Optionholders, Lotus:
 - (i) may treat those A-Cap Listed Optionholders as Ineligible Foreign Holders for the purposes of this Option Scheme (if they are not treated as such);
 - (ii) is entitled to deduct the relevant amounts from those A-Cap Listed Optionholders' proportion of the Sale Proceeds referred to in clause 6.8 and remit those amounts to the ATO;
 - (iii) will not be obliged to increase the aggregate sum paid to A-Cap Listed Optionholders by the amount of the deduction and the net aggregate sum payable to those A-Cap Listed Optionholders should be taken to be in full and final satisfaction of amounts owing to those A-Cap Listed Optionholders; and

- (iv) must pay any amount to the relevant Tax Authority in the time permitted by law and, if requested in writing by the relevant A-Cap Listed Optionholder, provide a receipt or other appropriate evidence of such payment (or procure the payment of such receipt or other evidence) to the relevant A-Cap Listed Optionholder.

8.8 Notices

- (a) Where a notice, transfer, transmission application or other communication referred to in this Option Scheme is sent by post to A-Cap, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at A-Cap's registered office or at the office of the A-Cap share registry.
- (b) The accidental omission to give notice of the Option Scheme Meeting to any A-Cap Listed Optionholders, or the non-receipt of such a notice by any A-Cap Listed Optionholders, will not, unless ordered by the Court, invalidate this Option Scheme or the proceedings at the Option Scheme Meeting.

8.9 Alterations and conditions

If the Court proposes to approve this Option Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act:

- (a) A-Cap may, by its counsel on behalf of all persons concerned (including each Option Scheme Participant), consent to only such of those conditions or alterations to this Option Scheme; and
- (b) each Option Scheme Participant agrees to any such conditions or alterations which counsel for A-Cap has consented to,

provided Lotus has agreed to those conditions or alterations in writing.

8.10 Duty

All duty (including stamp duty), and any related fines, penalties and interest, payable in connection with the transfer by Option Scheme Participants of the Scheme Options to Lotus pursuant to the Option Scheme will be payable by Lotus.

8.11 Limitation of liability

None of A-Cap or Lotus nor any of their respective Representatives is liable for anything done or omitted to be done in the performance of this Option Scheme or the Option Deed Poll in good faith.

8.12 Governing Law

- (a) This Option Scheme is governed by and will be construed according to the laws of Western Australia.
- (b) Each party irrevocably:
 - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Option Scheme; and
 - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 8.12(b)(i).

THOMSON GEER
LAWYERS

Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000 Australia

T +61 8 9404 9100 | F +61 8 9300 1338

Deed Poll

Lotus Resources Limited

DETAILS

Date 12 July 2023

By **Lotus**
 Name Lotus Resources Limited
 ACN 119 992 175
 Address Level 20, 140 St Georges Terrace
 Perth WA 6000
 Email keith.bowes@lotusresources.com.au
 Attention Keith Bowes, Managing Director

In favour of and for the benefit of Each Scheme Participant

BACKGROUND

- A A-Cap and Lotus entered into a Scheme Implementation Deed dated on or about the date of this deed (**Scheme Implementation Deed**).
- B Under the Scheme Implementation Deed A-Cap has agreed that it will, propose and implement the Scheme in accordance with the Scheme Implementation Deed, pursuant to which, among other things and subject to certain conditions, Lotus will acquire all of the Scheme Shares.
- C Under the Scheme Implementation Deed, Lotus has agreed to take all steps reasonably necessary to assist A-Cap in proposing and implementing the Scheme in accordance with the Scheme Implementation Deed.
- D Lotus is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform certain of its obligations under the Scheme Implementation Deed and the steps attributed to it under the Scheme, including to provide, or procure the provision of, the Scheme Consideration to each Scheme Participant, in accordance with the Scheme.
- E The effect of the Scheme will be that the Scheme Shares, together with all rights and entitlements attaching to them, will be transferred to Lotus in exchange for the Scheme Consideration and A-Cap will become a wholly-owned Subsidiary of Lotus on the Implementation Date.

AGREED TERMS

Definitions and interpretation

1.1 Definitions

In this Deed Poll:

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between A-Cap and Scheme Participants, the form of which is contained in the Scheme Implementation Deed as Schedule 4, subject to any alterations or conditions that are: (i) agreed to by Lotus and A-Cap in writing from time to time and approved by the Court; or (ii) made or required by the Court under section 411(6) of the Corporations Act and approved in writing by A-Cap and Lotus.

1.2 Terms defined in Scheme Implementation Deed

Words and phrases defined in the Scheme Implementation Deed have the same meanings in this Deed Poll unless the context requires otherwise.

1.3 Interpretation

- (a) Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "this Scheme" in that clause are to be read as references to "this Deed Poll".
- (b) Clause headings in this Deed Poll do not affect the interpretation of this Deed Poll.

1.4 Time for performance

- (a) If the day on or by which a payment or an act is to be done under this Deed Poll is not a Business Day, that act must be done on the next Business Day.
- (b) In this Deed Poll, if a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (c) In this Deed Poll, a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (d) In this Deed Poll a reference to time is a reference to Brisbane, Australia time.

2 Nature of Deed Poll

Lotus acknowledges and agrees that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints A-Cap and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this Deed Poll against Lotus.

3 Condition

3.1 Condition

The obligations of Lotus under this Deed Poll are subject to the Scheme becoming Effective.

3.2 Termination

The obligations of Lotus under this Deed Poll to Scheme Participants will automatically terminate and the terms of this Deed Poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the End Date,

unless Lotus and A-Cap otherwise agree in writing (and, if required, as approved by the Court).

3.3 Consequences of Termination

If this Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Lotus is released from its obligations under this Deed Poll; and
- (b) each Scheme Participant retains the powers and remedies they have against Lotus in respect of any breach of this Deed Poll which occurs before it is terminated.

4 Scheme obligations

Subject to clause 3, in consideration of the transfer of each Scheme Share to Lotus in accordance with the Scheme, Lotus undertakes in favour of each Scheme Participant to:

- (a) provide, or procure the provision of, the Scheme Consideration to each Scheme Participant; and
- (b) duly and punctually undertake all other actions attributed to it under the Scheme and do all acts and things necessary or desirable on its part as if named as a party to the Scheme, to give full effect to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

5 Warranties

Lotus represents and warrants to each Scheme Participant that:

- (a) it is a company validly existing under the laws of its place of incorporation;
- (b) it has the legal right and full corporate power and capacity to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) this Deed Poll has been duly and validly executed and delivered by it and is valid and binding upon it and is enforceable against it in accordance with its terms; and
- (e) the execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any material respect a provision of:
 - (i) a law, judgement, ruling, order or decree being on it;
 - (ii) its constitution; or
 - (iii) any other document which is binding on it or its assets;
- (f) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (g) no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this Deed Poll and, to the knowledge of Lotus, no such regulatory action has been threatened or is proposed to be taken against Lotus; and
- (h) each New Lotus Share to be issued as Scheme Consideration will, upon issue:
 - (i) will be validly issued, as fully paid Lotus Shares; and
 - (ii) free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
 - (iii) rank equally in all respects with all other Lotus Shares then on issue.

6 Continuing obligations

6.1 This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Lotus having fully performed its obligations under this Deed Poll; or
- (b) termination of this Deed Poll under clause 3.2.

7 Miscellaneous

7.1 Assignment

- (a) The rights and obligations of Lotus and each Scheme Participant under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with without the prior consent of Lotus and A-Cap.
- (b) Any purported dealing in contravention of clause 7.1(a) is invalid.

7.2 Cumulative rights

The rights, powers and remedies of Lotus and the Scheme Participant under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

7.3 Further assurances

Lotus will, at its own expense, promptly do all things reasonably required of it by law to give full effect to this Deed Poll and the transactions contemplated by it.

7.4 Governing law

- (a) This Deed Poll is governed by and will be construed according to the laws of Western Australia.
- (b) Lotus irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Deed Poll.

7.5 Notices

Any notice, consent or other communication to Lotus under or in connection with this Deed Poll:

- (a) is only effective if it is:
 - (i) in writing, legible and in English, signed by the party making the communication or by a person duly authorised by that party or, in the case of email, set out the full name and position or title of the duly authorised sender;
 - (ii) addressed to the person to whom it is to be given; and
 - (iii) sent to the address or email address referred to in the Details (or as otherwise notified by Lotus to A-Cap from time to time);
- (b) must be delivered or posted by prepaid post to the address or emailed to the email address of the addressee in accordance with clause 7.5; and
- (c) (if it complies with this clause 7.5) will be deemed to have been given:
 - (i) if delivered, on the date of delivery; or

- (ii) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
- (iii) if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the notice or other communication would otherwise be taken to be received after 5:00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9:00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

7.6 **Duty**

Lotus:

- (a) must pay all duty (including stamp duty) and any related fines, penalties and interest in respect of the Scheme and this Deed Poll (including without limitation the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this Deed Poll and each transaction effected by or made under or pursuant to the Scheme and this Deed Poll; and
- (b) indemnifies each Scheme Participant against any liability arising from failure to comply with clause 7.6(a).

7.7 **Variation**

A provision of this Deed Poll may not be varied, altered or otherwise amended unless:

- (a) before the First Court Date, the variation, alteration or amendment is agreed to in writing by A-Cap (which such agreement may be given or withheld without reference to or approval by any A-Cap Shareholder); or
- (b) on or after the First Court Date, the variation, alteration or amendment is agreed to in writing by A-Cap and is approved by the Court (which such agreement may be given or withheld without reference to or approval by any A-Cap Shareholder),

in which event Lotus will enter into a further deed poll in favour of each Scheme Participant giving effect to the variation, alteration or amendment.

7.8 **Waiver**

- (a) A provision of or right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this Deed Poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed Poll,
 does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) Lotus is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Deed Poll or on a default under this Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) Lotus may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.

7.9 **Consent**

Lotus consents to A-Cap producing this Deed Poll to the Court.

Executed as a deed poll

Executed by Lotus Resources Limited ACN
119 992 175 in accordance with section 127 of
the *Corporations Act 2001* (Cth):



Director

KEITH BOWES

Name of Director
BLOCK LETTERS



Company Secretary

CATHERINE ANDERSON

Name of Company Secretary
BLOCK LETTERS

ANNEXURE D
Option Deed Poll

THOMSON GEER
LAWYERS

Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000 Australia

T +61 8 9404 9100 | F +61 8 9300 1338

Option Deed Poll

Lotus Resources Limited

DETAILS

Date 12 July 2023

By

Lotus	
Name	Lotus Resources Limited
ACN	119 992 175
Address	Level 20, 140 St Georges Terrace Perth WA 6000
Email	keith.bowes@lotusresources.com.au
Attention	Keith Bowes, Managing Director

In favour of and for the benefit of Each Option Scheme Participant

BACKGROUND

- A A-Cap and Lotus entered into a Scheme Implementation Deed dated on or about the date of this deed (**Scheme Implementation Deed**).
- B Under the Scheme Implementation Deed A-Cap has agreed that it will, propose and implement the Option Scheme in accordance with the Scheme Implementation Deed, pursuant to which, among other things and subject to certain conditions, Lotus will acquire all of the Scheme Options.
- C Under the Scheme Implementation Deed, Lotus has agreed to take all steps reasonably necessary to assist A-Cap in proposing and implementing the Option Scheme in accordance with the Scheme Implementation Deed.
- D Lotus is entering into this Option Deed Poll for the purpose of covenanting in favour of the Option Scheme Participants to perform certain of its obligations under the Scheme Implementation Deed and the steps attributed to it under the Option Scheme, including to provide, or procure the provision of, the Option Scheme Consideration to each Option Scheme Participant, in accordance with the Option Scheme.
- E The effect of the Option Scheme will be that the Scheme Options, together with all rights and entitlements attaching to them, will be transferred to Lotus in exchange for the Option Scheme Consideration.

AGREED TERMS

Definitions and interpretation

1.1 Definitions

In this Option Deed Poll:

Option Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between A-Cap and Option Scheme Participants, the form of which is contained in the Scheme Implementation Deed as Schedule 5, subject to any alterations or conditions that are: (i) agreed to by Lotus and A-Cap in writing from time to time and approved by the Court; or (ii) made or required by the Court under section 411(6) of the Corporations Act and approved in writing by A-Cap and Lotus.

1.2 Terms defined in Scheme Implementation Deed

Words and phrases defined in the Scheme Implementation Deed have the same meanings in this Option Deed Poll unless the context requires otherwise.

1.3 Interpretation

- (a) Clause 1.2 of the Option Scheme applies to the interpretation of this Option Deed Poll, except that references to "this Option Scheme" in that clause are to be read as references to "this Option Deed Poll".
- (b) Clause headings in this Option Deed Poll do not affect the interpretation of this Option Deed Poll.

1.4 Time for performance

- (a) If the day on or by which a payment or an act is to be done under this Option Deed Poll is not a Business Day, that act must be done on the next Business Day.
- (b) In this Option Deed Poll, if a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (c) In this Option Deed Poll, a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (d) In this Option Deed Poll a reference to time is a reference to Brisbane, Australia time.

2 Nature of Option Deed Poll

Lotus acknowledges and agrees that:

- (a) this Option Deed Poll may be relied on and enforced by any Option Scheme Participant in accordance with its terms, even though the Option Scheme Participants are not party to it; and
- (b) under the Option Scheme, each Option Scheme Participant irrevocably appoints A-Cap and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this Option Deed Poll against Lotus.

3 Condition

3.1 Condition

The obligations of Lotus under this Option Deed Poll are subject to the Option Scheme becoming Effective.

3.2 Termination

The obligations of Lotus under this Option Deed Poll to Option Scheme Participants will automatically terminate and the terms of this Option Deed Poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Option Scheme does not become Effective on or before the End Date,

unless Lotus and A-Cap otherwise agree in writing (and, if required, as approved by the Court).

3.3 Consequences of Termination

If this Option Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Lotus is released from its obligations under this Option Deed Poll; and

- (b) each Option Scheme Participant retains the powers and remedies they have against Lotus in respect of any breach of this Option Deed Poll which occurs before it is terminated.

4 Option Scheme obligations

Subject to clause 3, in consideration of the transfer of each Scheme Option to Lotus in accordance with the Option Scheme, Lotus undertakes in favour of each Option Scheme Participant to:

- (a) provide, or procure the provision of, the Option Scheme Consideration to each Option Scheme Participant; and
- (b) duly and punctually undertake all other actions attributed to it under the Option Scheme and do all acts and things necessary or desirable on its part as if named as a party to the Option Scheme, to give full effect to the Option Scheme,

in each case, subject to and in accordance with the terms of the Option Scheme.

5 Warranties

Lotus represents and warrants to each Option Scheme Participant that:

- (a) it is a company validly existing under the laws of its place of incorporation;
- (b) it has the legal right and full corporate power and capacity to enter into and perform its obligations under this Option Deed Poll and to carry out the transactions contemplated by this Option Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Option Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Option Deed Poll and to carry out the transactions contemplated by this Option Deed Poll;
- (d) this Option Deed Poll has been duly and validly executed and delivered by it and is valid and binding upon it and is enforceable against it in accordance with its terms; and
- (e) the execution and performance by it of this Option Deed Poll and each transaction contemplated by this Option Deed Poll did not and will not violate in any material respect a provision of:
- (i) a law, judgement, ruling, order or decree being on it;
- (ii) its constitution; or
- (iii) any other document which is binding on it or its assets;
- (f) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets; and
- (g) no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this Deed Poll and, to the knowledge of Lotus, no such regulatory action has been threatened or is proposed to be taken against Lotus; and
- (h) each New Lotus Share to be issued as Scheme Consideration will, upon issue:
- (i) will be validly issued, as fully paid Lotus Shares; and

- (ii) free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
- (iii) rank equally in all respects with all other Lotus Shares then on issue.

6 Continuing obligations

- 6.1 This Option Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:
- (a) Lotus having fully performed its obligations under this Option Deed Poll; or
 - (b) termination of this Option Deed Poll under clause 3.2.

7 Miscellaneous

7.1 Assignment

- (a) The rights and obligations of Lotus and each Option Scheme Participant under this Option Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with without the prior consent of Lotus and A-Cap.
- (b) Any purported dealing in contravention of clause 7.1(a) is invalid.

7.2 Cumulative rights

The rights, powers and remedies of Lotus and the Option Scheme Participant under this Option Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Option Deed Poll.

7.3 Further assurances

Lotus will, at its own expense, promptly do all things reasonably required of it by law to give full effect to this Option Deed Poll and the transactions contemplated by it.

7.4 Governing law

- (a) This Option Deed Poll is governed by and will be construed according to the laws of Western Australia.
- (b) Lotus irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Option Deed Poll.

7.5 Notices

Any notice, consent or other communication to Lotus under or in connection with this Option Deed Poll:

- (a) is only effective if it is:
 - (i) in writing, legible and in English, signed by the party making the communication or by a person duly authorised by that party or, in the case of email, set out the full name and position or title of the duly authorised sender;
 - (ii) addressed to the person to whom it is to be given; and
 - (iii) sent to the address or email address referred to in the Details (or as otherwise notified by Lotus to A-Cap from time to time);

- (b) must be delivered or posted by prepaid post to the address or emailed to the email address of the addressee in accordance with clause 7.5; and
- (c) (if it complies with this clause 7.5) will be deemed to have been given:
 - (i) if delivered, on the date of delivery; or
 - (ii) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
 - (iii) if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the notice or other communication would otherwise be taken to be received after 5:00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9:00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

7.6 **Duty**

Lotus:

- (a) must pay all duty (including stamp duty) and any related fines, penalties and interest in respect of the Option Scheme and this Option Deed Poll (including without limitation the acquisition or transfer of Scheme Options pursuant to the Option Scheme), the performance of this Option Deed Poll and each transaction effected by or made under or pursuant to the Option Scheme and this Option Deed Poll; and
- (b) indemnifies each Option Scheme Participant against any liability arising from failure to comply with clause 7.6(a).

7.7 **Variation**

A provision of this Option Deed Poll may not be varied, altered or otherwise amended unless:

- (a) before the First Court Date, the variation, alteration or amendment is agreed to in writing by A-Cap (which such agreement may be given or withheld without reference to or approval by any A-Cap Listed Optionholder); or
- (b) on or after the First Court Date, the variation, alteration or amendment is agreed to in writing by A-Cap and is approved by the Court (which such agreement may be given or withheld without reference to or approval by any A-Cap Listed Optionholder),

in which event Lotus will enter into a further deed poll in favour of each Option Scheme Participant giving effect to the variation, alteration or amendment.

7.8 **Waiver**

- (a) A provision of or right under this Option Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this Option Deed Poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Option Deed Poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

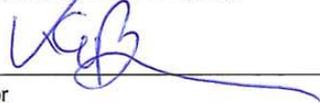
- (c) Lotus is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Option Deed Poll or on a default under this Option Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) Lotus may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.

7.9 Consent

Lotus consents to A-Cap producing this Option Deed Poll to the Court.

Executed as a deed poll

Executed by Lotus Resources Limited ACN
119 992 175 in accordance with section 127 of
the *Corporations Act 2001* (Cth):



Director

KEITH GRAHAM BOWES

Name of Director
BLOCK LETTERS



*Director/*Company Secretary

Catherine Anderson

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

ANNEXURE E

Notice of Share Scheme Meeting

Notice is hereby given that, by an order of the Federal Court of Australia made on Friday, 15 September 2023, pursuant to section 411(1) of the Corporations Act, a meeting of members of A-Cap Energy Limited ACN 104 028 542 (**A-Cap**) will be held at 52 Ord Street, West Perth, West Australia 6005 and via live webcast at www.advancedshare.com.au/virtual-meeting at 10:00 am (Perth time) on Friday, 20 October 2023.

The Court has directed that Paul Ingram act as Chairman of the Share Scheme Meeting or failing him, Malcolm Smartt, and has directed the Chairman to report the results of the Share Scheme Meeting to the Court.

PURPOSE OF THE SHARE SCHEME MEETING

The purpose of the Share Scheme Meeting is to consider and, if thought fit, to approve (with or without amendment or any alterations or conditions required by the Court to which A-Cap and Lotus Resources Limited (**Lotus**) agree) a scheme of arrangement proposed to be made between A-Cap and A-Cap Shareholders (**Share Scheme**).

To enable you to make an informed voting decision, important information in relation to the Share Scheme is set out in the booklet accompanying this notice of meeting (**Notice of Share Scheme Meeting**) and should be read in conjunction with it (**Scheme Booklet**).

A copy of the Share Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Share Scheme are provided in this Scheme Booklet, of which this notice, the Explanatory Memorandum to this notice and Proxy Form forms part.

The A-Cap Board unanimously recommends that A-Cap Shareholders vote in favour of the Share Scheme Resolution in the absence of a Superior Proposal and provided the Independent Expert continues to conclude that the Share Scheme is in the best interests of A-Cap Shareholders.

Unless otherwise defined in this Notice of Share Scheme Meeting, capitalised terms used in this Notice of Share Scheme Meeting have the same meaning given to them in section 13 of the Scheme Booklet.

Share Scheme Resolution

To consider and, if thought fit, pass with or without amendment the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the scheme of arrangement proposed between A-Cap and A-Cap Shareholders, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which A-Cap and Lotus agree."

By order of the Court

Paul Ingram
Deputy Chairman
A-Cap Energy Limited
15 September 2023

1.1 General

- a. Capitalised words and phrases contained in the Notice of Share Scheme Meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 13 of the Scheme Booklet, of which this notice forms part.
- b. The Notice of Share Scheme Meeting should be read in conjunction with the entire Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution.
- c. The Scheme Booklet includes a copy of the Share Scheme (in Annexure A of the Scheme Booklet) and includes the explanatory statement required by section 412 of the Corporations Act in relation to the Share Scheme.

1.2 Entitlement to vote

For the purposes of the Share Scheme Meeting, only those persons registered in the A-Cap Share Register as an A-Cap Shareholder at 4:00 pm (Perth time) on Wednesday, 18 October 2023 are entitled to participate and vote at the Share Scheme Meeting in respect of each A-Cap Share held by them at that time, either by attending the Share Scheme Meeting in person or participate virtually via the online platform at: www.advancedshare.com.au/virtual-meeting, by proxy or attorney or, in the case of an A-Cap Shareholder or proxy who is a corporation, by corporate representative.

1.3 Required voting majority

- a. The resolution to approve the Share Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- b. The resolution to approve the Share Scheme must be approved by:
 - i. unless the Court orders otherwise, a majority in number (ie. more than 50%) of the A-Cap Shareholders present and voting on the Share Scheme Resolution at the Share Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate A-Cap Shareholders, body corporate representative; and
 - ii. at least 75% of the total number of votes which are cast on the Share Scheme Resolution at the Share Scheme Meeting by A-Cap Shareholders either in person or by proxy, attorney or, in the case of corporate A-Cap Shareholders, body corporate representative.
- c. The Court has discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Share Scheme if it is approved by at least 75% of the votes cast on the Share Scheme Resolution but not by a majority (more than 50%) in number of A-Cap Shareholders present and voting at the Share Scheme Meeting.

1.4 Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Share Scheme (with or without any alterations or conditions (a) agreed between A-Cap and Lotus and approved by the Court; or (b) any alterations or conditions required by the Court to which A-Cap and Lotus agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Share Scheme is approved by the Requisite Majority at the Share Scheme Meeting, and all of the other Share Scheme Conditions (other than approval of the Court) are satisfied or waived by the required time under the Share Scheme, A-Cap intends to apply to the Court for orders approving the Share Scheme.

1.5 Jointly held A-Cap Shares

If you hold A-Cap Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person (including via the online platform) at the Share Scheme Meeting, only the name that appears first on the A-Cap Share Register will be counted.

Explanatory Notes to the Notice of Share Scheme Meeting

1.6 Advertisement

Where this Notice of Share Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to participate in the Share Scheme Meeting by clicking the following link www.advancedshare.com.au/investor-login or if you prefer to receive a hard copy of the Scheme Booklet, by sending a request to Advanced Share Registry via email at admin@advancedshare.com.au with your registered details as per the shares held.

1.7 Voting Instructions

Method	Voting instructions
In person	<p>To vote in person, you must attend the meeting.</p> <p>Eligible A-Cap Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have registered with the Share Registry at the venue.</p>
Via the online platform	<p>A-Cap Shareholders who wish to attend and vote at the meeting via A-Cap's online meeting platform should follow the instructions below:</p> <ol style="list-style-type: none">1. Open your internet browser and go to www.advancedshare.com.au/virtual-meeting2. Login with your Meeting ID and Shareholder ID and click "Login"3. Click on "JOIN NOW" to join the webcast where you can participate in the Meeting by viewing, listening and asking questions4. To ask a question at the meeting, please click on the 'ask a question' button at the bottom of the screen and submit the question in writing or verbally.5. Once the Chair has declared the poll open for voting, click on "POLL" to be taken to the voting screen.6. Select your voting direction and click 'confirm' to submit your vote. Note that you will not be able to amend your vote after the poll is closed. <p>It is recommended that A-Cap Shareholders who wish to attend and vote via the online meeting platform should login at least 15 minutes prior to the schedule start time for the meeting.</p>
By proxy	<p>A-Cap Shareholders have the right to appoint a proxy to attend the Share Scheme Meeting on their behalf and to vote as directed by the A-Cap Shareholder. The proxy need not be an A-Cap Shareholder and may be an individual or a body corporate.</p> <p>You are entitled to appoint up to two proxies and, if you do so, you must specify the proportion or number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of your votes, then each proxy may exercise half of the votes as in accordance with s249X(3) of the Corporations Act.</p>

Method

Voting instructions

By proxy

You may appoint a proxy by completing, signing and returning the personalised Proxy Form accompanying this Scheme Booklet to the Share Registry by:

- **mailing:** Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909
- **faxing:** +61 8 6370 4203
- **emailing:** admin@advancedshare.com.au
- **online at:** <https://www.advancedshare.com.au/investor-login> and follow the instructions provided.

Your Proxy Form must be received by the Share Registry by 10:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting). **Proxy Forms received after this time will be invalid.**

If a Proxy Form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been noted by the Share Registry.

If you hold A-Cap Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the chairperson – the proxy must vote on the poll and must vote in the way directed; or
- if the proxy is not the chairperson – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the chairperson as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chairperson will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The chairperson intends to vote all undirected proxies which nominate the chairperson in favour of the resolution to approve the Share Scheme (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Share Scheme is in the best interest of A-Cap Shareholders).

A vote cast in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless:

- notice in writing of the revocation has been received by the Share Registry before the start of the Share Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) by mail, delivered in person or by fax as described above; or

Explanatory Notes to the Notice of Share Scheme Meeting

Method	Voting instructions
By proxy	<ul style="list-style-type: none">notice of revocation is given by the A-Cap Shareholder on registering their attendance at the Share Scheme Meeting at the registration desk located at the Share Scheme Meeting. <p>If the proxy is attending:</p> <ul style="list-style-type: none">in person, a proxy will be admitted to the Share Scheme Meeting and given a voting card on providing at the entrance to the Share Scheme Meeting, written evidence of their name and address; oronline, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card.Your appointment of a proxy does not preclude you from attending in person or online. The appointment of your proxy is not suspended merely by attending the Share Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution. Replacement Proxy Forms can be obtained from the Share Registry.
By power of attorney	<p>You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be an A-Cap Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.</p> <p>The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, A-Cap), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.</p> <p>The power of attorney, or a certified copy of the power of attorney, must be received by the Share Registry by 10:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none">mailing: Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909faxing: +61 8 6370 4203 <p>If the attorney is attending:</p> <ul style="list-style-type: none">in person, the attorney will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; oronline, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card. <p>Your appointment of an attorney does not preclude you from attending in person or online and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.</p>

Method	Voting instructions
By corporate representative	<p>If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that A-Cap will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of the certificate may be obtained from the Share Registry by calling 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays. The certificate of appointment may set out restrictions on the representative's powers.</p> <p>The certificate should be lodged at the registration desk on the day of the meeting or received by the Share Registry by 10:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none"> • mailing: Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909 • faxing: +61 8 6370 4203 <p>If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.</p> <p>If the corporate representative is attending:</p> <ul style="list-style-type: none"> • in person, the corporate representative will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; or • online, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card.
Further information	<p>For further information, you may call the Share Registry on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays.</p>

1.8 Technical Difficulties

Technical difficulties may arise during the course of the Share Scheme Meeting. The chairperson has discretion as whether and how the Share Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of A-Cap Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the chairperson considers it appropriate, the chairperson may continue to hold the Share Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid instructions.

ANNEXURE F

Notice of Option Scheme Meeting

Notice is hereby given that, by an order of the Federal Court of Australia made on Friday, 15 September 2023, pursuant to section 411(1) of the Corporations Act, a meeting of members of A-Cap Energy Limited ACN 104 028 542 (**A-Cap**) will be held at 52 Ord Street, West Perth, West Australia 6005 and via live webcast at www.advancedshare.com.au/virtual-meeting at 11:00 am (Perth time) on 20 October 2023.

The Court has directed that Paul Ingram act as Chairman of the Option Scheme Meeting or failing him, Malcolm Smartt, and has directed the Chairman to report the results of the Option Scheme Meeting to the Court.

PURPOSE OF THE OPTION SCHEME MEETING

The purpose of the Option Scheme Meeting is to consider and, if thought fit, to approve (with or without amendment or any alterations or conditions required by the Court to which A-Cap and Lotus Resources Limited (**Lotus**) agree) the scheme of arrangement proposed to be made between A-Cap and A-Cap Listed Optionholders (**Option Scheme**).

To enable you to make an informed voting decision, important information in relation to the Option Scheme is set out in the booklet accompanying this notice of meeting (**Notice of Option Scheme Meeting**) and should be read in conjunction with it (**Scheme Booklet**).

A copy of the Option Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Option Scheme are provided in this Scheme Booklet, of which this notice, the Explanatory Memorandum to this notice and Proxy Form forms part.

The A-Cap Board unanimously recommends that A-Cap Listed Optionholders vote in favour of the Option Scheme Resolution provided the Independent Expert continues to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders.

Unless otherwise defined in this Notice of Option Scheme Meeting, capitalised terms used in this Notice of Option Scheme Meeting have the same meaning given to them in Section 13 of the Scheme Booklet.

Option Scheme Resolution

To consider and, if thought fit, pass with or without amendment the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between A-Cap and the A-Cap Listed Optionholders, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting, is agreed to, with or without any alterations or conditions agreed or any alterations or conditions as approved by the Federal Court of Australia to which A-Cap and Lotus agree."

By order of the Court

Paul Ingram
Deputy Chairman
A-Cap Energy Limited
15 September 2023

1.1 General

- a. Capitalised words and phrases contained in the Notice of Option Scheme Meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 13 of the Scheme Booklet, of which this notice forms part.
- b. The Notice of Option Scheme Meeting should be read in conjunction with the entire Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution.
- c. The Scheme Booklet includes a copy of the Option Scheme (in Annexure B of the Scheme Booklet) and includes the explanatory statement required by section 412 of the Corporations Act in relation to the Option Scheme.

1.2 Entitlement to vote

For the purposes of the Option Scheme Meeting, only those persons registered in the A-Cap Option Register as an A-Cap Listed Optionholder at 4:00 pm (Perth time) on Wednesday, 18 October 2023 are entitled to participate and vote at the Option Scheme Meeting in respect of each A-Cap Listed Option held by them at that time, either by attending the Option Scheme Meeting in person or participate virtually via the online platform at: www.advancedshare.com.au/virtual-meeting, by proxy or attorney or, in the case of an A-Cap Listed Optionholder or proxy who is a corporation, by corporate representative.

1.3 Required voting majority

- a. The resolution to approve the Option Scheme is subject to approval by the majorities required under section 411(4)(a)(i) of the Corporations Act.
- b. The resolution to approve the Option Scheme must be approved by:
 - i. unless the Court orders otherwise, a majority in number (ie. more than 50%) of the A-Cap Listed Optionholders present and voting on the Option Scheme Resolution at the Option Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate A-Cap Listed Optionholders, body corporate representative; and
 - ii. A-Cap Listed Optionholders whose A-Cap Listed Options amount in aggregate to at least 75% (by value) of the total amount of the debts and claims of all A-Cap Listed Optionholders present and voting at the Option Scheme Meeting (whether in person or by proxy, attorney or, in the case of corporate A-Cap Listed Optionholders, body corporate representative). For this purpose, the amount (or value) of each A-Cap Listed Optionholder's debt and claim will be the same as the Option Scheme Consideration payable for the transfer of the A-Cap Listed Options held by that A-Cap Listed Optionholder under the Optionholder Scheme. As all A-Cap Listed Options have the same terms and, under the Option Scheme, each A-Cap Listed Optionholder will receive the same consideration per A-Cap Listed Option held on the Record Date, A-Cap Listed Optionholders will have one vote for A-Cap Listed Option held as at Wednesday, 18 October 2023 at 4:00 pm, being the date for determining eligibility to vote at the Option Scheme Meeting.

1.4 Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Option Scheme (with or without any alterations or conditions (a) agreed between A-Cap and Lotus and approved by the Court; or (b) any alterations or conditions required by the Court to which A-Cap and Lotus agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Option Scheme is approved by the Requisite Majority at the Option Scheme Meeting, and all of the other Option Scheme Conditions (other than approval of the Court) are satisfied or waived by the required time under the Option Scheme, A-Cap intends to apply to

Explanatory Notes to the Notice of Option Scheme Meeting

the Court for orders approving the Option Scheme.

1.5 Jointly held A-Cap Listed Options

If you hold A-Cap Listed Options jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person (including via the online platform) at the Option Scheme Meeting, only the name that appears first on the A-Cap Option Register will be counted.

1.6 Advertisement

Where this Notice of Option Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to participate in the Option Scheme Meeting by clicking the following link www.advancedshare.com.au/investor-login or if you prefer to receive a hard copy of the Scheme Booklet, by sending a request to Advanced Share Registry via email at admin@advancedshare.com.au with your registered details as per the A-Cap Listed Options held.

1.7 Voting Instructions

Method	Voting instructions
In person	<p>To vote in person, you must attend the meeting.</p> <p>Eligible A-Cap Listed Optionholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have registered with the Share Registry at the venue.</p>
Via the online platform	<p>A-Cap Listed Optionholders who wish to attend and vote at the meeting via A-Cap's online meeting platform should follow the instructions below:</p> <ol style="list-style-type: none">1. Open your internet browser and go to www.advancedshare.com.au/virtual-meeting2. Login with your Meeting ID and Shareholder ID and click "Login"3. Click on "JOIN NOW" to join the webcast where you can participate in the Meeting by viewing, listening and asking questions4. To ask a question at the meeting, please click on the 'ask a question' button at the bottom of the screen and submit the question in writing or verbally.5. Once the Chair has declared the poll open for voting, click on "POLL" to be taken to the voting screen.6. Select your voting direction and click 'confirm' to submit your vote. Note that you will not be able to amend your vote after the poll is closed. <p>It is recommended that A-Cap Listed Optionholders who wish to attend and vote via the online meeting platform should login at least 15 minutes prior to the schedule start time for the meeting.</p>
By proxy	<p>A-Cap Listed Optionholders have the right to appoint a proxy to attend the Option Scheme Meeting on their behalf and to vote as directed by the A-Cap Listed Optionholders. The proxy need not be an A-Cap Listed Optionholder and may be an individual or a body corporate.</p> <p>You are entitled to appoint up to two proxies and, if you do so, you must specify the proportion or number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of your votes, then each proxy may exercise half of the votes as in accordance with s249X(3) of the Corporations Act.</p>

Method

Voting instructions

By proxy

You may appoint a proxy by completing, signing and returning the personalised Proxy Form accompanying this Scheme Booklet to the Share Registry by:

- **mailing:** Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909
- **faxing:** +61 8 6370 4203
- **emailing:** admin@advancedshare.com.au
- **online** at: <https://www.advancedshare.com.au/investor-login> and follow the instructions provided.

Your Proxy Form must be received by the Share Registry by 11:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting). **Proxy Forms received after this time will be invalid.**

If a Proxy Form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been noted by the Share Registry.

If you hold A-Cap Listed Options jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the chairperson – the proxy must vote on the poll and must vote in the way directed; or
- if the proxy is not the chairperson – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the chairperson as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chairperson will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The chairperson intends to vote all undirected proxies which nominate the chairperson in favour of the resolution to approve the Option Scheme (provided the Independent Expert continues to conclude that the Option Scheme is in the best interests of A-Cap Listed Optionholders).

A vote cast in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless:

- notice in writing of the revocation has been received by the Share Registry before the start of the Option Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) by mail, delivered in person or by fax as described above; or

Explanatory Notes to the Notice of Option Scheme Meeting

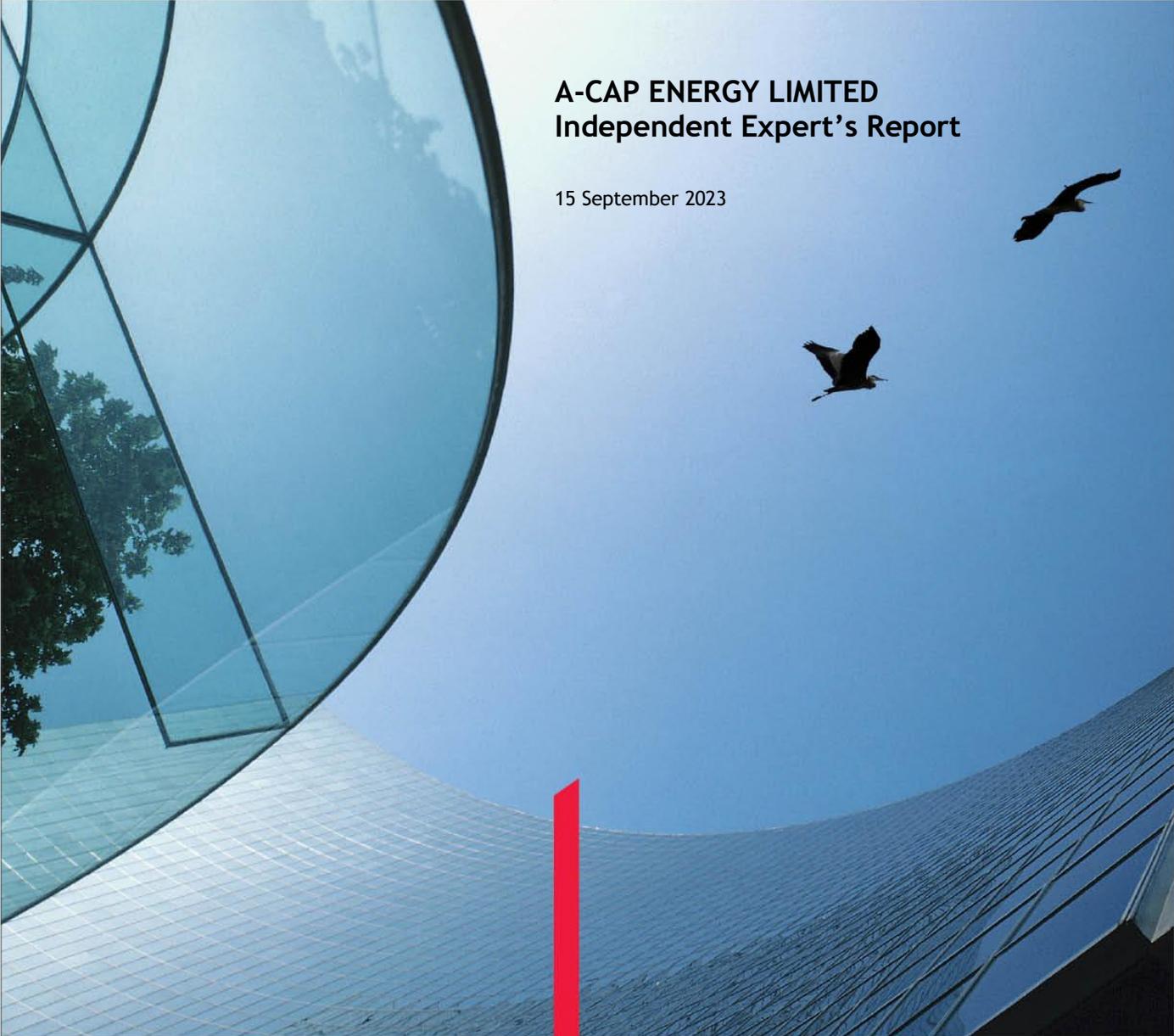
Method	Voting instructions
By proxy	<ul style="list-style-type: none">notice of revocation is given by the A-Cap Listed Optionholder on registering their attendance at the Option Scheme Meeting at the registration desk located at the Option Scheme Meeting. <p>If the proxy is attending:</p> <ul style="list-style-type: none">in person, a proxy will be admitted to the Option Scheme Meeting and given a voting card on providing at the entrance to the Option Scheme Meeting, written evidence of their name and address; oronline, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card. <p>Your appointment of a proxy does not preclude you from attending in person or online. The appointment of your proxy is not suspended merely by attending the Option Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution. Replacement Proxy Forms can be obtained from the Share Registry.</p>
By power of attorney	<p>You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be an A-Cap Listed Optionholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.</p> <p>The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, A-Cap), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.</p> <p>The power of attorney, or a certified copy of the power of attorney, must be received by the Share Registry by 11:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none">mailing: Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909faxing: +61 8 6370 4203 <p>If the attorney is attending:</p> <ul style="list-style-type: none">in person, the attorney will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; oronline, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card. <p>Your appointment of an attorney does not preclude you from attending in person or online and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.</p>

Method	Voting instructions
By corporate representative	<p>If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that A-Cap will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of the certificate may be obtained from the Share Registry by calling 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays. The certificate of appointment may set out restrictions on the representative's powers.</p> <p>The certificate should be lodged at the registration desk on the day of the meeting or received by the Share Registry by 11:00 am (Perth time) on Wednesday, 18 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none"> • mailing: Advanced Share Registry, 110 Stirling Hwy, Nedlands WA 6009 or PO Box 1156, Nedlands WA 6909 • faxing: +61 8 6370 4203 <p>If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.</p> <p>If the corporate representative is attending:</p> <ul style="list-style-type: none"> • in person, the corporate representative will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; or • online, by logging into the virtual meeting platform at www.advancedshare.com.au/virtual-meeting, registering your attendance and obtaining a voting card.
Further information	<p>For further information, you may call the Share Registry on 1300 113 258 (within Australia) or +61 8 9389 8033 (outside Australia) between 8:30 am and 5:00 pm (AEST) Monday to Friday, excluding public holidays.</p>

1.8 Technical Difficulties

Technical difficulties may arise during the course of the Option Scheme Meeting. The chairperson has discretion as to whether and how the Option Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of A-Cap Listed Optionholders impacted and the extent to which participation in the business of the meeting is affected. Where the chairperson considers it appropriate, the chairperson may continue to hold the Option Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid instructions.

ANNEXURE G
Independent Expert's Report



A-CAP ENERGY LIMITED
Independent Expert's Report

15 September 2023





Financial Services Guide

15 September 2023

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by A-Cap Energy Limited ('A-Cap') to provide an independent expert's report on the proposed merger of A-Cap and Lotus Resources Limited ('Lotus'). The merger of A-Cap and Lotus is proposed to be effected via a scheme of arrangement, whereby it is proposed that Lotus will acquire the entire issued capital of A-Cap ('the Share Scheme'). Pursuant to the Share Scheme, shareholders of A-Cap will receive one share in Lotus for every 3.54 A-Cap shares that they hold ('Share Scheme Consideration'). Lotus and A-Cap are also proposing a scheme of arrangement with the holders of the listed A-Cap options currently on issue ('Option Scheme'). The Share Scheme and the Option Scheme are collectively referred to as the 'the Schemes'. You are being provided with a copy of our report because you are a shareholder of A-Cap and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by A-Cap to assist you in deciding on whether or not to approve the Scheme.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$80,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in A-Cap or Lotus.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from A-Cap for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	6
4.	Outline of the Schemes	8
5.	Profile of A-Cap	11
6.	Profile of Lotus	17
7.	Profile of the Merged Group	25
8.	Economic analysis	27
9.	Industry analysis	30
10.	Valuation approach adopted	38
11.	Valuation of A-Cap prior to the Schemes	42
12.	Valuation of Share Scheme Consideration	48
13.	Valuation of the A-Cap Listed Options	56
14.	Valuation of Option Scheme Consideration	61
15.	Are the Schemes fair?	61
16.	Are the Schemes reasonable?	62
17.	Conclusion	67
18.	Sources of information	67
19.	Independence	68
20.	Qualifications	68
21.	Disclaimers and consents	69

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Control Premium

Appendix 4 - Independent Technical Specialist Report prepared by Valuation and Resource Management Pty Ltd

© 2023 BDO Corporate Finance (WA) Pty Ltd



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

15 September 2023

The Directors
A-Cap Energy Limited
52 Ord Street
West Perth WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 13 July 2023, A-Cap Energy Limited ('A-Cap' or 'the Company') announced it had entered into a binding Scheme Implementation Deed ('SID') with Lotus Resources Limited ('Lotus') under which it is proposed that Lotus will acquire the entire issued capital of A-Cap by way of a scheme of arrangement under the Corporations Act 2001 (Cth) ('the Share Scheme'). Under the terms of the Share Scheme, each A-Cap shareholder ('Shareholder') will receive one share in Lotus for every 3.54 A-Cap shares they hold on the record date ('Share Scheme Consideration'). The Share Scheme Consideration represents a share in the merged group, comprising the combined assets and liabilities of A-Cap and Lotus ('Merged Group').

Pursuant to the SID, A-Cap and Lotus have also proposed a scheme of arrangement with the holders of outstanding listed options in A-Cap, whereby the listed option holders ('Listed Option Holders') will receive shares in the Merged Group ('Option Scheme'). The scheme consideration to be received by the Listed Option Holders is one Lotus share for every 500 listed A-Cap options ('Scheme Options') that they hold on the record date ('Option Scheme Consideration'). Together the Share Scheme and the Option Scheme are referred to as 'the Schemes'.

The Option Scheme is conditional on the Share Scheme becoming effective. The Share Scheme is conditional on the approval of the Option Scheme, however this condition may be waived by Lotus in its sole discretion. The other conditions precedent for the Schemes are detailed in Section 4 of our Report and in the Scheme Booklet.

2. Summary and Opinion

2.1 Requirement for the report

The directors of A-Cap have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Share Scheme is fair and reasonable and in the best interests of Shareholders.

The directors of A-Cap have also requested that BDO prepare an independent expert's report to express an opinion as to whether the Option Scheme is fair and reasonable and in the best interests of the Listed Option Holders.

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Our Report is prepared pursuant to section 411 of the Corporations Act 2001 ('Corporations Act' or 'the Act') and is to be included in the Scheme Booklet for A-Cap in order to assist Shareholders and Listed Option Holders in their decisions whether to approve the Share Scheme and Option Scheme, respectively.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guides 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Schemes as outlined in the body of this report. We have considered:

- How the value of 3.54 A-Cap shares prior to the Share Scheme (on a control basis) compares to the value of the Share Scheme Consideration (on a minority interest basis), being one share in the Merged Group following the implementation of the Share Scheme;
- How the value of 500 Scheme Options prior to the Option Scheme (on a control basis) compares to the value of the Option Scheme Consideration (on a minority interest basis), being one share in the Merged Group following the implementation of the Option Scheme;
- The likelihood of an alternative offer being made to A-Cap;
- Other factors which we consider to be relevant to Shareholders and Listed Option Holders in their assessment of the Schemes; and
- The position of Shareholders and Listed Option Holders should the Schemes not proceed.

2.3 Opinion

2.3.1. Share Scheme

We have considered the terms of the Share Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Share Scheme is fair and reasonable to the Shareholders of A-Cap. Therefore, the Share Scheme is in the best interests of Shareholders.

2.3.2. Option Scheme

We have considered the terms of the Option Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Option Scheme is fair and reasonable to the Listed Option Holders of A-Cap. Therefore, the Option Scheme is in the best interests of Listed Option Holders.



