
LOTUS RESOURCES LIMITED

ACN 119 992 175

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00 am (WST)

DATE: 22 June 2020

PLACE: The Company is closely monitoring the impact of the COVID-19 virus in Western Australia and following guidance from the Federal and State Governments. The Meeting will be held virtually. There will not be a physical meeting where shareholders can attend in person. Please refer to the Online Meeting Guide attached as to how Shareholders will be able to participate in the Meeting. Further details are provided in attached guide.

**The Directors unanimously recommend
Shareholders**

VOTE AGAINST

**all Resolutions set out in the Notice of Meeting.
The Directors do not consider the Resolutions to be
in the best interests of the Company or its
Shareholders.**

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11.00am (WST) on 20 June 2020.

PURPOSE OF THE MEETING

On 22 April 2020, the Company received notices to call a general meeting to consider various resolutions relating to the removal of two of