2.4 Fairness

2.4.1. Share Scheme

In section 15.1 of our Report, we determined that the value of 3.54 shares in A-Cap prior to the implementation of the Schemes, on a control basis, compares to the value of one share in the Merged Group to be received by Shareholders as consideration under the Share Scheme, on a minority interest basis, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of 3.54 shares in A-Cap prior to the Share Scheme (control basis)	11.3	0.074	0.110	0.145
Value of one share in the Merged Group (minority basis)	12.4	0.110	0.149	0.192

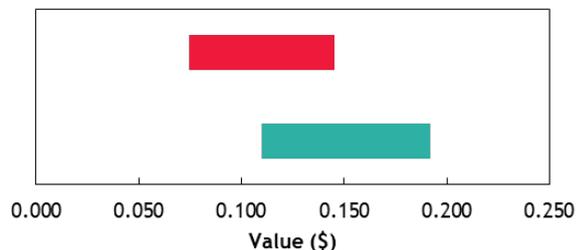
Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary

Value of 3.54 shares in A-Cap prior to the Share Scheme (control basis)

Value of one share in the Merged Group (minority basis)



The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Share Scheme is fair for Shareholders.



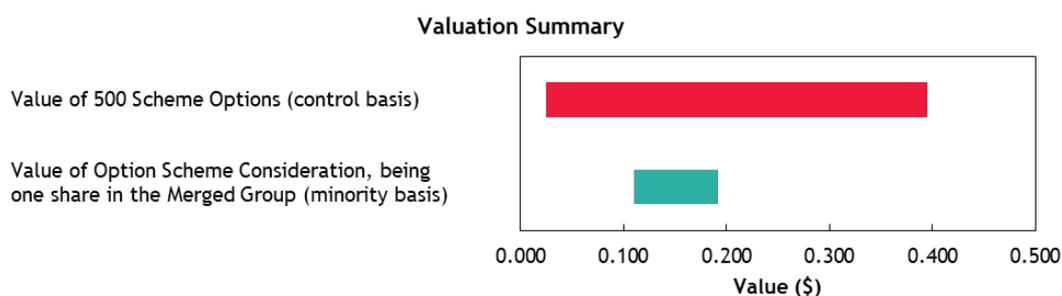
2.4.2. Option Scheme

In section 15.2 of our Report, we determined that the value of 500 Scheme Options prior to the implementation of the Option Scheme, on a control basis, compares to the value of the Option Scheme Consideration (being one share in the Merged Group), as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of 500 Scheme Options (control basis)	13.3	0.025	0.135	0.395
Value of Option Scheme Consideration, being one share in the Merged Group (minority basis)	14	0.110	0.149	0.192

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Option Scheme is fair for Listed Option Holders.

2.5 Reasonableness

We have considered the analysis in section 16 of this report, in terms of both:

- advantages and disadvantages of the Schemes; and
- other considerations, including the position of Shareholders and Listed Option Holders if the Schemes do not proceed and the consequences of not approving the Schemes.

In our opinion, the position of Shareholders and Listed Option Holders if the Schemes are approved is more advantageous than the position if the Schemes are not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Schemes are reasonable for Shareholders and Listed Option Holders.



The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
16.2.1	The Schemes are fair	16.3.1	Dilution of Shareholders' and Listed Option Holders' interests and exposure to the Letlhakane Project and Wilconi Project
16.2.2	The Schemes provide Shareholders with exposure to a uranium project that has a pathway to production in the near term	16.3.2	The value of the Share Scheme Consideration and Option Scheme Consideration is variable and may not align with Shareholders' and Listed Option Holders' risk preferences
16.2.3	The Schemes provide Shareholders with increased exposure to the potential for value accretion should the uranium price increase		
16.2.4	Creates a group with a stronger balance sheet and access to Lotus' cash reserves		
16.2.5	The Share Scheme Consideration offers Shareholders a premium to the last traded price of an A-Cap share prior to the announcement of the Schemes		
16.2.6	The Merged Group will have a larger market presence, which may result in improved liquidity and increased ability to raise capital		
16.2.7	Shareholders are not foregoing the opportunity to receive a control premium in the future		



Other key matters we have considered include:

Section	Description
16.4	Consequences of not approving the Schemes, being:
16.4.1	Potential decline in the share price of A-Cap to pre-announcement levels
16.4.2	Listed Option Holders may be left holding an option over an unlisted share
16.4.3	Transaction costs will be incurred by A-Cap
16.4.4	A-Cap will be required to raise capital
16.5	Other considerations

3. Scope of the Report

3.1 Purpose of the Report

The Schemes are to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (**‘Regulations’**) prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act (**‘Section 411’**).

An independent expert’s report must be obtained by a scheme company if:

- There is one or more common directors; or
- The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and set out the reasons for that opinion.

There are no common directors of A-Cap and Lotus, nor is there any party to the Schemes that holds 30% or more of the scheme company, being A-Cap. Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Schemes, the directors of A-Cap have requested that BDO prepare this report as if it were an independent expert’s report pursuant to Section 411 and to provide an opinion as to whether the Schemes are fair and reasonable and in the best interests of Shareholders and Listed Option Holders, respectively.

The requirement for an independent expert’s report is also a condition precedent to the Share Scheme, which states that, for the Share Scheme to proceed, the independent expert must conclude that the Share Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term ‘in the best interests of’. In determining whether the Schemes are in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.



A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison of the Schemes in four parts:

- A comparison between the value of 3.54 shares in A-Cap (on a control basis) and the value of a share in the Merged Group on a minority interest basis (fairness - see Section 15 'Are the Schemes Fair?');
- A comparison between the value of 500 Scheme Options (on a control basis) and the value of the Option Scheme Consideration (on a minority basis), being one share in the Merged Group (fairness - see Section 15 'Are the Schemes Fair?');
- An investigation into other significant factors to which Shareholders and Listed Option Holders might give consideration, prior to approving the Schemes, after reference to the value derived above (reasonableness - see Section 16 'Are the Schemes Reasonable?'); and
- A consideration of whether the Schemes are in the best interests of Shareholders and Listed Option Holders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can



still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Schemes

On 13 July 2023, A-Cap announced that it had signed a SID with Lotus, under which it is proposed that Lotus will acquire the entire issued capital of A-Cap by way of schemes of arrangement under the Corporations Act. Under the terms of the Share Scheme, each A-Cap shareholder will receive one share in Lotus for every 3.54 A-Cap shares held at the record date. Under the terms of the Option Scheme, each A-Cap Listed Option Holder will receive one Lotus share for every 500 Scheme Options held at the record date.

In the event that the Schemes become effective, the Share Scheme Consideration and Option Scheme Consideration will be transferred to the eligible scheme participants on the implementation date.

4.1 Share Scheme

The Share Scheme becoming effective is subject to the following key conditions being satisfied or waived where applicable:

- A-Cap Shareholders approving the Share Scheme by requisite majorities, being 75% of all votes cast by shareholders, and a majority in the number of Shareholders who vote;
- A-Cap Listed Option Holders approving the Option Scheme by requisite majorities, being 75% of all votes cast by Listed Option Holders, and a majority in the number of Listed Option Holders who vote;
- Court approval of each of the Share Scheme and Option Scheme, in accordance with section 411(4)(b) of the Corporations Act;
- The lapse, exercise or cancellation of all A-Cap convertible securities;
- All regulatory approvals required to implement the Share Scheme are obtained;
- The Independent Expert concluding that the Share Scheme is in the best interests of A-Cap Shareholders and not changing or publicly withdrawing its conclusion;
- No material adverse change occurring in Lotus or A-Cap; and
- No prescribed occurrence occurring.

A full list of the conditions precedent for the Share Scheme to proceed can be found in the SID and the Scheme Booklet.



4.2 Option Scheme

The Option Scheme becoming effective is subject to the following key conditions being satisfied or waived where applicable:

- A-Cap Listed Option Holders approving the Option Scheme by requisite majorities, being 75% of all votes cast by Listed Option Holders, and a majority in the number of Listed Option Holders who vote;
- Court approval of the Option Scheme, in accordance with section 411(4)(b) of the Corporations Act;
- All regulatory approvals required to implement the Option Scheme are obtained; and
- The Share Scheme becoming effective.

A full list of the conditions precedent for the Option Scheme to proceed can be found in the SID and the Scheme Booklet.

Relationship between the Share Scheme and the Option Scheme

If the Share Scheme is not approved by A-Cap Shareholders and the Court, regardless of whether the Option Scheme is approved, the Schemes will not proceed and A-Cap will continue to operate as a standalone entity.

However, if the Share Scheme is approved by A-Cap Shareholders and the Court, but the Option Scheme is not approved and Lotus chose to waive the condition requiring approval of the Option Scheme, then the merger will still proceed, and Lotus will acquire all of the A-Cap shares. In this scenario, Lotus may cancel or acquire the Scheme Options through compulsory acquisition provisions in the Corporations Act or private treaty.

Unlisted Options

Each unlisted option in A-Cap will either be exercised or cancelled prior to the record date via the unlisted option holders having entered into cancellation deeds prior to the date of the Scheme Booklet ('**Option Deeds**'). Under the option cancellation deeds, the unlisted options will, subject to the Share Scheme becoming effective, be cancelled in return for Lotus shares issued based on a Black-Scholes valuation methodology. Pursuant to the option cancellation deeds, if the Share Scheme is implemented, the holders of the unlisted options in A-Cap will collectively receive 2,294,444 shares in the Merged Group.

Break fee

In the event that the Share Scheme or Option Scheme does not become effective, A-Cap or Lotus may, in certain circumstances, be liable for a break fee totalling 1% of the aggregate Share Scheme Consideration ('**Reimbursement Fee**'). A-Cap is to pay Lotus the Reimbursement Fee if:

- Any A-Cap Director withdraws their recommendation for the Schemes, except in the circumstances permitted under the SID; or
- A competing transaction is announced during or within 12 months of the last day of an exclusivity period as stipulated in the SID; or
- Lotus terminates the SID under certain provisions relating to an A-Cap material breach, an A-Cap material adverse event, an A-Cap prescribed occurrence, or untrue representations or warranties provided by A-Cap.



Specific details under which A-Cap is to pay Lotus the Reimbursement Fee are contained in the SID under Clause 10.1(e).

Lotus is to pay A-Cap the Reimbursement Fee if:

- A-Cap validly terminates the SID under certain clauses of the SID; or
- The SID is validly terminated by either party under certain clauses of the SID.

Specific details under which Lotus is to pay the Reimbursement Fee are contained in the SID under Clause 11.1(e).

Transaction costs already incurred

A-Cap will incur transaction costs in connection to the Schemes, which will be payable by A-Cap regardless of whether or not the Schemes are implemented. The quantum of these cost estimates are detailed in the Scheme Booklet.

Performance Rights

As at the date of our Report, the Company has 30 million performance rights that were issued to Directors with varying vesting conditions ('A-Cap Performance Rights'). The SID required that there be no A-Cap Performance Rights on issue as at the implementation date. A-Cap Performance Rights have two primary means of treatment, as follows:

1. In certain circumstances, the A-Cap Board in its absolute discretion may determine the number of unvested A-Cap Performance Rights that can be converted into a vested right. Any rights which remain unvested continue in accordance with their terms. Under the terms, a change of control event includes the court making orders under section 411(1) of the Corporations Act the convening of the meeting to consider a proposed scheme of arrangement, which has now occurred in respect of the Schemes; and
2. Alternatively, holders of the A-Cap Performance Rights would be invited to cancel their rights, subject to the Share Scheme becoming effective and the grant of a waiver of ASX Listing Rule 6.23.2. Under this alternative, those A-Cap Performance Right holders would be issued with New Lotus Shares on the implementation date as if they had participated in the Share Scheme as Shareholders holding A-Cap shares equal to the number of A-Cap Performance Rights they held.

We note that one tranche of the A-Cap Performance Rights has already vested and in accordance with the terms of the SID, the A-Cap board determined to exercise its discretion to vest the remaining three tranches of A-Cap Performance Rights, subject to the Share Scheme becoming effective. The result of which is that subject to that condition, A-Cap shares will be issued to A-Cap Performance Right holders in equal number to the vested rights on issue at the time. This will then allow the A-Cap Performance Right holders to participate in the Share Scheme and receive the Share Scheme Consideration.



4.3 Capital structure if the Schemes are implemented

The capital structure of the Merged Group should the Schemes be implemented is set out in the table below.

Share structure following the implementation of the Schemes	
Number of A-Cap shares on issue as at the date of our Report	1,242,050,471
Number of A-Cap shares to be issued on vesting of A-Cap Performance Rights*	30,000,000
Total number of A-Cap Shares	1,272,050,471
<i>Number of A-Cap Shares that will convert to 1 share in the Merged Group</i>	3.54
Number of shares in the Merged Group to be issued to A-Cap Shareholders	359,336,291
Number of Listed Options in A-Cap as at the date of our Report	46,039,445
<i>Number of listed options in A-Cap that will convert to 1 share in the Merged Group</i>	500
Number of shares in the Merged Group to be issued to A-Cap Listed Option Holders	92,079
Number of shares in the Merged Group to be issued to A-Cap unlisted option holders	2,294,444
Total number of shares in the Merged Group to be issued to A-Cap Shareholders, Listed Option Holders, and unlisted option holders	361,722,814
<i>Percentage of the Merged Group to be held by A-Cap Shareholders, Listed Option Holders, and unlisted option holders</i>	21.2%
Number of Lotus shares on issue as at the date of our Report	1,343,982,044
<i>Percentage of the Merged Group to be held by Lotus Shareholders</i>	78.8%
Total ordinary shares on issue in the Merged Group following the implementation of the Schemes	1,705,704,858

*The Tranche 1 Performance Rights have vested, however the shares are yet to be issued

The above table shows that following the implementation of the Schemes, Shareholders of A-Cap (collectively) will hold approximately 21% of the Merged Group and shareholders of Lotus will hold approximately 79% of the Merged Group.

5. Profile of A-Cap

5.1 History and Overview

A-Cap Energy Limited (formerly A-Cap Resources) is an ASX-listed uranium exploration and development company. A-Cap's flagship asset is the Letlhakane Uranium Project ('the Letlhakane Project'), located in Botswana. The Company also owns the Wilconi Nickel Cobalt Project ('the Wilconi Project') in Western Australia. The Company's head office is located in Perth, Western Australia.

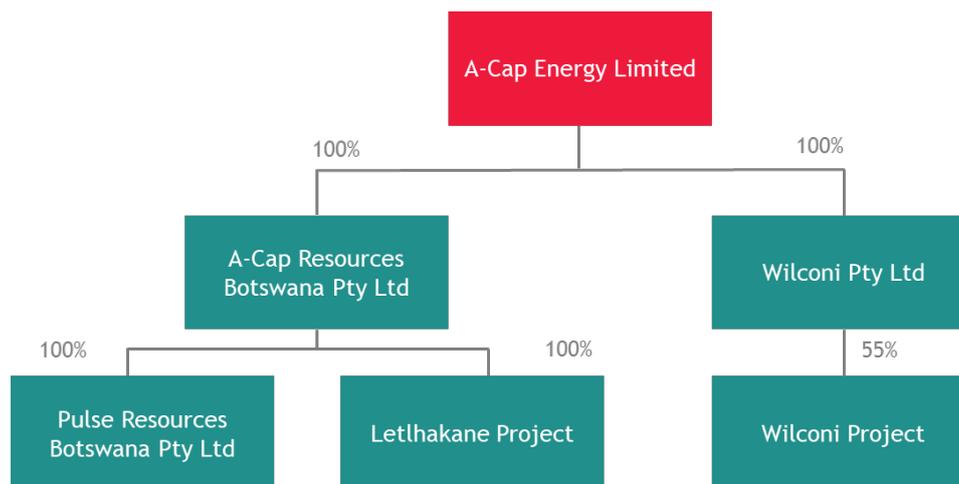
A-Cap's board of directors and key management personnel are:

- Jiandong He - Chairman;
- Paul Ingram - Deputy Chairman;
- Michael Liu - Independent Non-Executive Director;
- Dr Andrew Tunks - Non-Executive Director;
- Jijing Niu - Non-Executive Director;
- Mark A.E. Syropoulo - Non-Executive Director;
- Zhenwei Li - Non-Executive Director;
- Harry Mustard - Exploration Manager;



- Malcolm Smartt - Company Secretary; and
- Shaun Menezes - Chief Financial Officer.

Set out below is the corporate structure of A-Cap.



5.2 Letlhakane Uranium Project

The Letlhakane Uranium Project in Botswana is one of the world's largest undeveloped Uranium deposits. The project has a total JORC resources of 822 million tonnes ('Mt') at 202 parts per million ('ppm') for 365 Mt of U₃O₈e.

The Letlhakane Uranium Project lies adjacent to Botswana's main North-South infrastructure corridor that includes a sealed all-weather highway (the A1 Highway), railway line and the national power grid, all of which contribute to keeping the capital cost of future developments low. A-Cap have also tested and secured a groundwater resource immediately west of the project.

A rising uranium price and nuclear energy's increasing role in decarbonisation underpins an updated strategic plan to revitalise Letlhakane. Prior to the implementation of the Schemes, the Company has been working on updating its 2016 Feasibility Study to accommodate higher projected uranium prices and improved beneficiation technologies.

An Environmental Impact Statement was formally approved by the Department of Environmental Affairs, Botswana ('DEA') on 13 May 2016. Following this, provisional surface rights were granted on 6 June 2016 over the 144 square kilometres ('km²') area covering Letlhakane. On 8 September 2016, A-Cap received formal confirmation from the Botswana Department of Mines that the Company's application for a mining licence for the Letlhakane Project (ML2016/16L) was approved.

Planning for drilling and metallurgical test work that was suspended back in 2018 is now progressing to focus on new technologies to decrease acid consumption and beneficiation of the run of mine ('RoM') ore.

In July 2022, A-Cap began a program of development activities led by its new country manager to advance Letlhakane. This included a beneficiation test work program, involving ore sorting and gravity separation, designed to improve the process plant feed grade and reduce operating costs.



5.3 Wilconi Nickel Cobalt Project

The Company entered into a binding Term Sheet on 28 September 2018 with Wiluna Mining Corporation Limited ('Wiluna') to acquire up to a 75% Farm-In Joint Venture Interest in the nickel, cobalt and associated metals of the Wilconi Project in Western Australia. Having cleared the conditions precedent set out in the binding Term Sheet, A-Cap and Wiluna formally agreed to the terms set out in the definitive Farm-In Joint Venture Agreement entered into on 20 December 2018 ('JV Agreement').

The Wilconi Project is situated 700 kilometres ('km') from Perth, with mine related infrastructure within the vicinity. Wiluna has a 280-person camp and operated a fly-in fly-out mining roster for its Wiluna Gold Operation. The Wiluna Gold Operation is currently processing material from tailings, but is not mining. Power generation is fuelled by a gas pipeline connected to the Goldfields Gas transmission line with backup diesel power. The township of Wiluna lies immediately east of the project. The Company currently has a 55% equitable interest in the joint venture, providing it with exposure to the commodities required for the global electric vehicle market.

Drilling and test work results were announced by A-Cap in January 2023 and in June 2023, A-Cap announced an upgrade to the Mineral Resource Estimate ('MRE') at Wilconi. The upgrade in the MRE resulted included a maiden Measured resource of 19 million tonnes, with a contained nickel and cobalt Measured resource of 160,000 tonnes and 11,200 tonnes respectively. Following the upgrade to the MRE, approximately 55% of the MRE was classified in the Measured or Indicated categories. Full detail of the MRE and relevant JORC disclosures can be found in the Company's announcement dated 5 June 2023 and is referred to in the technical specialist report prepared by Valuation and Resource Management Pty Ltd ('VRM') in Appendix 4 of our Report.

On 28 June 2022, the Company announced that it had increased its interest in the Wilconi Nickel Cobalt Project in Western Australia from 20% to 55% after fulfilling phase 2 of its earn-in requirements pursuant to the JV Agreement with Wiluna Mining. Earning this 55% interest required a total investment in the project of \$5 million. The Company will earn up to a 75% interest in the Wilconi Project following:

- The completion of a Definitive Feasibility Study ('DFS');
- A cash payment of \$1 million made by A-Cap to Wiluna; and
- Issue of \$1.5 million in A-Cap shares to Wiluna.

5.4 Recent Corporate Events

Rights Issues

On 22 October 2021, A-Cap Energy announced it had raised \$17.4 million in an oversubscribed rights issue, at a price of \$0.065 per share. To accommodate some of the excess demand from existing shareholders and new investors, the Company agreed to raise an additional \$3.25 million before costs, on the same terms as the Offer through its 15% placement capacity ('Additional Placement'). The funds raised under the rights issue and the Additional Placement were largely used to repay the Company's debt from its major shareholder, as outlined in the financial commentary below.

Further to this, on 11 March 2022, the Company announced that a rights issue had closed oversubscribed, raising \$10.7 million at a price of \$0.13 per share. Pursuant to the terms of the rights issue, subscribing investors also received one free attaching option for every two shares received, with the free attaching options having a two-year life and being exercisable at \$0.20. The funds raised were primarily used for



advancing an optimisation study for a revised DFS on the Letlhakane Project and to advance a preliminary feasibility study ('PFS') for the Wilconi Project.

Voluntary Administrators Appointed to Wiluna Mining Corporation Limited

On 20 July 2022, FTI Consulting was appointed as voluntary administrators to Wiluna. A-Cap Energy (through its wholly owned subsidiary, Wilconi Pty Ltd) and Wiluna are parties to the JV Agreement under which the Company currently holds a 55% interest in the Wilconi Project. A-Cap Energy is engaging with Wiluna's administrators in respect of the Company's rights under the JV Agreement that have been triggered, which include the right for the Company to acquire Wiluna's remaining interest in the joint venture.

5.5 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-22 \$	Audited as at 30-Jun-22 \$	Audited as at 30-Jun-21 \$
CURRENT ASSETS			
Cash and cash equivalents	7,793,234	12,216,295	3,584,498
Security deposits	61,994	61,994	61,411
Trade and other receivables	92,770	82,199	73,868
Prepayments	171,222	71,715	29,206
TOTAL CURRENT ASSETS	8,119,220	12,432,203	3,748,983
NON-CURRENT ASSETS			
Plant and equipment	178,724	65,993	8,568
Exploration and evaluation expenditure	37,149,362	33,476,063	28,275,826
TOTAL NON-CURRENT ASSETS	37,328,086	33,542,056	28,284,394
TOTAL ASSETS	45,447,306	45,974,259	32,033,377
CURRENT LIABILITIES			
Trade and other payables	410,667	424,596	313,870
Provision for employee entitlements	54,566	62,252	45,375
Interest-bearing liabilities	-	-	13,753,483
TOTAL CURRENT LIABILITIES	465,233	486,848	14,112,728
TOTAL LIABILITIES	465,233	486,848	14,112,728
NET ASSETS	44,982,073	45,487,411	17,920,649
EQUITY			
Issued capital	98,507,218	98,507,218	71,552,320
Reserves	15,694,726	14,620,613	8,794,125
Accumulated losses	(69,219,871)	(67,640,420)	(62,425,796)
TOTAL EQUITY	44,982,073	45,487,411	17,920,649

Source: A-Cap's audited financial statements for the years ended 30 June 2021 and 30 June 2022, and A-Cap's reviewed financial statements for the half year ended 31 December 2022

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents increased from \$3.58 million as at 30 June 2021 to \$12.22 million as at 30 June 2022, with the increase largely attributable to the rights issues conducted during the year. The amounts raised under the rights issues and Additional Placement were partly offset by the repayment of a loan from the Company's major shareholder of approximately \$6.88 million as well as approximately \$3.78 million spent on exploration. Cash and cash equivalents then decreased to \$7.79 million at 31 December 2022, which was largely a result of exploration expenditure of approximately \$2.89 million and payments to suppliers and employees of approximately \$1.51 million.



- Interest-bearing liabilities of \$13.75 million were repaid in full during the 2022 financial year. The Company settled the working capital loan and revolving credit facility advanced by its major shareholder, Singapore Shenke International Pte Ltd ('Singapore Shenke'), through repaying approximately \$6.88 million in cash and from converting the remaining debt (approximately \$7.15 million) to shares at a conversion price of \$0.065 per share.
- The Company's interest in the Wilconi Project is held through an unincorporated joint venture. Therefore, the capitalised exploration expenditure in relation to the Wilconi JV represents the Company's share of exploration expenditure. The Company's policy in relation to exploration is to capitalise expenditure where it is considered likely to be recoverable. Given that feasibility studies in relation to the Company's projects have not concluded regarding the existence of reserves, the Company has not written off any of its exploration expenditure during the analysis period set out below. The capitalised exploration and expenditure balance at 31 December 2022 largely relates to historical expenditure at the Company's Letlhakane Project of \$25.4 million and A-Cap's share of capitalised expenditure in relation to the Wilconi Project of \$11.7 million.

5.6 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-22 \$	Audited for the year ended 30-Jun-22 \$	Audited for the year ended 30-Jun-21 \$
Other Income	83,925	4,825	14,816
Administration expense	(445,288)	(833,157)	(625,939)
Corporate expense	(330,848)	(503,776)	(71,152)
Employment expense	(393,506)	(92,928)	(100,725)
Finance Cost	(486)	(157,151)	(432,782)
Share-based payment expense	(496,205)	(3,461,080)	(15,888)
FX (loss)/gain	2,957	(171,357)	598,108
Loss from ordinary activities before income tax expense	(1,579,451)	(5,214,624)	(633,562)
Income tax expense	-	-	-
Loss from ordinary activities after income tax expense attributable to the parent	(1,579,451)	(5,214,624)	(633,562)
Other comprehensive income			
Exchange differences on translating foreign operations	577,908	1,712,558	(2,110,375)
Total comprehensive loss	(1,001,543)	(3,502,066)	(2,743,937)

Source: A-Cap's audited financial statements for the years ended 30 June 2021 and 30 June 2022, and A-Cap's reviewed financial statements for the half year ended 31 December 2022

Commentary on Historical Statement of Comprehensive Income

- Share-based payments of \$3.46 million for the year ended 30 June 2022 largely relate to the expensing of part of the value of the performance rights issued during the year. During the year ended 30 June 2022, the Company issued a total of 30 million A-Cap Performance Rights to Directors, with varying share price hurdles attached. In addition to this the Company issued 5 million performance rights to the Chief Executive Officer ('CEO') at the time, Dr Andrew Tunks ('CEO Rights'). On 3 April 2023, Dr Andrew Tunks resigned from his role as CEO, and as a result, the 5 million CEO Rights lapsed.
- The terms of these performance rights are set out in section 5.7 below.



- Exchange differences on translation of foreign operations relate to the translation of amounts incurred in A-Cap Resources Botswana (Pty Ltd), which has a functional currency of US Dollars.

5.7 Capital Structure

The share structure of A-Cap Energy as at the last practicable date (as detailed in the Scheme Booklet) is outlined below:

	Number
Total ordinary shares on issue	1,242,050,471
Top 20 shareholders	1,018,251,658
Top 20 shareholders - % of shares on issue	81.98%

Source: Scheme Booklet

The ordinary shares held by the most significant shareholders as at the last practicable date are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
Singapore Shenke International Investment Pte Ltd	467,751,682	37.66%
Buttonwood Nominees Pty Ltd	190,589,559	15.34%
Ansheng Investment Co Ltd	151,397,908	12.19%
BNP Paribas Nominees Pty Ltd	62,046,737	5.00%
BNP Paribas Nominees Pty Ltd ACF	41,730,967	3.36%
Subtotal	913,516,853	73.55%
Others	328,533,618	26.45%
Total ordinary shares on Issue	1,242,050,471	100.00%

Source: Scheme Booklet

The unlisted options on issue in A-Cap are outlined below:

Description	No. of Unlisted Options	Exercise price (\$)
Unlisted options expiring 31-Oct-24	46,000,000	0.11
Unlisted options expiring 31-Oct-24	8,000,000	0.10
Total number of unlisted options	54,000,000	

Source: Scheme Booklet

The listed options in A-Cap on issue are outlined below:

Description	No. of Listed Options	Exercise price (\$)
Listed options expiring 15-Mar-24	46,039,445	0.20
Total number of listed options	46,039,445	

Source: Scheme Booklet



The A-Cap Performance Rights are set out below:

Description	Tranche	No. of Rights
Performance Rights Expiring 17-Jan-25*	1	7,500,000
Performance Rights Expiring 17-Jan-25	2	7,500,000
Performance Rights Expiring 17-Jan-25	3	7,500,000
Performance Rights Expiring 17-Jan-25	4	7,500,000
Total number of performance rights		30,000,000

Source: Scheme Booklet

*We note that as at the date of our Report, Tranche 1 of the A-Cap Performance Rights have vested, however the shares are yet to be issued.

The terms of the performance rights on issue prior to the implementation of the Scheme are set out below.

Tranche	Vesting Conditions
1	Tranche 1 Rights have vested upon the Closing Price of A-Cap being at least \$0.14 (14 cents) for 10 consecutive trading days.
2	Tranche 2 Rights will vest upon the Closing Price of A-Cap being at least \$0.18 (18 cents) for 10 consecutive trading days.
3	Tranche 3 Rights will vest upon the Closing Price of A-Cap being at least \$0.22 (22 cents) for 10 consecutive trading days.
4	Tranche 4 Rights vest upon the Closing Price of A-Cap being at least \$0.26 (26 cents) for 10 consecutive trading days.

Source: Scheme Booklet

6. Profile of Lotus

6.1 History

Lotus (formerly Hylea Metals Limited) is an ASX-listed mineral exploration and development company. Lotus Resources' flagship asset is the 85% owned Kayelekera Uranium Project ('the Kayelekera Project'), located in northern Malawi, approximately 52 km west of Karonga. Lotus' head office is located in Perth, Western Australia.

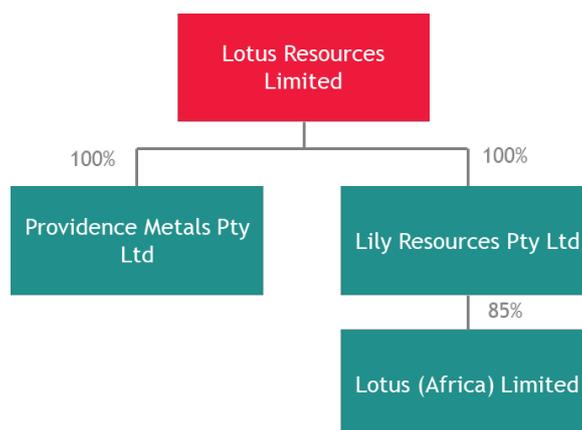
Lotus' board of directors and key management personnel are:

- Michael Bowen - Non-Executive Chairman;
- Keith Bowes - Managing Director;
- Grant Davey - Non-Executive Director;
- Mark Hanlon - Non-Executive Director;
- Dixie Marshall - Non-Executive Director;
- Catherine Anderson - Company Secretary; and



- Michael Ball - Chief Financial Officer.

Lotus has a number of subsidiaries as outlined below:



Source: Lotus Resources' Annual Report for the year ended 30 June 2022 and BDO Analysis

Lotus (Africa) Limited is the subsidiary that owns the Kayelekera Project.

6.2 The Kayelekera Project

The Kayelekera Project is located in northern Malawi, approximately 52km west of the regional town of Karonga. In March 2020, Lotus Resources acquired an indirect 65% interest the Kayelekera Project from Paladin Energy Limited ('Paladin Energy'). The Kayelekera Project is held by Lotus (Africa) Limited ('Lotus (Africa)') under a joint venture agreement between Lotus (85% interest), and the Government of Malawi (15% interest).

Due to low uranium prices, the Kayelekera Project has been on care and maintenance since 2014. However, the Kayelekera Project was previously operational between 2009 and 2014, in which the previous operators produced over 10.9 million pounds ('Mlb') of uranium. Lotus (Africa) holds the mining license, covering approximately 55.5 km², which allows for the mining and processing of uranium ore from the Kayelekera Project. Lotus (Africa) also holds five exclusive prospecting licenses in Malawi, covering an additional 674.8 km². In September 2021, Lotus announced the renewal of its exploration permits and its mining licence ML0152 for an additional 15 years.

Following the acquisition from Paladin Energy, in March 2020, Lotus released an updated JORC 2012 compliant MRE based on the same modelling techniques as the previous MRE, however, including previously un-modelled areas beneath the open pit, and the existing RoM stockpiles created during previous production. The March 2020 MRE detailed a mineral resource of 27.1 Mt of contained triuranium octoxide ('U₃O₈') at a grade of 630 ppm, for a total of 37.5 Mlb.

In October 2021, Lotus acquired the Livingstonia uranium deposit ('Livingstonia') for consideration of US\$25,000. Livingstonia is located approximately 90 km southeast of the Kayelekera Project in Northern Mali and is hosted in the same prospective Karoo-equivalent sedimentary sequence which hosts the Kayelekera Project's main deposit. In June 2022, Lotus completed a 29-hole drilling program at Livingstonia, which resulted in an increase in the company's total inferred mineral resource.

In August 2022, Lotus completed a Definitive Feasibility Study ('Re-Start DFS') of the Kayelekera Project (excluding Livingstonia). The Re-Start DFS confirmed that 96% of expected mine production is from Ore



Reserves, a plant refurbishment timeline of 12 to 15 months and an expected re-start to production following a Final Investment Decision ('FID'). It also included an initial capital cost estimate of US\$88 million, and a 10-year life of mine ('LOM') producing a total of 19.4 Mlbs U₃O₈ at an average production rate of 2.4 Mlbs for the first seven years then reducing to 2.0 Mlbs over the 10-year LOM.

In the June quarter of 2023, Lotus initiated a power supply study with the Electricity Supply Corporation of Malawi Limited ('ESCOM'), the state-owned power transmission and distribution company in Malawi, to connect the Kayelekera Project site to the national grid. The power supply study was initiated to ascertain an optimal power supply solution and to formalise a Power Implementation Agreement and Power Supply Agreement. The connection allows Lotus to access more affordable power, which is a key component in maintaining the lower operating costs outlined in the Re-Start DFS. Lotus worked with ESCOM through a technical working group to define options for the optimal grid connection solutions, and the associated power reliability and upgrade costs. These options are currently under review and will form the business case for the required upgrades and installations required, including negotiating the electricity tariffs applicable for the Kayelekera Project.

Lotus is currently finalising the Mine Development Agreement ('MDA') with the Government of Malawi. Key leadership personnel visited Malawi on multiple occasions to negotiate the terms of the MDA with Government Ministers and representatives, with the latest visit occurring in May 2023. Meetings were held with the Malawi Parliamentary sub-committee for Natural Resources and Climate Change, the Attorney General and the Ministers of Mining and Finance. The finalisation of the MDA is a required step before Lotus makes its FID.

Lotus is engaged in discussions with several electricity utilities regarding potential offtake agreements. This involves participating in formal Request for Proposals with a number of these utilities and other potential offtake partners.

6.3 Recent Corporate Events

Acquisition of the Kayelekera Project

On 24 June 2019, Lotus entered into an agreement with Paladin Energy to acquire an indirect 65% interest in the Kayelekera Project, which was completed on 13 March 2020 for the consideration of \$0.20 million in cash, plus \$1.80 million of fully paid ordinary shares in Lotus to be issued on completion, a royalty of 3.5% of the gross returns at the Kayelekera Project up to a maximum of \$5.0 million, and the deferred consideration of \$3.0 million worth of Lotus shares to be issued on the 3rd anniversary of the completion of the acquisition ('Deferred Consideration'). In connection with the acquisition, Lotus, through Lotus (Africa), is also required to pay Paladin Energy an amount of US\$10.0 million that had previously been advanced to fund an environmental bond in favour of the Government of Malawi ('Environmental Bond Advance'). The Deferred Consideration and Environmental Bond Advance are recognised as non-current liabilities on the balance sheet of Lotus, as they are to be paid at a future date.

Increased Holding in Kayelekera Project

On 25 March 2021, Lotus announced that it reached an agreement with Kayelekera Resources Pty Ltd ('KRPL') to exercise its right to acquire KRPL's interest in Lily Resources Pty Ltd ('Lily Resources'), the incorporated joint venture between Lotus and KRPL. On 30 July 2021, the shareholders of Lotus approved the acquisition of the remaining 23.5% interest in Lily Resources, with the consideration for the acquisition being the issue of up to 226,463,927 shares to KRPL, with an estimated fair value of approximately \$35.1 million at the grant date.



As a result of the acquisition, Lotus' ownership interest in Lotus (Africa), the holding company for the Kayelekera Project, increased from 65% to 85%. The additional interest was acquired upon Lotus exercising its buyout right under the agreement entered when Lotus acquired its initial 65% interest.

Acquisition of the Livingstonia Project

As outlined in section 6.2 of our Report, on 14 October 2021, Lotus acquired Livingstonia from a local Malawian entity through its wholly owned entity, Lotus (Africa). Consideration for the acquisition was US\$25,000. The acquisition included two exploration licences of a combined total area of 23 km², containing an inferred mineral resource estimate of 6Mlb U₃O₈.

Sale of the Hylea Cobalt Project

On 20 April 2021, Lotus announced the divestment of its non-core Hylea Cobalt Project located in New South Wales to Sunrise Energy Metals Limited ('Sunrise'). The consideration for the sale comprised a cash payment of \$1.0 million plus 724,086 shares in Sunrise. On 23 September 2021, Lotus announced that it had completed the divestment and sold the shares in Sunrise, resulting in the total value of the consideration being \$2.2 million.

Capital Raisings

On 2 September 2022, Lotus announced the completion of a \$25 million placement (before costs) to sophisticated, professional and institutional investors at \$0.24 per share ('Capital Raising').

The Capital Raising was conducted to provide funding to progress the development of the Kayelekera Project, including the MDA, advancing the offtake negotiations, Front End Engineering Design ('FEED') and project financing prior to a FID. The proceeds of the Capital Raising additionally funded the final instalment of the rehabilitation bond payment to Paladin Energy in March 2023, as outlined below. It also provided funding for care and maintenance activities at the Kayelekera Project, corporate costs and general working capital.

Settlement of Kayelekera Acquisition

On 13 March 2023, Lotus made a payment of US\$3 million to Paladin Energy to settle the final instalment of the reimbursement of the Environmental Bond Advances relating to the Kayelekera Project acquisition that was approved in August 2019. On 14 March 2023, the company issued 12,987,013 Lotus shares valued at A\$3.0 million to Paladin Energy in full settlement of the Deferred Consideration under the terms of the acquisition. The only remaining consideration for the acquisition is a 3.5% royalty of gross returns that is payable to Paladin up to a maximum of \$5 million following recommencement of production at the Kayelekera Project.



6.4 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-22 \$	Audited as at 30-Jun-22 \$	Audited as at 30-Jun-21 \$
CURRENT ASSETS			
Cash and cash equivalents	23,599,577	4,876,370	14,751,569
Other assets	1,035,777	894,801	739,003
TOTAL CURRENT ASSETS	24,635,354	5,771,171	15,490,572
NON-CURRENT ASSETS			
Plant and equipment	3,221	4,230	1,409
Exploration and evaluation assets	46,799,118	46,279,048	59,798,200
Other financial assets	14,666,800	14,552,735	13,572,826
TOTAL NON-CURRENT ASSETS	61,469,139	60,836,013	73,372,435
TOTAL ASSETS	86,104,493	66,607,184	88,863,007
CURRENT LIABILITIES			
Trade and other payables	422,935	1,746,244	625,023
Provisions	7,657	6,731	13,907
Other liabilities	7,400,040	7,351,143	2,671,220
TOTAL CURRENT LIABILITIES	7,830,632	9,104,118	3,310,150
NON-CURRENT LIABILITIES			
Provisions	43,914,407	42,728,847	56,201,656
Other liabilities	-	-	7,006,832
TOTAL NON-CURRENT LIABILITIES	43,914,407	42,728,847	63,208,488
TOTAL LIABILITIES	51,745,039	51,832,965	66,518,638
NET ASSETS	34,359,454	14,774,219	22,344,369
EQUITY			
Contributed equity	140,387,065	114,923,546	78,142,783
Reserves	(31,335,582)	(30,991,816)	257,145
Accumulated losses	(73,580,574)	(68,391,981)	(56,441,844)
Equity attributable to owners of the company	35,470,909	15,539,749	21,958,084
Non-controlling interest	(1,111,455)	(765,530)	386,285
TOTAL EQUITY	34,359,454	14,774,219	22,344,369

Source: Lotus' audited financial statements for the years ended 30 June 2021 and 30 June 2022, and Lotus' reviewed financial statements for the half year ended 31 December 2022

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents decreased from \$14.75 million as at 30 June 2021 to \$4.88 million as at 30 June 2022. The decrease is primarily the result of payments to suppliers and employees totalling \$6.23 million, payments for care and maintenance costs amounting to \$3.89 million, and partial repayment of the Environmental Bond Advance of \$2.71 million. The cash outflows were partly offset by the proceeds from the sale of Hylea of \$2.20 million, which included the cash consideration and the shares in Sunrise that were sold during the period. Cash and cash equivalents increased from \$4.88 million as at 30 June 2022 to \$23.60 million as at 31 December 2022. The increase of approximately \$18.72 million was primarily the result of the Capital Raising, which raised \$25 million before costs, which was partially offset by the payments to suppliers and employees of \$3.40 million, payments for care and maintenance costs of \$1.61 million, and the costs relating to the Capital Raising of \$1.35 million.



- Other assets of \$1.04 million as at 31 December 2022 comprise prepaid insurance and other prepayments.
- Exploration and evaluation assets of \$46.80 million as at 31 December 2022 relates to exploration and evaluation expenditure carried forward in respect of the Kayelekera Project and Livingstonia. Due to the Kayelekera Project being placed on care and maintenance, any new exploration and evaluation expenditures incurred during the period, including the Re-Start DFS and various other technical studies, were impaired in full. During the year ended 30 June 2022, the rehabilitation and closure cost estimate for the Kayelekera Project was revised as part of the Re-Start DFS, which resulted in a reduction to the rehabilitation and closure cost provision and the exploration and evaluation assets of \$18.46 million.
- Other financial assets of \$14.67 million solely comprise security deposits, which relate to a collateral deposit of US\$10 million in the form of a bond issued for the rehabilitation obligations of the Kayelekera Project ('**Environmental Bond**'). The Environmental Bond was lodged with a Malawian bank, and is the minimum amount required to be maintained in accordance with the original Mining Development Agreement signed by Paladin. The Environmental Bond is funded by the Environmental Bond Advance, which was transferred to Lotus as part of the Kayelekera Project acquisition.
- Current other liabilities of \$7.40 million comprise the remaining Environmental Bond Advance of \$4.40 million, and the Deferred Consideration of \$3.0 million, which was later settled in March 2023.
- Non-current provisions of \$43.91 million as at 31 December 2022 relates to the rehabilitation and closure provision at the Kayelekera Project.



6.5 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-22 \$	Audited for the year ended 30-Jun-22 \$	Audited for the year ended 30-Jun-21 \$
Other income	585,184	2,580,303	187,630
Corporate and administration expenses	(1,671,921)	(2,818,023)	(2,310,140)
Care and maintenance costs	(1,422,325)	(3,542,955)	(3,370,818)
Exploration and evaluation expenses	(636,941)	(4,695,630)	-
Impairment charges	(524,641)	(1,242,547)	-
Depreciation charges	(1,009)	(1,217)	(620)
Finance charges - accretion interest	(717,255)	-	-
Share-based payments expense	(924,798)	(3,242,821)	(403,896)
Loss before income tax	(5,313,706)	(12,962,890)	(5,897,844)
Income tax expense	(170,003)	-	-
Loss for the year from continuing operations	(5,483,709)	(12,962,890)	(5,897,844)
<i>Other comprehensive income</i>			
Exchange differences on translating foreign operations	159,147	1,076,551	(697,835)
Total comprehensive loss for the year, net of tax	(5,324,562)	(11,886,339)	(6,595,679)
<i>Loss attributable to:</i>			
Non-controlling interests	(295,116)	(966,713)	(883,354)
Members of the parent	(5,188,593)	(11,996,177)	(5,014,490)
<i>Total comprehensive loss attributable to:</i>			
Non-controlling interests	(345,925)	(995,866)	(1,144,495)
Members of the parent	(4,978,637)	(10,890,473)	(5,451,184)
	(5,324,562)	(11,886,339)	(6,595,679)

Source: Lotus' audited financial statements for the years ended 30 June 2021 and 30 June 2022, and Lotus' reviewed financial statements for the half year ended 31 December 2022

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Other income increased from \$0.19 million for the year ended 30 June 2021 to \$2.58 million for the year ended 30 June 2022. This is primarily the result of the gain on disposal of \$2.38 million from the sale of the Hylea Cobalt Project to Sunrise.
- Exploration and evaluation expenditure of \$4.70 million for the year ended 30 June 2022 primarily related to the expenditure for the various technical studies and the Re-Start DFS.
- The impairment charge of \$1.24 million for the year ended 30 June 2022 relates to the impairment of the infrastructure, and property, plant and equipment at the Kayelekera Project. The mine-related property and plant at the Kayelekera Project have been impaired in full whilst the Kayelekera Project remains on care and maintenance. In accordance with this policy, Lotus also impaired \$0.52 million of mining equipment that it acquired during the half year ended 31 December 2022.
- Share-based payments increased from \$0.40 million for the year ended 30 June 2021 to \$3.23 million for the year ended 30 June 2022, as a result of the issue of 25,169,000 options granted during the year.



- The income tax expense for the half year ended 31 December 2022 relates to interest payments withheld under Malawian tax law, which can be recouped against assessable income tax in the future. Given the uncertainty around the timing of Lotus generating taxable income, the amount was expensed.
- The losses attributable to non-controlling interests relates to the 15% interest in Lotus (Africa) that Lotus does not own.

6.6 Capital Structure

The share structure of Lotus as at the last practicable date is outlined below:

	Number
Total ordinary shares on issue	1,343,249,259
Top 20 shareholders	797,890,060
Top 20 shareholders - % of shares on issue	59.40%

Source: Share registry information

The ordinary shares held by substantial holders of Lotus as at the last practicable date are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
KRPL *	175,509,489	13.07%
MM Asset Management, Inc.	84,309,672	6.28%
Subtotal	259,819,161	19.34%
Others	1,083,430,098	80.66%
Total ordinary shares on issue	1,343,249,259	100.00%

Source: Share registry information

* KRPL is an entity related to Mr. Grant Davey, a non-executive director of Lotus



The unlisted options over ordinary shares in Lotus as at the last practicable date are outlined below:

Description	No. of Unlisted Options	Exercise price (\$)
Options expiring 14-Dec-24	11,050	Nil
Options expiring 23-Oct-23	5,000,000	0.04
Options expiring 23-Oct-23	2,500,000	0.08
Options expiring 14-Dec-26	1,319,000	Nil
Options expiring 23-Oct-23	2,500,000	0.06
Options expiring 10-Feb-24	6,000,000	Nil
Options expiring 01-Jan-24	3,000,000	Nil
Options expiring 31-Mar-25	2,000,000	Nil
Options expiring 31-Oct-25	2,697,857	Nil
Options expiring 31-Oct-27	3,823,073	Nil
Options expiring 05-Jan-25	250,000	Nil
Options expiring 05-Jan-26	250,000	Nil
Options expiring 29-Jul-24	550,800	Nil
Options expiring 29-Nov-26	1,230,000	Nil
Total number of options	31,131,780	

Source: Lotus' ASX announcement - Notification of cessation of securities, 23 May 2023

7. Profile of the Merged Group

7.1 Key Assets

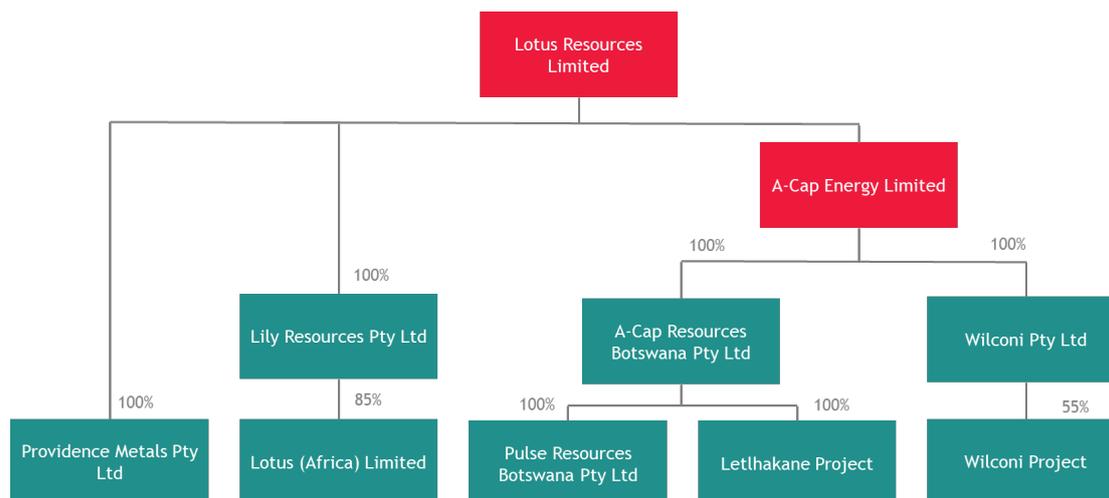
Following the implementation of the Schemes, Shareholders will hold shares in the Merged Group, comprising the combined assets of A-Cap and Lotus. The combined assets of the Merged Group will include:

- An 85% interest in the Kayelekera Project (Lotus);
- A 100% interest in the Letlhakane Project (A-Cap);
- A 55% interest in the Wilconi JV (A-Cap); and
- Other exploration areas of Lotus.



7.2 Corporate Structure

The proposed corporate structure of the Merged Group is set out below.



Source: Scheme Booklet

7.3 Board of Directors

A-Cap will not appoint any representatives to the Board, therefore the Board of Lotus will be the Board of the Merged Group.

7.4 Capital Structure

As set out in section 4 of our Report, following the implementation of the Schemes, A-Cap Shareholders and A-Cap Listed Option Holders will hold approximately 21.2% of the Merged Group.

The substantial shareholders of the Merged Group and their respective shareholdings are set out in the table below.

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
KRPL*	175,509,489	10.29%
Singapore Shenke International Investment Pte Ltd	132,133,244	7.75%
Subtotal	307,642,733	18.04%
Others	1,398,062,126	81.96%
Total ordinary shares on Issue	1,705,704,858	100.00%

Source: BDO Analysis

* KRPL is an entity related to Mr. Grant Davey, a non-executive director of Lotus

7.5 Stock Exchange Listing

Following the implementation of the Share Scheme, A-Cap will become a wholly owned subsidiary of Lotus and the Merged Group will continue to be listed on the ASX, under Lotus' ASX code, LOT.



8. Economic analysis

8.1 Malawi

Lotus is exposed to the risks and opportunities of the Malawi market, due to its current interest in the Kayelekera Project in northern Malawi. As a result, we have presented an economic analysis on Malawi.

Overview

Malawi remains one of the poorest countries in the world despite making significant economic and structural reforms to sustain economic growth. Malawi's economy primarily depends on agriculture as it employs nearly 80% of the population, which results in the economy being vulnerable to external shocks, particularly climatic shocks. Raw tobacco accounts for 55.6% of Malawi's exports with raw sugar and tea accounting for approximately 7% each. Malawi's three-year pathway of fast economic growth has been interrupted by the impact COVID-19 has had on reductions in tax revenue, paired with increased expenditure on health and economic policy responses.

The Malawian economy experienced real growth of 1.1% in 2022, a slow down from the growth of 4.6% in 2021. The slowdown of growth was driven by longstanding macroeconomic imbalances culminating in a protracted balance of payments ('BOP') and was exacerbated by several external shocks.

Cyclone Freddy caused widespread destruction at the beginning of 2023, with extreme weather events causing an estimated US\$505 million of loss and damage. Production losses from this event were equivalent to a real gross domestic product ('GDP') loss of 0.5% for 2023. Specifically, the cyclone greatly impacted the agriculture sector and the outlook for the coming seasons.

Disappointing harvests and high agricultural input prices are continuing to exert pressure on household incomes, pushing many of the Malawi people into poverty. The proportion of people living on less than an equivalent of US\$2.15 (the standard measure of international poverty) a day increased to 71.3% in 2022.

Malawi's industrial sector has been particularly impacted by various factors including the foreign exchange, fuel, and electricity shortages. A limitation for output growth in the economy is the surety of electricity supply, which was intermittent in 2022 and the first half of 2023. The intermittent power supply was first impacted by Cyclone Ana, which damaged the Kapichira power plant which is one of the key suppliers of energy to the national grid. Further, as the demand for energy increases with the economy becoming more developed, in recent years, Malawi has often struggled to meet the country's energy supply requirements. The partial restoration of the Kapichira hydroelectric power station is a step towards the alleviation of energy supply challenges, with full restoration of the power plant expected to be completed in 2023. Malawi also has further plans to increase their energy capacity both through the expansion of solar power generation and the Mpatamanga hydropower plant, which could further address energy shortages.

Imports continued to be constrained by the foreign exchange shortages, which impacted industries access to capital and production inputs. Inputs are also often not accessible in the domestic market, and the ensuing balance of payments crisis makes their importation even more difficult. Official real imports in year to April 2023 are at a level approximately 65% below their five-year average in the period through 2021, though this likely overstates the actual decline in imports given the substantial amounts of informal trading. However, a healthy start to the tobacco marketing season should allow for some alleviation, while the growth of new non-traditional agricultural exports, and increased investor interest in the mining sector, could generate new sources of foreign exchange over the medium term.



According to the Reserve Bank of Malawi, the mining and quarrying sector grew by 2.5% in 2022, although this growth represents growth from a low base given the 3.6% contraction in the mining sector in 2021. Growth in this sector for 2022 reflected increased production in industrial minerals such as rock aggregates and limestone for infrastructure development, including construction and maintenance works for roads and bridges. The momentum of growth in the sector is expected to continue with sector growth of 3.3% forecast by the Reserve Bank of Malawi in 2023.

Economic Growth and Inflation

Following a severe drought in 2011, Malawi has since experienced consistent GDP growth over the greater part of a decade. However, there has been a recent slowdown due to the occurrence of cyclones and other unfavourable weather conditions. The Reserve Bank of Malawi reported GDP growth for 2022 at 1.1%, a slow-down from a growth of 4.6% realised in 2021. Coupled with the slowing GDP growth rate, inflation was 20.9% in 2022 from 9.3% in 2021. This increase in inflation was largely driven by food inflation which was 26.8% in 2022, from 13.6% in 2021. Inflation continues to be an issue for the people of Malawi with purchasing power declining, resulting in an increase in the number of people living below the poverty line.

The prolonged war in Ukraine had an impact on global supply chains and resulted in elevated commodity prices. Further, the aforementioned weather events had adverse impacts on food supplies, driving food inflation. In addition, the devaluation of the kwacha in May 2022 and its subsequent depreciation also contributed to the slow-down in Malawi's economic activity.

Economic growth is expected to increase to 1.4% in 2023, driven by a partial recovery of the agriculture sector following a year of adverse weather events. Over the medium term, economic growth is projected to increase, underpinned by gradual macroeconomic stabilisation and a recovery across all sectors.

Foreign Direct Investment

Malawi has established a friendly investment environment for foreign investors as the government offers an array of fiscal and non-fiscal incentives. The Malawian constitution protects investment irrespective of nationality and has a Freedom of Establishment founded that guarantees basic freedom to invest. Inadequacies that may discourage foreign investment remain, as the economy suffers from a lack of skilled workers, high transportation costs, unreliable supply of utilities and difficulties in accessing credits. An increase in FDI for the resources sector in Malawi, as forecast, may result in an improvement in the market sentiment for uranium exploration within the region, potentially providing more favourable market conditions and opportunities for Lotus Resources.

Foreign direct investment ('FDI') has fluctuated for Malawi over the past several years but has steadily been attracting FDI inflows from various countries including India, China, South Africa, the United States of America and the United Kingdom. The swings in FDI in Malawi can be large over time as evidenced by the Malawi Investment and Trade Centre reporting that FDI peaked in 2018 at US\$959 million in 2018 but then decreased as low as US\$55 million in 2019. The drop in FDI in 2019, can be attributed to the COVID-19 pandemic which saw a contraction of FDI globally, with low to middle-income countries such as Malawi being the most affected. The recovery post-pandemic has continued, with the Reserve Bank of Malawi recording FDI US\$189 million in 2022, increasing from US\$130 million in 2021.

Historically, the largest component of Malawi's FDI has been via the agricultural sector, however, the economy could see increased levels of FDI through the exploration of rare earth elements and uranium production in the future. The World Bank states that for long term investments in energy and water



infrastructure, Malawi must implement reforms to its sector policies in order to increase efficiency among state-owned enterprises and leverage further public-private partnerships.

Sovereign Risk

Malawi is considered a generally peaceful country as it has had stable governments since its independence in 1964. Malawi conducted a presidential election in 2019 however the results were nullified in February 2020 by the Constitutional Court. This created political unrest as demonstrators demanded a revised election, which was ultimately approved and held in June 2020, with Lazarus Chakwera being elected as president. The re-election restored political stability and should provide positive conditions for FDI into the country moving forward. The Government of Malawi holds a 15% interest in the Kayelekera Project, which it acquired by trading away a reduced royalty payment and 2.5% of corporate income tax at the Project, as part of the contract with the previous owners. Government ownership of resource projects in Malawi has long been a feature of the country's fiscal regime, with the Government of Malawi able to take a free equity interest of up to 10% in any large-scale mining project. A stable political environment would cause favourable operating conditions for Lotus moving forward, and would decrease the risk of expropriation, which has been seen across a number of African countries.

The Malawi Government expects that the fiscal deficit will reduce in 2024, but fiscal room remains highly constrained. Although the fiscal deficit is projected to narrow, it will remain high at 7.7% of GDP. Revenue is projected to improve to 16% of GDP, while expenditure is projected to decline to 23.8% of GDP. Amidst rising domestic interest rates debt levels, interest payments are projected to increase to 5.7% of GDP from 4.8% in 2023. This leaves little room for much needed investment, and limits the government's ability to respond to unexpected shocks.

Domestic borrowing in recent years has financed high fiscal deficits which has left the Government with a considerable debt burden. Malawi is at high risk of overall debt distress and moderate risk of external debt distress, with a limited space to absorb shocks. The World Bank outlined that the level of public debt is on a continued upward trajectory and is expected to continue due to the high primary deficits, which are largely funded by domestic debt at high interest rates. This is a concern for the health of Malawi's economy and credit ratings in the medium to long term.

Source: The World Bank, Reserve Bank of Malawi, United Nations Conference on Trade and Development, Malawi Investment and Trade Centre, OEC, African Development Bank Group.

8.2 Australia

Given the Merged Group is listed on the ASX and is headquartered in Australia we have presented an economic analysis of Australia.

Overview

In its August 2023 Monetary Policy Decision, the Reserve Bank of Australia ('RBA') made the decision to leave the cash rate target unchanged at 4.10%. Since May 2022, the RBA has increased the interest rates by four percentage points, with the intention of easing inflationary pressures and returning inflation to its target rate within a reasonable timeframe. The decision in July to hold the interest rate steady was aimed at providing some time for the RBA to assess the impact of interest rate rises to date on key macroeconomic indicators.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July statement that the decline in the monthly consumer price index indicator for May 2023 suggested that inflation has since



passed its peak in Australia. However, the RBA considers that inflation is still too high at its current rate of 6.0%, and predicts that it will remain at this level for some time before returning to the target range.

According to the RBA, growth in the Australian economy has also slowed. Currently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors have dampened with the decline in discretionary income.

Among major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022, which contributed to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, it is anticipated in 2023-24 that GDP growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months, supported by China's reversal of its COVID-19 measures in December 2022, which has stabilised the supply chain recovery trajectory.

The recent banking system crisis in the United States and Switzerland has resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates during the pandemic. This may form part of the consideration for the Merged Group in assessing the preferred funding structure for the development of their projects.

Conditions in the labour market have eased, although remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. The unemployment rate at 3.5% remains close to a 50 year low, consequently, wage growth is stated to be increasing in response to the tight labour market and high inflation.

Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 1 August 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy August 2023 and prior periods, and BDO analysis.

9. Industry analysis

Uranium is a heavy metal which has served as a concentrated energy source for over 60 years. There are over 440 nuclear reactors across that globe which generate approximately 10% of global electricity. The state of the world's uranium market heavily relies on the fortunes of the nuclear power generation industry. Additionally, uranium has many other practical applications such as producing medical isotopes, and in marine propulsion, particularly in naval operations. However, the Fukushima nuclear disaster in



March 2011 clouded the industry's outlook, leading to diverging opinions regarding the use and safety of uranium as an energy source.

Key External Drivers

The inelastic nature of short-term demand for uranium means an increase in prices flows almost entirely to industry revenue. The price of uranium is denominated in US dollars, and therefore, the exchange rate directly impacts the returns received by operators in Australia and other countries outside of the United States.

The industry's performance has been influenced by public concerns and opinions surrounding the environmental impact of uranium. Historically, environmental activists have opposed nuclear energy, primarily due to fears related to nuclear waste. However, in more recent times, many countries have embraced nuclear power as a means to reduce their overall environmental footprint, given that electricity generation through uranium does not emit carbon dioxide. As general public awareness continues to grow, the demand for uranium is expected to increase accordingly.

The global price of alternative sources of electricity, such as steaming coal and natural gases, also influences the demand for uranium. When prices for steaming coal and natural gas rise, nuclear power becomes comparatively cheaper, leading to an increase in demand for uranium. In contrast, a fall in steaming coal and natural gas prices could lead to a greater uptake of those commodities as a fuel source.

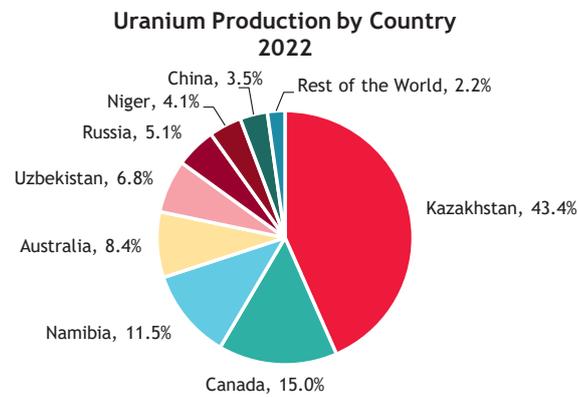
Uranium Mining Trends

The primary extraction method is in-situ leaching, followed by underground and open pit mining. The production of uranium ore in 2022 categorised by mining method is outlined below.

Method	Tonnes	%
In-situ leaching	27,037	56%
Underground and open pit	18,569	38%
By-product	3,013	6%
Total production	47,731	100%

Source: World Nuclear Association *World Uranium Mining Production* updated May 2023

Uranium is an abundant, naturally occurring element found in the Earth's crust with an average concentration of 2.8 ppm across various geological locations. In recent years, Kazakhstan has led global uranium production, accounting for nearly half of the world's total uranium produced, with Canada, Namibia and Australia following behind. According to the World Nuclear Association, approximately 48,888 tonnes of uranium was produced globally in 2022. The global uranium production categorised by country for 2022 is outlined below.

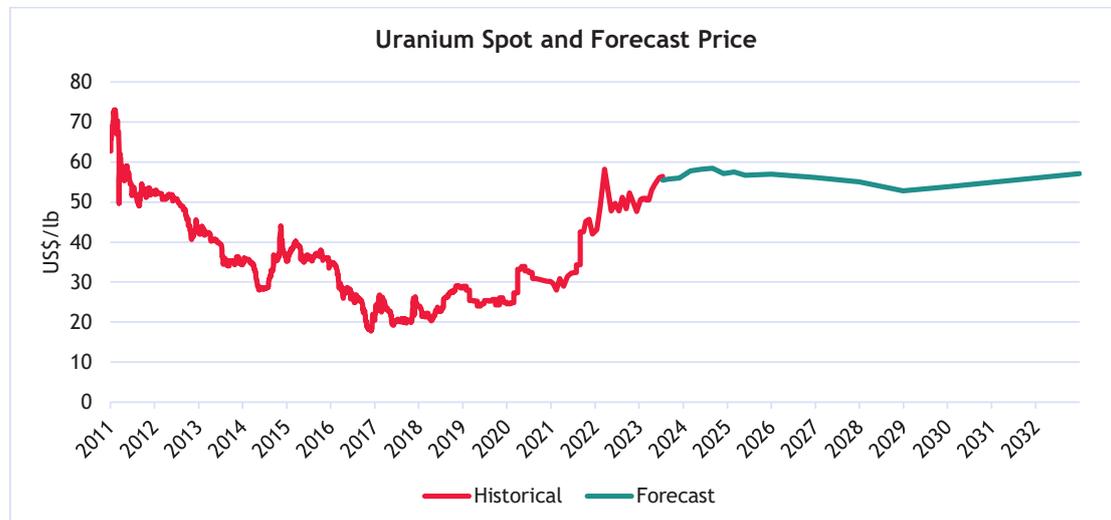


Source: World Nuclear Association *World Uranium Mining Production* updated May 2023

Uranium Prices

Unlike other commodities, uranium does not trade on an open market. Rather, buyers and sellers privately negotiate contracts which are subsequently published by independent market consultants. The prices quoted below are based on UxC LLC's ('UxC') U₃O₈ Price indicator, which is one of two weekly uranium price indicators widely accepted within the uranium industry.

The uranium oxide spot and forecast prices from 2011 through to 2031 are outlined below.



Source: Bloomberg, Consensus Economics and BDO Analysis

Prior to the Fukushima disaster, the price of uranium peaked at US\$73 per pound ('lb') in February 2011, largely due to the increased demand for uranium as a source of energy in Asia. This followed a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. Chinese demand was responsible for the price spike and was expected to put upward pressure on prices in the long term.



In March 2011, a major earthquake caused the nuclear power plant crisis at Fukushima, Japan. In response, producers attempted to offset the declining prices by ramping up production to maintain revenue levels, causing an oversupply of uranium. As a result, the price of uranium dropped to a 15-year low of US\$17.75/lb in November 2016. The oversupply in global uranium over this period was emphasized by Kazakhstan substantially increasing production over the period, to now be recognised as the leading producer of uranium globally.

Over the period from 2017 to early 2020, the global uranium price fluctuated between US\$20/lb to just below US\$30/lb. These fluctuations were primarily influenced by Kazakhstan's increased production during the period. However, significant reductions in the production of uranium observed in 2018 and 2019 alleviated some of the prevailing oversupply issues. As a result, upwards price pressures ensued as market participants purchased uranium to cover near-term delivery commitments.

In May 2020, the uranium price increased to US\$34.2/lb in response to COVID-19 and related supply shortages. The pandemic significantly impacted the global production of uranium, with major mines in Kazakhstan, Canada and South Africa being forced to alter or suspend operations to comply with lockdown requirements. According to Numis Corporation plc, approximately 35% of global production was impacted by COVID-19.

In 2021, the global uranium price rose approximately 45%, from US\$29.63/lb in January 2021 to a nine-year high of US\$50.80/lb in September 2021, driven by stronger demand for nuclear energy and impacts of constrained supply chains. In September 2021, the Sprott Physical Uranium Trust ('SPUT') increased its stockpiles by 45% after purchasing 8.1 million pounds of U₃O₈. SPUT's purchasing of the uranium stockpiles in September 2021 drove the uranium spot price peak, as the market tightened and the amount of U₃O₈ available in the market depleted. Since its inception in July 2021, SPUT has improved the uranium industry's liquidity and spot price discovery.

Following many years of weakness, the uranium price experienced its highest peak since the Fukushima disaster, with the price increasing to US\$64/lb in April 2022. Russia's invasion of Ukraine, and the related sanctions placed on Russia, led to renewed concerns over potential energy supply disruptions, and consequently, influenced a trend towards a greater emphasis on energy supply security. As many countries looked to diversify away from Russian supplies of oil and natural gas, the uranium price remained elevated at around US\$50/lb over the remainder of 2022 and has maintained this level for most of 2023. According to Australia's Office of the Chief Economist, this growth reflects changing market fundamentals, with supply constrained by years of low investment.

Since the military coup in Niger in July 2023, the price of uranium increased to around US\$56/lb. Niger is the seventh largest global uranium producer and hosts a major mining site in Arlit, owned and operated by France's state-owned nuclear fuels company, Orano. In 2022, Niger was the second-largest supplier of natural uranium to the European Union ('EU'). However, according to the EU nuclear agency Euratom, there is no immediate risk to nuclear power production in Europe should Niger cease its deliveries of uranium. This is because it is estimated that EU utilities have sufficient uranium stockpiles to last for at least three years.

Environmental Impact

The direct negative environmental impacts of uranium mining are a result of tailings waste, and the processes involved in production and mining. Uranium mining produces tailings which contains 80% of the of the original ore's level of radioactivity due to the presence of uranium decay products. Typically, these tailings are disposed of in near-surface impoundments close to the mining site, presenting serious



environmental and health risks. These risks include radon emission, windblown dust dispersal and leaching of contaminants including heavy metals and arsenic into waterways.

Global uranium mining and milling has evolved over time and has led to the development of modern mining practices guided by regulatory standards to ensure environmental protection. A notable shift has been the adoption of in-situ leaching, accounting for approximately 56% of the world's total uranium production in 2022, up from 16% in 2000. In-situ leaching creates little surface disturbance and does not generate tailings or waste rock. As a result, in-situ leaching has become a more environmentally acceptable method of mining relative to traditional mining methods, such as underground or open-pit mining.

A growing concern with uranium mining, particularly as the mining industry emphasizes sustainable practices, revolves around elevated levels of radioactivity which pose a threat to the health of miners, millworkers, and members of the public.

Global Outlook

Despite ongoing environmental concerns, nuclear energy generation is expected to continue expanding, with China, India, South Korea and Japan among many countries announcing expansion plans. Future growth in the uranium industry is likely to be heavily reliant on China's ability to execute on its plan to build 150 new nuclear reactors over the next 15 years.

IBISWorld reports that many high-cost foreign producers may have been protected from previous low prices due to long-term supply contracts, which are set to expire in the short-term. The renegotiation of prices is likely to price higher-cost producers out of the industry. This is likely to further impact industry supply, placing upward pressure on global prices.

Producers that have weathered several years of low prices will benefit from an increase in the uranium price and are anticipated to ramp up their output to capture global market share. Globally, there are over 440 nuclear reactors currently in operation, with another 60 currently under construction as reported by the International Atomic Energy Agency. There was a temporary dip in reactor constructions in 2022, which Australia's Office of the Chief Economist expects to be reversed in 2023, reflecting the ongoing expansion of nuclear deployments. The increase in construction activity and the uptake of uranium as an energy source should put further upward pressure on prices, should supply remain constrained in the near term. Supply chains have adjusted successfully, as utilities minimise their dependence on Russian resources in the aftermath of the invasion of Ukraine. Uranium consumption is expected to grow steadily, supported by higher demand in China and other parts of Asia, Eastern Europe, and the Middle East.

The recently elected South Korean Government has reversed the previous government's plans to phase out nuclear power. Instead, they announced plans to expand nuclear generation's share from 27% to 30% by 2030, and to 35% by 2035. South Korea has advantages in nuclear deployment, given its expertise and relatively streamlined regulations. Further development of domestic nuclear energy could flow onto future export opportunities, with South Korea's successful construction of reactors in the United Arab Emirates.

Japan appears to be ramping up its rate of reactor reconnections. Despite only ten of Japan's 54 reactors being reconnected since 2011, Japan's Government is prioritising the opening of seven more, with another 15 at various stages in the process of gaining approval to restart, according to the World Nuclear Association. Cabinet approval has been granted for the construction of new reactors, along with an extension of the operational life of existing reactors by an additional 20 years, reaching a total of 60 years. Surging coal and gas prices have added momentum to re-openings and constructions, as Japan seeks



to reduce its vulnerability to global commodity prices. Nuclear plants are less vulnerable to commodity price swings since uranium makes up only a small proportion of running costs, and only small amounts of mined material are needed.

In contrast, Germany has ceased all use of nuclear power in its electricity grid, with the last three reactors closing in April 2023 following a brief extension which allowed operations to continue through the March quarter of 2023.

As published by the Office of the Chief Economist, the global uranium production and consumption forecasts through to 2025 are outlined below.

Uranium Outlook	2023 (kilotons)	2024 (kilotons)	2025 (kilotons)
Global Production	63.6	69.7	70.8
Africa	9.6	10.1	10.1
Canada	11.3	12.9	12.9
Kazakhstan	26.9	29.8	29.7
Russia	3.5	3.7	3.9
Global Consumption	78.7	82.9	82.7
China	13.6	13.3	14.4
EU	19.8	19.6	18.9
Japan	1.9	2.9	2.9
Russia	6.5	7	6.7
United States	19.7	21.5	21.3

Source: Department of Industry Science and Resources, Office of the Chief Economist's Resources and Energy Quarterly for June 2023

Uranium consumption is expected to exceed production over the forecast period to 2025, resulting in a likely requirement for the development for new mine supply. In the short-term, existing suppliers are likely to meet output requirements through production ramp-ups. In Australia and Namibia respectively, the Honeymoon Mine operated by Boss Resources Limited, and Paladin Energy's Langer Heinrich Mine are expected to commence operations in 2024. While Kazakhstan has strategically reduced output, it could potentially restore production if prices continue to rise.

In the long-term, it is likely that new mines in Africa and Asia will play an important role in meeting future demand. Supply stability may also be supported by the newly announced nuclear fuel agreement reached at the Nuclear Energy Forum at the G7 in April 2023. The signatories include Canada, France, Japan, the United Kingdom and the United States, each of which have agreed to better cooperation to provide a more stable and predictable supply to other country's nuclear power plants. The purpose of the agreement is to support stable fuel supplies and to prevent price fluctuations, while supporting a faster achievement of net-zero targets. The agreement additionally seeks to isolate Russia in the nuclear fuel market through the development of shared supply chains.

The US Government has recently classified uranium as a commodity of strategic importance and announced its plans to increase its domestic uranium production and reduce its reliance on imports. The global uptake of nuclear power as an energy source is positive news for the industry, however, political disagreements remains a threat.

Nonetheless, as the global economy shifts towards decarbonisation and the increased focus on climate change, it is expected that demand for uranium will increase. Nuclear power plants produce no



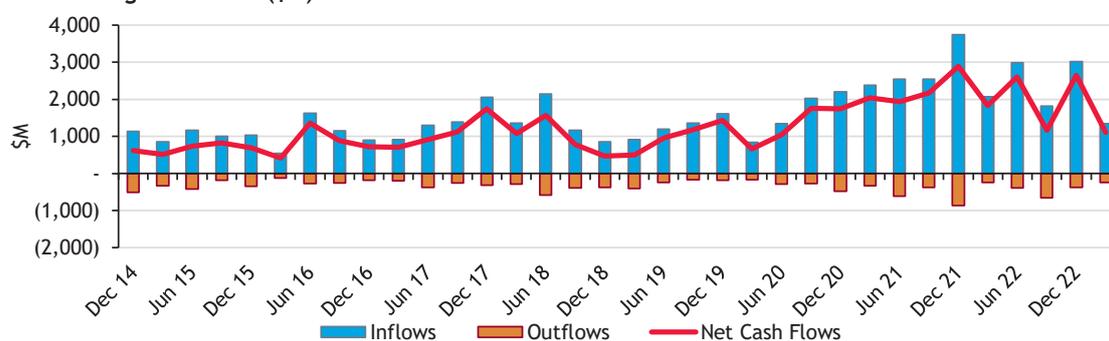
greenhouse gas emissions during operation, and over the life cycle of a power plant, will produce the equivalent amount of carbon dioxide per unit of electricity as wind energy. Simultaneously, nuclear energy's role in the production of low-carbon heat for the production of hydrogen and desalination is growing. This growth in demand is aligned with countries and companies around the world making net-zero commitments, including in the US with its recommitment to the Paris Climate Agreement.

Exploration sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company's cash flows, their financing facilities available and management's expectation of future funding requirements. BDO's report for the March quarter of 2023 suggests that volatile financial markets have constrained the ability of the sector to raise funds, which in turn, has resulted in subdued operations and investment.

Financing cash inflows for the March 2023 quarter declined 55%, reaching \$1.35 billion, while the average financing inflows per company dipped by 53% when compared to the two-year average. Notably, the proportion of companies raising over \$1 million decreased as smaller-scale fund raises became more prominent. The observed trends indicate a distinct decline in the capacity to secure funding, which BDO attributes to growing stringency of prevailing market conditions.

Financing Cash Flows (\$M)



In the March 2023 quarter, 34 companies (which we have termed 'Fund Finders') raised capital exceeding \$10 million, down from 51 in the previous quarter. The Fund Finders still underpinned the financing inflows for the March 2023 quarter, contributing 69% of the total funds raised by the sector, marginally down from the 76% in the December 2022 quarter. Within these fund raisings, gold explorers raised the most funds over the March 2023 quarter as persistent inflation, geopolitical uncertainty and market volatility continued to drive demand. Lithium and graphite explorers sourced the second and third most funds, respectively, as part of their application in the lithium-ion batteries and the EV supply chain.

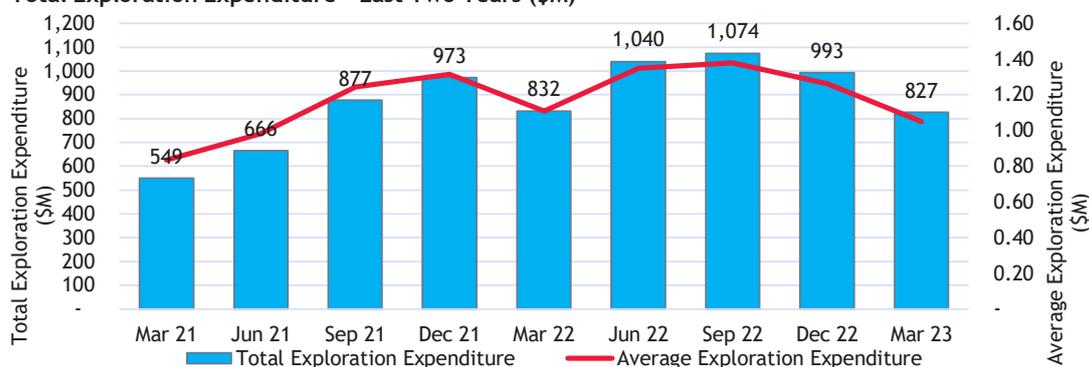
Explorers' cash positions showed resilience despite inflationary pressure, with the average cash balance declining from \$11.1 million in the December 2022 quarter to \$10.2 million at the end of the March 2023 quarter. The overall cash position still remained strong when compared to historical levels, with 81% of exploration companies reporting a cash balance of over \$1 million as at 31 March 2023, which is still significantly above the historical averages since the commencement of BDO's analysis in the June 2013 quarter.

Total exploration expenditure declined for the second consecutive quarter, receding from the record \$1 billion spend in the June and September quarters of 2022. The March 2023 quarter's \$827 million



exploration spend represented a 17% decrease from the December 2022 quarter, with explorers seeking to manage their expenses more efficiently considering the rise in exploration costs and potentially subdued access to future funding. The average exploration spend per company reached a new low of \$1.05 million since June 2021, but the range between \$1.05 million and \$1.38 million over the past year, remained high relative to historical levels.

Total Exploration Expenditure - Last Two Years (\$M)



The top ten exploration spending companies comprised four lithium companies, three oil and gas companies, two gold companies and one nickel-copper company. Gold and oil and gas typically account for the largest portion of the top 10 exploration spends, however, this quarter, we have also observed growth in exploration spending for lithium that has likely been driven by the sustained demand for renewable energy sources to meet future requirements.

The results from the March 2023 quarter show that despite the noticeable industry wide slowdown due to deteriorating global macroeconomic conditions, including inflation and wavering commodity prices, the sector has shown resilience and adaptability. Gold has remained a popular safe haven investment, whilst Government incentives supporting critical minerals explorers and the anticipated growth in the electric vehicle industry has seen sustained investor interest towards battery metals.

Source: BDO Explorer Quarterly Cash Update: March 2023 and prior releases.



10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment such as a resource multiple

A summary of each of these methodologies is outlined in Appendix 2.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

10.1 Valuation of A-Cap prior to the Scheme

In our assessment of the value of A-Cap prior to the implementation of the Schemes, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology, which estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value; and
- QMP as our secondary methodology, as this represents the value that a Shareholder may receive for a share if it were sold on market. The value derived from this methodology reflects a minority interest value, therefore a control premium is added.

We have employed the Sum-of-Parts methodology in estimating the fair market value of A-Cap by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the:

- Value of A-Cap's mineral assets, as ascribed by VRM, the independent technical specialist ('**Technical Specialist**'); and
- Value of A-Cap's other assets and liabilities, applying the cost approach under the NAV method.

We have chosen these methodologies for the following reasons:

- A-Cap's mineral assets do not currently generate any income nor are there any historical profits that could be used to represent future earnings, therefore we do not consider the application of the FME approach to be appropriate;
- A-Cap has no foreseeable future net cash inflows on which we would have sufficient reasonable grounds in accordance with Regulatory Guide 170 'Prospective Financial Information' ('**RG 170**') and



Information Sheet 214: Mining and Resources: Forward-looking Statements ('IS 214'), therefore we do not consider the application of the DCF approach to be appropriate;

- As A-Cap's mineral assets are currently non-producing, and there are no revenue or cash flows currently generated by the Letlhakane Project, we have commissioned an independent technical specialist to value A-Cap's mineral assets prior to the Schemes. Therefore, we consider the Sum-of-Parts approach to be an appropriate methodology to use in assessing the value of A-Cap prior to the Schemes; and
- We have adopted QMP as our secondary approach. The QMP basis is a relevant methodology to consider because A-Cap's shares are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where A-Cap's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the Company's activities.

Technical Expert

We have commissioned VRM, the Technical Specialist, to provide a report, which includes an assessment of the market value of A-Cap's mineral assets, a technical assessment of the Kayelekera Project and a market valuation of the mineral assets held by Lotus ('**Technical Specialist Report**').

The Technical Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('**VALMIN Code**') and the JORC Code. We are satisfied with the valuation methodologies adopted by VRM, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by VRM are detailed in the Technical Specialist Report contained in Appendix 4 of our Report.

10.2 Valuation of the Merged Group following the implementation of the Scheme

In our assessment of the value of the Merged Group following the implementation of the Scheme, we have chosen to employ the following methodologies:

- Sum-of-Parts approach; and
- Quoted market price approach by considering post-announcement pricing of Lotus.

We considered the use of a DCF valuation to value the Kayelekera Project based on the Kayelekera financial model provided to us by Lotus ('**Model**'). We reviewed the Model and applied BDO's assessed economic inputs to it. In addition to this, we adjusted the Model to reflect changes to the technical inputs as provided by the Technical Specialist, VRM. BDO and VRM reviewed the Model and assessed the economic and technical assumptions. We made the following adjustments to the Model:

- Adjusted the fixed pricing to reflect BDO's assessed forecast uranium pricing, based on consensus forecasts from Consensus Economics and forecast AUD/USD exchanges rates based on forecasts from Consensus Economics and Bloomberg;
- Converted real cash flows to nominal cash flows using BDO's assessed forecast inflation over the life of mine;
- Adjusted the discount rate; and



- Adjusted the technical assumptions underpinning the cash flows to reflect VRM's recommendations.

After making the aforementioned adjustments to the Model we arrived at an adjusted model ('**Adjusted Model**'). Based on our analysis, the net present value of the cash flows derived from the Adjusted Model was negative. This is largely driven by the forecast uranium price, with the Kayelekera Project not being economic at the current consensus forecast uranium price. Therefore, we have considered the DCF approach but have not relied on it to inform our view of value.

We note that it is not uncommon for a market based approach such as comparable transaction multiples to result in a higher valuation than the present value of cash flows derived under a DCF approach. This is largely because a DCF valuation represents forecast cash flows using forecast inputs as at the valuation date. In the context of an IER, the expert must have reasonable grounds in accordance with RG 170 and IS 214 for the assumptions underpinning a DCF valuation. The value of the Kayelekera Project is highly sensitive to the uranium price. In practice, the owner of a uranium mine may be able to command a price higher than the prevailing spot price from customers who are keen to secure long term supply. Given that the Company currently does not have any offtake agreements in place, we do not have reasonable grounds to assume contract pricing above the forecast spot price.

There is value in the project and in practice there are likely to be acquirers that would be willing to pay a higher amount if they have a more optimistic view of the technical or economic inputs underpinning the project unconstrained by the requirements of RG 170 and IS 214 and/or are willing to continue on care and maintenance until more favourable conditions arise.

If we were to use a DCF valuation incorporating the range of upside associated with increased uranium prices then the range of values would be so wide that our range of values would not be meaningful. Therefore, we requested VRM to undertake a valuation of the project in accordance with the VALMIN Code using alternative valuation methods that VRM considered to be reasonable. As such, we have relied on the comparable transactions approach utilised by VRM in valuing the Kayelekera Project.

A discussion of the potential upside associated with the Kayelekera Project is included in our assessment of whether the Schemes are reasonable, in section 16 of our Report.

As a consequence, we have employed the Sum-of-Parts methodology in estimating the fair market value of the Merged Group by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the:

- Value of A-Cap's mineral assets, as ascribed by VRM; and
- Value of A-Cap's other assets and liabilities, applying the cost approach under the NAV method.

We have chosen these methodologies for the following reasons:

- The mineral assets of the Merged Group do not currently generate any income nor are there any historical profits that could be used to represent future earnings, therefore we do not consider the application of the FME approach to be appropriate;
- As detailed above, we considered the DCF valuation approach to value the Kayelekera Project, however based on the Adjusted Model, the highest and best use value is a resource based valuation which was performed by VRM; and
- Given that we are valuing the Share Scheme Consideration, being the shares in the Merged Group that are to be received by Shareholders, we have considered the market pricing of Lotus following the



announcement of the Schemes. The market price of Lotus shares in the period following the announcement of the Schemes is considered an indicator of the value of the Merged Group because market participants are fully informed as to the terms of the Schemes, with the price reflecting the market's view of value. We note that there are other market factors which have and will influence the Lotus share price following the announcement of the Schemes. As such, we have also conducted an analysis of movements in the ASX All Ordinaries Index, as a proxy for the market and the S&P/ASX 300 Metals and Mining index as a proxy for the industry in which A-Cap and Lotus operates in, over the same post-announcement period. Further, we note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

Technical Expert

In performing our valuation of the Merged Group's mineral assets, we have relied on the Technical Specialist Report to inform our view of the value of the mineral assets of A-Cap and Lotus.

The Technical Specialist Report has been prepared in accordance with the VALMIN Code and the JORC Code. We are satisfied with the valuation methodologies adopted by VRM, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by VRM are detailed in the Technical Specialist Report contained in Appendix 4 of our Report.

10.3 Valuation of the Scheme Options

We have considered the QMP approach to value the Scheme Options as the options are listed on ASX, therefore there is a regulated and observable market on which they are traded. In order for the QMP approach to be appropriate there must be sufficient liquidity in the listed options. Our analysis of the liquidity of the Scheme Options is set out in section 13.1 of our Report.

We have also valued the Scheme Options using the Black Scholes option pricing model. The key inputs used for our valuation are set out in section 13.2 of our Report.



11. Valuation of A-Cap prior to the Schemes

11.1 Net Asset Valuation of A-Cap

The value of A-Cap's assets on a going concern basis is reflected in our valuation below:

NAV prior to the Scheme	Ref	Reviewed as at 31-Dec-22 \$	Low value \$	Preferred value \$	High value \$
CURRENT ASSETS					
Cash and cash equivalents	a)	7,793,234	2,224,132	2,224,132	2,224,132
Security deposits		61,994	61,994	61,994	61,994
Trade and other receivables		92,770	92,770	92,770	92,770
Prepayments		171,222	171,222	171,222	171,222
TOTAL CURRENT ASSETS		8,119,220	2,550,118	2,550,118	2,550,118
NON-CURRENT ASSETS					
Plant and equipment		178,724	178,724	178,724	178,724
Capitalised exploration and evaluation	b)	37,149,362	24,000,000	37,300,000	50,500,000
TOTAL NON-CURRENT ASSETS		37,328,086	24,178,724	37,478,724	50,678,724
TOTAL ASSETS		45,447,306	26,728,842	40,028,842	53,228,842
CURRENT LIABILITIES					
Trade and other payables		410,667	410,667	410,667	410,667
Provisions for employee entitlements		54,566	54,566	54,566	54,566
TOTAL CURRENT LIABILITIES		465,233	465,233	465,233	465,233
TOTAL LIABILITIES		465,233	465,233	465,233	465,233
NET ASSETS		44,982,073	26,263,609	39,563,609	52,763,609
Number of shares on issue	c)		1,272,050,471	1,272,050,471	1,272,050,471
Value per share (\$) (control)			\$0.021	\$0.031	\$0.041

Source: A-Cap's reviewed financial statements for the half-year ended 31 December 2022, quarterly cash flow report for A-Cap for the March 2023 quarter and June 2023 quarter, VRM Valuation 2023, and BDO Analysis.

We have not undertaken a review of A-Cap's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the above financial information has not been prepared on a reasonable basis. Except for the adjustments set out below, management confirm that there has been no other material movements in the net assets of the Company.

The table above indicates the net asset value of an A-Cap share is between \$0.021 and \$0.041, with a preferred value of \$0.031. We note that because the NAV method provides a value on a control basis, no further control premium adjustment is necessary.

The following adjustments were made to the net assets of A-Cap, as at 31 December 2022 in arriving at our valuation.



Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents to reflect the cash movements subsequent to the reviewed position at 31 December 2022. The below summary of cash flows have been sourced from the Company's quarterly cash flow statements, as well as bank statements covering the period from 30 June 2023 to 18 August 2023.

We have also adjusted cash and cash equivalents to reflect the estimated transaction costs to be incurred by A-Cap regardless of whether the Scheme proceeds. The adjustments to cash and cash equivalents are set out in the table below.

Cash and cash equivalents	\$
Cash and cash equivalents as at 31 December 2022	7,793,234
Less: Staff costs	(408,000)
Less: Administration and corporate cost	(513,000)
Add: Interest received	36,000
Less: Payments for property plant and equipment	(22,000)
Less: Payments for exploration and evaluation	(2,815,000)
Less: Other net cash flows	(307,234)
Cash and cash equivalents balance as at 30 June 2023	3,764,000
Less: Net cash payments subsequent to 30 June 2023	(652,268)
Less: Transaction costs of the Schemes that are yet to be paid	(887,600)
Cash and cash equivalents balance as at 18 August 2023	2,224,132

Note b) Capitalised exploration and evaluation expenditure

We instructed VRM to provide an independent market valuation of the exploration assets held by A-Cap. Additional detail on the valuation approaches adopted and the valuation assumptions can be found in the Independent Technical Specialist Report in Appendix 4. The range of values for 100% interest in the Letlhakane Project and A-Cap's 55% interest in the Wilconi Project, as assessed by VRM is set out below:

A-Cap's Mineral Assets	Low Value \$	Preferred Value \$	High Value \$
Letlhakane Project (100%)	16,300,000	21,700,000	27,100,000
Wilconi Project (55%)	7,800,000	15,600,000	23,400,000
Total (rounded)*	24,000,000	37,300,000	50,500,000

Source: Technical Specialist Report, Appendix 4

*Totals for the mineral assets may vary from the sum of the individual line items due to rounding applied by the technical specialist

Note c) Shares on issue

The number of shares on issue that we have used in our valuation of A-Cap prior to the Scheme is set out in the table below.

Shares on issue	Number
Fully paid ordinary shares on issue prior to the Share Scheme	1,242,050,471
Shares issued under the exercise of performance rights	30,000,000
Shares on issue prior to the Share Scheme	1,272,050,471



11.2 Quoted Market Prices for A-Cap securities

To provide a comparison to the valuation of A-Cap in section 11.1 we have also assessed the quoted market price for an A-Cap share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Under the Schemes, Lotus seeks to obtain 100% of A-Cap and therefore should pay a premium for control.

Therefore, our calculation of the quoted market price of an A-Cap share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a A-Cap share is based on the pricing prior to the announcement of the Schemes. This is because the value of an A-Cap share after the announcement may include the effects of any change in value as a result of the Schemes. However, we have considered the value of an A-Cap share following the announcement when we have considered reasonableness in section 16.

Information on the Schemes was announced to the market on 13 July 2023. On 12 July 2023, the Company was placed in a trading halt. Therefore, the following chart provides a summary of the share price movement over the 12 months to 11 July 2023 which was the last trading day prior to the announcement.



Source: Bloomberg



The daily closing share price of A-Cap in the period from 11 July 2022 to 11 July 2023 has ranged from a low of \$0.042 on 10 July 2023 to a high of \$0.105 on 9 September 2022. The largest single day of trading over the assessed period was 29 July 2022 with approximately 20,432,075 shares traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
21-Apr-23	March Quarterly Cash Flow and Activities Report	0.049	▼	2.0%	0.050	▲	1.0%
03-Apr-23	Change in Board Roles	0.059	▲	3.5%	0.053	▼	10.2%
28-Mar-23	Lethakane Drilling Release Amended	0.059	▲	9.3%	0.057	▼	3.4%
27-Mar-23	Drilling Completed at Lethakane Uranium Project	0.054	▼	8.5%	0.056	▲	3.7%
30-Jan-23	Wilconi Metallurgical Testwork Results	0.086	▲	6.2%	0.080	▼	7.0%
24-Jan-23	December Quarterly Cash Flow and Activities Report	0.083	▼	2.4%	0.086	▲	3.6%
19-Jan-23	Drilling commences at Lethakane Uranium Project	0.081	▼	6.9%	0.083	▲	2.5%
23-Nov-22	Wilconi Drilling Update	0.081	▶	0.0%	0.079	▼	2.5%
24-Oct-22	September Quarterly Cash Flow and Activities Report	0.073	▶	0.0%	0.084	▲	15.1%
21-Sep-22	Acap Energy Appoints Managing Director	0.084	▼	5.6%	0.075	▼	10.7%
26-Jul-22	June Quarterly Cash Flow and Activities Report	0.064	▼	8.6%	0.067	▲	4.7%
21-Jul-22	New Development Plan for Lethakane Uranium Project	0.080	▲	3.9%	0.064	▼	20.0%

Source: Bloomberg, ASX and BDO Analysis

On 28 March 2023, A-Cap released amended drilling results subsequent to the drilling results released on the day prior, which were in relation to the Lethakane Project. On the date of the announcement the share price increased by 9.3%, to close at \$0.059, before decreasing by 3.4% over the subsequent three-day trading period to close at \$0.057.

On 27 March 2023, A-Cap released drilling results in relation to Lethakane Project. On the date of the announcement the share price decreased by 8.5%, to close at \$0.054, before increasing by 3.7% over the subsequent three-day period to close at \$0.056.

On 30 January 2023, A-Cap released metallurgical test results in relation to the Company's Wilconi Project. On the date of the announcement the share price increased by 6.2%, to close at \$0.086, before decreasing by 7.0% over the subsequent three-day period to close at \$0.080.

On 19 January 2023, A-Cap announced the commencement of drilling at the Lethakane Project. On the date of the announcement the share price decreased by 6.9%, to close at \$0.081, before increasing 2.5% over the subsequent three-day period to close at \$0.083.



On 26 July 2022, A-Cap released the quarterly cash flow and activities report for the quarter ending 30 June 2022. On the date of the announcement the share price decreased by 8.6%, to close at \$0.064, before increasing by 4.7% over the subsequent three-day period to close at \$0.067

To provide further analysis of the market prices for an A-Cap share, we have also considered the volume weighted average market prices for 10, 30, 60, and 90-day periods to 11 July 2023.

Share Price per unit	11-Jul-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.043				
Volume weighted average price (VWAP)		\$0.043	\$0.047	\$0.047	\$0.050

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Share Scheme, to avoid the influence of any increase in price of A-Cap shares that has occurred since the Share Scheme was announced.

An analysis of the volume of trading in A-Cap shares for the twelve months to 11 July 2023 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.041	\$0.044	512,694	0.04%
10 Days	\$0.041	\$0.047	4,992,544	0.41%
30 Days	\$0.041	\$0.064	27,595,670	2.24%
60 Days	\$0.041	\$0.064	54,142,937	4.39%
90 Days	\$0.041	\$0.072	70,860,032	5.75%
180 Days	\$0.041	\$0.090	132,153,295	10.72%
1 Year	\$0.041	\$0.110	317,969,577	25.80%

Source: Bloomberg, BDO analysis

This table indicates that A-Cap's shares display a low level of liquidity, with 25.80% of the Company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of A-Cap, we consider the share to display a low level of liquidity, on the basis that less than 1% of the securities have been traded weekly on average, with approximately 2.24% traded over the 30



trading days prior to the announcement of the Schemes and approximately 5.75% of the Company's current issued capital being traded in the 90 trading days prior to the announcement of the Schemes.

Our assessment is that a range of values for A-Cap shares based on market pricing, after disregarding post announcement pricing, is between \$0.043 and \$0.050.

Quoted market price including control premium

Applying a control premium to A-Cap's quoted market share price results in the following quoted market price value including a premium for control:

	Low	High
	\$	\$
Quoted market price value	0.043	0.050
Control premium	25%	35%
Quoted market price valuation including a premium for control	0.054	0.068

Source: BDO analysis

Therefore, our valuation of an A-Cap share based on the quoted market price method and including a premium for control is between \$0.054 and \$0.068. We have selected a preferred value of \$0.061 being the midpoint of the above range because we do not have any reason to prefer either end of this range.

11.3 Conclusion on the value of A-Cap

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets value per share (Section 11.1)	0.021	0.031	0.041
QMP (Section 11.2)	0.054	0.061	0.068

Source: BDO analysis

We consider the net asset valuation approach to be the most appropriate methodology to value A-Cap as the core value of the Company lies in its interest in the Letlhakane and Wilconi projects, which have been independently valued by VRM, an independent technical specialist in accordance with VALMIN.

We note that the value of A-Cap derived under the net assets valuation approach is lower than the results derived under the QMP approach. This may be attributable to the following factors:

- QMP may include an element of blue sky value of A-Cap's mineral assets. We have commissioned VRM to provide a valuation of A-Cap's mineral assets as an independent technical specialist. We have instructed VRM to prepare their Technical Specialist Report in compliance with the VALMIN Code and other industry guidelines, whilst also adhering to guidance provided by ASIC's Regulatory Guides. Market participants are not governed by these industry codes and therefore may be basing their valuations on more optimistic technical and economic assumptions; and



- As detailed in section 11.2 of our Report, we consider there to be a low level of liquidity in trading of A-Cap shares, therefore the market price may not reflect the fair value of the shares.

Based on the results above we consider the value of an A-Cap share to be between \$0.021 and \$0.041, with a preferred value of \$0.031.

Pursuant to the Share Scheme, A-Cap Shareholders receive one share in the Merged Group for every 3.54 A-Cap shares held. Therefore, the relevant valuation which is used in our assessment of whether the Share Scheme is fair for Shareholders is 3.54 shares in A-Cap, which is calculated below.

	Low	Preferred	High
	\$	\$	\$
Value per A-Cap share (a)	0.021	0.031	0.041
Share Scheme ratio (b)	3.54	3.54	3.54
Value of 3.54 A-Cap shares (a x b)	0.074	0.110	0.145

12. Valuation of Share Scheme Consideration

12.1 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- the acquirer is obtaining or increasing control of the target; and
- the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

- the depth of the market for those securities;
- the volatility of the market price; and
- whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the quoted market price for a Lotus share on a minority interest basis.



12.2 Sum of Parts valuation of a share in the Merged Group

We have valued the Merged Group using a Sum-of-Parts approach, with our valuation including the:

- Value of A-Cap prior to the Schemes;
- Value of Lotus' mineral assets;
- Value of Lotus' other assets and liabilities.

Valuation of the Merged Group	Ref	Low value \$	Preferred value \$	High value \$
Value of A-Cap prior to the Schemes	11.1	26,263,609	39,563,609	52,763,609
Value of Lotus' mineral assets	12.2.1	195,900,000	261,400,000	326,800,000
Value of Lotus Resources' other assets and liabilities	12.2.2	30,791,993	30,791,993	30,791,993
Transaction costs to be incurred	12.2.3	(753,400)	(753,400)	(753,400)
Total value of the Merged Group (control)		252,202,202	331,002,202	409,602,202
Number of shares outstanding	12.2.4	1,705,704,858	1,705,704,858	1,705,704,858
Value per share (\$) (control)		0.148	0.194	0.240
Minority interest discount	12.2.5	26%	23%	20%
Value per share (\$) (minority interest)		0.110	0.149	0.192

The table above indicates the Sum-of-Parts value of a Merged Group share on a minority interest basis is between \$0.110 and \$0.192, with a preferred value of \$0.149.

12.2.1. Value of Lotus' Mineral Assets

We have instructed VRM to independently value Lotus' mineral assets being its interest in the Kayelekera Project, Livingstonia and the other exploration potential. The market values of Lotus' mineral assets are set out in the table below.

Lotus' Mineral Assets	Low Value \$	Preferred Value \$	High Value \$
Kayelekera	195,300,000	260,400,000	325,500,000
Livingstonia	400,000	500,000	600,000
Exploration potential	300,000	500,000	800,000
Total (rounded)	195,900,000	261,400,000	326,800,000

Source: Technical Specialist Report, Appendix 4

For the detail in relation to the methodologies employed and the assumptions used by VRM, refer to the Technical Specialist Report in Appendix 4.



12.2.2. Value of Lotus' Other Assets and Liabilities

The other assets and liabilities of Lotus represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with A-Cap and Lotus and our analysis of these other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between the book value and fair value unless an adjustment has been noted below.

Other assets and liabilities of Lotus	Ref	Reviewed as at 31-Dec-22 \$	Adjusted value \$
CURRENT ASSETS			
Cash and cash equivalents	a)	23,599,577	15,519,000
Other assets		1,035,777	1,035,777
TOTAL CURRENT ASSETS		24,635,354	16,554,777
NON-CURRENT ASSETS			
Plant and equipment		3,221	3,221
Exploration and evaluation assets	b)	46,799,118	-
Other financial assets	c)	14,666,800	15,053,100
TOTAL NON-CURRENT ASSETS		61,469,139	15,056,321
TOTAL ASSETS		86,104,493	31,611,098
CURRENT LIABILITIES			
Trade and other payables	d)	422,935	811,448
Provisions		7,657	7,657
Other liabilities	e)	7,400,040	-
TOTAL CURRENT LIABILITIES		7,830,632	819,105
NON-CURRENT LIABILITIES			
Provisions	f)	43,914,407	-
TOTAL NON-CURRENT LIABILITIES		43,914,407	-
TOTAL LIABILITIES		51,745,039	819,105
Other assets and liabilities (net)		34,359,454	30,791,993

Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents as at 31 December 2022 to reflect the movements over the period from 1 January 2023 to 31 July 2023. Our adjusted cash position is based on the management accounts at 30 June 2023, which has been verified against bank statements and Lotus' quarterly cash flow statement for the quarter ended 30 June 2023. This provides us with reasonable grounds for the use of the unaudited financial information in our valuation. The adjustments to cash and cash equivalents are set out below.

Cash and cash equivalents	\$
Cash and cash equivalents as at 31 December 2022	23,599,577
Less: Payments for exploration and evaluation	(333,000)
Less: Administration, corporate and staff costs	(1,235,000)
Less: Care and maintenance costs	(2,573,000)
Less: Payment to settle US\$3 million environmental bond advance	(4,518,000)
Add: Net Interest received and proceeds from exercise of options	773,000
Less: Other net cash flows and foreign exchange impacts	(194,577)
Cash and cash equivalents balance as at 30 June 2023	15,519,000



Note b) Exploration and evaluation assets

The book value of exploration and evaluation assets represents the book value of Lotus' Kayelekera Project and other mineral assets. We have adjusted this balance to nil in our valuation of other assets and liabilities because the value of Lotus' mineral assets is covered in section 12.2.1 of our Sum-of-Parts valuation.

Note c) Other financial assets

The other financial assets relates to the US\$10 million rehabilitation bond for the Kayelekera Project. The adjustment subsequent to 31 December 2022 represents foreign exchange movements.

Note d) Trade and other payables

We have adjusted trade and other payables to reflect the management accounts as at 30 June 2023. We have been provided with a breakdown of trade and other payables which reconciles to this adjusted figure. Further, we have reviewed the bank statements of Lotus subsequent to 30 June 2023 to support the completeness of this balance, therefore providing us with reasonable grounds for reliance on the unaudited financial information.

Note e) Other liabilities

Other liabilities relate to the cash and shares owing as deferred consideration to Paladin, as part of Lotus' acquisition of the Kayelekera Project. In March 2023, Lotus settled the deferred consideration through the issue of approximately 12.99 million Lotus shares and the payment of US\$3 million (approximately \$4.55 million).

Note f) Provisions

The non-current provisions of Lotus relate to the rehabilitation provisions at Kayelekera. We have adjusted this balance to nil because the value of the rehabilitation liabilities are reflected in VRM's value of the Kayelekera Project. This is because VRM has used a comparable transactions approach to value the Kayelekera Project which includes transactions over operating uranium mines. Therefore, the rehabilitation associated with acquiring these projects would be reflected in the purchase price and therefore the multiple.

12.2.3. Transaction costs to be incurred

Based on our analysis of the management accounts of Lotus and the cash flows of A-Cap and Lotus, as well as through discussions with management, we understand that approximately \$753,400 of Scheme transaction costs are yet to be incurred. Therefore, we have adjusted the valuation of the Merged Group to reflect the payment of these additional transaction costs.

12.2.4. Number of shares outstanding

The number of shares outstanding following the implementation of the Schemes is set out below.

Number of shares in the Merged Group following the implementation of the Schemes	
Number of Lotus shares on issue as at the date of our Report	1,343,982,044
Number of shares in the Merged Group to be issued to A-Cap Shareholders	359,336,291
Number of shares in the Merged Group to be issued to A-Cap Listed Option Holders	92,079
Number of shares in the Merged Group to be issued to A-Cap unlisted option holders	2,294,444
Number of shares on issue in the Merged Group following the implementation of the Scheme	1,705,704,858



12.2.5. Minority interest discount

The value of a share in the Merged Group derived under the Sum-of-Parts approach is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence on the operations and value of that company. However, if the Scheme is approved, Shareholders will be minority holders in the Merged Group, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations of that company.

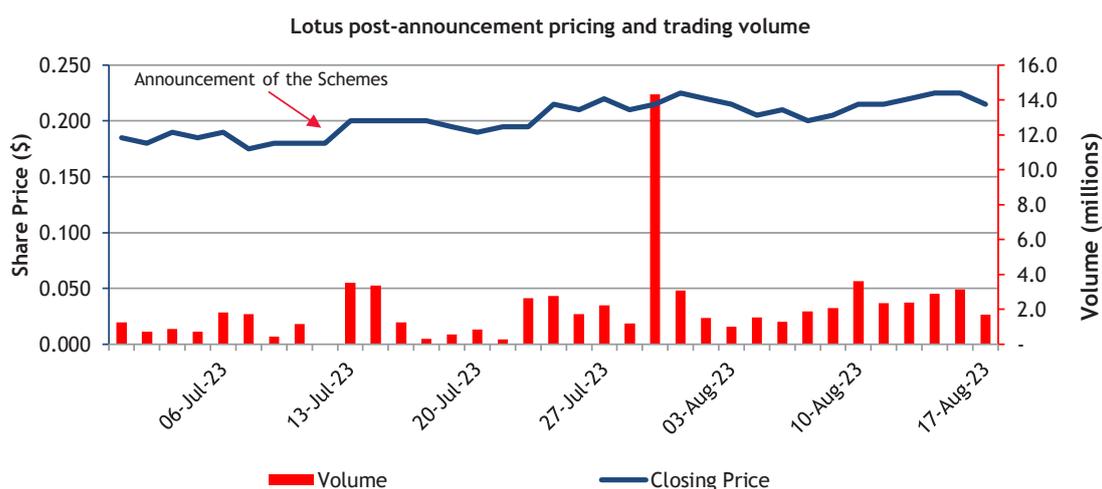
Therefore, we have adjusted our valuation of a Merged Group share following the Scheme to reflect the minority interest holding. The minority discount is based on the inverse of the control premium and is calculated using the formula $1 - (1 / (1 + \text{control premium}))$.

Based on our analysis in Appendix 3, we consider an appropriate control premium to be in the range of 25% to 35% with a midpoint of 30%. This assessed control premium range gives rise to a rounded minority discount in the range of 20% to 26%, with a rounded midpoint of 23%.

12.3 Quoted market price of a Lotus share based post-announcement pricing

Given that we are valuing the Scheme Consideration, being the shares in the Merged Group that are to be received by Shareholders, we have considered the market pricing of Lotus following the announcement of the Schemes. The market price of Lotus in the period following the announcement of the Schemes can be considered as an indicator of the value of the Merged Group because market participants are fully informed as to the terms of the Schemes, with the price reflecting the market's view of the value of a share in the Merged Group following the implementation of the Schemes.

We have analysed movements in Lotus' share price since the Schemes were announced. A graph of Lotus' share price and trading volume leading up to, and following the announcement of the Schemes are set out below.



Source: Bloomberg



Lotus was placed into a trading halt on 12 July 2023, with the Schemes being announced on 13 July 2023. Following the announcement of the Schemes, the share price closed at \$0.200 on 13 July 2023, with 3,512,858 shares traded for the day, representing approximately 0.26% of Lotus' issued capital.

Following the announcement of the Schemes, the closing share price of Lotus has fluctuated between a low of \$0.190 on 20 July 2023 to a high of \$0.225 on 15 August 2023 and 16 August 2023.

To provide further analysis of the market prices for a Lotus share following the announcement of the Schemes, we have also considered the weighted average market price for the below periods following the announcement up to 17 August 2023:

Share Price per unit	12-Jul-23	5 Days	10 Days	15 Days	20 Days	25 Days	27 Days
Closing price	\$0.180						
Volume weighted average price (VWAP)		\$0.196	\$0.196	\$0.207	\$0.208	\$0.209	\$0.210

In accordance with the guidance in RG111, we also consider it appropriate to assess the liquidity of Lotus shares before utilising the QMP basis. The table below sets out the liquidity of Lotus shares as proxied by the volume traded as a percentage of the number of shares on issue. We have conducted this analysis over the twelve months prior to the announcement of the Schemes, in order to determine whether there is sufficient trading in Lotus shares historically in order to rely on a QMP approach.

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.175	\$0.180	1,161,071	0.09%
10 Days	\$0.170	\$0.190	13,354,866	0.99%
30 Days	\$0.165	\$0.205	66,192,054	4.93%
60 Days	\$0.165	\$0.220	114,515,576	8.52%
90 Days	\$0.150	\$0.225	194,902,653	14.50%
180 Days	\$0.150	\$0.258	411,781,558	30.64%
1 Year	\$0.150	\$0.300	758,607,848	56.44%

Source: Bloomberg, BDO analysis

The table above indicates that Lotus's shares display a moderate to high level of liquidity, with 56.44% of the Company's current issued capital being traded in a twelve-month period, but less than 1% being traded in the ten days prior to the announcement of the Schemes. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Lotus, we consider the shares to display a moderate level of liquidity. In forming this view, we have considered that more than 1% of securities have been traded weekly on average, with 56.44% of



Lotus' current issued capital being traded over a twelve-month period, prior to the announcement of the Schemes. However, of the 52 weeks in which our analysis is based on, more than 1% of the Company's securities had only been traded in 22 of those weeks.

We have also analysed the liquidity of Lotus shares, as proxied by the volume traded as a percentage of the number of shares on issue, over the post announcement period up to 17 August 2023. We conduct this analysis in order to determine whether we consider the Lotus shares to be liquid and active in the period following the announcement of the Schemes.

Trading days	Closing share price low	Closing share price high	Cumulative volume traded	As a % of Issued Capital
1 Day	\$0.180	\$0.180	-	0.00%
5 Days	\$0.180	\$0.200	8,445,966	0.63%
10 Days	\$0.180	\$0.215	15,544,830	1.16%
15 Days	\$0.180	\$0.225	38,114,157	2.84%
20 Days	\$0.180	\$0.225	45,336,844	3.37%
25 Days	\$0.180	\$0.225	58,715,833	4.37%
27 Days	\$0.180	\$0.225	63,542,816	4.73%

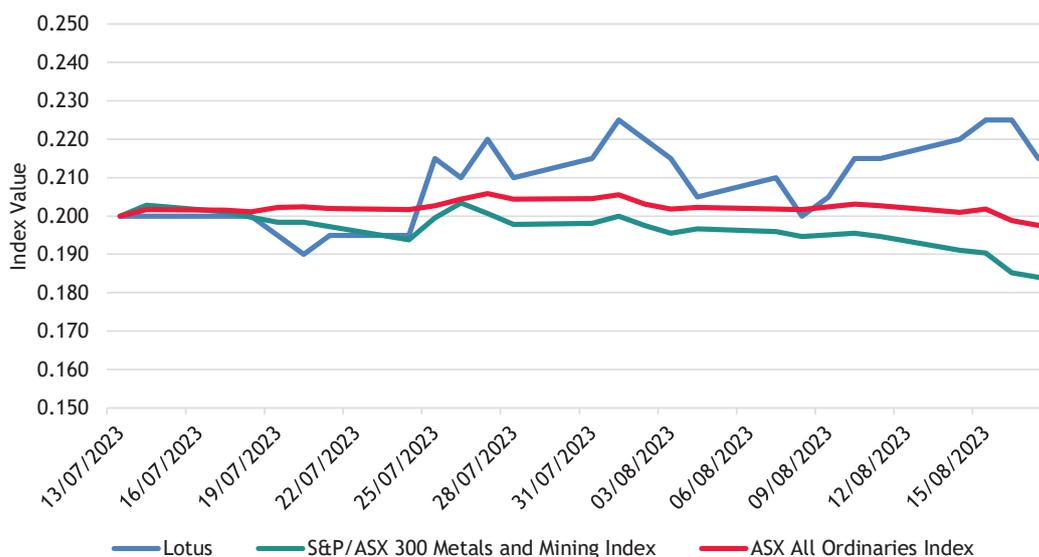
Source: Bloomberg, BDO analysis

We consider the trading following the announcement of the Schemes to also show moderate levels of liquidity with over 4.7% of Lotus' shares being traded in the period (27 trading days) following the announcement of the Schemes. However, we consider the share price over the period following the announcement of the Scheme to display high levels of volatility, with the closing share price ranging from \$0.180 to \$0.225 in the period up to 17 August 2023, reflecting a 25% fluctuation in the closing share price over the period. We consider this may indicate uncertainty in the market about the potential effect on the valuation of Lotus that may arise following the implementation of the Schemes.

We have also considered if there are other market factors which could influence the Lotus share price following the announcement of the Schemes by analysing movements in the ASX All Ordinaries Index, as a proxy for the market, and the S&P/ASX 300 Metals and Mining Index, as a proxy for A-Cap and Lotus' industry, over the same post-announcement period. Our analysis is depicted in the graph below, with each of the indices rebased to Lotus' share price following the announcement of the Schemes in order to illustrate the relative performance of the indices and Lotus.



Post-announcement pricing of Lotus and Indices



Source: Bloomberg and BDO Analysis

We note the performance of the ASX All Ordinaries Index and the S&P/ASX 300 Metals and Mining Index has remained stable over the period following the announcement of the Schemes. Therefore, we consider there is no indication that the Lotus share price has been affected by market conditions outside the operations of Lotus in the period following the announcement of the Schemes.

Further, there does not appear to be any market wide or industry events that have occurred between the announcement of the Schemes and the date of our Report that would distort our assessment of the impact of the Schemes on the value of a Merged Group share. However, the high volatility in the Lotus share price over the post-announcement period may indicate uncertainty in the market about the potential effect of the Schemes on the valuation of Lotus as a proxy for the Merged Group.

Based on the above analysis, we consider there to be sufficient liquidity in Lotus' shares to use the QMP approach as a broad cross check to our primary valuation, but not enough liquidity in order to use market pricing as a primary approach.

Our assessment of QMP valuation for Lotus' shares based on post-announcement market pricing is between \$0.18 and \$0.22, with our preferred QMP value being a midpoint of \$0.20. We have selected a midpoint because we do not have a reason to select either end of this range as a preferred value.



12.4 Conclusion on the value of a share in the Merged Group following the implementation of the Scheme

The results of the valuations performed are summarised in the table below:

	Ref	Low \$	Preferred \$	High \$
Sum-of-Parts value of a share in the Merged Group (minority basis)	12.2	0.110	0.149	0.192
Post-announcement quoted market price of Lotus (minority basis)	12.3	0.18	0.20	0.22

Source: BDO analysis

We consider the Sum-of-Parts approach to be the most appropriate methodology to value the Merged Group as the core value of the company lies in the Kayelekera Project and the Letlhakane Project, which have been independently valued by VRM, an independent technical specialist in accordance with VALMIN. Further, given that there are less than 30 trading days on which to base a post-announcement market pricing valuation and the significant volatility in the share price over the post-announcement period, we do not consider the market price to be an appropriate primary methodology.

We note that the value of the Merged Group derived under the Sum-of-Parts valuation approach is lower than the results derived under the QMP approach. This may be attributable to the following factors:

- QMP may include an element of blue sky value of both A-Cap's and Lotus' mineral assets. We have commissioned VRM to provide a valuation of A-Cap's mineral assets as an independent technical specialist. We have instructed VRM to prepare their Technical Specialist Report in compliance with the VALMIN Code and other industry guidelines, whilst also adhering to guidance provided by ASIC's Regulatory Guides. Market participants are not governed by these industry codes and therefore may be basing their valuations on more optimistic technical and economic assumptions;
- Specifically, as detailed in section 16, there are uranium price forecasts may result in the value of the Kayelekera Project exceeding the value ascribed by VRM. Therefore, the market may be valuing the Kayelekera Project factoring in more optimistic pricing assumptions; and
- As detailed in section 12.3 of our Report, we consider there to be a moderate level of liquidity in trading of Lotus shares, therefore the market price may not reflect the fair value of the shares.

Based on the results above we consider the value of a share in the Merged Group, on a minority interest basis, to be between \$0.110 and \$0.192, with a preferred value of \$0.149.

13. Valuation of the Scheme Options

13.1 QMP valuation

As detailed in section 5.7, the Company has 46,039,445 listed options on issue that have an exercise price of \$0.20 and expire on 15 March 2024. Given that the options are listed on the ASX, there is a regulated and observable market on which the options are traded. Therefore, we have considered a QMP approach to valuing the Scheme Options.



Information on the Schemes was announced to the market on 13 July 2023. On 12 July 2023, the Company was placed in a trading halt. Therefore, the following chart provides a summary of the option price movement over the 12 months to 11 July 2023 which was the last trading day prior to the announcement.



In determining the value of the Scheme Options, we have considered the volume weighted average market prices for 10, 30, 60, and 90-day periods to 11 July 2023.

Option Price per unit	11-Jul-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.003				
Volume weighted average price (VWAP)		\$0.003	\$0.003	\$0.004	\$0.004

The above weighted average prices are prior to the date of the announcement of the Option Scheme, to avoid the influence of any increase in price of the Scheme Options that has occurred since the Option Scheme was announced.

An analysis of the volume of trading in the Scheme Options for the twelve months to 11 July 2023 is set out below:

Trading days	Option price low	Option price high	Cumulative volume traded	As a % of number of options
1 Day	\$0.003	\$0.003	-	0.00%
10 Days	\$0.003	\$0.003	866,578	1.88%
30 Days	\$0.003	\$0.005	1,194,362	2.59%
60 Days	\$0.003	\$0.007	2,758,714	5.99%
90 Days	\$0.003	\$0.015	2,866,012	6.23%
180 Days	\$0.003	\$0.030	6,095,734	13.24%
1 Year	\$0.000	\$0.037	10,022,570	21.77%

Source: Bloomberg, BDO analysis

This table indicates that the Scheme Options display a low level of liquidity, with 21.77% of the Company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the



securities and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market for listed options:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's options must not be so great that a single minority trade can significantly affect the value of the listed options; and
- There are no significant but unexplained movements in the price of the options.

A company's securities should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its securities cannot be considered relevant.

In the case of A-Cap, we consider the Listed Options to display a low level of liquidity, on the basis that less than 1% of the securities have been traded weekly on average, with approximately 13.24% traded over a six month period, and approximately 6.23% of the Company's Listed Options on issue being traded in the 90 trading days prior to the announcement of the Schemes.

Therefore, rather than rely on a QMP of the Scheme Options, we have assessed the value of the Scheme Options using the Black Scholes Option Pricing Model set out in Section 13.2 of our Report.

Our assessment is that a range of values for Scheme Options based on market pricing, after disregarding post announcement pricing, is between \$0.003 and \$0.004. Therefore, the value of 500 Scheme Options using the QMP approach is between \$1.50 to \$2.00. We have selected a preferred value of \$1.75 being the midpoint of this range as we do not have any reason to select a value on either end of this range.

13.2 Black Scholes Valuation of the Scheme Options

The terms of the Scheme Options are as follows:

Item	
Number of Scheme Options	46,039,445
Exercise price	\$0.20
Valuation Date	11-Jul-23
Expiry date	15-Mar-24
Time to expiry (years)	0.68

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the value of the Scheme Options.

In valuing the Scheme Options, we made the following assumptions regarding the inputs required for our option pricing model:

Value of the Underlying Shares

Based on our assessment of the value of an A-Cap share in section 11.3, we have used the low, preferred and high range values of \$0.021, \$0.031 and \$0.041 per share as the value of the underlying share to obtain the low, preferred and high range values for the Scheme Options.



Exercise Price of the Scheme Options

The exercise price is the price at which the underlying ordinary shares will be issued. For the Scheme Options, the exercise price is \$0.20.

Valuation Date

We have valued the Scheme Options as at 11 July 2023, being the last trading day prior to the announcement of the Schemes. This removes the effect that the announcement of the Schemes may have had on the price of the underlying share.

Life of the Scheme Options

We have estimated the life of the Scheme Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is approximately 0.68 years for the Scheme Options. We have assessed the life of the Scheme Options from the valuation date, being the last trading day prior to the announcement of the Schemes to the expiry date of 15 March 2024.

For the purpose of valuing the Scheme Options, we have estimated an exercise date as the expiry date giving effective lives for the Scheme Options of 0.68 years, which we have input into the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of A-Cap was calculated over one, two and three year periods prior to the announcement of the Schemes, using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 100% for A-Cap in our pricing model.

Risk-free Rate of Interest

We have used the Australian Government 2-year bond rate of 4.24% as at the valuation date as an input into our option pricing model.



Dividends Expected on the Scheme Options

A-Cap is currently unlikely to pay a dividend during the life of the Scheme Options. Therefore, we have assumed a dividend yield of nil.

Conclusion on the value using the Black Scholes option pricing model

We have set out below our conclusions as to the value of the Scheme Options:

Item	Low	Preferred	High
Underlying closing share price	\$0.021	\$0.031	\$0.041
Exercise price	\$0.200	\$0.200	\$0.200
Valuation date	11-Jul-23		
Expiry date	15-Mar-24		
Time to expiry (years)	0.68		
Volatility	100%		
Risk-free rate	4.24%		
Number of Scheme Options	46,039,445	46,039,445	46,039,445
Valuation per A-Cap Listed Option	\$0.000050	\$0.000270	\$0.000790
Valuation per 500 Scheme Options	\$0.025	\$0.135	\$0.395

Source: BDO Analysis

The value of 500 Scheme Options is in the range of \$0.025 to \$0.395 with a preferred value of \$0.135.

13.3 Conclusion on the value of 500 Scheme Options

The results of the valuations performed are summarised in the table below:

	Ref	Low \$	Preferred \$	High \$
Value of 500 Scheme Options using a quoted market pricing approach	13.1	1.50	1.75	2.00
Value of 500 Scheme Options using the Black Scholes option pricing model	13.2	0.025	0.135	0.395

We note that there is a significant difference in the value of the Scheme Options when using the QMP approach compared to the values derived by the Black Scholes option pricing model. We attribute this difference in value to the quoted market price not reflecting the underlying fair value of the Scheme Options. This is due to the short remaining life of the Scheme Options, the fact the Scheme Options are out-of-the-money and our assessed low level of liquidity for the Scheme Options, as detailed in section 13.1.

Therefore, we have used our professional judgement in utilising the Black Scholes option pricing model to value the 500 Scheme Options. Our assessed value of 500 Scheme Options is in the range of \$0.025 to \$0.395 with our preferred value being \$0.135. Our preferred value is derived from the output of the Black Scholes option pricing model, using our preferred value of the underlying share, which is an input to the Black Scholes option pricing model.



14. Valuation of Option Scheme Consideration

The Option Scheme Consideration is one share in the Merged Group, therefore as detailed in section 12.4, one share in the Merged Group is valued between \$0.110 and \$0.192, with a preferred value of \$0.149.

15. Are the Schemes fair?

15.1 Share Scheme

The value of 3.54 shares in A-Cap prior to the implementation of the Schemes, on a control basis, and the value of one share in the Merged Group to be received by Shareholders as consideration under the Share Scheme, on a minority interest basis, is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of 3.54 shares in A-Cap prior to the Schemes (control basis)	11.3	0.074	0.110	0.145
Value of one share in the Merged Group (minority basis)	12.4	0.110	0.149	0.192

We note from the table above that the value of a share in the Merged Group following the implementation of the Schemes (on a minority interest basis) is higher than the value of 3.54 A-Cap shares prior to the Schemes (on a control basis). Therefore, we consider that the Share Scheme is fair for Shareholders.

15.2 Option Scheme

The value of 500 Scheme Options prior to the implementation of the Schemes, on a control basis and the value of the Option Scheme Consideration (being one share in the Merged Group), is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of 500 Scheme Options (control basis)	13.2	0.025	0.135	0.395
Value of Option Scheme Consideration, being one share in the Merged Group (minority basis)	14	0.110	0.149	0.192

We note from the table above that the value of the Option Scheme Consideration overlaps with the value of 500 Scheme Options. Therefore, we consider that the Option Scheme is fair for Listed Option Holders.



16. Are the Schemes reasonable?

16.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of A-Cap a premium over the value resulting from the Scheme.

16.2 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

16.2.1. The Schemes are fair

As set out in section 15, the Schemes are fair. RG111.12 states that an offer is reasonable if it is fair.

16.2.2. The Schemes provide Shareholders with exposure to a uranium project that has a pathway to production in the near term

The mineral assets of A-Cap, being its Letlhakane Project and its 55% interest in the Wilconi Project are currently in the exploration phase, and as such, the shareholders of A-Cap currently have no immediate exposure to a cash generating asset. If the Schemes are implemented, Shareholders will gain exposure to the Kayelekera Project which is closer to production than A-Cap's existing exploration assets. Although Kayelekera is not currently producing, it has produced historically, with the project currently on care and maintenance. We consider this exposure to be a benefit to Shareholders, as it increases the likelihood of Shareholders participating in the upside of a profitable project. If profits are generated from the Kayelekera Project, Shareholders would benefit either through the re-investment of returns to fund other exploration or development of the Letlhakane Project, or through the payment of dividends to Shareholders.

16.2.3. The Schemes provide Shareholders with increased exposure to the potential for value accretion should the uranium price increase

As outlined in section 16.2.2 above, the Schemes provide Shareholders with exposure to the Kayelekera Project which is closer to production than A-Cap's exploration assets. This is also an advantage because if the uranium price increases, there is a greater likelihood of Shareholders participating in any value accretion from this increase if they have an interest in a near term producing asset than if their only exposure to the uranium industry is through holding exploration assets. This is because exploration assets, by their nature, are earlier in the life cycle of a mining project and are therefore subject to greater risks. These risks can prevent exploration assets from capitalising on a higher commodity price.

Notwithstanding, higher commodity prices will often flow through as value accretion to exploration companies, however it typically requires a liquidity event such as a takeover, or a capital raise for this value to be realised. Whereas, for a producing company the higher commodity prices will often have an immediate impact on operating cash flow and profit, through increased revenue.

Further, as set out in section 10.2, we considered valuing the Kayelekera Project using a DCF valuation. Based on our valuation analysis, we considered it appropriate to not rely on the DCF value as the resource based valuation gave a higher value, therefore representing its highest and best use, based on current uranium forecast pricing. However, we note the economic viability of the Kayelekera Project is highly sensitive to the forecast uranium price assumed in the Model. In determining our assessed value using a



DCF, we are limited to only using assumptions for which we have reasonable grounds, as set out in ASIC’s guidance in RG 170 and IS 214. Therefore, in the preparation of the Adjusted Model, we considered analyst consensus forecast pricing that is released by Consensus Economics. Based on this pricing, the results of the DCF valuation would suggest that under those pricing assumptions, the highest value would not be obtained from operating the mine at the current consensus forecast uranium prices.

As detailed in our industry analysis in section 9 of our Report, demand for uranium is expected to increase and the general consensus is that the uranium price is expected to slowly increase as the world continues to seek clean energy sources. As a result of this increased demand, there are price forecasts available that would support a higher valuation than those values ascribed by the Kayelekera Project by VRM. For example, the Department of Industry, Science and Resources publishes a real price forecast (in 2023 dollars) of US\$60.1/lb and US\$61.8/lb for 2024 and 2025. Based on BDO’s assessed inflation assumptions, this results in a nominal price forecast of US\$61.6 at the end of 2024 and US\$63.4 at the end of 2025. This forecast is above the assessed forecast based on Consensus Economics pricing and therefore if this pricing eventuates, it may result in a higher value being realised. By approving the Schemes, Shareholders gain exposure to this potential upside of more favourable uranium pricing and any value accretion which may occur as a result.

16.2.4. Creates a group with a stronger balance sheet and access to Lotus’ cash reserves

If the Scheme is implemented, Shareholders will hold shares in the Merged Group, which will have increased net assets, be larger in size and have an increased market capitalisation compared to A-Cap. The Merged Group will also have combined cash and cash equivalents of approximately \$19 million (based on the adjusted cash balances set out in section 11.1 and section 12.2.2 of our Report). This will provide the Merged Group with a working capital buffer, whilst allowing it to pursue other investment or exploration opportunities. This additional funding may also be able to be utilised to partly fund exploration and development at A-Cap’s Letlhakane Project.

16.2.5. The Scheme Consideration offers Shareholders a premium to the last traded price of an A-Cap share prior to the announcement of the Schemes

Based on our analysis of Lotus market pricing following the announcement of the Schemes (as set out in section 12.3 of our Report), the Share Scheme Consideration (being one Lotus share) offers A-Cap shareholders a premium to the last traded price of A-Cap prior to the announcement of the Schemes.

The Schemes were announced on 13 July 2023. On the date the Schemes were announced the share price of Lotus closed at \$0.20, up 11% from the pre-announcement share price. Following the announcement of the Schemes, the closing share price of Lotus has fluctuated between a low of \$0.190 on 20 July 2023 to a high of \$0.225 on 15 August 2023 and 16 August 2023.

The VWAP’s of Lotus following the announcement of the Schemes are set out in the table below.

Share Price per unit	12-Jul-23	5 Days	10 Days	15 Days	20 Days	25 Days	27 Days
Closing price	\$0.180						
Volume weighted average price (VWAP)		\$0.196	\$0.196	\$0.207	\$0.208	\$0.209	\$0.210

As detailed in section 12.2, we consider the quoted market price valuation of a Lotus share following the announcement of the Schemes to be in the range of \$0.18 to \$0.22, with our preferred value being midpoint of \$0.20.



Pursuant to the Share Scheme, Shareholders will receive one share in the Merged Group for every 3.54 shares in A-Cap that they hold.

A-Cap's closing price on the last trading day prior to the announcement of the Schemes was \$0.043. Therefore, based on the closing price prior to the announcement of the Schemes, 3.54 shares in A-Cap has a value of \$0.152, which is below our assessed post-Scheme market price valuation of between \$0.18 to \$0.22 with a preferred value of \$0.20.

Therefore, based on market pricing available on market for an individual A-Cap shareholder, the Share Scheme is value accretive, such that if Shareholders elected to realise their investment on market, the value of the proceeds would likely be higher if the Scheme is implemented.

16.2.6. The Merged Group will have a larger market presence, which may result in improved liquidity and increased ability to raise capital

Based on the market capitalisations of both A-Cap and Lotus prior to the announcement of the Schemes, if the Schemes are implemented, then the Merged Group will have an implied market capitalisation of approximately \$294.9 million. The increased size may result in increased analyst coverage and increased levels of trading liquidity. We note that our assessment of the liquidity of an A-Cap share was that it displays a low level of liquidity with only 2.24% of the Company's current issued capital being traded over the 30 trading days prior to the announcement of the Scheme. Whereas, we consider Lotus to display a moderate to high level of liquidity with more than double this level of trading (4.93%) over the same 30 trading day period prior to the announcement of the Schemes and 56.44% over the 12 months prior to the announcement of the Schemes.

Increased analyst coverage and improved liquidity may increase the attractiveness of the Merged Group's shares and may lead to an improvement in its ability to raise capital, should it be required.

16.2.7. Shareholders are not foregoing the opportunity to receive a control premium in the future

Pursuant to ASIC's regulatory guides, we have assessed the Share Scheme as a control transaction. Notwithstanding, no individual shareholder will hold a controlling interest in the Merged Group, with the substantial shareholders of the Merged Group being KRPL and Singapore Shenke who will hold approximately 10.29% and 7.75% of the issued capital of the Merged Group respectively. Based on shareholdings as at the date of our Report, no other shareholder will hold 5% or more of the issued capital of the Merged Group.

Therefore, the Share Scheme does not preclude Shareholders from receiving a control premium in the future and is unlikely to deter a future takeover offer from being made.

16.3 Disadvantages of Approving the Schemes

If the Schemes are approved, in our opinion, the potential disadvantages to Shareholders include those set out below:

16.3.1. Dilution of Shareholders' and Listed Option Holders' interests and exposure to the Letlhakane Project and Wilconi Project

Following the implementation of the Schemes, Shareholders' and Listed Option Holders' interests will be diluted from holding 100% of the issued capital of A-Cap to holding approximately 21.2% of the Merged



Group. Therefore Shareholders' and Listed Option Holders' ability to participate in the potential upside of the company's Letlhakane Project and Wilconi Project, should it materialise, will be reduced as a result of the Schemes.

16.3.2. The value of the Scheme Consideration is variable and may not align with Shareholders' risk preferences

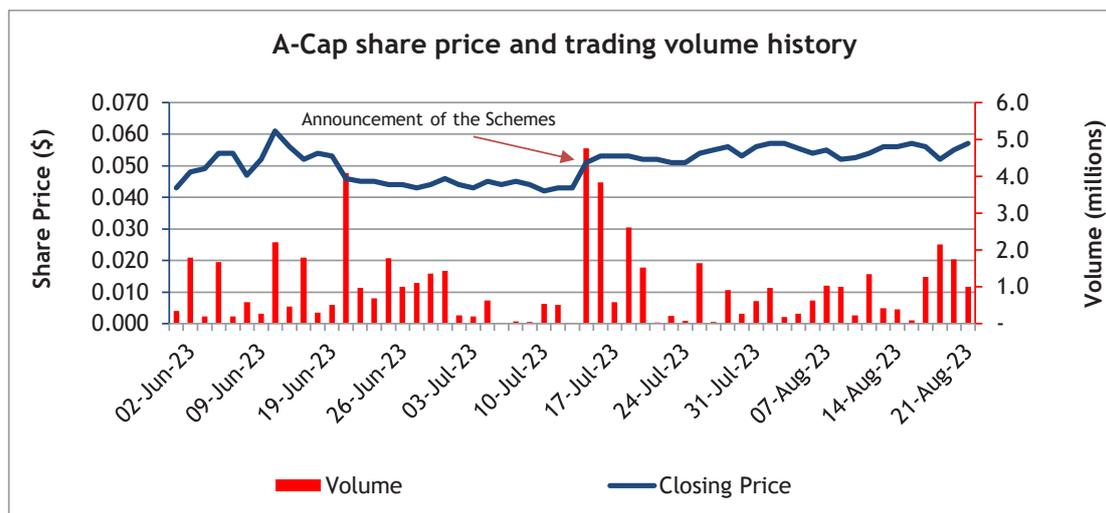
If the Schemes are approved, Shareholders will no longer hold shares in an exploration company with an interest in the Letlhakane Project and the Wilconi Project, and instead will receive shares in the Merged Group. This means that the value of the Share Scheme Consideration and Option Scheme Consideration will vary over time based on the performance of the Merged Group. Therefore, following the implementation of the Schemes, Shareholders will be exposed to the risks of the Merged Group and to changes in the value of the Merged Group. The risks of the Merged Group are detailed in Section 10 of the Scheme Booklet.

Further, although we consider the diversification and exposure to a nearer term producing asset to be an advantage to Shareholders more broadly, it may be considered a disadvantage to particular Shareholders if their risk preferences do not align with holding shares in the enlarged group.

16.4 Consequences of not Approving the Schemes

16.4.1. Potential decline in share price

We have analysed movements in A-Cap's share price since the Schemes were announced. A graph of A-Cap's share price and trading volume leading up to, and following the announcement of the Schemes is set out below.



Source: Bloomberg

The closing price of an A-Cap share from 1 June 2023 to 21 August 2023 ranged from a low of \$0.042 on 10 June 2023 to a high of \$0.061 on 13 June 2023.

The Schemes were announced on 13 July 2023. The Company was placed in a trading halt on the day prior, being 12 July 2023. On 11 July 2023, the last trading day prior to the announcement, the share price



closed at \$0.043. Following the announcement of the Schemes, the daily share price of A-Cap has fluctuated from a low of \$0.051 to a high of \$0.057.

Given the above analysis it is possible that if Scheme is not approved then A-Cap's share price may decline to pre-announcement levels.

16.4.2. Listed Option Holders may be left holding an option over an unlisted share

If the Share Scheme is approved by Shareholders and the Court, but the Option Scheme is not approved, the merger will still proceed and Lotus will acquire the entire issued capital of A-Cap, but the Listed Option Holders will continue to hold their Scheme Options. This is because in accordance with Clause 3.2 (a)(iii) of the SID provides that the Listed Option Holder approval precedent for the Schemes can be waived upon receipt of written consent from Lotus.

Specifically, in this scenario, Lotus would consider all alternatives available to it, either under the Corporations Act, or by private treaty, or by taking no immediate action, in which case the Listed Option Holders, who subsequently exercise their Scheme Options would become minority holders of A-Cap (which will have become a subsidiary of Lotus and may have been delisted from the ASX). Therefore, if the Share Scheme is implemented, but the Option Scheme is not approved, the Listed Option Holders may hold options over an unlisted share. Given that the option may be over an unlisted share for which there is no market on which the shares can be traded, this would reduce the value of the underlying share and therefore the value of the Scheme Option.

Further, if the Listed Option Holders exercise their options, they may hold shares in an unlisted company. This means that Listed Option Holders' opportunity to realise their investment may be limited, and if they do realise their investment, given the lack of liquidity, it may be at a significant discount to the current value implied by the Option Scheme. Lotus may also exercise its compulsory acquisition rights under Part 6A.2 of the Corporations Act. The detail of Lotus' compulsory acquisition rights can be found in Section 4.19 of the Scheme Booklet.

16.4.3. Transaction costs will be incurred by A-Cap

If the Schemes are not implemented, transaction costs of approximately \$1.12 million will be borne by A-Cap. Further, a potential break fee of 1% of the aggregate Share Scheme Consideration and Option Scheme Consideration may be payable in certain circumstances. The conditions around the payment of the break fee are set out in section 4 of our Report and are detailed in the Scheme Booklet and SID.

16.4.4. A-Cap will be required to raise capital

If the Schemes are not implemented, A-Cap will be required to raise capital in order to fund its future operations. If Shareholders do not participate in the capital raising, their interests will be diluted. Further, the terms of such a fund raising may be less advantageous to the Company, and to Shareholders.

16.5 Other considerations

16.5.1. Tax implications

Shareholders and Listed Option Holders are directed to Section 11 of the Scheme Booklet for a more detailed explanation of the tax implications of the Schemes for Shareholders and Listed Option Holders.



We emphasise that the tax circumstances of each security holder can differ significantly and individual security holders are advised to obtain their own specific advice.

17. Conclusion

17.1 Share Scheme

We have considered the terms of the Share Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Share Scheme is fair and reasonable to the Shareholders of A-Cap. Therefore, the Share Scheme is in the best interests of Shareholders.

17.2 Option Scheme

We have considered the terms of the Option Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Option Scheme is fair and reasonable to the Listed Option Holders of A-Cap. Therefore, the Option Scheme is in the best interests of Listed Option Holders.

18. Sources of information

This report has been based on the following information:

- Scheme Booklet on or about the date of this report;
- Audited financial statements of A-Cap and Lotus for the years ended 30 June 2022 and 30 June 2021
- Reviewed financial statements of A-Cap and Lotus for the period ended 31 December 2022;
- Unaudited management accounts of Lotus for the period ended 30 June 2023;
- Quarterly cash flow reports of A-Cap and Lotus for the periods ended 31 March 2023 and 30 June 2023;
- Independent Valuation Report of A-Cap and Lotus' mineral assets dated 15 September 2023 performed by VRM;
- Scheme Booklet;
- Share registry information of A-Cap;
- Share registry information of Lotus;
- Announcements made by A-Cap and Lotus through the ASX;
- Bloomberg;
- Consensus Economics;
- World Nuclear Association - World Uranium Mining Production, May 2023;
- Department of Industry Science and Resources, Office of the Chief Economist's Resources and Energy Quarterly for June 2023;
- RBA Monetary Policy Decisions dated August 2023 and prior periods;
- Information in the public domain; and
- Discussions with Directors and Management of A-Cap and Lotus.



19. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$80,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by A-Cap in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the A-Cap, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to A-Cap and Lotus and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of A-Cap and Lotus and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with A-Cap or Lotus, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to A-Cap, Lotus and their advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

20. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.



Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Ashton has over twelve years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

21. Disclaimers and consents

This report has been prepared at the request of A-Cap for inclusion in the Scheme Booklet which will be sent to all A-Cap Shareholders. A-Cap engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed scheme of arrangement with Lotus, under which, it is proposed that Lotus will acquire 100% of the shares in A-Cap.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Scheme. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Lotus and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of A-Cap, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations of the mineral assets held by A-Cap and Lotus, performed by VRM. The valuer engaged for the mineral asset valuation, VRM, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.



The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read "Sherif Andrawes".

Sherif Andrawes
Director

A handwritten signature in black ink, appearing to read "Adam Myers".

Adam Myers
Director



Appendix 1 - Glossary of Terms

Reference	Definition
\$ or AUD	Australian Dollar
A-Cap	A-Cap Energy Limited
A-Cap Performance Rights	The 30 million performance rights in A-Cap, held by the Directors of the company
Additional Placement	A \$3.25 million placement made by A-Cap, under the same terms of the oversubscribed rights issue announced on 22 October 2021
Adjusted Model	Means the DCF valuation model used to value Lotus' Kayelekera Project, provided to BDO by Lotus which has been adjusted by BDO per Section 10.2 of this report
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BOP	Balance of payments
Capital Raising	A \$25 million placement (before costs) made to professional and institutional investors at \$0.24 per share, announced by Lotus on 2 September 2022
CEO	Chief Executive Officer
CEO Rights	A tranche of performance rights totalling 5 million rights issued to former A-Cap CEO Dr Andrew Tunks
Company	A-Cap Energy Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DEA	Department of Environmental Affairs, Botswana
Deferred Consideration	Consideration paid by Lotus to Paladin Energy in relation to Lotus' acquisition of Kayelekera, being \$3 million of Lotus shares issued on the 3rd anniversary of the acquisition of Kayelekera
DFS	Definitive Feasibility Study



Reference	Definition
Environmental Bond Advance	A sum of US\$10 million paid by Lotus to Paladin Energy, in relation to an environmental bond established with the Malawi Government
ESCOM	Electricity Supply Corporation of Malawi Limited
FDI	Foreign direct investment
FEED	Front End Engineering Design
FID	Final investment decision
FME	Future Maintainable Earnings
FSG	Financial Services Guide
Fund Finders	Exploration companies that have raised capital exceeding \$10 million in the quarter
GDP	Gross Domestic Product
IS 214	Information Sheet 214: Mining and Resources: Forward-looking Statements
JV Agreement	A definitive Farm-In Joint Venture Agreement, entered into by A-Cap and Wiluna on 20 December 2018 by which Wiluna would acquire up to 75% of the Wilconi Project
Kayelekera Project	Lotus' flagship uranium project, located in Northern Malawi
km ²	Square kilometres
km	Kilometres
KRPL	Kayelekera Resources Pty Ltd
lb	Pound (unit of measure for weight)
Letlhakane Project	A-Cap's flagship uranium project, located in Botswana, Africa
Lily Resources	Lily Resources Pty Ltd
Listed Option Holders	Means a holder of listed options in A-Cap
Livingstonia	Lotus' uranium deposit located in Northern Malawi
LOM	Life of mine
Lotus	Lotus Resources Limited
Lotus (Africa)	Lotus (Africa) Limited
MDA	The Mine Development Agreement, currently being negotiated with Lotus and the Malawi Government, which is in relation to Lotus' Kayelekera Project
Merged Group	The combined companies of A-Cap and Lotus, following the implementation of the Scheme



Reference	Definition
Mlb	Million pounds (unit of measure for weight)
Model	Means the DCF valuation model used to value Lotus' Kayelekera Project, provided to BDO by Lotus
MRE	Mineral Resources Estimate
mt	Million tonnes
MTC	Malawi Investment and Trade Centre
NAV	Net Asset Value
Option Deeds	Means the option cancellation deeds entered into by holders of the unlisted options of A-Cap, by which signatories will receive shares in the Merged Group, subject to the Share Scheme becoming effective
Option Scheme	The scheme arrangement by which Lotus will acquire the listed options of A-Cap
Option Scheme Consideration	The consideration paid to A-Cap Listed Option Holders by Lotus, being 1 share in the Merged Group for every 500 Listed Options held
our Report	This Independent Expert's Report prepared by BDO
Paladin Energy	Paladin Energy Limited
PFS	Preliminary Feasibility Study
ppm	Parts per million
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001
Reimbursement Fee	A break fee totalling 1% of the aggregate Share Scheme Consideration
Re-Start DFS	A definitive feasibility study conducted by Lotus in relation to the Kayelekera Project, completed in August 2022
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Regulatory Guide 170 'Prospective Financial Information'
RG 60	Schemes of arrangement (September 2011)
RoM	Run of mine
Schemes	Collectively the Share Scheme and Option Scheme
Scheme Options	Listed A-Cap options, which are subject to the Option Scheme



Reference	Definition
Section 411	Section 411 of the Corporations Act
Share Scheme	The scheme of arrangement by which Lotus will acquire the entire issued capital of A-Cap, pursuant to the SID
Share Scheme Consideration	The consideration paid to A-Cap Shareholders by Lotus, being 1 share in the Merged Group for every 3.54 A-Cap shares held
Shareholder	Means a shareholder of A-Cap
SID	The Scheme Implementation Deed between Lotus and A-Cap dated 12 July 2023
Singapore Shenke	Singapore Shenke International Pte Ltd
SPUT	Sprott Physical Uranium Trust
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Technical Specialist	Valuation and Resource Management Pty Ltd
Technical Specialist	The independent technical assessment and valuation report prepared by Valuation and Resource Management Pty Ltd
The Act	The Corporations Act 2001 Cth
U3O8	Tri uranium octoxide
USD	United States Dollar
UxC	U3O8 price indicator
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VRM	Valuation and Resource Management Pty Ltd
VWAP	Volume Weighted Average Price
we, us, or ours	BDO Corporate Finance (WA) Pty Ltd
Wilconi Project	A-Cap's nickel-cobalt project located in Western Australia
Wiluna	Wiluna Mining Corporation



Copyright © 2023 BDO Corporate Finance (WA) Pty Ltd

All rights reserved. No part of this publication may be reproduced, published, distributed, displayed, copied or stored for public or private use in any information retrieval system, or transmitted in any form by any mechanical, photographic or electronic process, including electronically or digitally on the Internet or World Wide Web, or over any network, or local area network, without written permission of the author. No part of this publication may be modified, changed or exploited in any way used for derivative work or offered for sale without the express written permission of the author.

For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Australia



Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.



Appendix 3 - Control Premium

The concept of a premium for control reflects the additional value that is attached to a controlling interest. We have reviewed control premiums on completed transactions, paid by acquirers for general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

General Mining Companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	8	152.13	28.39
2022	9	1929.92	22.67
2021	6	1235.14	29.89
2020	6	494.17	33.24
2019	11	153.60	36.27
2018	9	61.53	39.47
2017	5	13.91	35.21
2016	11	66.19	51.54
2015	9	340.83	57.86
2014	15	113.69	41.79
2013	11	121.44	31.04

Source: Bloomberg, BDO Analysis

All ASX-listed Companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	14	418.34	30.59
2022	39	3,199.03	23.39
2021	33	1,420.58	33.59
2020	25	451.20	37.66
2019	43	3,161.24	29.90
2018	42	1,158.47	31.08
2017	29	973.72	37.91
2016	38	788.28	36.82
2015	34	828.15	34.10
2014	45	517.00	37.98
2013	32	104.81	30.76

Source: Bloomberg, BDO Analysis



The mean and the median of the entire data sets comprising control transactions from 2013 onwards for general mining companies and all ASX-listed companies, are set out below:

Entire Data Set Metrics	General Mining Companies		All ASX-Listed Companies	
	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)
Mean	384.83	37.96	1294.58	32.97
Median	42.52	32.67	123.39	28.99

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company. In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

The table above indicates that the long-term average control premium by acquirers of general mining companies and all ASX-listed companies is approximately 34.66% and 29.51% respectively. However, in assessing the transactions, we noted transactions that appear to be extreme outliers.

These outliers included 11 general mining company transactions and 27 ASX-listed company transactions, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 32.67% for general mining companies and 29.99% for all ASX-listed companies.



Based on the above, we consider an appropriate premium for control to be between 25% and 35%.

The minority discount is calculated from the control premium identified, using the formula $[1 - (1/(1+\text{Control Premium}))]$. Therefore, the minority discount (rounded to the nearest percentile) is in the range from 20% to 26%.

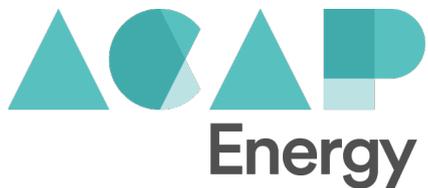


Appendix 4 - Independent Valuation Report



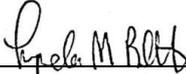
INDEPENDENT TECHNICAL ASSESSMENT
AND VALUATION REPORT

Presented to:
A-Cap Energy Limited



Date Issued
15 September 2023



Document Reference	A-Cap Energy ITAR August 2023 Rev7	
Distribution	BDO Corporate Finance (WA) Pty Ltd A-Cap Energy Limited Lotus Resources Limited Valuation and Resource Management Pty Ltd	
Principal Author, VRM Approval	Paul Dunbar BSc (Hons) Geol MSc Minex M AusIMM M AIG	 Date: 15 September 2023
Contributing Author	Lynda Burnett BSc (Hons) Geol M AusIMM	 Date: 15 September 2023
Peer Review	Louis Bucci B AppSc (Hons) Geology PhD (Economic Geology) M AIG M AICD	 Date: 15 September 2023
Valuation Date	14 August 2023	



Executive Summary

Valuation and Resource Management Pty Ltd (**VRM**) was engaged by A-Cap Energy Limited (**A-Cap** or the **Company**) but instructed by BDO Corporate Finance (WA) Pty Ltd (**BDO**) to prepare an Independent Technical Assessment Report (**Report** or **ITAR**), including valuation for the Mineral Assets of A-Cap and Lotus Resources Limited (**Lotus**). The ITAR is prepared to assist BDO in completing their Independent Expert Report (**IER**) in relation to the proposed scheme of arrangement (**SOA**) between Lotus and A-Cap (**Proposed Transaction**).

This Report has been prepared as a public document, in the format of an independent specialist's report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC, 2012**).

VRM understands that BDO will include the Report within its IER relating to the Proposed Transaction.

This Report is a technical review and valuation opinion of the mineral assets of Lotus and A-Cap. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Lotus or A-Cap but rather an asset valuation of the companies' mineral properties.

The Valuation Date is 14 August 2023 and remains current / applies commodity prices as at 14 August 2023. VRM provided a redacted draft report on 21 August 2023 to BDO for factual accuracy checking by the companies. This report includes updated technical information associated with the factual accuracy checking conducted by the companies.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Lotus and A-Cap along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Lotus Projects – Kayelekera and Regional Tenements - Malawi

The Kayelekera Project is located in northern Malawi, East Africa, approximately 650 kilometres north of the capital Lilongwe and 35 kilometres west of the town of Karonga. Currently Lotus Resources owns 85% of the project. The remaining 15% is held by the Government of Malawi (ASX: LOT 25 March 2021).



VRM has estimated the value of the project on an equity ownership basis considering the technical information supporting its prospectivity. As at the valuation date the Kayelekera project contains declared Mineral Resource estimates prepared applying the guidelines of The JORC Code 2012 Edition (JORC, 2012). The valuation has been prepared as a sum of the parts with the value attributed to both the declared Mineral Resources and the exploration potential in the adjacent tenements. The Mineral Resources were valued using a comparable transaction method as the primary valuation technique. Secondary valuations were determined based on the yardstick approach and a Geoscientific or Kilburn method.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

A-Cap Projects – Letlhakane Uranium Botswana

The Letlhakane Project is located in eastern Botswana, Southern Africa, approximately 50 kilometres south of Francistown and close to major sealed roads, rail, and power. Currently A-Cap owns 100% of the project.

VRM has estimated the value of the project considering the technical information available. As at the valuation date the Letlhakane Project contains declared Mineral Resource estimates prepared applying the guidelines The JORC Code (JORC, 2012). The Mineral Resource was valued using a comparable transaction method as the primary valuation technique. A secondary valuation was determined based on the yardstick approach.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

A-Cap Projects – Wilconi Nickel Project, Western Australia

The Wilconi Project is located in northeastern Yilgarn of Western Australia, with a tenement package surrounding the town of Wiluna. Currently A-Cap owns 55% of the project in joint venture with Wiluna Mining (ASX: WMC).

VRM has estimated the value of the project on an equity ownership basis considering the technical information supporting its prospectivity. As at the valuation date the Wilconi Nickel Project contains declared Mineral Resource estimates prepared applying the guidelines of The JORC Code (JORC, 2012). The valuation has been prepared as a sum of the parts with the value attributed to both the declared Mineral Resources and the exploration potential in the adjacent tenements. The Mineral Resources were valued using a Geoscientific method as the primary valuation technique. Secondary valuations were determined based on the Prospectivity Enhancement Multiplier (PEM) approach. This approach is considered justified due to the lack of project-based nickel laterite transactions in Australia over the past five years.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.



Valuation Opinion

VRM has estimated the value of the Lotus and A-Cap Projects considering the technical information available as at the valuation date as described further in the body of this report.

There are declared Mineral Resource estimates and Ore Reserves within the Kayelekera Project owned by Lotus which have been prepared applying the guidelines of the Australasian Code for Reporting of Exploration Targets, Mineral Resources and Ore Reserves - The JORC Code (JORC, 2012). This is also the case within the Livingstonia Project owned by Lotus.

There are declared Mineral Resource estimates within the Letlhakane and Wilconi JV Projects owned by , A-Cap prepared applying the guidelines of The JORC Code 2012 Edition (**JORC**)

It is uncertain whether future exploration will result in the definition of any further Mineral Resource estimates on any of the Lotus or A-Cap projects.

The Kayelekera and Livingstonia Projects, 85% owned by Lotus were primarily valued using a comparable transaction method based on resource multiples with additional value added using the geoscientific / Kilburn method for the exploration on the adjacent tenements.

The value of the processing plant at Kayelekera is considered to be included in the comparable transaction multiples applied to the Mineral Resource estimates within the Project. The processing plant was last operated in 2014 when it was placed on care and maintenance.

Secondary valuations for the Kayelekera and Livingstonia Projects were determined using the Yardstick Method for the Mineral Resources and adding additional value via the PEM method for the exploration tenements which contained no Mineral Resources.

The Letlhakane Project, 100% owned by A-Cap was valued using a comparable transaction method based on resource multiples. Secondary valuations were determined using the Yardstick Method for the Mineral Resources No additional exploration value was added to the comparable transaction due to the small tenement holding when compared to the area of the Mineral Resources and due to the Resource Multiples being derived based on projects with additional exploration potential on the adjacent tenements.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Conclusions

Considering the Mineral Resources, and exploration potential of the Wilconi and Letlhakane Projects, in VRM's opinion, the Mineral Assets owned by A-Cap have a market value of between A\$24.0 million and A\$50.5 million with a preferred value of A\$37.3 million. In VRM's opinion, considering the Ore Reserves, Mineral Resources, and exploration potential of the Kayelekera, Livingstonia Projects, and adjacent exploration tenements have a market value of between A\$195.9 million and A\$326.8 million with a preferred value of A\$261.4 million. These valuations and the value of the combined assets is summarised in Table ES-1 below.



Table ES-1 – Preferred Valuation Summary for the A-Cap and Lotus Mineral Assets

Valuation summary			
Valuation Technique	Lower (\$ million)	Preferred (\$ million)	Upper (\$ million)
A-Cap Projects			
Lethakane Resource Multiple	\$16.3	\$21.7	\$27.1
Wilconi MRE and Exploration	\$7.8	\$15.6	\$23.4
Total (A\$ million)	\$24.0	\$37.3	\$50.5
Lotus Projects			
Kayelekera Resource Multiple	\$195.3	\$260.4	\$325.5
Livingstonia Resource Multiple	\$0.4	\$0.5	\$0.6
Exploration Potential	\$0.3	\$0.5	\$0.8
Total (A\$ million)	\$195.9	\$261.4	\$326.8
Combined Valuation	\$220.0	\$298.7	\$377.3

Note appropriate rounding has been applied to the valuation.

Contents

Executive Summary.....	i
Lotus Projects – Kayelekera and Regional Tenements - Malawi	i
A-Cap Projects – Letlhakane Uranium Botswana	ii
A-Cap Projects – Wilconi Nickel Project, Western Australia.....	ii
Valuation Opinion	iii
Conclusions	iii
1. Introduction.....	1
1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides	1
1.2. Scope of Work	2
1.3. Statement of Independence.....	2
1.4. Competent Persons Declaration and Qualifications.....	2
1.5. Reliance on Experts.....	3
1.6. Site visit	4
2. Mineral Tenure.....	6
2.1. Kayelekera Project - Malawi	6
2.2. Letlhakane Uranium Project – Botswana.....	8
2.3. Wilconi Ni Project – Western Australia.....	9
3. Lotus Mineral Assets.....	12
3.1. Location and Access.....	12
3.2. Regional Geological Setting	12
3.3. Local Geology	12
3.4. Previous Exploration Kayelekera Project.....	15
3.5. Mineral Resources – Kayelekera.....	16
3.6. Project Status, Technical and Economic Studies.....	18
3.7. Ore Reserves – Kayelekera.....	19
3.8. Exploration Potential.....	20
4. A-Cap Mineral Assets.....	22
4.1. Letlhakane Uranium Project Botswana.....	22
4.1.1. Location and Access.....	22
4.1.2. Regional Geology	22
4.1.3. Local Geology and Mineralisation.....	23
4.1.4. Previous Exploration.....	23
4.1.5. Recent Exploration by A-Cap	23
4.1.6. Mineral Resource Estimates.....	24
4.1.7. Exploration Potential	27
4.1.8. Processing Infrastructure	27
4.2. Wilconi Nickel Project Western Australia.....	28
4.2.1. Location and Access.....	28
4.2.2. Regional Geology	28
4.2.3. Local Geology and Mineralisation.....	28
4.2.4. Previous Exploration.....	30
4.2.5. Recent Exploration by A-Cap.....	31
4.2.6. Mineral Resource Estimates.....	31
4.2.6.1. VRM Comment.....	35
4.2.7. Exploration Potential	35
4.2.8. Processing and Mining Studies	35
5. Valuation Methodology	37
5.1. Previous Valuations	37
5.2. Valuation Subject to Change	38
5.3. General assumptions.....	38
5.4. Uranium Market Analysis.....	38

5.5. Valuation of Advanced Properties	40
5.5.1 Comparable Market Based Transactions – Resource Based.....	40
5.5.2 Yardstick Valuation.....	41
5.6 Exploration Asset Valuation.....	41
5.6.1 Geoscientific (Kilburn) Valuation	42
5.6.2 Prospectivity Enhancement Multiplier (PEM) Valuation	43
6 Valuation of the Mineral Assets.....	45
6.1 Comparable Transactions – Resource Multiples.....	46
6.1.1 Livingstonia and Letlhakane Projects – Resource Multiples	46
6.1.2 Kayelekera Project – Resource Multiples	46
6.2 Comparable Transaction Summary	48
6.3 Yardstick Method.....	49
6.4 Geoscientific Valuation	51
6.5 Prospectivity Enhancement Multiplier (PEM) Valuation	52
6.6 Actual Transactions on the Subject Projects	53
7 . Risks and Opportunities.....	54
7.1 General Risks and Opportunities	54
7.2 Project Specific Risks and Opportunities	55
8 . Preferred Valuations.....	56
9 . References	58
9.1 Published References	58
10 Glossary	59
Appendix A - Comparable Transactions.....	64
Appendix B - Geoscientific Valuation	66
Appendix C - PEM Valuation.....	68

List of Figures

Figure 1: Location of the Lotus and A-Cap Projects in Southern Africa	1
Figure 2: Aerial image of Kayelekera Uranium Project	5
Figure 3 – Kayelekera Uranium Project in Malawi	6
Figure 4: Kayelekera Tenements and Uranium Prospects, Northern Malawi	8
Figure 5: Location of Botswanan tenements	9
Figure 6: Location of Wiluna Project Tenements	11
Figure 7: Regional Tectonic setting of the Kayelekera and Regional Projects	13
Figure 8: Kayelekera Project local geology plan	14
Figure 9: Kayelekera Project local geology section	14
Figure 10: Stratigraphic column for the Kayelekera region	15
Figure 11: Aerial view of Kayelekera and Resource locations	18
Figure 12: Regional Airbourne Radiometrics near Livingstonia and Chilumba identifying priority targets.	21
Figure 13: Location and regional geological setting of the Lethakane Deposits, showing extent of Karoo Basin Sediments	22
Figure 14: Schematic section of Lethakane Mineralisation	23
Figure 15: Location of drilling sites for metallurgical test work	24
Figure 16: Drillholes and Prospect Areas used in the modelling	26
Figure 17: Wiluna Wilconi Project Regional geology and drillhole locations	29
Figure 18: Wilconi Generalised Stratigraphic Profile	30
Figure 19: Location of Infill Drilling Wilconi	32
Figure 20: Wilconi Cross Section	33
Figure 21: Five-year Uranium price (US\$) from 31 July 2018 to 31 July 2023	39
Figure 22: Five-year Nickel price (US\$) from August 2018 to August 2023	39
Figure 23: Valuation Summary	57

List of Tables

Table 1: Kayelekera Project Tenement Schedule	7
Table 2: Lethakane Project Tenure	9
Table 3: Wilconi Project Tenements	10
Table 4: 2022 Kayelekera Ore Reserves and Mineral Resource Inventory	17
Table 5 Lotus Ore Reserves – July 2022	20
Table 6: Project Mineral Resource Estimates – Lethakane	24
Table 7: Project Mineral Resource Estimate – Lethakane at >200ppm cut-off by area and ore type	25
Table 8: Wilconi 5 June 2023 Mineral Resource Estimate at various cut-off grades	31
Table 9: VALMIN Code 2015 valuation approaches suitable for mineral Properties	37
Table 10: Typical Yardstick Multiples used for uranium Projects	41
Table 11: Ranking criteria are used to determine the geoscientific technical valuation.	43
Table 12: Prospectivity Enhancement Multiplier (PEM) ranking criteria.	44
Table 13: Comparable transaction valuation of the Mineral Resource estimates.	48
Table 14: Yardstick valuation of the Mineral Resources within A-Cap and Lotus Projects	50
Table 15: Geoscientific Valuation of the Kayelekera regional tenements and the Wilconi JV Project including the Wilconi Mineral Resources	51
Table 16: PEM Valuation for the exploration tenements excluding tenements containing Mineral Resources	52
Table 17: Valuation Summary Projects by method	56

1. Introduction

Valuation and Resource Management Pty Ltd (**VRM**) was engaged by A-Cap Resources Limited (ASX: **ACB**) (**A-Cap** or the **Company**) but instructed by BDO Corporate Finance (WA) Pty Ltd (**BDO**) to prepare an Independent Technical Assessment Report (**Report** or **ITAR**), including valuation for the Mineral Assets of A-Cap and of Lotus Resources Limited (ASX: **LOT**) (**Lotus**). The ITAR is prepared to assist BDO in completing their Independent Expert Report (**IER**) in relation to the proposed Scheme of Arrangement (SoA) between Lotus and A-Cap (**Proposed Transaction**).

The main Mineral Assets of Lotus comprises the Kayelekera Uranium Project and Regional Tenements, including the Livingstonia Project in Malawi East Africa. The main Mineral Assets of A-Cap, located in Botswana are the Letlhakane Uranium project (Figure 1) and the Wilconi Ni Project in Wiluna, Western Australia (55% owned by A-Cap).



Figure 1: Location of the Lotus and A-Cap Projects in Southern Africa
(Source: ASX: LOT 23 July 2023)

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

In preparing the ITAR, VRM has applied the guidelines and principles of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* – 2015 VALMIN Code (**VALMIN**) and the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* – the 2012 JORC Code (**JORC**). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). These codes are also requirements under Australian Securities and Investments Commission (**ASIC**) rules and guidelines and the listing rules of the Australian Securities Exchange (**ASX**).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Lotus and

A-Cap and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing this ITAR is to independently describe and value the Mineral Assets of each company applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the Projects.

VRM has compiled the Report based on the principle of reviewing and interrogating both the documentation of the companies involved and their consultants, and other previous exploration within the area. This Report is a summary of the work conducted, completed, and reported by the companies from pegging or acquisition of the Projects to August 2023, based on information supplied to VRM by both companies, and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that its review and report will be included in the Scheme Booklet and as such, it is understood that VRM's review will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the 2015 VALMIN Code.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR of the Projects that comprise the asset portfolio of Lotus and A-Cap. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of Experts (RG112).

Mr Paul Dunbar of VRM has not, within the past two years had any association with Lotus or A-Cap Resources, its individual employees, or any interest in the securities of Lotus or A-Cap or potential interest, nor are they expected to be employed by either Company after the proposed transaction, which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated to be approximately \$65,000.

Mr Dunbar, (**VRM**) in 2019 and 2021 completed an ITAR on the Kayelekera mineral assets for Lotus. While Mr Dunbar does not consider that these reports impact his independence, he considers it prudent to disclose these previous reports to ensure transparency in relation to the previous work.

1.4. Competent Persons Declaration and Qualifications

This Report was prepared by Mr Paul Dunbar and Ms Lynda Burnett as the primary authors. Dr Louis Bucci Peer reviewed the report.

The Report and information that relates to mineral asset valuation, Mineral Resources and exploration potential was completed by Mr Paul Dunbar, BSc (Hons), MSc, a Competent Person who is a member of the AusIMM and the AIG. Mr Dunbar is a Principal of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being

undertaken to qualify as a Competent Person under the 2012 JORC Code and a Specialist under the 2015 VALMIN Code. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to geology is based on information compiled by Mrs Lynda Burnett, BSc (Hons), a Competent Person who is a member of the AUSIMM. Mrs Burnett is an associate of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code. Mrs Burnett consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The Report was peer reviewed by Dr Louis Bucci, PhD, B App Sc (Hons), a Competent Person who is a member of the AIG. Dr Bucci is an associate of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code.

Between 13 July 2023, being the date that the proposed transaction was announced and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions. The valuation date for the report is 14 August 2023.

1.5. Reliance on Experts

The authors of this Report are not qualified to provide extensive commentary on the legal aspects of the tenure of the mineral properties or the compliance with the legislative environment and permitting in Western Australia. In relation to the tenement standing, VRM has relied on the information publicly available on the Botswana Mining Cadastre, a website managed by the Botswana Department of Mines (DOM), an organisation under the Botswana Ministry of Minerals and Energy (MME) and the Malawi Mining Cadastre Portal a website developed by the Malawi Ministry of Mining (in conjunction with Trimble Land Administration and the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) website. On this basis VRM has confirmed the tenements which constitute the Projects held by Lotus and A-Cap, located in Malawi, Botswana and WA are in good standing. Both companies have confirmed their respective tenement status.

In respect of the information contained in this Report, VRM has relied on Information and Reports obtained from Lotus and A-Cap or the public domain including but not limited to:

- Presentation material including several cross sections and plans.
- Lotus ASX releases since the acquisition of the project including.
 - The updated Kayelekera Mineral Resource estimate – 15 February 2022
 - The Livingstonia Mineral Resource estimate of 9 June 2022
 - The Kayelekera DFS – 11 August 2022
- Various ASX releases of Paladin Energy Limited (ASX PDN), the previous owner including exploration results.
- Information provided by Lotus including Paladin NI43-101 reports and resource reports from 2007 and 2009.
- Annual Technical Reports for the tenements.
- WAMEX Reports for each of the Western Australian Project areas.
- Lotus and A-Cap's internal reports.

- Various A-Cap and Lotus ASX releases including but not limited to,
- ASX announcement of the Scheme of Arrangement on 13 July 2023 which includes the details of the various Mineral Resource estimates,
- Annual Reports
- Quarterly Reports
- ASX releases detailing any initial and updates to the Mineral Resource estimates.
- ASX releases detailing exploration activities.
- Various ASX releases from previous owners and neighbouring companies.
- Publicly available information including several publications on the regional geology and tectonic evolution of the Goldfields Region by the Geological Survey of Western Australia; and
- Government Regional datasets, including geological mapping and explanatory notes.

All information and conclusions within this Report are based on information that VRM requested from Lotus and A-Cap to assist with this Report and other relevant publicly available data to July 2023. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and joint venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has assessed the content of these reports and information and confirm that the contents are reasonable and that they meet the Reasonable Grounds Requirements. VRM has relied on the information contained within the reports, articles and databases provided by Lotus and A-Cap as detailed in the reference list. A draft of this Report was provided to BDO for provision to the companies, for the purpose of identifying and addressing any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the companies until the technical aspects were validated and the Report was declared final.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.6.Site visit

A site visit to the Projects was not undertaken for this ITAR.

The Independent Competent Persons who undertook the Mineral Resource estimates for all of the Projects have previously visited the projects, additionally Independent Specialists who have undertaken specific aspects of the Feasibility study for the Kayelekera Project have visited site. VRM considers that these independent consultants who have visited site have accurately represented the aspects on the sites and therefore does not believe that undertaking a site visit would provide any additional information that would materially change the opinions, conclusions or valuation contained within this report. Lotus has provided recent drone footage (captured in late July 2023) of the Kayelekera site with the drone photography covering four main portions of the operation, being the processing plant, the camp, open pit, Raw Water ponds (1 & 2) and the tailings storage facility.

Below shows an aerial view of Kayelekera Processing plant (Figure 2).

2. Mineral Tenure

2.1. Kayelekera Project - Malawi

The Kayelekera Project is located in Malawi, east Africa (Figure 3). This includes Mining Licence (ML) 0152 – Kayelekera that hosts the uranium deposit and two Prospecting Licences (EPLs) surrounding and along strike of the deposit. Four other regional tenements cover other prospective areas including the Livingstone Resource as shown in Figure 4.

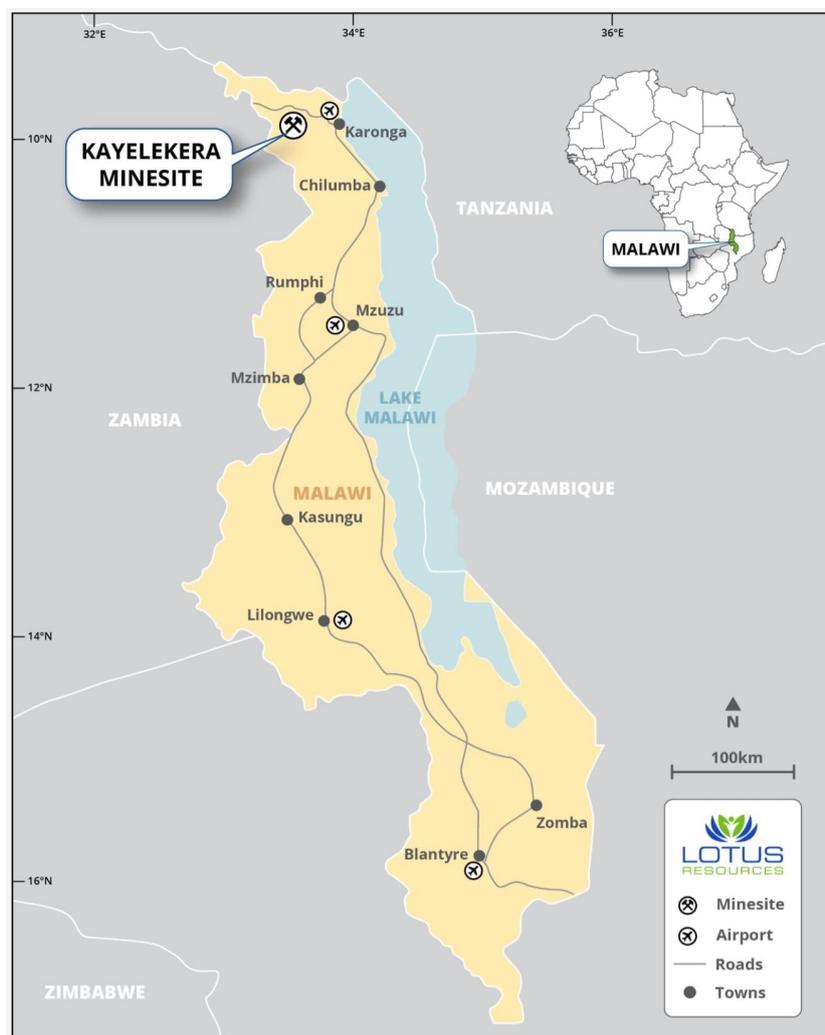


Figure 3 – Kayelekera Uranium Project in Malawi
(Source: Lotus Website)

The ML covers 55.5 km² and the six EPL's (numbered, 417, 418, 489, 502, 583 and 595) an additional 315.32 km² for a total of 370.82 km². Note EPL0225 on Figure 4 is no longer shown on the tenement register. The regional and local geology, exploration history, recent exploration results, Mineral Resource estimates and exploration potential are detailed in Section 3.

The Kayelekera tenements have been validated by VRM reviewing the tenement information provided by Lotus and comparing this with the tenement register from the Malawi (<http://portals.flexicadastre.com/malawi/>) on 15 August 2023. The annual tenement rents are reported by the Government of Malawi as being MWK10,000 per square kilometre for exclusive prospecting licences (EPL's) and Malawi Kwacha (MWK) 50,000 per square kilometre for mining licences (MLI's).

VRM has compared the tenement outline of the tenements schedule and plans reported and provided by Lotus to the project outline from the official Malawi Mining Cadastre Portal and found the tenement outlines to be consistent. The tenements are held under the name of Lotus (Africa) Limited (Table 1).

Table 1: Kayelekera Project Tenement Schedule

Tenement Name	Tenement	Country	Equity	Grant Date	End Date	Area (km ²)
Kayelekera	ML0152	Malawi	85%	2/04/2007	1/04/2037	55.50
Rukuru	EPL0417	Malawi	85%	22/05/2015	06/09/2023	69.81
Uliwa	EPL0418	Malawi	85%	22/05/2015	06/09/2023	130
Nthalire	EPL0489 P	Malawi	85%	30/01/2018	29/01/2023	67.5
Juma-Miwanga	EPL0502 P	Malawi	85%	20/04/2018	19/04/2023	24.95
Livingstonia West	EPL0583	Malawi	85%	6/10/2021	5/10/2024	17.42
Livingstonia	EPL0595	Malawi	85%	6/10/2021	5/10/2024	5.64
Total						370.82

Notes

All tenements are 100% owned by Lotus (Africa) Ltd which is 15% held by the Government of Malawi.

P suffix means under renewal application

ML Mining Licence

EPL Exclusive Prospecting Licence

The area, expenditure and anniversary dates for each tenement have been validated from the original tenement certificates previously provided to VRM and a search of the Malawi tenement portal.

VRM relies on and has reviewed the tenement information supplied by Lotus and the Malawian Department of Mines tenure website as detailed above on 15 August 2023 and these tenements were all listed as active with two tenements listed as renewal pending. VRM is not qualified or a specialist in the mining tenure or mining act of Malawi and as no warranty, actual or implied is made regarding the validity or security of the tenure listed in Table 1 above and shown in Figure 4 below. All tenements are documented as renewal pending which VRM understands to relate to the assessment and renewal of the tenements as per the regulations and that all renewal documents have been lodged with the required Malawian government departments.

A production royalty is also payable to Power Resources Inc. (USA), of 0.75% of the gross proceeds received by Paladin for the production and sale of uranium and other minerals from the Kayelekera Project, escalating to 1.25% of gross proceeds following recovery of investment capital (including all exploration and development costs). VRM believes that this royalty was transferred to Lotus as a part of the project acquisition from Paladin. In addition to the Power Resources Royalty there is a 3.5% gross proceeds royalty payable to Paladin. The Paladin royalty is capped at US\$5.0 million.

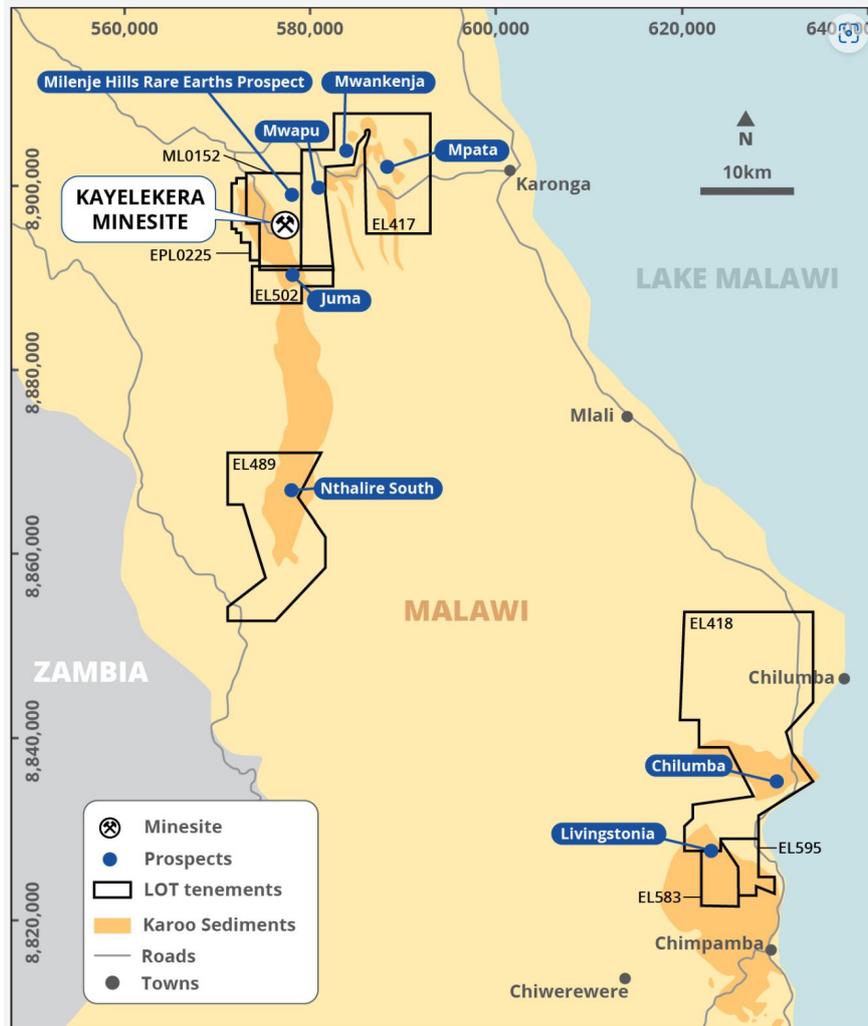


Figure 4: Kayelekera Tenements and Uranium Prospects, Northern Malawi
 (Source: Lotus Website, note EL225 was surrendered and is no longer owned by Lotus)

2.2. Letlhakane Uranium Project – Botswana

The Letlhakane tenements have been validated by VRM reviewing the tenement information provided by Lotus and comparing this with the tenement register from the Malawi on 15 August 2023. (<http://portals.flexicadastre.com/botswana/>).

VRM has compared the tenement outline of the tenement schedule and plans reported by A-Cap to the project outline from the official Malawi Mining Cadastre Portal and found the tenement outline to be consistent. The tenement is held under the name of A-Cap Resources Botswana (Pty) Ltd (Table 2) (Figure 5).

Mining Lease 2016/16L was granted on the 12th September 2016 (Table 2) by the Botswana Department of Mines following the submission of a technical study and financial modelling.

Pursuant to Section 43 of the Botswana Mines and Mineral Act, 1999, “the holder of a mining licence may from time to time, notify the Minister of amendment he wishes to make to his programme of mining operations and such amendments shall, unless the Minister rejects them within three months of being so notified, have effect after such period.”

According to A-Cap’s website, A-Cap has advised the Department of the delayed recovery in the uranium market and kept the Department informed. The Botswanan Minister of Mineral Resources, Green Technology and Energy Security has extended the required start of construction to 30th September 2024, amending a condition of the granted Mining Licence.

Table 2: Lethakane Project Tenure

Tenement Name	Tenement	Country	Equity	Grant Date	End Date	Area (km ²)
Lethakane	ML2016/16L	Botswana	100%	12/09/2016	11/09/2038	131.08
	PL2482/2023	Botswana	100%	1/04/2023	31/03/2026	119.66
Total						250.74

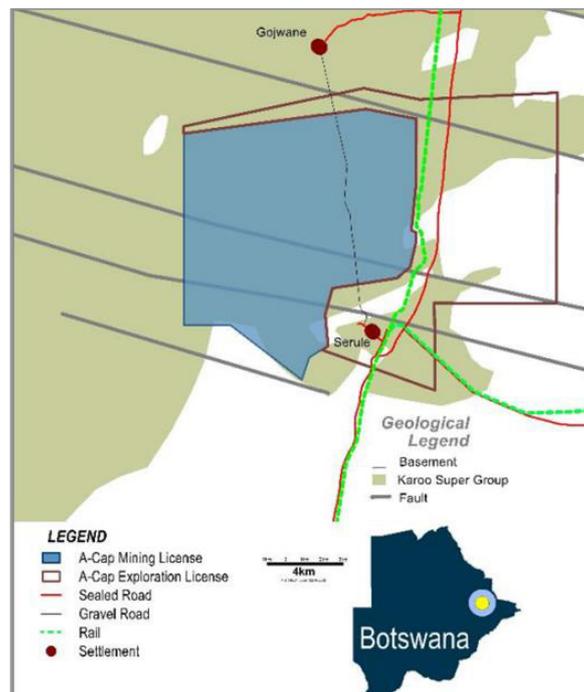


Figure 5: Location of Botswanan tenements
(Source: ASX: LOT 13 July 2023)

2.3. Wilconi Ni Project – Western Australia

The Wilconi Project is a farm-in joint-venture project with Wiluna Mining Corporation Limited (ASX: WMC), with A-Cap potentially earning 75% equity in the project under the terms outlined on 20 December 2018. As at July 2022 the company had earned a 55% equity in the project (ASX: ACB 29 July 2022). The Company is continuing its negotiations with the Administrators of Wiluna Mining Corporation

Limited for the 100% acquisition of the Wilconi Project.

All the JVA tenements are held in the name of Kimba Resources Pty Ltd and Wiluna Operations Pty Ltd both companies are subsidiaries of Wiluna Mining Corp. All tenements are current except exploration licenses E53/2053, E53/2054, E53/1803, E53/1864, E53/2048 and E53/2050 which are pending grant. Most tenements are contiguous and cover an area of approximately 747 km² around the town. A summary of the tenements is detailed in Table 3 and are shown on Figure 6.

Table 3: Wilconi Project Tenements

Tenement Holder	Tenement	Country	Equity	Grant Date	End Date	Area (blocks)	Rent \$	Minimum Expenditure \$
Kimba Resources	E53/2076	WA	55%	8/09/2020	7/09/2025	13	3757	20,000
Kimba Resources	E53/1645-I	WA	55%	17/08/2011	19/08/2025	14		70000
Kimba Resources	E53/1791	WA	55%	1/07/2016	30/06/2026	14	10485	70000
Kimba Resources	E53/1794	WA	55%	18/08/2016	17/08/2026	20		50000
Kimba Resources	E53/1803A	WA	55%			38		
Kimba Resources	E53/1852-I	WA	55%	22/05/2015	14/07/2026	4	2988	50000
Kimba Resources	E53/1853	WA	55%	27/07/2016	26/07/2026	5	3735	50000
Kimba Resources	E53/1864A	WA	55%			63		
Kimba Resources	E53/1908	WA	55%	7/03/2017	6/03/2027	29	21663	58000
Kimba Resources	E53/1912	WA	55%	19/04/2017	18/04/2027	2	1494	30000
Kimba Resources	E53/2048A	WA	55%			23		
Kimba Resources	E53/2050A	WA	55%			10		
Kimba Resources	E53/2053A	WA	55%			4		
Kimba Resources	E53/2054A	WA	55%			3		
Kimba Resources	M53/0024	WA	55%	18/12/1984	17/12/2026	955.4	24856	95600
Wiluna Operations	M53/0026	WA	55%	24/06/1985	23/06/2027	818.25	21294	81900
Kimba Resources	M53/0034	WA	55%	17/07/1985	16/07/2027	595.35	15496	59600
Kimba Resources	M53/0041	WA	55%	19/11/1986	18/11/2028	878	22828	87800
Kimba Resources	M53/0049	WA	55%	9/03/1987	8/03/2029	539.95	14040	54000
Kimba Resources	M53/0052	WA	55%	6/07/1987	5/07/2029	955.35	24856	95600
Wiluna Operations	M53/0071	WA	55%	22/05/1988	21/04/2030	18.285	494	10000
Kimba Resources	M53/0092	WA	55%	30/08/1988	29/08/2030	761.2		76200
Kimba Resources	M53/0131	WA	55%	23/08/1989	22/08/2031	836.4		83700
Kimba Resources	M53/0139	WA	55%	13/07/1989	12/07/2031	289.6	7540	29000
Kimba Resources	M53/0188	WA	55%	9/08/1991	8/08/2033	860.95	22386	86100
Kimba Resources	M53/1098	WA	55%	07/07/2017	6/07/2038	600.1	15626	60100

Note - Suffix A – means Application.

Franco Nevada Australia Pty Ltd hold a 2% net smelter return royalty over nickel metal produced from the existing mining leases only.

The tenements are located on the traditional lands of the Tarlka, Matuwa and Piarku people (NTA ID WR2016/001). Wiluna Mining Corp. currently have an agreement with the traditional owners that requires any areas within the JVA tenements be cleared by cultural heritage survey prior to any surface disturbance.

There are no known impediments to obtaining a license to operate in the area outside of standard landholder, traditional owner, and Western Australia Department of Mines & Petroleum (DMP) regulations.

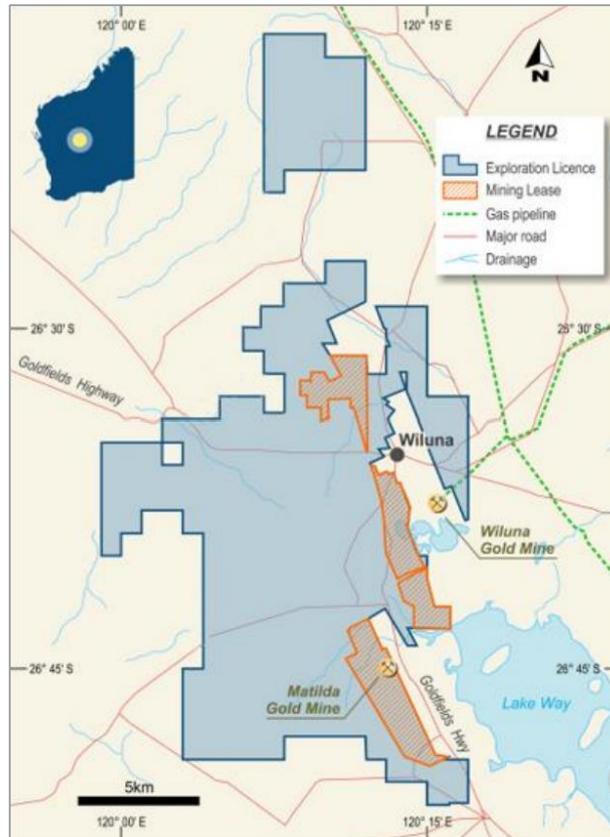


Figure 6: Location of Wiluna Project Tenements
(Source: ASX: LOT 13 July 2023)

3. Lotus Mineral Assets

3.1. Location and Access

The Kayelekera Project and Minesite is located around 35km west of the town of Karonga in Northern Malawi. A further 50km to the south and 70km to the southeast two additional regional tenements are held. Access within the projects is via seal and unsealed gravel roads (Figure 3 and Figure 4).

3.2. Regional Geological Setting

The Kayelekera deposit setting is sandstone-hosted within Permian carbonaceous and pyritic arkose sediments of the Karoo rift-fill sequence of East Africa. Kayelekera is located close to a tectonic domain boundary between two Proterozoic domains known as the Ubendian and Irumide domains. The elongate Ubendian domain comprises medium to high metamorphic grade rocks and intrusions referred to as the Malawi Basement complex. Major northwest to south east shear zones transect the basement complex and offset the Karoo sequence rocks. Late- to post-tectonic granitoids dated at 1.86 Ga, intrude the sequence (Wilde *et al*, 2015).

In contrast the Irumide domain consists of a basement of deformed Lower Proterozoic crystalline rocks, overlain by sedimentary sequences of the Muva Supergroup. These were intruded by 1.60 Ga granitoids.

Wilde *et al* (2015) infer that the Karoo Basins were unconformably deposited on the Ubendian /Irumide basement after a protracted period of erosion, as limited Upper Proterozoic and Lower Phanerozoic sediments have been preserved. Karoo Basins are generally expressed as either northeast to southwest oriented or north northwest to south southeast trending as depicted in Figure 7. Kayelekera is hosted within the Karoo aged sediments of the North Rukuku basin in a north-south orientation.

3.3. Local Geology

The oldest sediments of the North Rukuku basin are locally termed the 'Basal Beds'. These comprise glacial and lacustrine sediments (K1) overlain by coal measures and arkose (K2). North Rukuku Sandstone units are termed K3 to K5, made up of several informal groupings of sandstones and mudstones. The Kayelekera member (K4) is the main uranium host and is marked at its base by a distinctive bed containing fossilised wood at the top of the Muswanga member (K3).

The Kayelekera member (K4) is about 150 thick and has been further divided into at least ten individual arkose units, ranging in thickness up to 14m and separated by shale units. A plan of this relationship is shown in Figure 8 while Figure 9 shows a section through the geology. The stratigraphic column (Figure 10) indicated the average thickness of multiple distinctly different geological units. Mineralisation occurs within four principal lenses developed within the arkose units called S and T, the combined mudstone arkose units U, V and W and the arkose unit X.

At Kayelekera the uranium mineralisation is dominantly hosted in the arkose units, adjacent to the Eastern Boundary Fault zone with the mineralisation forming tabular bodies within the arkose units other than adjacent to a fault parallel to the Eastern Boundary fault on the eastern edge of the pit where mineralisation also occurs in mudstones adjacent to the fault. The highest-grade positions of the deposit occur where the Eastern and Champanji faults intersect. The grade and thickness of the mineralisation is highest adjacent to these faults.

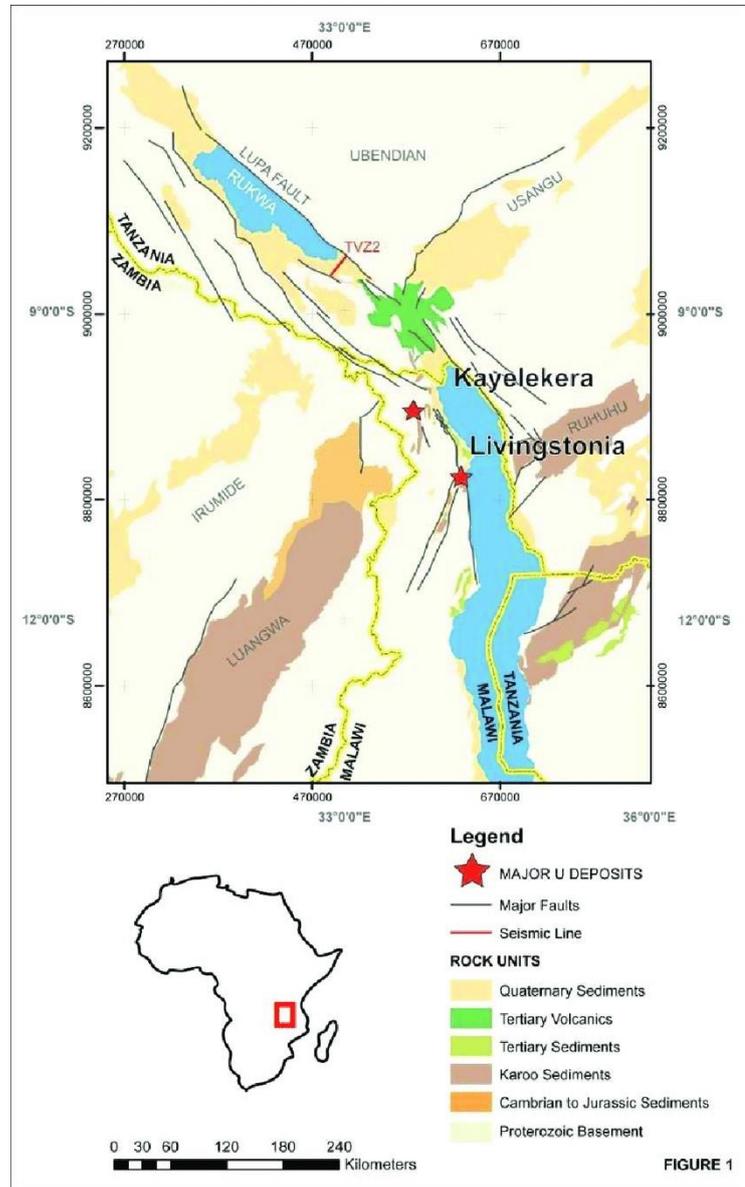


Figure 7: Regional Tectonic setting of the Kayelekera and Regional Projects
(Source: Wilde et al, 2015)

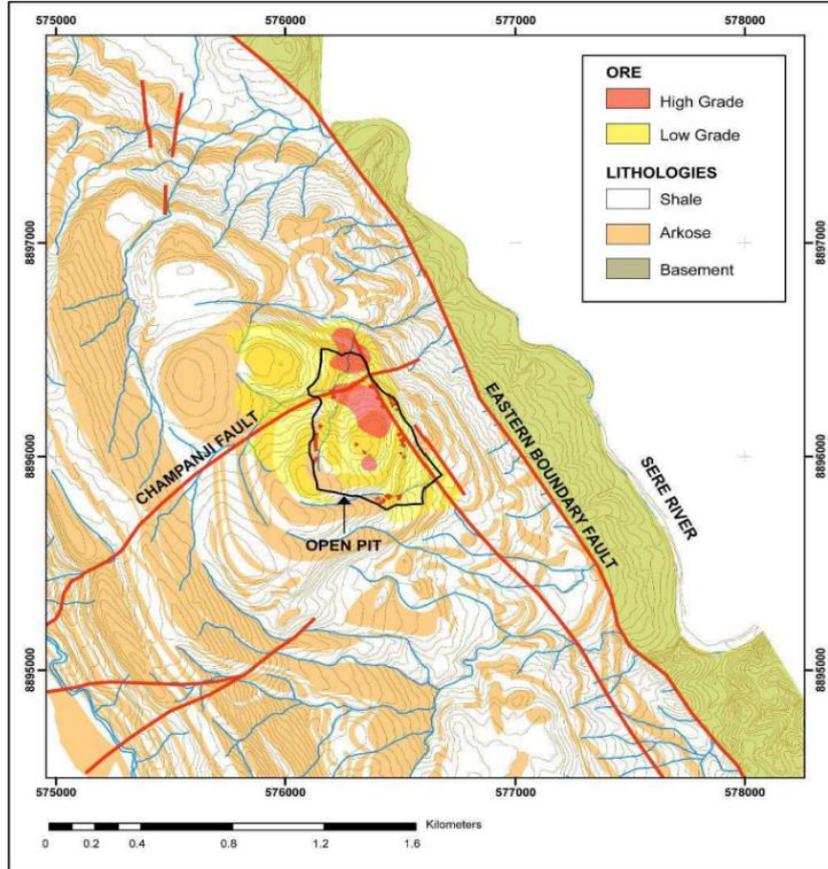


Figure 8: Kayelekera Project local geology plan
(Source ASX: LOT 24 June 2019)

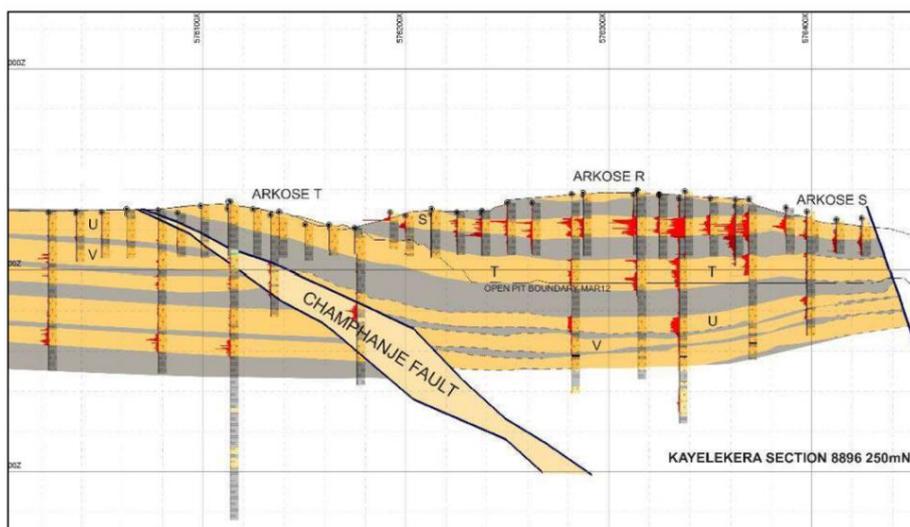


Figure 9: Kayelekera Project local geology section
(Source ASX: LOT 24 June 2019)

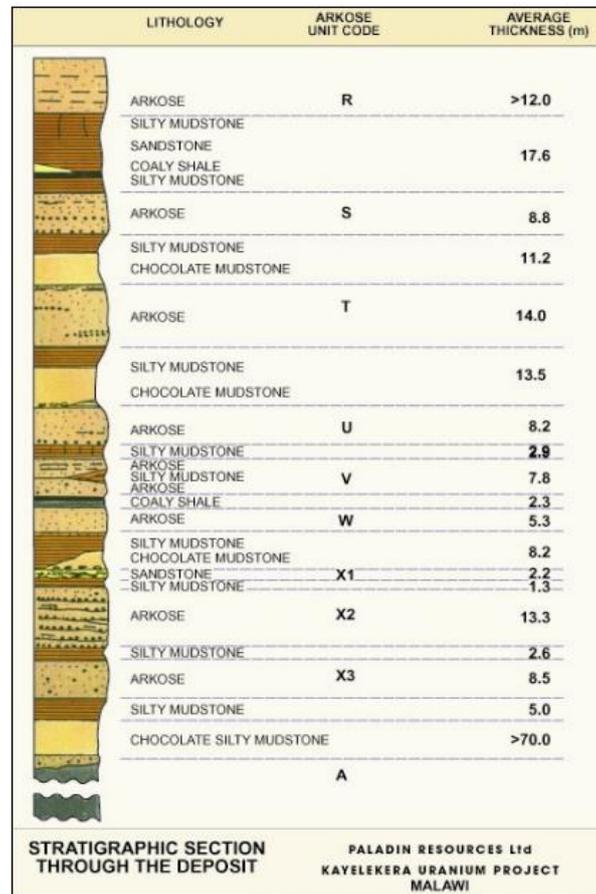


Figure 10: Stratigraphic column for the Kayelekera region
(Source: Princep and Hutson, 2009)

3.4. Previous Exploration Kayelekera Project

The Central Electricity Generating Board of Great Britain (CEGB) discovered the Kayelekera sandstone uranium deposit in the early 1980's and undertook significant drilling and evaluation work resulting in a full feasibility study being completed in 1991. That study indicated that the project was not economic, primarily due to the low uranium price at the time. The tenement was surrendered in the early 1990's. Paladin acquired a 90% equity in the project through a joint venture in the late 1990's and acquired the entire project in 2005.

A feasibility study commenced in 2005 and in 2007 the mining licence was granted for a 15-year period. The grant of the mining licence occurred after a Development Agreement was executed between Paladin and the Government of Malawi. That agreement secured several significant economic benefits for the project in return for a 15% equity in the project being transferred to the Government of Malawi. Mining operations commenced in May 2008. The processing plant at Kayelekera was designed to process 1.5Mt per annum for an expected 3.3Mlb of U₃O₈ per year. Between commissioning the processing plant and suspension of the operation in early 2014 Kayelekera has produced 10.9Mlb of uranium.

Lotus Resources completed the acquisition of the Kayelekera Project from Paladin in March 2020.

The Paladin Energy Limited NI43-101 technical report lodged on 5 January 2009 which is available on the SEDAR website (www.Sedar.com) details the previous exploration and production history from the mine.

Regional exploration has consisted of airborne and ground radiometric and magnetic surveys, pitting and trenching, RC drilling of 195 holes.

3.5. Mineral Resources – Kayelekera

The Mineral Resource estimate (MRE) at Kayelekera was updated by Lotus in February 2022 (LOT ASX release 15 February 2022). The estimate is an update of the Lotus 2020 and Lotus 2019 MRE and includes a previously unmodelled high-grade basal arkose unit beneath the pit, and inclusion of existing Run of Mine ('RoM') and low-grade stockpiles created while Kayelekera was in production from 2009 to 2014. The stockpiles have already been mined and sit near the processing plant.

The MRE's for the Kayelekera deposit were prepared by David Princep of Gill Lane Consulting. David Princep visited the Kayelekera Project on numerous occasions since 2003 with the most recent being in October 2013 just before the project was placed on care and maintenance. Mr. Princep is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional Geologist. Mr. Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012).

The 2022 MRE was reported in accordance with the JORC Code (2012). Current resources (as outlined in Table 4) are 42.5Mt @ 500ppm U₃O₈ for 46.3Mlb U₃O₈. There is an additional 6.9 Mt @ 320ppm U₃O₈ for 4.8Mlb U₃O₈. (at a 200ppm cut-off) within the Livingstonia Mineral Resources which are located approximately 90km to the south of the Kayelekera Mineral Resources.

The February 2022 MRE includes 9% (by metal content) classified as Measured, 72% classified as Indicated and 19% classified as Inferred. The in-situ Mineral Resources were estimated at several cut-off grades using Multiple Indicator Kriging with block support correction. The primary model panel dimensions are 20mE x 20mN x 2mRL. The estimates assume that final grade control sampling at 3.5mE x 3.2mN x 1mRL spacing will be available prior to final mining and a selective mining unit of approximately 3mE x 3mN x 2mRL. Stockpile values were taken from surveyed stockpiles with average grades based upon grade control tracking. Figure 11 displays the Mineral Resource location relative to infrastructure.

VRM Comment

VRM has conducted a review of the reasonableness of the Mineral Resources within the Kayelekera Project and has not identified any material areas of concern. The reader is directed to the ASX release of 15 February 2022 where the Mineral Resources were reported. One aspect that could be better documented is the number and distribution of the bulk density measurements within the Mineral Resource. The JORC tables appended to the February ASX release simply document the bulk density for the Arkose and mudstone. While these bulk densities appear to be reasonable and are likely based on information obtained during the mining operation in VRM's opinion the number of density determinations, their variability and spatial distribution should be documented. VRM considers that this does not impact on the reasonableness of the Mineral Resource as reported by Lotus.

Table 4: 2022 Kayelekera Ore Reserves and Mineral Resource Inventory

Kayelekera Mineral Resource Inventory – June 2022 ²					
Project	Category	Mt	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile ³	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	Total	40.1	510	20.4	44.8
Kayelekera	Inferred – LG Stockpiles ⁴	2.4	290	0.7	1.5
Kayelekera	Total All Materials	42.5	500	21.1	46.3
Livingstonia	Inferred	6.9	320	2.2	4.8
Total		49.4	475	23.3	51.1

Kayelekera Ore Reserve Inventory – July 2022 ⁵					
Project	Category	Mt	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile – Proved	1.6	760	1.2	2.6
Kayelekera	Total	15.9	660	10.4	23.0

¹ See ASX announcement dated 11 August 2002 for information on the Definitive Feasibility Study

² See ASX announcement dated 15 February 2022 for information on the Kayelekera mineral resource estimate. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 15 February 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed.

³ RoM stockpile has been mined and is located near mill facility

⁴ Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.

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

(Source ASX: LOT 13 July 2023)

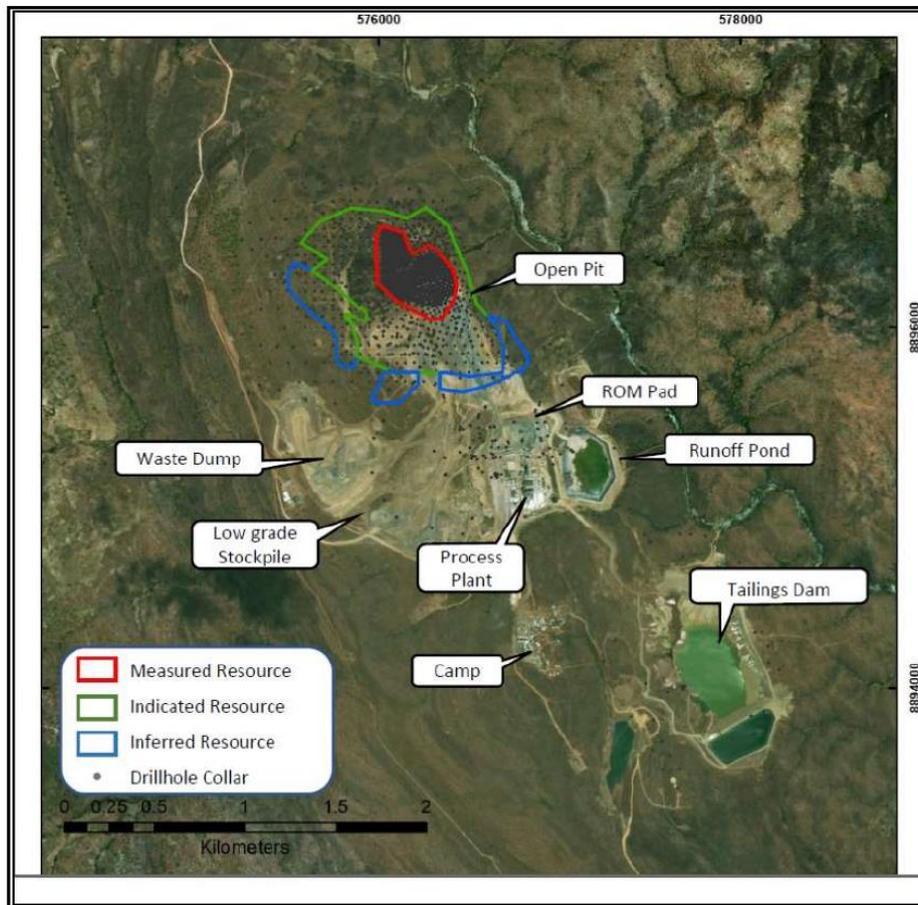


Figure 11: Aerial view of Kayelekera and Resource locations
(Source: ASX: LOT 23 March 2020)

3.6. Project Status, Technical and Economic Studies

The Kayelekera Project operated from 2008 to 2014 producing 10.9 million pounds of uranium oxide concentrates. The project has been on care and maintenance since 2014. Prior to initial production in 2008 the project had multiple pre-feasibility and feasibility studies completed prior to commencement of construction and a decision by the then owners Paladin Energy Limited to construct the mine. These studies, while not reported in accordance with JORC 2012, were reported and documented to the required reporting standards at the time they were completed.

Since Lotus secured the project in March 2020 (after announcing the acquisition in 2019), the company has undertaken two main studies into the project with these being a “Re-Start Study” which VRM considered to be a Scoping Study (LOT ASX release 20 October 2020) and a Definitive Feasibility Study (DFS) announced on 11 August 2022.

The DFS included reporting of Ore Reserves for the project (LOT ASX release 11 August 2022) and updated previous studies with documentation of the modifying factors required under JORC 2012. The DFS is the most recent study by Lotus, it details the assumptions used in the estimated Project Economics

and reports that the project has the potential to support a viable long-term operation in the right uranium price environment.

The 2022 DFS report was compiled by Lotus with input from:

- Gill Lane Consulting (Geology)
- Oreology Mine Consulting (Mine planning)
- Mine Techniucs (Pit geotechnical)
- Senet (Plant and Infrastructure)
- Steinert (Ore Sorting testwork)
- SLR Consulting (Hydrology and Hydrogeology)
- SLR Consulting (plant geotechnical)
- Dhamana (Environmental)
- SLR Consulting (Tailings storage)
- InfinityCorp (financial analysis)

VRM has reviewed several of the technical inputs and assumptions in the DFS. The mining aspects of the DFS all appear to be reasonable with the most significant aspects identified relate to the updating of the costs to August 2023 from the August 2022 DFS and it is considered prudent to increase the contingency associated with the project. A review of the metallurgy and processing costs identified several aspects that require additional review as they may be optimistic. The review completed by VRM was undertaken to assist with validation and a reasonableness check of the inputs into the Discounted Cash Flow (DCF) model. Once BDO determined that an income based (DCF) approach was not appropriate, which was based mainly on the uranium price forecast not supporting the viability of the project, no additional work was undertaken to determine the quantum of these cost adjustments. Any cost adjustments would only result in a decrease in the valuation using an income-based approach, therefore this was not performed.

While BDO and VRM agree that the current uranium price does not support an income based valuation approach VRM still considers that the Ore Reserves are current, and should the company enter into long term offtake agreements at a higher price or if there is an increase in the uranium price then an income based approach would then be considered an appropriate valuation method.

Based on historical uranium price reporting since 2005 long-term contract prices have at times been between US\$10/lb and US\$15/lb above the short-term uranium price. The consensus forecast uranium prices are based on the short-term uranium price not any long-term contracts. Assuming a long-term uranium contract price is negotiated at approximately \$10 above the short-term uranium price (which is not unheard of or unreasonable) then it is reasonable to conclude that Lotus could negotiate an offtake contract at a price that is close to the uranium price used in the Lotus DFS. On that basis VRM consider that the Ore Reserves detailed below remain current and reasonable.

3.7.Ore Reserves – Kayelekera

As a part of the August 2022 DFS Lotus announced Ore Reserves for the Kayelekera Project, and these are detailed in the LOT ASX release of 11 August 2022 and in Table 5 below.

Table 5 Lotus Ore Reserves – July 2022

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

(Source: ASX: LOT 11 August 2022)

These Ore Reserves are based on the information and modifying factors as outlined in the Kayelekera DFS.

VRM Comment

VRM has conducted a review of the reasonableness of the Ore reserves within the Kayelekera Project. The reader is directed to the ASX release of 11 August 2022 where the Ore Reserves were reported. Other than noted in Section 3.6 above, VRM has not identified any material areas of concern. VRM considers that these do not impact on the reasonableness of the Ore Reserves as reported by Lotus.

3.8. Exploration Potential

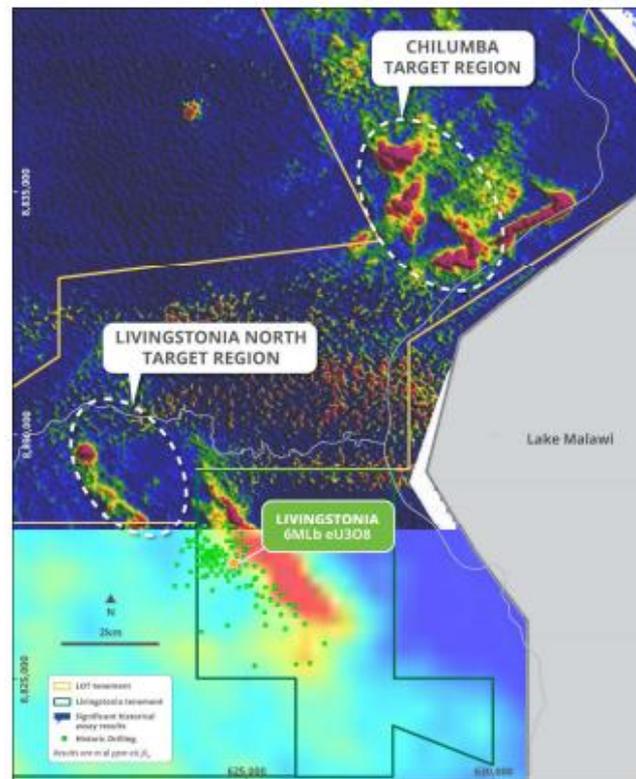
There is considerable exploration potential within the extensive Karoo sedimentary units within the exploration and mining tenements that constitute the Kayelekera uranium project. The main targeting tool that has been used by Paladin since 1999 has been airborne radiometric and magnetic surveys with these followed up by ground-based magnetics and radiometric surveys. VRM considers that this approach is the most suitable exploration methodology.

Paladin drilled a total of 195 regional exploration holes in the area since 2008 with these targeting high grade (>0.1% U₃O₈) mineralisation that is capable of being processed at the Kayelekera processing plant.

In early 2022 Lotus commenced exploration drilling on some of the regional exploration targets. The initial seven holes (three vertical and 4 angled) testing surface radiometric anomalies at the Chilumba Prospect approximately 10 km away from the Livingstonia Mineral Resource. The drilling intersected two narrow uranium zones of 3m at 382ppm U₃O₈ from 43 m and 3m at 138ppm U₃O₈ from 38m in CH002 (LOT ASX release 6 October 2022). While these are modest grades and thicknesses, they do confirm the validity of the targeting methodology and the area requires additional exploration. Other than the Chilumba drilling, Lotus has done minimal regional exploration drilling since its acquisition of the project. The only other drilling that has been reported by Lotus (in April and June 2022) is the drilling within the Livingstonia Project area which is now included in the Mineral Resource estimate of Livingstonia.

There are several targets within the exploration tenements that require additional work including at the Mwankeja South, Livingstonia North and Chilumba prospects. Additional structural targets exist at the Nthalire areas as shown in Figure 12.

Most of these targets have exposed Karoo sedimentary units mapped by both regional and detailed company generated geological mapping. Significant additional work is required on the regional tenements and the various targets within the Kayelekera mining lease.



(Source: LOT ASX release, 14 October 2021, note the MRE quoted above has been re reported by Lotus in 2022)

Figure 12: Regional Airborne Radiometrics near Livingstonia and Chilumba identifying priority targets.

Lotus has announced an Exploration Target on several prospects within the general area of the Kayelekera deposit (Lotus ASX release 16 December 2020). The total of the three Exploration Targets is between 6Mt and 21Mt at 300 ppm U_3O_8 and 600ppm U_3O_8 for between 7Mlb U_3O_8 and 14Mlb U_3O_8 . VRM has reviewed this Exploration Target and considers that they comply with JORC 2012; however, VRM does caution that these targets are conceptual in nature, with insufficient work completed to allow the estimation of a Mineral Resource, and it is unclear whether additional work would result in the estimation of a Mineral Resource. These Exploration Targets have not been included in the valuation however the exploration potential has been valued.

VRM Comment

VRM considers that there are extensive Karoo sedimentary rocks in the tenements that are 85% owned by Lotus with these being a viable and justified focus for additional exploration. The regional exploration being undertaken by the company based on initial target generation from airborne radiometric surveys with the anomalies then geologically assessed including detailed ground based radiometric surveys, rock chipping and geological mapping is the most efficient cost effective and exploration methodology.

4.A-Cap Mineral Assets

There are two Mineral Assets owned by A-Cap that are considered and detailed in this report, these are the Lethakane Uranium Project in Botswana which is 100% owned by A-Cap and the 55% owned Wilconi Nickel Project in Western Australia. Each of these projects are detailed separately below.

4.1. Lethakane Uranium Project Botswana

A-Cap holds an approved mining licence for the Lethakane Project granted on the 12 September 2016. The project has been re-invigorated following the improvement in the Uranium Price to a current level of >US\$50/ lb. In July 2022, the company began a new program of development activities.

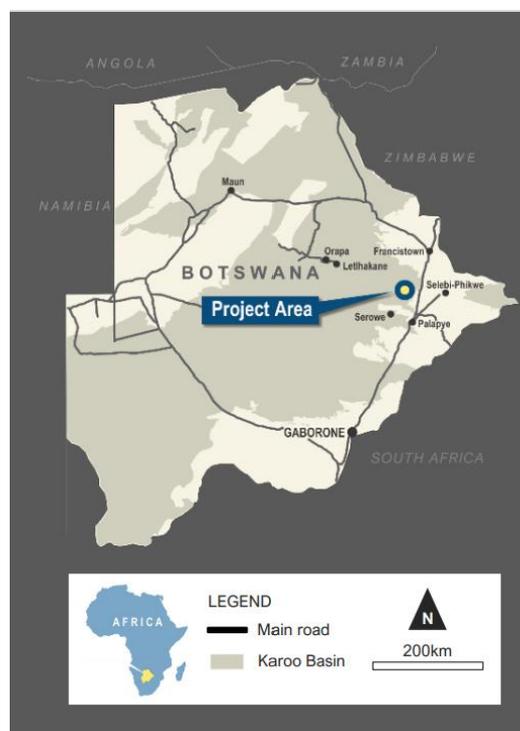


Figure 13: Location and regional geological setting of the Lethakane Deposits, showing extent of Karoo Basin Sediments

(Source: ASX: ACB 13 July 2023)

4.1.1. Location and Access

The Project is located in eastern Botswana around 50km south of Francistown and close to a sealed all-weather highway, railway, and national power grid (Figure 13).

4.1.2. Regional Geology

The target geological unit for uranium mineralisation is the Karoo Super Group which is widespread across Botswana. The unit represents an intracratonic basin developed in the Upper Carboniferous to Lower Jurassic and consist of volcano to sedimentary units (Franchi et al 2021). The unit covers around

70% of Botswana (Figure 13) but has a lack of exposure and data due to more recent cover sequences obscuring outcrop.

4.1.3. Local Geology and Mineralisation

Geologically, the Letlhakane uranium mineralisation is hosted within shallow, flat lying sedimentary rocks of the Karoo Super Group. These Permian to Jurassic aged sediments were deposited in a shallow, broad, westerly dipping basin, generated during rifting of the African continent. The source area for the sediments was the extensively weathered, uranium-bearing, metamorphic rocks of the Archaean Zimbabwe Craton which outcrops in the eastern portion of the licence area. The sandstone hosted mineralisation has roll front characteristics, where the uranium was precipitated at redox boundaries. Three ore types have been identified: Primary Ore (U-Silicates, U-Oxides, U-Organics), Secondary Ore (U-Vanadates) and Oxide Ore (U-Vanadates and U Oxides) (Figure 14). The most abundant is the Primary ore.

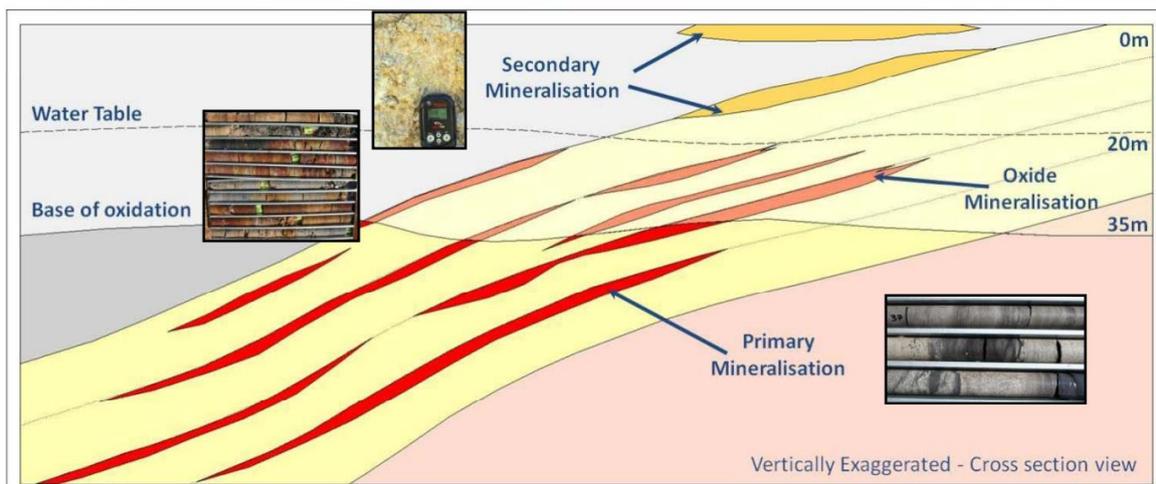


Figure 14: Schematic section of Letlhakane Mineralisation
(Source: ASX: ACB 5 October 2015)

4.1.4. Previous Exploration

No exploration had been conducted prior to A-Cap in 2006.

4.1.5. Recent Exploration by A-Cap

The Letlhakane uranium deposit was discovered by A-Cap Resources in 2006 and was extensively drilled through to 2014 (>150,000m drilling) with the initial resource published in 2007.

In 2023 A-Cap completed a 1,406m PQ core drilling program to collect samples for beneficiation, leaching and metallurgical test work (Figure 15).

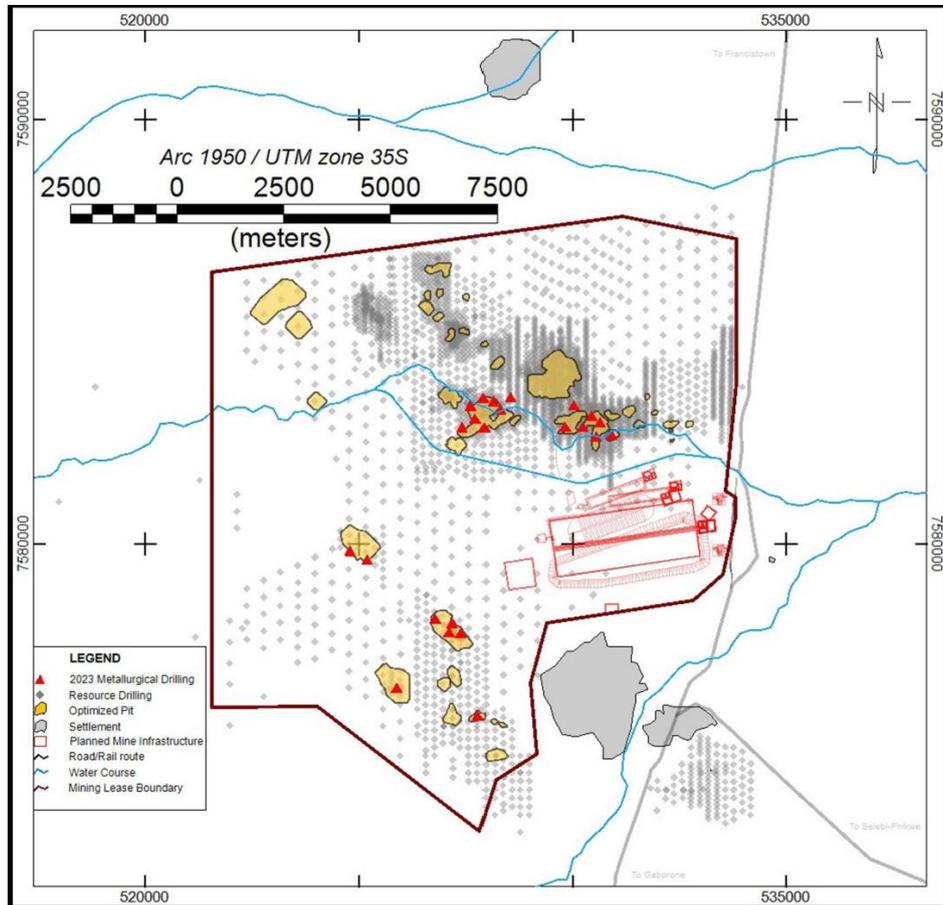


Figure 15: Location of drilling sites for metallurgical test work
(Source ASX: ACB 2023)

4.1.6. Mineral Resource Estimates

The 2015 global resource estimate using Localised Uniform Conditioning (LUC) which best reflects the mining methodology envisaged, taking into account the surface miners' selective mining capability, combined with the proposed grade control methodology and is summarised in Table 6. The proposed mining areas cover a large area (Figure 15 and Figure 16). Much of the information on the Letlhakane Mineral Resources has been sourced from the Lotus ASX release of 13 July 2023 and the A-Cap ASX release of 5 October 2015.

Table 6: Project Mineral Resource Estimates – Letlhakane

Cut-off	Total Indicated			Total Inferred			Global Total		
	Mt	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Lbs U ₃ O ₈ (000)	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)
100	197.1	197	85.5	625	203	280.1	822.1	202	365.7
200	59.2	323	42.2	209.7	321	148.1	268.9	321	190.4
300	22.2	463	22.7	81.6	446	80.3	103.8	450	103.1

(Source ASX: ACB 5 October 2015)

The resource has also been summarised into area and by potential ore type as shown in Table 7.

Table 7: Project Mineral Resource Estimate – Lethakane at >200ppm cut-off by area and ore type.

2015 Mineral resource estimate for the Gojwane and Serule deposits - 200 ppm U ₃ O ₈ cut off (LUC)											
Ore Type	Deposit	Prospect	Indicated			Inferred			Total		
			Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs
Secondary	Gojwane	Gorgon Main/West	2.0	371	1.6				2.0	371	1.6
		Mokobaesi	0.1	261	0.0	0.0	202	0.0	0.1	261	0.0
		Kraken									
	Total Secondary		2.1	367	1.7	0.0	202	0.0	2.1	367	1.7
Oxide	Gojwane	Gorgon Main/West	6.1	313	4.2	9.3	280	5.7	15.4	293	10.0
		Mokobaesi	3.4	365	2.7				3.4	365	2.7
		Kraken	3.9	310	2.6	0.7	280	0.4	4.5	306	3.1
		Gorgon South	4.4	323	3.1	2.6	292	1.6	7.0	312	4.8
	Serule	Serule East				0.5	246	0.3	0.5	246	0.3
		Serule West	0.4	302	0.2	11.7	322	8.3	12.1	322	8.6
	Total Oxide		18.1	324	13.0	24.8	301	16.4	42.9	311	29.4
Primary	Gojwane	Gorgon Main/West	15.4	280	9.5	98.2	313	67.7	113.5	309	77.2
		Mokobaesi	0.5	359	0.4	0.3	330	0.2	0.8	347	0.6
		Kraken	7.7	350	5.9	1.0	349	0.8	8.7	349	6.7
		Gorgon South	12.1	337	9.0	22.8	309	15.5	34.9	319	24.5
	Serule	Serule East				0.4	259	0.2	0.4	259	0.2
		Serule West	3.3	376	2.8	62.4	345	47.4	65.7	346	50.2
	Total Primary		39.0	321	27.5	185.0	323	131.8	223.9	323	159.4
	Total		59.2	323	42.2	209.7	321	148.2	268.9	321	190.4

(Source ASX: LOT 13 July 2023)

A drill spacing study comparison completed by Optiro on the Kraken deposit confirmed that at a starting drill spacing of 200m by 200m, the change of contained metal is within +/-10% when drilled down to 100m by 50m drill spacing. The current criterion for Inferred resources is nominally greater than 100m by 100m drill spacing.

Informing Data

All drill holes are vertical as the mineralisation is generally flat with a 1⁰ – 3⁰ dip to the west most common. 269 Diamond holes for 12,577m drilled was NQ or PQ diameter, while 2,948 Reverse Circulation (RC) holes for 137,814m was drilled with a 5¼ inch diameter. 499 Hollow auger (HA) holes for 3,544m were also drilled and half 'core' samples were obtained by cutting the sample for each metre with a blade. 25 Rotary Air Blast (RAB) holes for 2,270m were probed.

Primary and oxide resources were estimated using radiometric gamma logging equipment. Secondary resources were calculated with XRF results as the primary assay and gamma if no assay were present.

Drill spacing is variable, but the Inferred resources are drilled at 200 – 400m spacing and Indicated resources at 100m spacing.

Sampling and Analysis

Grades for the MRE are a mixture of probe and chemical assays. The primary method of grade determination was through gamma logging for equivalent uranium (eU₃O₈) using an Auslog natural gamma sonde equipped with a Sodium Iodide crystal. The sonde used for the data collection was calibrated in the Adelaide Models in May of 2014 and calibration factors were obtained using the polynomial method by 3D Exploration (Pty) Ltd. Checks using a gamma source of known activity are performed prior to logging at each hole to determine crystal integrity. Readings were obtained at 5cm intervals downhole. Chemical assays have been used to check for correlation with gamma probe grades; disequilibrium is not considered an issue for the project. Industry standard QAQC measures such as

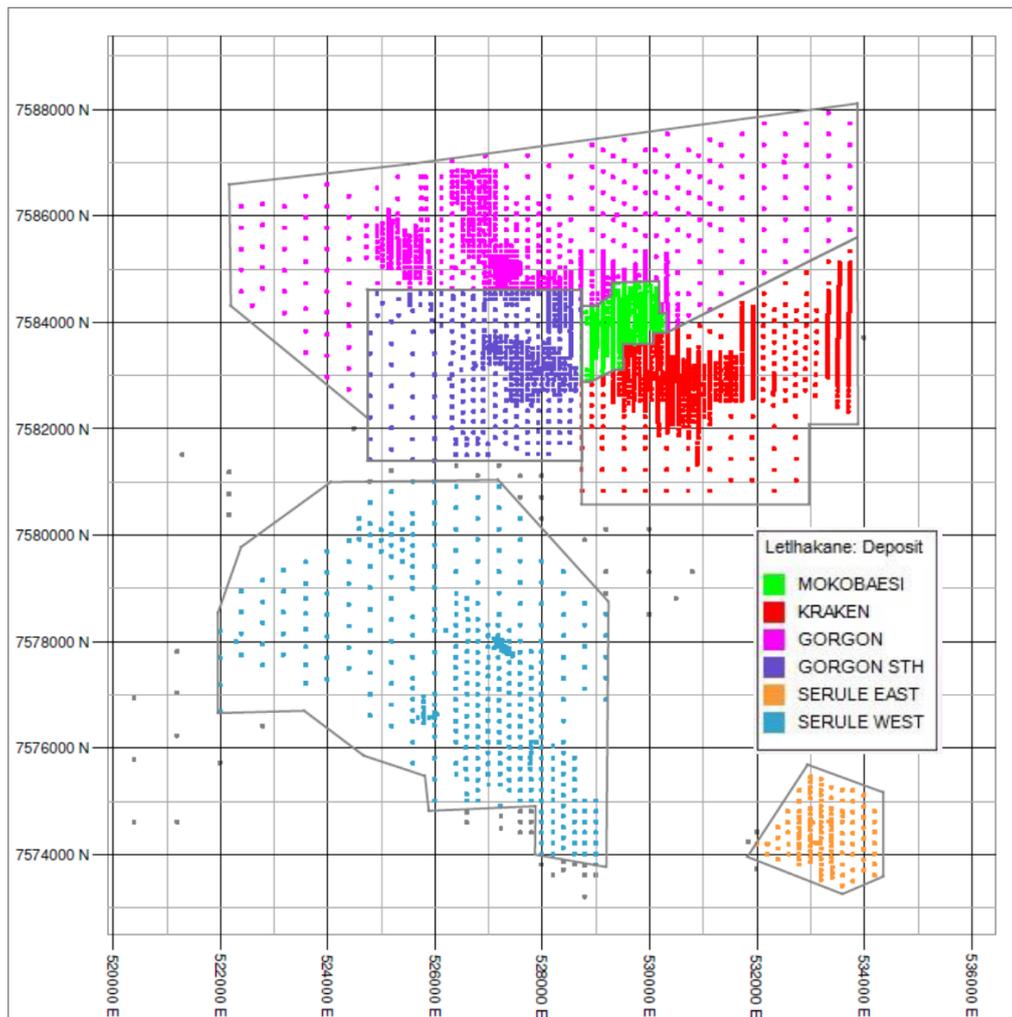


Figure 16: Drillholes and Prospect Areas used in the modelling.
(Source ASX: ACB 5 October 2015)

certified reference materials, blanks and repeat assays were used. Chemical assays are, in general, used in preference to probe values where both are available.

Resource Estimation

The estimation method used was Ordinary block Kriging (OK) into (100 x 100 x 0.25m) panels followed by LUCioning as a post-processing method. This is appropriate due to the selectivity of the proposed mining and grade control methods, i.e. truck-mounted probes for grade control giving high selectivity (2 x 1 x 0.25m), followed by the use of Continuous Surface mining units, leading to an effective selective mining unit of 20 m by 4 m by 0.25m depth. Several previous estimates have been generated using a variety of techniques, including simple OK into large panels and probabilistic approaches using a grade-based indicator method. It is possible to reconcile the current estimation approach with the previous models. Estimation panels reflect the size of the drilling grid and the variable drill spacing. Estimation was into zones defined by a U_3O_8 cut-off grade of 100 ppm, with a distinction made between secondary, primary and oxide mineralisation from logging information. Each lens or set of lenses was defined as a

domain within the broad mine area groupings. Moderate grade caps (top-cuts) were applied to outlier U_3O_8 grades. Panel models were validated against the input flagged and composited drillhole (probe) data. The UC model at zero cut-off was compared against the OK model and the LUC model was compared to the UC model for selected domains. No mining, and thus no reconciliation data, was available.

VRM Comment

VRM has undertaken a review of the reasonableness of Letlhakane MRE's and has not identified any material aspects that justify a further analysis at this stage of development or assessment. The deposit is mostly drilled using RC and Diamond drilling methods with these holes all geophysically logged to provide an equivalent uranium grade (eU_3O_8). The downhole probes were all calibrated and appear to have been appropriately undertaken. Chemical assays have been used to test for radionuclide disequilibrium which if present could result in uncertainty in the grade estimation however it is reported that there was a good correlation between the chemical assays and the gamma probe eU_3O_8 . VRM considers that additional work should be undertaken to confirm that there is no significant disequilibrium. Based on the information reviewed and reported by the A-Cap VRM considers that the global Mineral Resource estimate is reasonable.

4.1.7. Exploration Potential

The mineralisation is open in several directions and there is potential for Mineral Resource expansion on the granted mining lease. The prospecting licence located to the east of the main Mineral Resource is dominated by basement rocks and is considered to have minimal exploration potential however there are still several areas of interpreted Karoo sedimentary rocks that require evaluation. Due to the large low grade Mineral Resource estimate VRM considers that the exploration potential and therefore value away from the Mineral Resources has been included in the comparable transaction multiples used in the valuation of the Letlhakane Mineral Resources.

4.1.8. Processing Infrastructure

There is no processing infrastructure within the project. Additional studies are required prior to confirming the optimal processing options and the processing flowsheet. VRM notes ASX releases by A-Cap where they are reported to be undertaking assessment of the potential for in-situ extraction of the uranium. While this may be an attractive option VRM considers that there would likely be significant environmental impediments to an in situ extractive technique. VRM has assumed in determining possible comparable projects that the extractive technique would be a conventional open pit mining operation which was also assumed in the Mineral Resource estimates.

4.2. Wilconi Nickel Project Western Australia

The Wilconi Nickel project is located in the northeastern Yilgarn Carton with tenements surrounding the town of Wiluna.

4.2.1. Location and Access

The town of Wiluna is located approximately 500km by road north of the inland goldfield town of Kalgoorlie. Regular flights from Perth to Wiluna occur to support the mining and pastoral industry who use the town as a hub. The town hosts a large Aboriginal population. The climate is a desert climate with rainfall associated with summer thunderstorms and rain depressions of cyclonic origin. The town has a summer average maximum of 38^o C and winter average maximum of 19^o C.

4.2.2. Regional Geology

ASX Release (ASX: ACB 5 June 2023) summarises the following.

The Wilconi project is located on the north eastern edge of the Archaean Yilgarn Block, in the Wiluna Greenstone Belt. The Wiluna Greenstone Belt can be divided into two metamorphic domains, the Wiluna domain in the east and the Matilda domain in the west. The major north west trending Perseverance Fault separates the domains.

The Wiluna domain is a low grade, prehnite-pumpellyite facies, metamorphic terrain comprising mafic to ultramafic lavas with intercalated sedimentary units, felsic volcanics and dolerite sills overlain by a thick pile of felsic volcanics, tuffaceous sediments, and sedimentary rocks, interrupted by extrusion of a large volume of komatiitic lava. Primary igneous textures and structures are well preserved, and deformation is predominantly brittle.

The Matilda domain is a medium to high grade, greenschist to lower amphibolite facies, metamorphic terrain with predominantly ductile deformation. It consists of a volcano sedimentary sequence in an interpreted major northwest trending synclinal structure, with the axis close to the Perseverance Fault. The sequence comprises basal banded iron formation in the west, overlain by komatiitic volcanics with limited basal peridotite members. These grades upwards into high magnesium basalt and basalt with interflow chert and graphitic sediments. Metabasalt predominates in the project area. Felsic volcanic rocks and sediments are interpreted to form the core of the syncline.

A number of granite plutons intruded both domains during the very latest stages of volcanism, or the earliest stages of subsequent compressional deformation and regional metamorphism. Emplacement was essentially along the contact between the greenstones and the unknown substrate.

4.2.3. Local Geology and Mineralisation

Exposure at the Wiluna Nickel-Cobalt Project ground is virtually non-existent, and the geology of the Wiluna ultramafic rocks has been determined mostly from previous drilling results aided by an interpretation of magnetic surveys. Approximately 10km northwest of Wiluna the ultramafics are buried under Proterozoic cover.

Drilling has shown that the ultramafics form the base part of a differentiated igneous intrusion which is represented by serpentinised dunite, serpentinised peridotite, pyroxenite and gabbro. The intrusion appears to be conformable or slightly discordant and is thought to have been emplaced as a dyke or sill.

Near Wiluna, this ultramafic unit is between 200-300m wide at the surface but thins rapidly south to less than 100m at the surface before disappearing under the surficial cover. The ultramafic rocks are dislocated by several faults trending north and northeast. Figure 17 shows the geology and drilling locations for the Wilconi Nickel Resource.

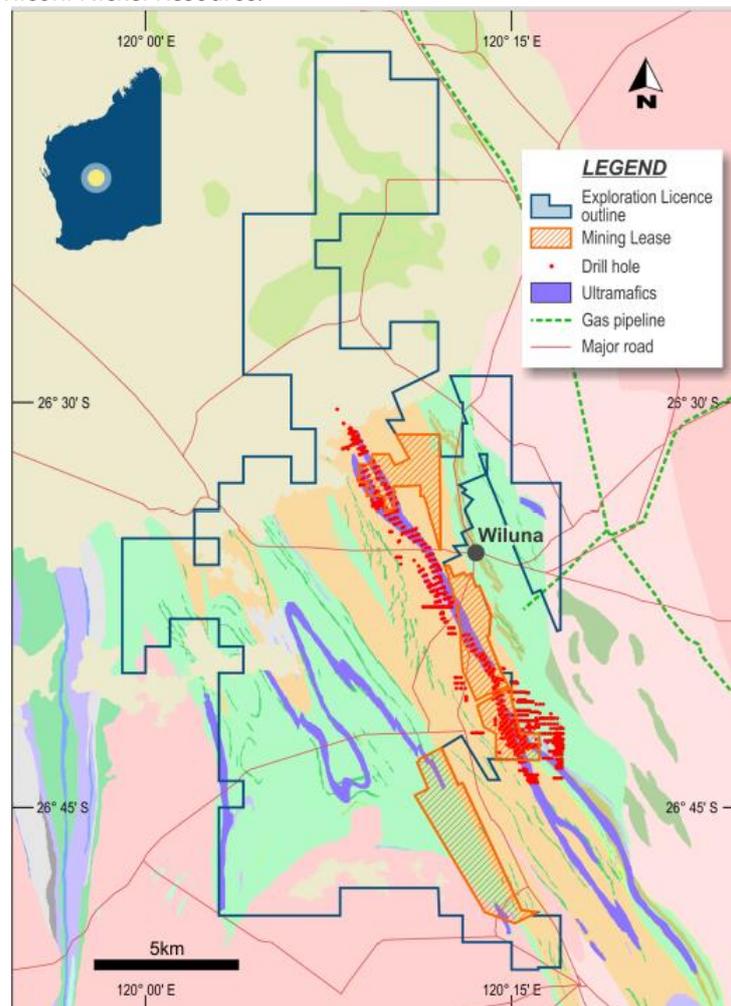


Figure 17: Wiluna Wilconi Project Regional geology and drillhole locations
(Source ASX: ACB 20 July 2022)

Nickel – cobalt mineralisation is concentrated in laterite profiles developed over units of the Perseverance ultramafic sequence. Previous drilling has shown that the mineralisation forms a thin, < 10m thick laterally extensive blanket. Where cut by steep structures, intense lateritisation and mineralisation can extend down to 100 metres depth.

From the top of the profile magnesium levels typically increase from less than 1% to 20% at the saprock interface. This typically occurs within approximately 6 metres allowing an Mg discontinuity surface to be easily identified. This discontinuity is a redox front which forms between the reduced water table and the

overlying oxidised saprolite. In many locations the nickel and cobalt peak values occur above this surface. Figure 18 shows a typical laterite profile for the resource.

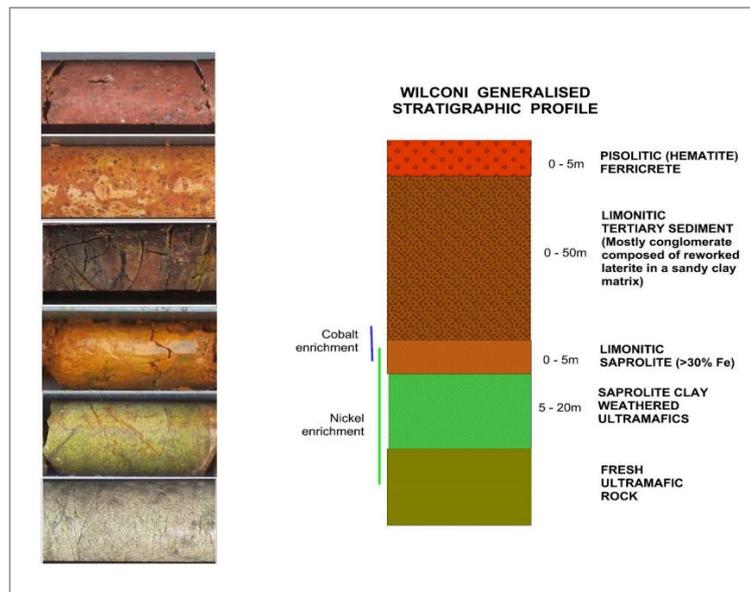


Figure 18: Wilconi Generalised Stratigraphic Profile
(Source ASX: ACB 20 July 2022)

4.2.4. Previous Exploration

ASX Release (ASX: ACB 5 June 2023) summarises the following.

The Wilconi deposit has been explored over a period of more than 50 years by Delhi Australian Petroleum (1967 – 1968), AMAX Exploration (1971 -1973), Trig Mineral Exploration (1972), Kennecott exploration (1971 – 1972), Asarco Australia (1992), CRA Exploration (1992 – 1997), Wiluna Mines (1998), Outokumpu Mining (1998), Agincourt Resources (2005 – 2006), Independence Group and Oxiana Limited (2005 – 2009) and A-Cap Energy Limited (2019-2023). During this period 14,378 holes for a total of 529,900m have been drilled in the Wilconi district.

Delhi 1968 conducted initial costeaning and sampling for Ni gossans and Kambalda type Ni sulphides. Numerous assays >2% Ni were returned from laterite. Kennecott 1969-1972 completed further soil sampling and pitting which identified coincident Ni+Cu anomalies. This was followed up by a percussion drilling program that covered several kilometres of strike length with 850 holes to a typical depth of 10-15m, which confirmed the previously identified soil geochemical targets.

Kennecott conducted extensive RC drilling of the laterite profile, which has subsequently formed part of the laterite Ni resource. Kennecott followed up by drilling 2 diamond holes, which from the sections and plans it appears have failed to test the targeted ultramafic basal contact, due to structural complexity. Despite failing to directly detect the targeted Mount Keith-style mineralisation, this drilling does not preclude the possibility that some laterite Ni mineralisation has resulted from weathering of an underlying Ni sulphide body.

During 1973-1976 WMC followed up with IP and EM geophysical surveys and drilled 4 further percussion holes and 1 diamond hole testing the resulting anomalies. There are no significant assays reported and the source of geophysical anomalism was attributed to variably massive and disseminated pyrrhotite and pyrite logged in association with amphibolites.

In 1993-4 the CSIRO and Asarco Australia conducted mapping and petrographic analysis of ultramafic rocks at several prospects. These researchers recommended further drilling to determine whether the Perseverance ultramafics were extrusive or intrusive as per the high energy extrusives / sub-volcanic intrusives around Agnew – Leinster, and therefore prospective for Ni sulphide deposits.

In 1995 Wiluna Mines intersected Ni sulphide and PGE mineralisation of up to 2m @ 2.15%Ni + 1g/t Pd+Pt from 74m in hole 95WJVP251 at Bodkin prospect. The massive sulphide is located within an interpreted thermally eroded footwall basalt unit. This was the first recorded massive sulphide occurrence in the Perseverance ultramafics and has major implications for the prospectivity of the immediate Bodkin area and the wider ultramafic stratigraphy. (Wiluna Mining Corp, Wiluna Nickel Project- Information Memorandum Oct 2014).

Between 1992 and 1997, CRA in joint venture with Wiluna Mines drilled 372 holes (mostly RC) totalling 41,273 metres over the extent of the ultramafic units. Much of the data collected from this drilling has been used in the JORC nickel laterite resource estimates completed by Snowden for Agincourt Resources in 2005 and by Mining Plus for A-Cap Energy in 2019.

4.2.5.Recent Exploration by A-Cap

In 2021, A-Cap infilled the drilling grid to a nominal 50 m by 100 m in two shallow areas of higher-grade Ni and Co mineralisation. Some 25 m spaced drilling was undertaken in the southern infill area to provide supporting information on lithology and grade continuity.

Infill drilling in 2022 better defined the margins of the resource and reduced the overall tonnes while at the same time increasing the average nickel grade (Figure 19). Figure 20 shows a typical cross section through the mineralisation.

4.2.6.Mineral Resource Estimates

Table 8: Wilconi 5 June 2023 Mineral Resource Estimate at various cut-off grades

2023 Snowden Optiro Ni > 0.5% and within RPEEE pit					
Cut-off (Ni %)	Tonnes (Mt)	Ni %	Co %	Nickel metal (Tonnes)	Cobalt metal (Tonnes)
0.5	73	0.79	0.04	570,000	29,500
0.6	61	0.84	0.04	510,000	24,400
0.7	30	1.03	0.06	300,000	17,700
0.8	20	1.18	0.07	230,000	13,700
0.9	18	1.21	0.07	220,000	12,500
1.0	17	1.22	0.07	210,000	12,100

(Source: ASX: ACB 5 June 2023)

Snowden Optiro extracted a sub-set of 948 holes, totalling 70,135 m from the main database that were considered to be of sufficient quality to support a Mineral Resource estimate. Drilling that intersected the mineralised zone used to complete the MRE included 606 reverse circulation (RC), 69 aircore (AC) and 273 diamond drill (DD) holes. Historical collar survey methods have not been recorded in the database, although locations appear to be accurate as most hole collars can still be identified in the field.

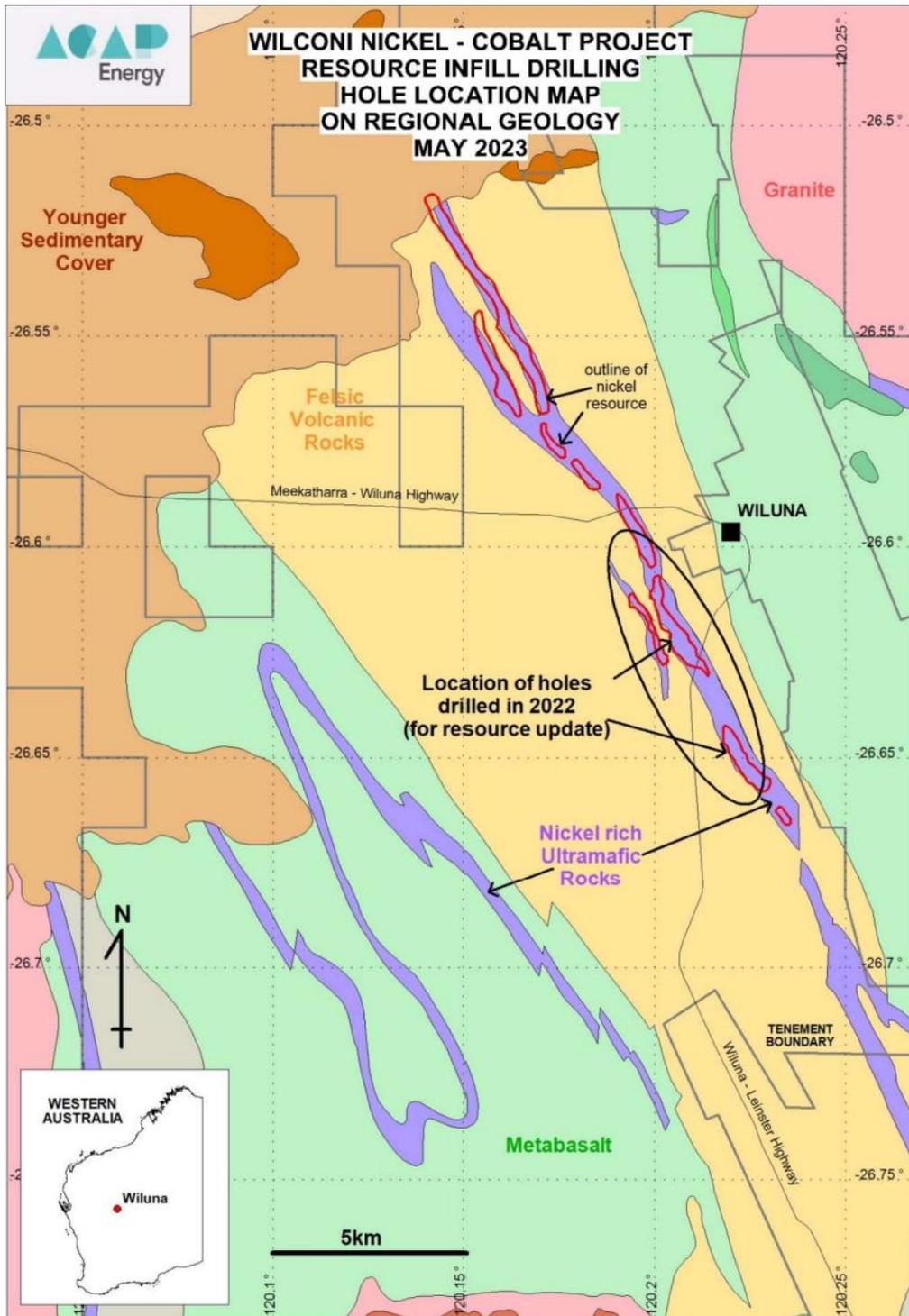


Figure 19: Location of Infill Drilling Wilconi
 (Source: ASX: ACB 5 June 2023)

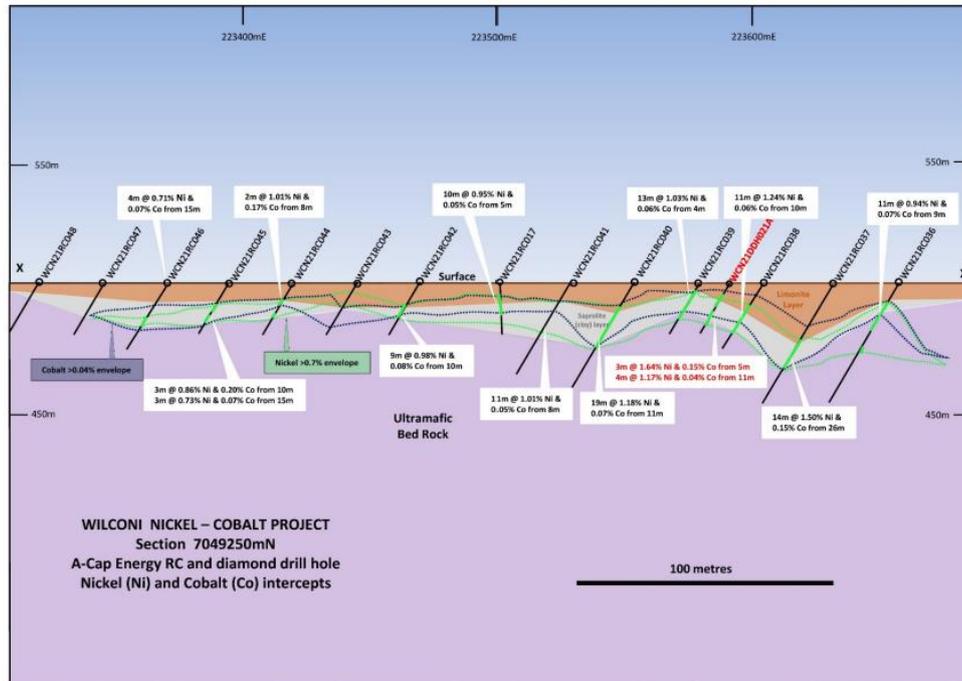


Figure 20: Wilconi Cross Section
(Source ASX: ACB 20 July 2022)

Local grids were used in the early 1968-71 drilling and were not picked up by GPS. Local co-ordinates have been converted to GDA94 Zone 51 co-ordinates using a grid transformation. Holes drilled by Wiluna Mines were surveyed downhole by a Reflex multi-shot instrument. Agincourt, Independence and Oxiana used an Eastman single shot down hole camera to survey the collar and base of their drill holes. A-Cap used a Reflex Gyro north seeking survey tool for its drill campaigns. All A-Cap RC and diamond holes were surveyed at 5m intervals from top to bottom.

Historical and recent logging of drill chips and core is of high quality and completed by experienced field geologists and personnel. In 2019, A-Cap drilled four RC holes that twinned historical RC holes (CRA 1995), which confirmed the original RC results.

Sampling and sub-sampling

RC drill holes were sampled and geologically logged on 0.5 m, 1 m, or 2 m intervals. Independence and Oxiana used a combination of riffle splitters or spears for collecting a sub- 9 sample of drill chips for analysis. A-Cap rigs used a rig-mounted Metzke sampling system using an inverted cone-style splitter considered to provide a good subsample. Other companies did not record their method of sampling RC chips; however, it is expected that prevailing industry standard practices were employed.

CRA and A-Cap recorded recovered weights of all RC samples. Recoveries were believed to be in the order of 100%. Diamond core sampling varied between 1 m to 4 m intervals, with selective sampling at narrower intervals to geological/mineralisation boundaries. Wiluna Mines used a diamond saw to cut core in half lengthwise for sampling. A-Cap used core saws where core was competent enough to be sawn; in soft or clayey material steel spatulas were used.

For geochemical analyses, CRA used Analabs; Agincourt, Independence, Oxiana, and Wiluna Mines used Amdel (Welshpool, Perth); A-Cap used ALS (Perth), and Oxiana also used Genalysis on occasions. All laboratories were ISO accredited. It is assumed that standard dual stage crushing, and pulverisation was employed for sample preparation. For Agincourt RC sampling, either a blank was inserted, or a duplicate prepared every 1 in 20 samples. Oxiana inserted certified reference materials (CRMs) or prepared duplicates every 1 in 12 samples. Nickel assays were within 5% of recommended standard values and cobalt assays within 15% of recommended values.

Historical records of quality control for other RC/RAB/AC drilling have not been sighted; however, it is expected that prevailing industry standard QAQC practices were employed. A-Cap inserted CRMs, blanks, or prepared duplicates every 10th sample. Duplicate samples were collected at the same time using a Metzke sampling system attached to the rig. QAQC results were considered acceptable for resource estimation purposes.

Sample analysis methods

Agincourt drill samples were analysed using ICP, with parts per million accuracies. For Independence drilling, samples were analysed by using four-acid digest and ICP/OES finish (technique ICP102) to parts per million accuracies. Oxiana had samples analysed at Amdel by XRF at 0.001 % accuracy and Genalysis by ICP to ppm accuracy. In 2019, A-Cap used a four-acid digest with ICP/MS finish (48 elements) to ppm accuracy. For the 2021 infill drilling campaign, A-Cap used ALS (Perth) method ME-XRF12n (16 standard elements + Loss on Ignition).

Estimation methodology

Drillhole data was composited downhole to 1 m intervals prior to geological modelling, statistical analysis, variogram modelling, and block grade estimation process. Three-dimensional wireframes were created using Leapfrog from Ni and Co drill hole composite assays. Separate wireframes were constructed for Ni>0.25%, Ni>0.5%, Ni>1.0% and Co> 400 ppm and were used as estimation domains. Composites within each of the mineralised domains were analysed to ensure that the grade distribution was indicative of a single population, with no requirement for additional subdomaining, and to identify any extreme values which could have an undue influence on the estimation of grade within the domain. Variography for the mineralised domains was completed in Supervisor V8.15 using normal scores transformed data, with the variogram model back transformed prior to grade estimation.

A range of block sizes was reviewed, and a parent cell block size of 50mE by 50mN by 1 mRL was selected. This block size represents approximately half the drill spacing in regions containing the Measured and Indicated material. The block model was constructed in Surpac v2023 software. Grade estimation was completed using ordinary kriging (OK) of the 1.0m composited samples. The model was validated by: (1) comparing the wireframe volumes with block model volumes; (2) comparing the mean input composite grade with the estimated block grade; (3) visual comparison of the drillholes and blocks, and (4) examining trend plots of the input data and estimated block grades. Bulk density was measured for 429 physical core samples in ore and 1040 waste/low grade samples. Snowden Optiro developed surfaces for each lithologic /weathering boundary and assigned density values (determined by the Archimedes immersion method) provided by A-Cap. In-situ dry bulk density (DBD) values of 2.11 t/m³, 1.78 t/m³, and 1.81 t/m³ were assigned to limonitic saprolite, saprolite and saprock ores, respectively. Waste and overburden were assigned a DBD value of 2.4 t/m³ and fresh rock a DBD value of 2.127 t/m³.

Classification criteria

The Mineral Resource has been classified by considering the confidence in the geological model, continuity of mineralised zones, drilling density, the underlying database, and the available bulk density information. The Wilconi Mineral Resource has been classified in accordance with JORC 2012 guidelines using drill density as follows: • Measured Mineral Resources – 50 m by 50 m drill spacing • Indicated Mineral Resources – 200m by 100m drill spacing • Inferred Mineral Resource – up to 100 m by 400 m drill spacing • Geological continuity was demonstrated by interpretation of lithology and weathering zones hosting the mineralisation and segregation of mineralisation into tabular zones within these.

4.2.6.1. VRM Comment

VRM has undertaken a review of the reasonableness of the lateritic nickel MRE's within the Wilconi JV and has not identified any material flaws in the methodology or estimation. While there are reported to be 429 physical density samples within the mineralisation and 1,040 samples in the waste or low-grade material the spatial distribution is unclear. Additional density measurements were undertaken using downhole geophysical methods however the number and distribution is also unknown. Irrespective of the spatial distribution of the density measurements VRM considers that the MRE is reasonable.

The largest impediment to a potential development of the identified mineralisation is the high capital cost associated with a High-Pressure Acid Leach (HPAL) processing plant should this be the metallurgically optimal processing technique. Notwithstanding the work undertaken by Snowden Optiro around the Reasonable Prospects for Eventual Economic Extraction (RPEEE), in VRM's opinion the capital costs may prove to be a major impediment to any potential development with this not being reflected in the initial assessment of RPEEE which was limited to mining factors or assumptions. Within the valuation VRM has accounted for this uncertainty in the Mineral Resource by downgrading the Geoscientific rankings by 0.5 for each of the On Property, Anomaly and Geology factors and ensuring that the higher-ranking criteria are limited to the specific tenements that contain Mineral Resource estimates.

4.2.7.Exploration Potential

VRM has undertaken a high-level review of the exploration potential within the Wilconi JV tenements and while the focus of previous exploration has been centred on the Perseverance ultramafic units there are several ultramafic units interpreted to the west of the Perseverance ultramafic which has had minimal nickel exploration. Much of the previous exploration has been focused on gold exploration due to the proximity to the large Wiluna gold deposits. Previous owners of the JV tenements have focussed the exploration on the gold potential with minimal systematic nickel exploration. The identification of thin massive sulphide nickel mineralisation highlights that the tenements are not only prospective for nickel laterite mineralisation there is also potential, however at a higher risk, for nickel sulphide mineralisation.

4.2.8.Processing and Mining Studies

Mining and metallurgical assumptions

Preliminary metallurgical test work has indicated that Ni and Co can be recovered by high pressure acid leaching (HPAL), atmospheric leaching, and acid bake processing methods using sulphuric acid. Some of the mineralised material may be suitable for economic extraction by acid heap leach. Tests showed the preferred processing method (HPAL) returned metal recoveries in excess of 90%. The pit containing material that complies with the reasonable prospects of eventual economic extraction (RPEEE) criteria of

JORC 2012 are above a 0.22% nickel equivalent. The assumptions used to define the RPEEE pit are reported in the JORC table 1 attached to the ASX release for the Mineral Resource estimate.

Cut-off grade

Nickel and cobalt prices assumed for the Mineral Resource estimate are US\$23,000/t and US\$34,000/t respectively, with an assumed exchange A\$/US\$ rate of 0.70. Feasibility work is yet to determine an economic cut-off grade, which will vary depending on the processing method chosen. A cut-off grade of 0.5% nickel was assumed for the Mineral Resource estimate while a 0.22% cutoff was used to define the in-pit Mineral Resources. The cut-off grade which is appropriate for most of the likely processing options under consideration remains uncertain.

Metallurgical testwork conducted on ores from the company's Wilconi Nickel – Cobalt Project ("Wilconi"), in Western Australia. Samples of drill cores representative of different ore types (limonitic, saprolitic and saprock) were selected and provided to Simulus Laboratories (Perth) for testing. The samples were tested for their amenability to nickel and cobalt leaching using five different processing methods, including: Atmospheric Leach, High Pressure Acid Leach (HPAL), Reductive (SO₂) Leach, Acid Bake and Water Leach and Salt Roast and Water Leach. Results are summarised in Table 1 and Appendix 1. Results show high metal recoveries for limonitic and saprolitic ores (Samples #1 – 3), with averages between 73.6 – 93.1% Ni and 71.1 – 93.2% Co from HPAL, atmospheric leach and acid bake methods. Metal recoveries for Reductive Leach and Salt Leach tests on the same samples were lower (93% Ni and >91% Co leached from both the limonitic and saprolitic ores. The atmospheric leach and acid bake methods had similar high recoveries for the limonitic and saprolitic ore types however the acid bake method required much lower acid consumption.

VRM notes that the modifying factors associated with the assessment of the economic potential of the Mineral Resources within the Wilconi JV are only understood at a very high level and insufficient work has been completed toward any studies into the viability of the mineralisation. Importantly if the mineralisation is to be developed using a HPAL processing facility the capital costs associated with these processing facilities are extremely high and as evidenced by previous operations in Western Australia are considered to be high risk operations.

5. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 9 and provides a guide as to the most applicable valuation techniques for different assets.

Table 9: VALMIN Code 2015 valuation approaches suitable for mineral Properties.

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

In accordance with the definitions used in the VALMIN Code the A-Cap Projects are best described as Advanced Exploration projects while the Livingstonia uranium Project and tenements surrounding Kayelekera 85% owned by Lotus are also Advanced Exploration Projects. The Kayelekera Project of Lotus is a Pre-Development Project due to the decision to proceed to re-development, although this decision has not yet been finalised. There are MRE's within all the Projects which are reported under JORC 2012. The Kayelekera Project also has JORC 2012 Ore Reserves which were reported in August 2022. Pre-Development Projects are defined in VALMIN as tenure holdings for which a decision has been made to proceed with construction or production or both. VRM understands a decision to proceed with the re-development of Kayelekera has not yet been made and is unlikely to be made until there has been either an improvement in the short-term uranium price or a binding long-term offtake at a higher price.

In VRM's opinion, the uranium projects should be valued using a comparable transaction method based on Resource Multiples as a primary valuation method (with appropriate discounts applied), with a secondary valuation being a yardstick approach. Additional valuations, being a Geoscientific or Kilburn approach and a prospectivity enhancement multiplier (PEM) have been used to determine the value of the exploration potential within the tenements but distal from the currently estimated Mineral Resources.

5.1. Previous Valuations

VRM is not aware of any previous valuations for the Mineral Assets owned by A-Cap. VRM has completed previous valuations on the Kayelekera Project in 2019 and 2021. These valuations were associated with the acquisition of the project by Lotus with the 2019 valuation being where Lotus acquired 65% of the project and the 2021 valuation where Lotus acquired an additional 20% of the project from a related party. Both valuations were appended to Independent Experts Reports (IER's) prepared by BDO. The previous valuations were completed with the Kayelekera Project considered to be an advanced exploration project with the main asset being the JORC 2012 Mineral Resources. The previous valuations assumed that the processing plant had a similar value to the rehabilitation liabilities associated with the project. Since the 2021 valuation Lotus has completed a re-start study and declared Ore Reserves which has fundamentally changed the status of the project.

5.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 14 August 2023 being the valuation date of this Report and considering information up to 14 August 2023. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

5.3. General assumptions

The Mineral Assets of Lotus Resources and A-Cap Resources are valued using appropriate methodologies as described Table 9 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon.
- The valuations only relate to the Mineral Assets located within the tenements controlled by the respective Companies, and not the Companies, their shares or market value.
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licence will remain active.
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe.
- That the owners of the mineral assets can obtain the required funding to continue exploration activities.
- The uranium prices assumed (where it is used / considered in the valuation) is as at 31 July 2023, being US\$56.38/lb (source <https://www.cameco.com/>) This is the latest monthly reported price.
- The nickel price (where it is used / considered in the valuation) is as at 14 August 2023, being US\$19,789/t (source S&P Capital IQ).
- The cobalt price (where it is used / considered in the valuation) is as at 14 August 2023, being US\$32,975/t (source S&P Capital IQ).
- The US\$ - AUS\$ exchange rate of 0.64964 (www.xe.com).
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

5.4. Uranium Market Analysis

Lotus and A-Cap's Projects being valued in this Report are dominantly prospective for uranium it is important to note the current market conditions and supply and demand fundamentals for uranium. The uranium price is fundamentally different to many of the other commodities, it is linked to the long-term demand for nuclear power and is commonly traded on long term contracts with only a small portion sold on a short term. The uranium price has increased significantly over the past several years, this is

partly due to re-stocking of the large nuclear utilities and end users after a period of low prices due to the tsunami that occurred in Japan in 2011. Another factor that is likely to be generating increased prices is the post COVID shift in the major economic regions to reduce their carbon emissions. Nuclear power is one of the few (or only) low to very low carbon emitting based load power generating options. Figure 21 shows the long term (in grey) and spot (in blue) uranium (U_3O_8) price in US\$ over the last five years and Figure 22 shows the nickel price in USD for the same period.

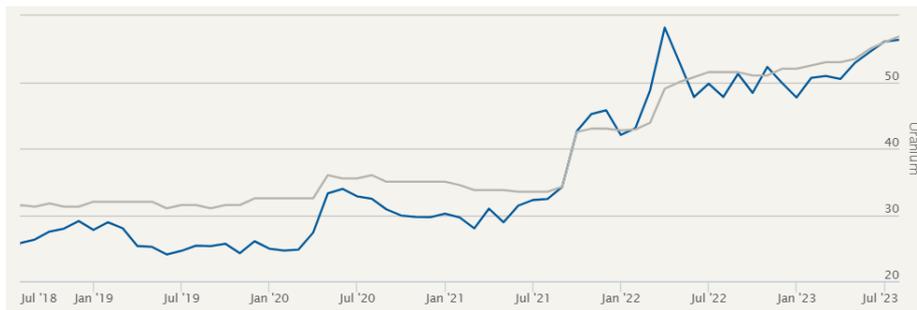


Figure 21: Five-year Spot and Long term Uranium price (US\$) from 31 July 2018 to 31 July 2023
(Source: Cameco.com)

Note the grey line is the contract or long-term price while the blue line is the spot uranium price.

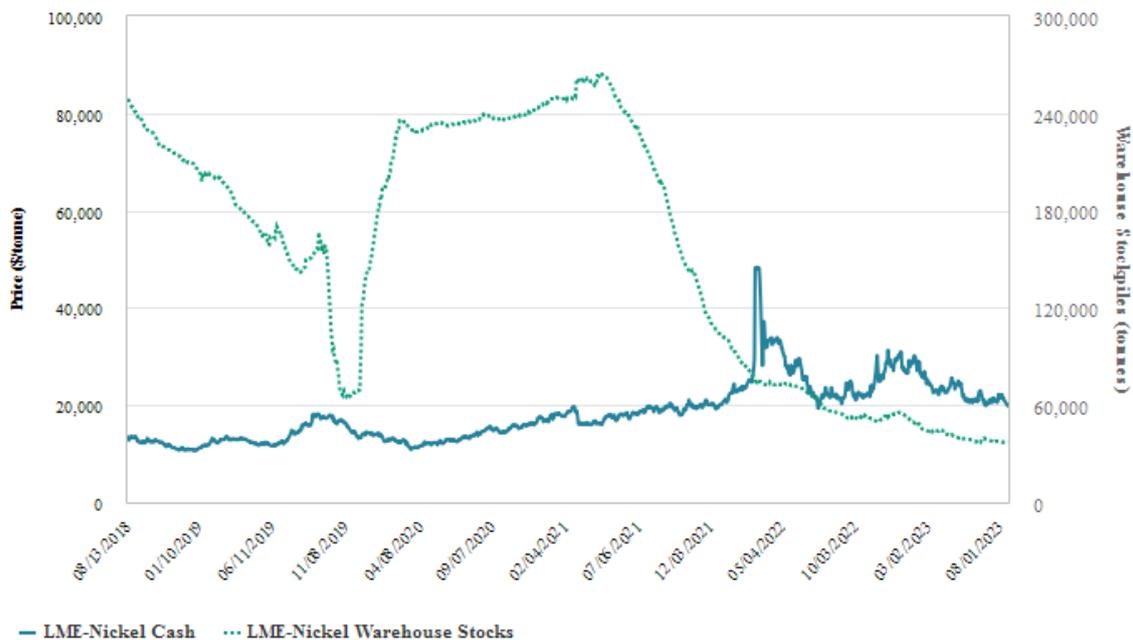


Figure 22: Five-year Nickel price (US\$) from August 2018 to August 2023
(Source: S&P Capital IQ)

In the conversion of the technical valuations to market valuations VRM has normalised the previous transactions to the uranium price when the comparable transaction was announced and the current uranium price. This has resulted in a significant increase in the value of the projects due to the high current uranium price compared to the uranium price when the transactions were announced. When normalising the transaction valuation to the uranium price VRM has elected to use the uranium price in US\$ reported by Cameco at the end of the month prior to the transaction being announced and the

current uranium price in US\$ also as reported by Cameco. The ratio of the uranium prices has been determined based on the US\$ prices to remove any fluctuations in the various exchange rates which are not due to the uranium prices.

5.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (**DCF**) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

At the Valuation Date there are current Ore Reserves estimated for the Kayelekera Project. An income valuation approach would commonly be undertaken when there are current Ore Reserves, however due to the current forecast uranium price, which is lower than the price used in estimating the Ore Reserves, this is not considered to be an appropriate approach. BDO has examined the model and, using economic assumptions that BDO consider reasonable, the project value is higher when using a Comparable transaction approach based on Mineral Resource Multiples. This is due to the forecast short term uranium price. If Lotus was able to enter into long term contracts for the production from Kayelekera or there is an additional increase in the uranium price, then a DCF method may be considered an appropriate valuation method.

5.5.1 Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Projects.

5.5.2 Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot commodity price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US\$-AUS\$ exchange rate and uranium price as of 31 July 2023 and documented above have been used to determine the yardstick valuation.

Table 10: Typical Yardstick Multiples used for uranium Projects.

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

5.6 Exploration Asset Valuation

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation.
- Comparable transactions (purchase) based on the Properties' area or Mineral Resource estimates (both current and historic).
- Joint Venture terms based on the Properties' area; and
- A prospectivity enhancement multiplier (PEM).

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure

to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The area based comparable transaction multiples can also be useful in valuations but are strongly related to the projects tenement area so can be conservative for small areas and overstated for large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

5.6.1 Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 11 documents the ranking criteria that were used in conjunction with the base acquisition cost (**BAC**) for the project tenements to determine the technical valuation of the project.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the Lotus and A-Cap tenements the BAC has been determined using the exploration commitments for the tenement and the annual rent payments. These commitments were either provided and confirmed from the original tenement certificates (for the African Projects of A-Cap and Lotus) or DMIRS for the A-Cap tenements in Western Australia.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 11 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 11: Ranking criteria are used to determine the geoscientific technical valuation.

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The total technical valuation was adjusted to derive a market valuation by making a market factor adjustment and a locational adjustment. A market factor was derived to account for the status of the market which is currently elevated as shown in Figure 21 and Figure 22. On that basis, the technical valuations are increased by 20% for the nickel projects and 30% for the uranium projects. These premia were based on the currently high prices of uranium at or near five year high and nickel at a significantly higher base price than before 2021 although slightly reduced in the past six months. A 30% reduction was applied for Malawi and a 10% reduction was applied for Western Australia; the latter is due to the uncertainty of the modified heritage protection act while the former is due to the general risk rating of Malawi as documented by S&P Capital IQ.

For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used for the surrounding exploration potential.

5.6.2 Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 9 and in the VALMIN Code a cost – based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (**PEM**) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used

in this report are outlined in Table 12 below. VRM considers the PEM valuation method as a secondary valuation method. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated however if there are no comparable transactions then a PEM is a viable valuation method.

Table 12: Prospectivity Enhancement Multiplier (PEM) ranking criteria.

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrades the potential
0.5 – 1	Exploration has maintained the potential
1.0 – 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting, mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

6 Valuation of the Mineral Assets

The principal mineral assets valued as a part of this ITAR are the Kayelekera uranium Project which includes additional exploration tenements in Malawi including a Mineral Resource at Livingstonia all 85% owned by Lotus. The Letlhakane uranium Project in Botswana which is 100% owned by A-Cap and the Wilconi nickel JV Project in Western Australia which is 55% owned by A-Cap are also valued. A-Cap's JV partner in the Wilconi Project is Wiluna Mines (ASX: WMC) which is currently in administration. While VRM understands that A-Cap is in negotiations associated with increasing its equity in the JV; at the valuation date the A-Cap equity remains at 55%.

As detailed above A-Cap has Mineral Resource estimates completed on the Letlhakane uranium Project and the Wilconi nickel Project. Lotus has Ore Reserves and Mineral Resource estimates within the Kayelekera uranium Project which includes the Livingstonia uranium Mineral Resource estimate.

While there are Ore Reserves within the Kayelekera Project, BDO has informed VRM that using the technical assumptions that have been reviewed by VRM, and after applying BDO's economic inputs (such as consensus forecast pricing and discount rate), that a DCF valuation methodology is not suitable to value the project. BDO then requested VRM to undertake a valuation of the project in accordance with the VALMIN Code using valuation methods that VRM considered to be reasonable. As an income valuation is not considered a viable valuation method VRM has completed two alternate valuations of the project with the preferred valuation being based on the comparable transaction resource multiple approach .

VRM has undertaken a valuation based on several techniques, these being a Comparable Transaction (Resource Multiplier) and Yardstick method as a cross check for the reported Mineral Resources in the Kayelekera, Livingstonia, and Letlhakane uranium Projects. The surrounding exploration tenure for the Kayelekera Project have been valued considering a Kilburn or Geoscientific valuation method and a Prospectivity Enhancement Multiplier (PEM) method as described further below.

The Wilconi nickel project has been valued using a Geoscientific valuation method as the primary valuation method with supporting methods included a Yardstick, PEM, and the JV terms where A-Cap acquired the project. VRM would usually undertake a comparable transaction valuation based on the declared Mineral Resources; however, VRM has not identified any recent project-based nickel laterite transactions which could be considered comparable. Additionally, a Yardstick valuation method was undertaken; however, it generated a value that is considered to be too high due to the high multiples used in a Yardstick valuation method. The high multiples do not consider the expected high to extremely high financial hurdles to a potential nickel laterite development and the high risks associated with such a development scenario, therefore VRM considers that a Yardstick approach is not a viable valuation method for the Wilconi JV.

There are royalties associated with several of the projects however the timeframe for these royalties to be achieved or payable are highly uncertain. Therefore, these have not been valued as a part of this Report and they are considered to have an insignificant value when compared to the Mineral Assets of the companies.

6.1 Comparable Transactions – Resource Multiples

6.1.1 Livingstonia and Letlhakane Projects – Resource Multiples

For the uranium Mineral Resources in the Livingstonia and Letlhakane projects, an analysis of completed project-based uranium transactions was compiled for projects that are considered possibly comparable in geopolitical jurisdictions, of similar geology and possible development scenario, assumed to be a conventional open pit mining operation with an onsite processing facility producing a uranium oxide concentrate (yellowcake).

The final set of data used to derive the valuation included five transactions involving uranium resources, as detailed in Appendix A. The comparable transactions used for the valuation are mostly compiled from projects with no feasibility studies. The resource multiples based on the comparable transactions have been normalised to the uranium price at the transaction date with that normalised against the uranium price at 31 July 2023.

Applying this methodology, the average normalised multiples are US\$0.07 per pound. VRM considers that a range should be determined and based on the comparable transactions has elected to determine the range as +/- 25% from the preferred resource multiple for the Livingstonia Project (85% Lotus) and A-Cap's 100% owned Letlhakane Project.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Mineral Resource estimates in Table 6 and Table 7 to derive the value of the Mineral Resources within the tenements that contain Mineral Resources. The contained uranium in the Mineral Resources has been calculated by VRM based on the reported Resource tonnage and grades, and results in a slightly different contained uranium for the A-Cap and Lotus Projects compared to the declared MRE's. This variation is due to rounding in the estimates. The exploration potential within the tenements away from Kayelekera Mineral Resources has been determined by a Geoscientific and PEM method.

6.1.2 Kayelekera Project – Resource Multiples

VRM undertook an extensive global search of uranium project transactions since 2010. A total of 81 uranium project transactions were identified.

In assessing potentially comparable transactions VRM considers that the only operations that are potentially comparable are conventional open pit uranium operations with infrastructure including a processing plant, tailings facility and Mineral Resource and Ore Reserves estimates that were completed in accordance with JORC 2012.

VRM could only identify four such market transactions, two of these transactions involved the Kayelekera Project while the other two were on the Rossing operation and the Langer Heinrich operation. The latter two are in Namibia while the Kayelekera project is in Malawi.

Namibia and Malawi are broadly similar in the environmental regulations and operating environment. Paladin Energy developed both the Langer Heinrich and Kayelekera operations in between approximately 2004 – 2008.

The details of the four open pit project transactions are detailed in Appendix A of this report.

Two of the identified transactions are on Kayelekera itself, being when in 2019 Lotus acquired 65% of the project from Paladin and the second when in 2021 Lotus acquired an additional 20% from a related party. The only other project-based transactions that were for projects that were open pit operations, had an existing infrastructure and broadly comparable to Kayelekera were the 2014 transaction where Paladin sold 25% of the Langer Heinrich project to a subsidiary of China National Nuclear Corporation (CNNC) and the second is where Rio sold its 68.62% of the Rossing operation in 2018 to CNNC. The latter two transactions, while broadly comparable, are identifiably different in that they were operating at the time of the transactions, had a larger operational capacity, had existing offtake agreements and are for long life assets. The 2014 Langer Heinrich transaction occurred at a normalised multiple of US\$9.467/lb of contained U₃O₈ while the Rossing transaction in 2018 occurred at a normalised Resource Multiple of US\$4.464/lb of contained U₃O₈. The two Kayelekera project transactions occurred at a normalised resource multiple of US\$0.548/lb of contained U₃O₈ for the 2019 transaction and US\$5.827/lb of contained U₃O₈ for the 2021 transaction.

The more recent transactions, being the sale of 20% of Kayelekera Project (at a Resource Multiple of US\$5.827/lb and the sale of 68.62% of Rossing (at a Resource Multiple of US\$4.464/lb), VRM considers that these transactions would reflect the most likely market value of the project.

When the Rossing operation was sold by Rio Tinto (Rio) in 2018 the operation was not profitable and incurred a US\$26 million loss and an impairment of US\$267 million in the previous financial year. The Rossing operation has a broadly similar resource grade (Rossing 400ppm, Kayelekera 490ppm) however the Rossing Mineral Resource is significantly larger (~80Mt) than the Mineral Resources at Kayelekera (~42Mt). In 2017 Rossing was reported to have produced approximately 4.65Mlb of U₃O₈ with Rio's share being approximately 3.192Mlb U₃O₈. The Kayelekera operation has a production profile for the first 7 years, based on the Lotus DFS, being approximately 2.4Mlb/a U₃O₈. Both projects have similar recoveries (Rossing ~84%) and Kayelekera (86.7%).

Given the Rossing transaction occurred while the mine (and processing plant) was operational VRM has, based on our professional opinion, assigned a 40% discount to the Rossing Resource Multiple to adjust for Rossing being operational when the transaction occurred compared to Kayelekera being on Care and Maintenance. The discount was broadly derived by subtracting the estimated cost to re-start the Kayelekera operation US\$99.3 million (based on the Lotus DFS including all pre-production capital estimates) from the transaction value of the Rossing transaction US\$208.89 million and then recalculating the resource multiple which results in a multiple of US\$2.37/lb or a 47% discount. The 40% discount was applied rather than the calculated 47% discount due to the higher grade of the Kayelekera Mineral Resource compared to the grade of the Rossing Mineral Resource. After applying the operational discount to the Rossing Resource multiple was calculated to be US\$2.679/lb. Therefore, the market value of the Kayelekera Project has been based on the average Resource Multiples of the 2021

Kayelekera transaction (US\$5.827/lb) and the 2018 Rossing transaction (less a 40% discount for operational the operational status) of US\$ 2.679/lb for an average Resource Multiple of US\$4.253/lb of contained U₃O₈. The range in market values is considered by VRM to be within a range of +/- 25% from the average normalised multiple. The resulting valuation is detailed in Table 13. As the Normalised Resource Multiples are based on projects with processing infrastructure and environmental liabilities this valuation includes the Mineral Resources and processing infrastructure along with the likely environmental liabilities associated with the Project.

6.2 Comparable Transaction Summary

Table 13, below summarises the valuation of the uranium Mineral Resources owned by A-Cap and Lotus.

Table 13: Comparable transaction valuation of the Mineral Resource estimates.

Comparable Transaction Valuation Mineral Resource estimates			
	Lower (-25 %)	Preferred (Average)	Upper (+25 %)
A-Cap Letlhakane Mineral Resource estimates (contained U ₃ O ₈ (M lb))		190.55	
Resource Multiple (US\$/lb contained U ₃ O ₈)		\$0.07	
A-Cap Letlhakane Mineral Resource Valuation (US\$)	\$10.6	\$14.1	\$17.6
A-Cap Letlhakane Mineral Resource Valuation (A\$)	\$16.3	\$21.7	\$27.1
Lotus Kayelekera Mineral Resource estimates (contained U ₃ O ₈ (M lb) (100%))		46.21	
Resource Multiple (US\$/lb contained U ₃ O ₈)		\$4.25	
Total Value Kayelekera Mineral Resources (US\$) (100%)	\$149.3	\$199.0	\$248.8
Total Value Kayelekera Mineral Resources (US\$) (85%)	\$126.9	\$169.2	\$211.4
Total Value Kayelekera Mineral Resources (A\$) (85%)	\$195.3	\$260.4	\$325.5
Lotus Livingstonia Mineral Resource estimates (contained U ₃ O ₈ (M lb) (100%))		4.87	
Resource Multiple (US\$/lb contained U ₃ O ₈)		\$0.07	
Total Value Livingstonia Mineral Resources (US\$) (100%)	\$0.3	\$0.4	\$0.4
Total Value Livingstonia Mineral Resources (US\$) (85%)	\$0.2	\$0.3	\$0.4
Total Value Livingstonia Mineral Resources (A\$) (85%)	\$0.4	\$0.5	\$0.6
Lotus Kayelekera Mineral Resource Valuation (A\$ million)	\$195.6	\$260.8	\$326.1

Note appropriate rounding has been applied to the valuation totals. US\$ to A\$ exchange rate of 0.64964 has been applied.

Therefore, VRM considers that the Mineral Resources within the A-Cap Letlhakane Project have a market value, based on comparable transactions, of between **\$16.3 million** and **\$27.1 million** with a preferred valuation of **\$21.7 million**.

VRM considers the Mineral Resources estimates within the Lotus Projects, to be valued, based on a comparable transactions approach, at between **\$195.6 million** and **\$326.1 million** with a preferred valuation of **\$260.8 million**.

6.3 Yardstick Method

As detailed above the yardstick method can also be considered as a valuation approach, particularly as a cross check or supporting valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a supporting approach for valuation of Ore Reserves and / or Mineral Resources and is based on a percentage of the current metal price.

For Mineral Resource estimates, a common yardstick value would be between 0.5% and 5% of the current commodity price, dependent on the Mineral Resource classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. The risks relating to the resources described above have been incorporated into the Yardstick approach. The yardstick multiples are commonly used for gold transactions and has been developed by the valuation industry as a basis of possible project valuations based on a large dataset of gold transactions. As there are few transactions for uranium projects this is considered a reasonable guide as to a possible value however due to the lack of transactions it is considered a guide to a possible valuation.

VRM has applied a range of percentage values, corresponding to the classification of the uranium Ore Reserves and Mineral Resources within the Projects and the uranium (US\$/lb) prices at the valuation date in order to value the resources within the Projects. The valuations are summarised in Table 14.

Table 14: Yardstick valuation of the Mineral Resources within A-Cap and Lotus Projects

Yardstick Valuation Summary of Mineral Resources in the A-Cap and Lotus Projects							
Classification	Yardstick Factors	Reserves & Resources (U ₃ O ₈ M lb)	A\$/lb	Equity	Lower (\$M)	Midpoint (\$M)	Upper (\$M)
A-Cap Mineral Resource estimates (100% equity)							
Indicated U ₃ O ₈ Resources	1.0 – 2.0%	42.16	86.78	100%	\$4.1	\$6.2	\$8.2
Inferred U ₃ O ₈ Resources	0.5 – 1.0%	148.40	86.78	100%	\$3.6	\$5.4	\$7.1
Valuation A-Cap Mineral Resources (AUS\$M)				100%	\$50.5	\$75.7	\$101.0
Lotus Mineral Ore Reserves and Mineral Resources (85% equity)							
Kayelekera							
Reserves	5 – 10%	23.11	86.78	85%	\$85.3	\$127.9	\$170.5
Measured Resources	2 – 5%	0.45	86.78	85%	\$0.7	\$1.2	\$1.7
Indicated Resources	1 - 2%	13.7	86.78	85%	\$10.1	\$15.2	\$20.2
Inferred Resources	0.5 – 1%	8.93	86.78	85%	\$3.3	\$4.9	\$6.6
Kayelekera Total (A\$M)					\$99.3	\$149.2	\$199.0
Livingstonia							
Inferred U ₃ O ₈ Resources	0.5 – 1.0%	4.87	86.78	85%	\$1.8	\$2.7	\$3.6
Livingstonia Total (A\$M)					\$1.8	\$2.7	\$3.6
Valuation Lotus Mineral Resources (AUS\$M)				85%	\$101.1	\$151.8	\$202.6

Note – Yardstick Valuation based on uranium price of A\$86.79/lb, the Mineral Resources above are reported exclusive of the Ore Reserves. The contained uranium may vary slightly from the reported contained metal due to the contained metal in the table above being calculated by VRM. Appropriate rounding has been applied to the Ore Reserves and Mineral Resource estimates and valuation.

Therefore, VRM considers the Mineral Resources estimates within the A-Cap Projects as detailed above to be valued, based on a yardstick approach, at between **\$50.5 million** and **\$101.0 million** with a preferred valuation of **\$75.7 million**.

VRM considers the Mineral Resources estimates within the Lotus Projects, to be valued, based on a yardstick approach, at between **\$101.1 million** and **\$202.6 million** with a preferred valuation of **\$151.8 million**.

6.4 Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing. The costs of tenement applications and targeting have not been included.

The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1 and 3.5, the On-Property Criteria between 1 and 2.5, the Anomaly Factor between 1.0 and 4.0 while the Geology Criteria are considered to be between 1.0 and 3.0. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix B, this has determined the technical value. A premium of 30% has been applied to the uranium projects and 20% for the nickel projects has been applied to the technical value to account for the current market conditions however a 10% discount has been applied for the heritage and environmental aspects and the current inflationary pressures on projects in Western Australia while a 30% discount has been applied to the Kayelekera Project geoscientific valuation to account for the environmental and geopolitical aspects of Malawi based on the country risk published by S&P Capital IQ. The Technical and Market Values are shown in Table 15. The technical valuation is the base acquisition cost multiplied by the ranking factors outlined in Appendix B while the Market Value is the Technical Value multiplied by the geopolitical risk and market adjustment.

Table 15: Geoscientific Valuation of the Kayelekera regional tenements and the Wilconi JV Project including the Wilconi Mineral Resources

Projects	Technical Valuation (AUS\$M)			Fair Market Valuation (AUS\$M)		
	Lower	Preferred	Upper	Lower	Preferred	Upper
A-Cap Projects						
Wilconi JV (55%)	\$7.2	\$14.4	\$21.7	\$7.8	\$15.6	\$23.4
Wilconi Valuation	\$7.2	\$14.4	\$21.7	\$7.8	\$15.6	\$23.4
Lotus Kayelekera Projects						
Exploration Potential (85%)	\$0.3	\$0.6	\$0.8	\$0.3	\$0.5	\$0.8
Value of Exploration Potential	\$0.3	\$0.6	\$0.8	\$0.3	\$0.5	\$0.8

Appropriate rounding to the total valuation has been undertaken.

The A-Cap equity (55%) in the Wilconi Project is considered by VRM to have a market value using the Geoscientific method of between **\$7.8 million** and **\$23.4 million** with a preferred value of **\$15.6 million**. The exploration potential within the Kayelekera Project, 85% owned by Lotus is considered to have a market value of between **\$0.3 million** and **\$0.8 million** with a preferred value of **\$0.5 million**.

6.5 Prospectivity Enhancement Multiplier (PEM) Valuation

VRM has undertaken a PEM valuation of the tenements based on the exploration expenditure either provide by the company or extracted from the DMIRS online tenement database Mineral Titles Online with the expenditure being limited to the exploration portion of the statutory annual tenement expenditure reports (Form 5). In addition to the reported expenditures VRM has assumed that the exploration commitment for the current tenement year has already been spent. Project acquisitions costs were excluded from the analysis as these are considered sunk costs and not contributing to geological / prospectivity knowledge.

This expenditure has been multiplied by the Prospectivity Enhancement Multiplier as detailed in Table 12. To generate a range in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range of likely values of the Projects. The preferred valuation is the average of the upper and lower PEM valuation. Table 16 details the expenditure, the PEM multiples, and the valuations for the both the A-Cap and Lotus Projects. The individual tenement expenditures and assigned PEM multiples are detailed in the appendices to this report.

Table 16: PEM Valuation for the exploration tenements excluding tenements containing Mineral Resources

Project	PEM Valuation by Project			
	Expenditure (\$)	Lower (\$M)	Preferred (\$M)	Upper (\$M)
A-Cap Projects				
Wilconi JV	\$9,058,603	\$11.4	\$12.6	\$13.7
Total Exploration Valuation		\$11.4	\$12.6	\$13.7
Lotus Projects				
Kayelekera	\$245,168	\$0.3	\$0.4	\$0.4
Total Exploration Valuation		\$0.3	\$0.4	\$0.4

* Only the exploration expenditure targeting nickel has been assigned to the Wilconi JV with the expenditure provided by A-Cap. Note Appropriate rounding has been undertaken.

For the A-Cap Wilconi JV, the fair market valuation as determined by the PEM valuation method has resulted in a value between **\$11.4 million** and **\$13.7 million** with a preferred valuation of **\$12.6 million**.

For 85% of the Kayelekera project owned by Lotus, the fair market valuation as determined by the PEM valuation method has resulted in a value between **\$0.3 million** and **\$0.4 million** with a preferred valuation of **\$0.4 million**.

6.6 Actual Transactions on the Subject Projects

VRM has considered the most recent transactions on the subject projects to review the market valuation of the subject assets.

The most recent transaction on the Kayelekera uranium project was when a related party sold Lotus a 20% interest in the project, this occurred in 2021 with the acquisition price being \$31 million for this 20% of the project. When normalised this would equate to \$5.83/lb of contained uranium. Given the current uranium resources within the project this results in 100% of the project being valued at US\$272.7 million. VRM considers that this is elevated compared to the market value of the asset due to the synergy associated with Lotus securing the 20% of the project therefore increasing its equity to 85% with the remaining 15% being held by the Government of Malawi. VRM's preferred market valuation is based on the comparable transaction Resource Multiple method detailed above with a preferred valuation for 100% of the project considered to be worth US\$199.0 million.

A-Cap entered the Wilconi JV in December 2018 with the right to potentially earn up to 75% in the project subject to specific expenditure commitments and the delivery of a definitive feasibility study (DFS) within three years of executing the agreement. There have been several modifications and extensions to this timeframe however the Stage 2 expenditure which results in A-Cap holding 55% of the project has already been spent and as there is uncertainty in the costs to complete a DFS. Therefore, VRM considers the Stage 2 earn-in a viable indication as to the market value of the project. To earn 55% the JV agreement required A-Cap to pay \$3.4 million in cash to Blackham Resources (now Wiluna Mines (in administration) and expend \$5 million over the earn-in period. This results in a non-normalised valuation of \$11.2 million. When the transaction is normalised to the nickel price then the market value of the Wilconi project is estimated to be \$14.5 million. VRM notes that the project value based on the JV terms is close to and falls broadly within the valuation ranges determined by the PEM and the Geoscientific valuation methods.

7. Risks and Opportunities

7.1 General Risks and Opportunities

There are JORC 2012 Mineral Resource estimates within the Kayelekera, Livingstonia, Letlhakane and Wilconi Projects.

Mineral exploration, by its very nature has significant risks, particularly for early-stage projects, of which many of the Project areas are considered. Based on the industry-wide exploration success rates it is possible that no additional significant economic mineralisation will be located within any of the Projects. Even in the event significant mineralisation does exist within the Projects, factors both in and out of the control of the Company may prevent the identification or development of such mineralisation.

There are often environmental, safety and regulatory risks associated with exploration. This may include, but is not limited to, factors such as community consultation and agreements, as well as environmental considerations. Once more advanced, Projects are assessed for risks associated with mining, metallurgical and processing facilities requirements and services, ability to develop infrastructure appropriately, and mine closure processes. Assessment of these risks would be addressed in successive technical-economic studies, which generally commence once a Project has initiated Mineral Resource definition drilling and estimation activities. A risk exists that fatal flaws may be identified during these studies, that impede project development.

The data included in this Report and the basis of the interpretations herein have been derived from a compilation of data included in annual and quarterly technical reports and ASX releases sourced from the companies and other public data. In addition, company presentations and academic literature has been utilised to evaluate the historic exploration data, and to ascertain the prospectivity potential and possible mineralisation systems present within the tenement holdings.

There are two potential sources of uncertainty associated with this type of information compilation; 1. significant material information may not have been identified in the data compilation, and 2. There is a potential risk associated with the timely release of the exploration reports related to the areas of interest. That is, under the current regulations associated with annual technical reporting, any report linked to a current tenement that is less than five years old remains confidential and the company can also make submissions to ensure the reports remain confidential for longer periods. In addition, historical reports are not all digitally available. Therefore, obtaining the historical reports often requires extremely time-consuming and costly searches. There could also be duplication and compilation errors associated with several of the publicly available data compilations; this is commonly associated with multiple reporting of the exploration activities by different tenement managers using different grid references for the exploration activities. As such, these data may not be available and may have material errors that could have a material impact on potential exploration decisions.

Often the historical exploration reports do not include or discuss the use of quality assurance and quality control (QAQC) procedures as part of the sampling programs. Therefore, it is difficult to determine the validity and reliability of much of the historical samples, even where original assays are reported. The inability to properly validate all the exploration data reported herein, which has an impact on the proposed exploration, increases the exploration risk.

Global economics such as changes to commodity prices and access to capital to fund exploration can be considered as both risks and opportunities. These are factors that are outside of the control of the Company, as are broader societal issues. For example, at the time of drafting this Report, the impact of post COVID-19 associated supply chain issues is being felt globally and inflationary pressure are leading to uncertainty in the investment environment. There has also been a recent increase in the recognition of the need for a rapid transition of the global energy requirements and there has been a significant push toward a change toward a lower carbon intensity power generation. This shift has dramatically changed the demand profile for several “green” or “future facing” commodities including lithium, nickel, copper in the electrification of vehicles and uranium in power generation.

7.2 Project Specific Risks and Opportunities

All the projects have additional exploration potential adjacent to or along strike of the current Mineral Resources and regional exploration targets that require additional evaluation and assessment. These Resource extensions are a material opportunity on each of the projects.

One of the material risks associated with the Kayelekera Project is the environmental liabilities associated with the previous mining operation. If the project is not re-developed, then these environmental liabilities will need to be mitigated by additional rehabilitation of the site including the removal of the processing plant and associated infrastructure. VRM considers that this risk is mitigated by the studies that suggest that in a more favourable uranium price environment the project may be viable. Additional risks for the Kayelekera project are the risks associated with the Operating Costs of the processing plant, the impact of the current inflationary environment and the rehabilitation requirements for the site. Additional contingency has been recommended along with increasing the costs assumed or used in the August 2022 DFS. Significantly these suggested changes do impact the valuation of the Kayelekera Project in this report as an income approach was not used in determining the value of the Project.

The most significant risk for the Wilconi JV, other than the JV partner currently being in Administration, is associated with the likely processing flow sheet including a HPAL processing plant that is currently assumed in the RPEEE assessment of the Mineral Resource. The capital costs associated with a HPAL are likely to be excessive and prohibitive to a potential exploitation of the Mineral Resources.

For the regional Projects there are the typical risks associated with early-stage exploration projects. While there are risks that no additional material that may be exploitable would be delineated, VRM considers that these risks are minimal and that there is a significant opportunity associated with the potential to delineate additional mineralisation within the Projects.

8. Preferred Valuations

Based on the valuation techniques detailed above, Table 17 provides a summary of the valuations derived for the Mineral Resources and the exploration potential within the projects by the various techniques. Figure 23 graphically shows the valuation range and preferred valuation for the Mineral Resources and exploration potential within the projects and the combined valuation range and preferred valuation for the mineral assets.

VRM's preferred valuation is based on the comparable transaction approach recognising that most of the value in the Projects are attributed to the Mineral Resources estimates. The comparable transaction valuation is supported by the yardstick approach however VRM recognises that the Yardstick valuation of Kayelekera is materially lower. The difference is likely due to the processing plant and associated infrastructure which is not included in the yardstick valuation.

The Geoscientific method is considered the preferable method to value the exploration potential adjacent to the Mineral Resources. The geoscientific method is supported by the PEM method where the expenditures are based on the last five years expenditure and the proportion of the minimum exploration expenditure since the last tenement anniversary.

Based on the rationale outlined in the body of this Report, VRM is of the view that the Mineral Resource estimates is most appropriately valued considering a comparable transaction approach, while the exploration potential is most appropriately valued applying a Geoscientific or Kilburn valuation method.

On this basis in VRM's opinion, as detailed in Table 17 the likely market value of the Lotus Resources Projects is between **\$195.9 million** and **\$326.8 million** with a preferred valuation of **\$261.4 million**. The likely market value of A-Cap Resources Projects is between **\$24.0 million** and **\$50.5 million** with a preferred valuation of **\$37.3 million**.

Table 17: Valuation Summary Projects by method

Valuation Technique	Priority	Lower (\$M)	Preferred	Upper (\$M)
A-Cap Projects				
Lethakane Project (100% A-Cap)				
Comparable Transactions	Primary	\$16.3	\$21.7	\$27.1
Yardstick	Secondary	\$50.5	\$75.7	\$101.0
Wilconi JV (55% A-Cap)				
Geoscientific	Primary	\$7.8	\$15.6	\$23.4
PEM	Secondary	\$11.4	\$12.6	\$13.7
JV Terms (normalised)	Secondary	\$10.89	\$14.5	\$18.15
A-Cap Total VRM Preferred		\$24.0	\$37.3	\$50.5
Lotus Projects				
Mineral Resources (85% Lotus)				
Resource Multiple Kayelekera	Primary	\$195.3	\$260.4	\$325.5
Resource Multiple Livingstonia	Primary	\$0.4	\$0.5	\$0.6
Yardstick Kayelekera	Secondary	\$99.3	\$149.2	\$199.0
Yardstick Livingstonia	Secondary	\$1.8	\$2.7	\$3.6
Exploration Potential				
Kilburn / Geoscientific	Primary	\$0.3	\$0.5	\$0.8
PEM	Secondary	\$0.3	\$0.4	\$0.4
Lotus Total VRM Preferred		\$195.9	\$261.4	\$326.8

Note the totals may not add due to rounding in the valuations.

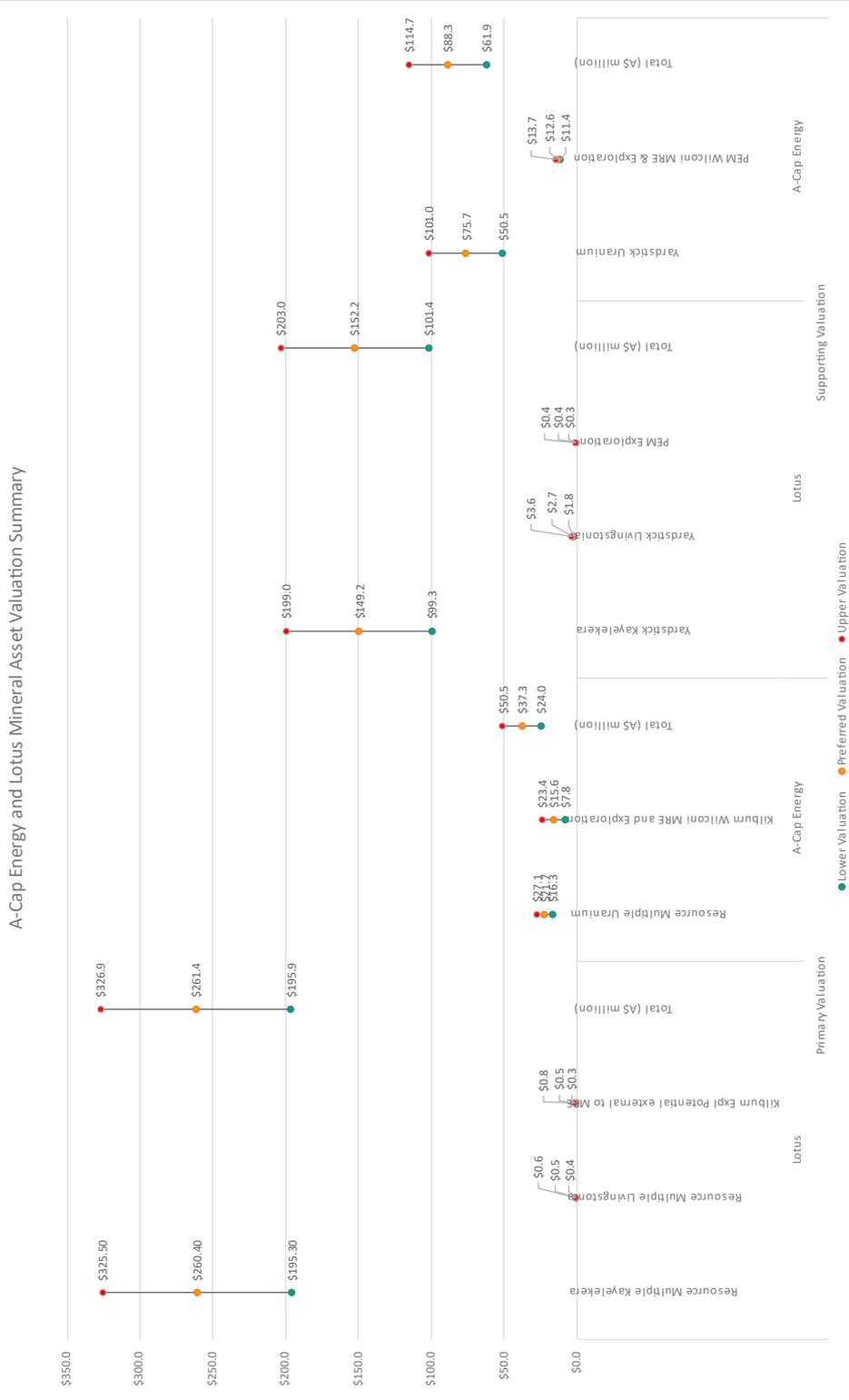


Figure 23: Valuation Summary

9. References

The reference list below includes public domain and unpublished company reports obtained either directly from the Company or ASX releases of previous Joint Venture holders or previous holders of the tenements.

The Annual Technical Reports lodged with the DMIRS and subsequently made public either after five years or when the tenement was surrendered are listed in the Project specific references section below.

9.1 Published References

Franchi F., Kelepile, T., Di Capua, A., De Wit, M.C.J., Kemiso, O., Lasarwe, O.C., 2021 Lithostratigraphy, sedimentary petrology and geochemistry of the Upper Karoo Supergroup in the Central Kalahari Karoo Sub-Basin, Botswana. *Journal of African Earth Science*. V173 January 2021.

Geological Survey of Western Australia (GSWA), 2017. 1:10 000 000 Simplified Tectonic Map of Western Australia.

Joint Ore Reserves Committee, **2012**. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) [online]. Available from: <http://www.jorc.org> (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia).

Onley, P.G; 1994; Multiples of Exploration Expenditure as a Basis for Mineral Valuation; Proceedings of VALMIN 94; pages 191 to 197; The Australasian Institute of Mining and Metallurgy, Carlton, Australia; ISBN 1 875776 036.

VALMIN Committee, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) [online]. Available from: <http://www.valmin.org> (The VALMIN Committee of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists).

Wilde, A., Corbin, J.C., Mwenelupembe, J., Princep, D., Otto, A., Becker, 2019 E. Paladin Energy Perth, Geology of the Kayelekera Uranium Deposit, Malawi.

10 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org. Some of the following terms are taken from the 2015 VALMIN Code.

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea, and their offshore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

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

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert's Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment, and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power, and other technical requirements spanning commissioning, operation, and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation, and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

Mineral Project means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g., quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing, and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience.
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialists are persons whose profession, reputation, or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report

or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Transactions

Comparable Transactions Operating Open Pit Uranium Projects with Processing Plant and associated infrastructure.

Buyer	Property	Date	Deal Value (US\$)	% Acquired	Total R&R Acquired	US\$/lb Acquired	Uranium Price at Transaction Date (US\$/lb)	Normalisation Ratio	Normalisation Price (US\$/lb)
CNNC	Rossing	26/11/2018	106.50	69%	48,122,551	2.213	27.95	2.0172	4.464
Lotus	Kayelekera	25/03/2021	23.99	20%	7,500,000	3.199	30.95	1.8216	5.827
Lotus	Kayelekera	24/06/2019	4.37	65%	18,265,000	0.239	24.6	2.2919	0.548
CNNC	Langer Heinrich	1/07/2014	190.00	25%	39,701,947	4.786	28.5	1.9782	9.467

Normalised Price (US\$/lb)

Rossing (2018)	4.464
Rossing with 40% Operational Discount Applied	2.679
Kayelekera (2021)	5.827
Average Rossing (-40%) and Kayelekera	4.253

VRM considers that the Resource Multiple that is most likely to reflect the market value of the Kayelekera Mineral Resources is the Normalised Average Resource Multiple of the 2021 Kayelekera Resource Multiple and the 2018 Rossing Resource Multiple (with the 40% operational discount applied), being **bold** in the table above.

BUYER	DATE	DEAL VALUE	DEAL VALUE	% ACQUIRED	Total R&R Acquired	\$(US)/lb Acquired	Project	U3O8 Price at Transaction date (US\$/lb)	Normalisation Ratio	Normalisation Price (US\$/lb)	Comparable?
AuKing Mining	19/10/2022	5.70	6.00	100.00	181,099,288	0.031	Manyoni, Mkuju River, Mpanda	51.5	1.1019	0.0347	Yes
Lotus International Consolidated Uranium	14/10/2021	0.03	0.03	100.00	6,038,461	0.006	Livingstonia	45.2	1.1749	0.0066	Yes
Government of Niger	14/12/2020	4.81	4.89	100.00	10,200,000	0.472	Laguna Salada		1.9076		No
Investor group	18/07/2019	20.72	20.72	10.00	13,842,000	1.497	Madaouela		2.2929		No
CNNC	24/06/2019	4.37	5.00	85.00	26,585,435	0.164	Kayelekera		2.2929		No
	26/11/2018	147.30	147.30	68.62	48,122,551	3.061	Rossing		1.9535		No
GoviEx Uranium	6/03/2017	0.96	NA	100.00	11,079,122	0.087	Chirundu, Kariba Valley, Northern Luangwa Valley	23.88	2.2255	0.1931	Yes
GoviEx Uranium	29/03/2016	3.66	NA	100.00	80,000,000	0.046	Dome, Falea, Kaoko, Mutanga	28.7	2.0636	0.0943	Yes
Bannerman	11/11/2015	1.47	NA	20.00	54,140,000	0.027	Etango	36	1.5133	0.0411	Yes

Statistics US\$/lb Normalised US\$/lb

Median	\$0.031	\$0.041
25thPercentile	\$0.016	\$0.021
75thPercentile	\$0.066	\$0.144
Max	\$0.087	\$0.193
Min	\$0.006	\$0.007
Count	5	5

Appendix B - Geoscientific Valuation

Project	Tenement	Equity	Geoscientific Rankings						Valued by Resource ?	BAC	Technical Valuation			Market Valuation						
			Off Property	On Property	Anomaly	Geology	Geology	High			Low	High	Low	Mid	High	Market Low	Market Mid	Market High		
Wilconi Project	E53/2076	55%	1.5	2	2	2	2.5	1.5	2.5	1.5	2	2	20,000	No	\$74,250	\$174,625	\$275,000	\$0.08	\$0.19	\$0.30
Wilconi Project	E53/1645	55%	1.5	2	2	2	2.5	3.5	4	2	3	70,000	No	\$808,500	\$1,559,250	\$2,310,000	\$0.87	\$1.68	\$2.49	
Wilconi Project	E53/1791	55%	1.5	2	2	2	2.5	1.5	2	1.5	2	70,000	No	\$259,875	\$514,938	\$770,000	\$0.28	\$0.56	\$0.83	
Wilconi Project	E53/1794	55%	1.5	2	2	2	2.5	2.5	3.5	1	1.5	\$50,000	No	\$206,250	\$464,063	\$721,875	\$0.22	\$0.50	\$0.78	
Wilconi Project	E53/1803	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$38,000	No	\$31,350	\$86,213	\$141,075	\$0.03	\$0.09	\$0.15	
Wilconi Project	E53/1852	55%	1.5	2	2	2	2.5	1.5	2	1.5	2	\$50,000	No	\$185,625	\$367,813	\$550,000	\$0.20	\$0.40	\$0.59	
Wilconi Project	E53/1853	55%	1.5	2	1	1	1.5	1	1.5	1.5	2	\$30,000	No	\$37,125	\$92,813	\$148,500	\$0.04	\$0.10	\$0.16	
Wilconi Project	E53/1864	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$63,000	No	\$51,975	\$142,931	\$233,888	\$0.06	\$0.15	\$0.25	
Wilconi Project	E53/1908	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$58,000	No	\$47,850	\$131,588	\$215,325	\$0.05	\$0.14	\$0.23	
Wilconi Project	E53/1912	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$30,000	No	\$24,750	\$68,063	\$111,375	\$0.03	\$0.07	\$0.12	
Wilconi Project	E53/2048	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$23,000	No	\$18,975	\$52,181	\$85,388	\$0.02	\$0.06	\$0.09	
Wilconi Project	E53/2050	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$20,000	No	\$16,500	\$45,375	\$74,250	\$0.02	\$0.05	\$0.08	
Wilconi Project	E53/2053	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$15,000	No	\$12,375	\$34,031	\$55,688	\$0.01	\$0.04	\$0.06	
Wilconi Project	E53/2054	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$15,000	No	\$12,375	\$34,031	\$55,688	\$0.01	\$0.04	\$0.06	
Wilconi Project	M53/0024	55%	1.5	2	2	2	2.5	3.5	4	2	3	\$95,600	No	\$1,104,180	\$2,129,490	\$3,154,800	\$1.19	\$2.30	\$3.41	
Wilconi Project	M53/0026	55%	1.5	2	2	2	2.5	1.5	2.5	1.5	2	\$81,900	No	\$304,054	\$715,089	\$1,126,125	\$0.33	\$0.77	\$1.22	
Wilconi Project	M53/0034	55%	1.5	2	2	2	2.5	1.5	2	1.5	2	\$59,600	No	\$221,265	\$438,433	\$655,600	\$0.24	\$0.47	\$0.71	
Wilconi Project	M53/0041	55%	1.5	2	2	2	2.5	1.5	2	1.5	2	\$87,800	No	\$325,958	\$645,879	\$965,800	\$0.35	\$0.70	\$1.04	
Wilconi Project	M53/0049	55%	1.5	2	2	2	2.5	3.5	4	2	3	\$54,000	No	\$623,700	\$1,202,850	\$1,782,000	\$0.67	\$1.30	\$1.92	
Wilconi Project	M53/0052	55%	1.5	2	2	2	2.5	1.5	2	1.5	2	\$95,600	No	\$354,915	\$703,258	\$1,051,600	\$0.38	\$0.76	\$1.14	
Wilconi Project	M53/0071	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$10,000	No	\$8,250	\$22,688	\$37,125	\$0.01	\$0.02	\$0.04	
Wilconi Project	M53/0092	55%	1.5	2	2	2	2.5	3.5	4	2	3	\$76,200	No	\$880,110	\$1,697,355	\$2,514,600	\$0.95	\$1.83	\$2.72	
Wilconi Project	M53/0131	55%	1.5	2	1	1	1.5	1	1.5	1	1.5	\$83,700	No	\$69,053	\$189,894	\$310,736	\$0.07	\$0.21	\$0.34	

Project	Tenement	Equity	Geoscientific Rankings						Anomaly	BAC	Valued by Resource ? Yes/No	Technical Valuation			Market Valuation					
			Off Property	On Property	Low	High	Low	High				Low	Mid	High	Market Low	Market Mid	Market High			
Wilconi Project	M53/0139	55%	1.5	2	2	2.5	3.5	4	2	3	\$29,000	No	\$334,950	\$645,975	\$957,000	\$0.36	\$0.70	\$1.03		
Wilconi Project	M53/0188	55%	1.5	2	2	2.5	1.5	2	1.5	2	\$86,100	No	\$319,646	\$633,373	\$947,100	\$0.35	\$0.68	\$1.02		
Wilconi Project	M53/1098	55%	1.5	2	2	2.5	3.5	4	2	3	\$60,100	No	\$694,155	\$1,338,728	\$1,983,300	\$0.75	\$1.45	\$2.14		
Wilconi Project	R53/0001	55%	1.5	2	2	2.5	3.5	4	2	3	\$13,166	No	\$152,072	\$293,282	\$434,492	\$0.16	\$0.32	\$0.47		
Total Wilconi Project													7.2	14.4	21.7	7.8	15.6	23.4		
Lethakane	2016/16L	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$0	Yes	Valued by MRE and Yardstick							
Lethakane	PL2482/20	100%	1	1.5	1	1.5	1	1.5	1	1.5		Yes	Valued by MRE and Yardstick							
Kayelekera	ML0152/2	85%	1	1.5	1	1.5	1	1.5	1	1.5	\$0	Yes	Valued by MRE and Yardstick							
Chilumba	EL418	85%	2.5	3	2	2.5	1.3	1.8	1.5	2	\$14,177	No	\$117,494	\$221,431	\$325,368	\$0.11	\$0.20	\$0.30		
Nthaire-Uliwa	EL489	85%	3	3.5	1.5	2	1.3	1.5	1.5	2	\$10,070	No	\$75,116	\$127,441	\$179,765	\$0.07	\$0.12	\$0.16		
Juma-Miwanga	EL502	85%	3	3.5	1.5	2	1.3	1.5	1.5	2	\$11,077	No	\$82,628	\$140,185	\$197,742	\$0.08	\$0.13	\$0.18		
Rukuru	EL417	85%	2.5	3	1.5	2	1.3	1.8	1.5	2	\$7,943	No	\$49,372	\$97,605	\$145,838	\$0.04	\$0.09	\$0.13		
Livingstonia	EL0595	85%	1	1.5	1	1.5	1	1.5	1	1.5	\$1,418	Yes	Valued by MRE and Yardstick							
Livingstonia	EL0583	85%	1	1.5	1	1.5	1	1.5	1	1.5	\$2,127	Yes	Valued by MRE and Yardstick							
Total Kayelekera													\$0.3	\$0.6	\$0.8	\$0.3	\$0.5	\$0.8		

Appendix C - PEM Valuation

Project	Tenement	Equity	Total Expenditure (A\$)	PEM Low	PEM High	PEM Valuation		
						PEM Valuation Low A\$	PEM Mid-Point A\$	PEM Valuation High A\$
Wilconi Project	E53/2076	55%	\$48,078	1.5	2	0.04	0.05	0.05
Wilconi Project	E53/1645	55%	\$3,786,829	2.5	3	5.21	5.73	6.25
Wilconi Project	E53/1791	55%	\$47,473	1.3	1.5	0.03	0.04	0.04
Wilconi Project	E53/1794	55%	\$154,432	2	2.5	0.17	0.19	0.21
Wilconi Project	E53/1803	55%	\$27,818	1	1.3	0.02	0.02	0.02
Wilconi Project	E53/1852	55%	\$14,362	1.3	1.5	0.01	0.01	0.01
Wilconi Project	E53/1853	55%	\$16,483	1	1.3	0.01	0.01	0.01
Wilconi Project	E53/1864	55%	\$16,195	1	1.3	0.01	0.01	0.01
Wilconi Project	E53/1908	55%	\$129,285	1	1.3	0.07	0.08	0.09
Wilconi Project	E53/1912	55%	\$31,070	1	1.3	0.02	0.02	0.02
Wilconi Project	E53/2048	55%	\$6,525	1	1.3	0.00	0.00	0.00
Wilconi Project	E53/2050	55%	\$7,108	1	1.3	0.00	0.00	0.01
Wilconi Project	E53/2053	55%	\$2,399	1	1.3	0.00	0.00	0.00
Wilconi Project	E53/2054	55%	\$6,521	1	1.3	0.00	0.00	0.00
Wilconi Project	M53/0024	55%	\$2,867,691	2.5	3	3.94	4.34	4.73
Wilconi Project	M53/0026	55%	\$156,545	1.5	2	0.13	0.15	0.17
Wilconi Project	M53/0034	55%	\$165,728	1.3	1.5	0.12	0.13	0.14
Wilconi Project	M53/0041	55%	\$205,957	1.3	1.5	0.15	0.16	0.17
Wilconi Project	M53/0049	55%	\$126,408	2.5	3	0.17	0.19	0.21
Wilconi Project	M53/0052	55%	\$191,161	1.3	1.5	0.14	0.15	0.16
Wilconi Project	M53/0071	55%	\$12,871	1	1.3	0.01	0.01	0.01

Project	Tenement	Equity	Total Expenditure (A\$)	PEM Low	PEM High	PEM Valuation		
						PEM Valuation Low A\$	PEM Mid-Point A\$	PEM Valuation High A\$
Wilconi Project	M53/0092	55%	\$365,720	2.5	3	0.50	0.55	0.60
Wilconi Project	M53/0131	55%	\$160,443	1	1.3	0.09	0.10	0.11
Wilconi Project	M53/0139	55%	\$111,204	2.5	3	0.15	0.17	0.18
Wilconi Project	M53/0188	55%	\$168,919	1.3	1.5	0.12	0.13	0.14
Wilconi Project	M53/1098	55%	\$99,105	2.5	3	0.14	0.15	0.16
Wilconi Project	R53/0001	55%	\$132,275	2.5	3	0.18	0.20	0.22
Total Wilconi Project						11.4	12.6	13.7
Lethakane Project	2016/16L	100%				Valued by MRE and Yardstick		
Lethakane Project	PL2482/2023	100%				Valued by MRE and Yardstick		
Kayelekera Project	ML0152/2007	85%				Valued by MRE and Yardstick		
Chilumba Project	EL418	85%	\$168,060.73	1.5	2	0.21	0.25	0.29
Nthalire-Uliwa Project	EL489	85%	\$26,057.80	1.5	2	0.03	0.04	0.04
Juma-Miwanga Project	EL502	85%	\$23,726.09	1.5	2	0.03	0.04	0.04
Rukuru Project	EL417	85%	\$27,323.93	1.5	2	0.03	0.04	0.05
Livingstonia Project	EL0595	85%				Valued by MRE and Yardstick		
Livingstonia West Project	EL0583	85%				Valued by MRE and Yardstick		
Total Kayelekera Project						\$0.3	\$0.4	\$0.4

ANNEXURE I

Investigating Accountant's Report



15 September 2023

The Directors
A-Cap Energy Limited
52 Ord Street
West Perth WA 6005
Australia

Dear Sirs

Limited Assurance Investigating Accountant's Report

We have been engaged by *A-Cap Energy Limited* and its controlled entities ("A-Cap Energy") as Investigating Accountant in connection with the proposed schemes of arrangement involving A-Cap Energy Limited (and A-Cap shareholders and A-Cap listed option holders) and Lotus Resources Limited and its controlled entities ("Lotus Resources") as announced to the ASX on 13 July 2023 (the "Share Scheme") which will involve the preparation by the parties to the Scheme and the Option Scheme to report upon the historical and pro forma financial information which will be included in the information booklet to be despatched to all A-Cap shareholders and A-Cap listed option holders (the "Scheme Booklet") to be dated on or about 23 August 2023. On the basis that the Share Scheme becomes effective, A-Cap Energy & Lotus Resources will combine to form the Merged Group and A-Cap Energy will become a wholly-owned subsidiary of Lotus Resources on the Implementation Date.

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

Scope

Historical Financial Information

You have requested William Buck to review the following historical statutory financial information of A-Cap Energy and Lotus Resources (the "merging entities") included respectively in sections 6 and 7 of the Scheme Booklet:

1. the statutory historical financial reports for the years ended 30 June 2021 (**FY21**), 30 June 2022 (**FY22**) and the half-year ending 31 December 2022 (**HY23**) comprising:
 - a. the audited and reviewed historical statements of profit or loss and other comprehensive income for FY21, FY22 and HY23.
 - b. audited and reviewed historical statements of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022; and
 - c. the audited and reviewed statutory historical cash flow statements for FY21, FY22 and HY23.

Level 20, 181 William Street, Melbourne VIC 3000

+61 3 9824 8555

vic.info@williambuck.com
williambuck.com

William Buck is an association of firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide.

Liability limited by a scheme approved under Professional Standards Legislation.



Scope *(Continued)**Historical Financial Information*

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the respective adopted accounting policies of the merging entities, which are disclosed in the financial information section of the Scheme Booklet. The historical financial information has been extracted from the respective general purpose financial reports of the merging entities for the stated periods.

The A-Cap Energy financial reports were audited by William Buck Audit (Vic) Pty Ltd (“William Buck”) in accordance with the Australian Auditing Standards and were issued with unmodified opinions for the years ended 30 June 2021 & 30 June 2022 and an unmodified review conclusion for the half-year ended 31 December 2022.

The Lotus Resources financial reports were audited by RSM Australia Partners (“RSM”) in accordance with the Australian Auditing Standards and were issued with unmodified opinions for the years ended 30 June 2021 & 30 June 2022 and an unmodified review conclusion for the half-year ended 31 December 2022.

The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro-forma historical financial information

You have requested William Buck to perform a limited assurance engagement in relation to the pro forma historical consolidated Statement of Financial Position of the Merged Group as at 31 December 2022 (the “Pro Forma Historical Statement of Financial Position”) described below and described in the Scheme Booklet.

The Pro Forma Historical Statement of Financial Position is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Compilation of the Pro Forma Historical Statement of Financial Position

A-Cap Energy (the responsible party) have requested William Buck to perform limited assurance procedures in relation to the compilation of the Pro Forma Historical Statement of Financial Position of the Merged Group included in the Scheme Booklet.

The Pro Forma Historical Statement of Financial Position has been derived from the historical financial information of A-Cap Energy and Lotus Resources, after adjusting for the effects of pro forma transactions described in section 9.2 of the Scheme Booklet. The basis on which A-Cap Energy has compiled the Pro Forma Historical Statement of Financial Position is specified in section 9.7 of the Scheme Booklet.

Compilation of the Pro Forma Historical Statement of Financial Position *(Continued)*

The Pro Forma Historical Statement of Financial Position has been compiled by A-Cap Energy to illustrate the impact of the Share Scheme on Lotus Resources' financial position as at 31 December 2022. As part of this process, information about A-Cap Energy's and Lotus Resources financial position have been extracted by A-Cap Energy from A-Cap Energy' and Lotus Resources interim financial statements for the period ended 31 December 2022.

The interim financial report of A-Cap Energy for the half-year ended 31 December 2022 was reviewed by William Buck in accordance with Australian Auditing Standards. The review conclusion issued to the members of A-Cap Energy relating to those financial statements was unmodified. The interim financial report of Lotus Resources for the half-year ended 31 December 2022 was reviewed by their external auditor in accordance with Australian Auditing Standards. The review conclusion issued to the members of Lotus Resources relating to that interim financial report was unmodified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Historical Statement of Financial Position in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Statement of Financial Position has not been properly compiled on the basis stated in section 9.7 of the Scheme Booklet.

We have conducted our procedures in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements To Report on the Compilation of Pro Forma Historical Statement of Financial Position included in a Prospectus or other Document* (ASAE 3420).

Our limited assurance engagement has involved performing procedures to assess whether the applicable criteria used by A-Cap Resources in the compilation of the Pro Forma Historical Statement of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the event(s) or Scheme(s), and that the:

- related pro forma adjustments give appropriate effect to those criteria; and
- resultant Pro Forma Historical Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The engagement has also involved evaluating the overall presentation of the Pro Forma Historical Statement of Financial Position.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Statement of Financial Position has been properly compiled on the basis stated in section 9.7 of the Scheme Booklet.

We have not performed an audit or review of the historical financial information used in compiling the Pro Forma Historical Statement of Financial Position, or of the Pro Forma Historical Statement of Financial Position itself. Also, our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used in compiling the Pro Forma Historical Statement of Financial Position.

The purpose of the compilation of the Pro Forma Historical Statement of Financial Position being included in the Scheme Booklet is solely to illustrate the impact of the Scheme on the unadjusted financial information of Lotus Resources. Accordingly, we do not provide any assurance that the actual outcome of the Scheme would have been as presented.

Directors' responsibility

The directors of A-Cap Energy are responsible for the preparation of the historical financial information and pro-forma historical financial information, including the selection and determination of pro-forma adjustments made to the historical financial information and include in the pro-forma historical information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro-forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Accounting Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions*Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in the respective financial information sections of the Scheme Booklet, and comprising:

1. the statutory historical financial reports for the years ended 30 June 2021 (**FY21**), 30 June 2022 (**FY22**) and the half-year ending 31 December 2022 (**HY23**) comprising:
 - a. the audited and reviewed historical statements of profit or loss and other comprehensive income for FY21, FY22 and HY23.
 - b. audited and reviewed historical statements of financial position as at 30 June 2021, 30 June 2022 and 31 December 2022; and
 - c. the audited and reviewed statutory historical cash flow statements for FY21, FY22 and HY23.

...is not presented fairly, in all material aspects, in accordance with the stated basis of preparation, as described in the respective financial information sections of the Scheme Booklet.

Pro-forma historical financial information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Statement of Financial Position is not properly compiled on the basis stated in section 9.7 of the Scheme Booklet.

Pro-forma historical financial information (Continued)

We have not audited or reviewed the historical financial information extracted from the annual financial statements of A-Cap Energy or Lotus Resources for the year ended 30 June 2023, and we do not express any opinion, or make any statement of negative assurance, as to whether the Pro Forma Historical Statement of Financial Position is prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and A-Cap Energy's accounting policies.

Restriction on Use

Without modifying our conclusions, we draw attention to the financial information section of the Scheme Booklet which describes the purpose of the financial information, being for inclusion in the Scheme Booklet. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

William Buck has consented to the inclusion of this assurance report in the Scheme Booklet in the form and context in which it is included.

Liability

Responsibility

Consent to the inclusion of this Investigating Accountant's Report in the Scheme Booklet in the form and context in which it appears has been given but should not be taken as an endorsement of the Share Scheme or a recommendation by William Buck in favour of the Share Scheme by any shareholders or option holders of A-Cap Energy. At the date of this report our consent has not been withdrawn.

General Advice Limitation

This Report has been prepared and included in the Scheme Booklet to provide shareholders and option holders of A-Cap Energy with general information only and does not take into account the objectives, financial situation or needs of any specific shareholders and option holders of A-Cap Energy. It is not intended to take the place of professional advice and shareholders and option holders of A-Cap Energy should not make specific investment decisions in reliance on this information contained in this Report. Before acting or relying on information, shareholders and option holders of A-Cap Energy should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Declaration of Interest

William Buck does not have any interest in the outcome of the Share Scheme other than in the preparation of this Investigating Accountant's Report and participation in due diligence procedures for which normal professional fees will be received. William Buck is the auditor of A-Cap Energy and from to time, William Buck also provides A-Cap Energy with certain other professional services for which normal professional fees are received.

WilliamBuck
ACCOUNTANTS & ADVISORS

Yours faithfully



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J.C. Luckins
Director

Dated in Melbourne, Australia this 15th day of September 2023

CORPORATE DIRECTORY

Directors

Jiangdong He
(Chairman)

Paul Ingram
(Deputy Chairman)

Michael Liu
(Independent Non-Executive Director)

Jijing Niu
(Non-Executive Director)

Mark Syropoulo
(Non-Executive Director)

Zhenwei Li
(Non-Executive Director)

Andrew Tunks
(Non-Executive Director)

Company Secretary

Malcolm Smartt

Financial adviser

Canaccord Genuity (Australia) Limited
Level 42, 101 Collins Street, Melbourne VIC 3000

Auditor

William Buck
Level 20, 181 William Street
Melbourne Victoria 3000

Website

<https://acap.com.au/>

Registered office

A-Cap Energy Limited
52 Ord Street
West Perth WA 6—5
Australia
ASX Code: ACB

Share Registry

Advanced Share Registry Limited
PO Box 1156, Nedlands WA 6909
110 Stirling Highway, Nedlands WA 6009
Phone: 1300 113 258 (within Australia) or
+61 8 9389 8033 (outside Australia)
Email: admin@advancedshare.com.au

Legal adviser

Jones Day
Level 31, 123 Eagle St, Brisbane QLD 4000

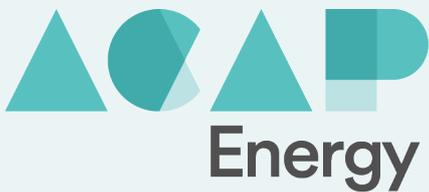
Independent Expert

BDO Corporate Finance (WA) Pty Ltd
Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

A-Cap Shareholder Information Line

1300 113 258 (within Australia)
+61 8 9389 8033 (outside Australia)
The A-Cap Shareholder Information
Line is open on Business Days between
8:30 am and 5:00 pm (AEST).

This page has been left blank intentionally.



A-Cap Energy Limited

ACN 104 028 542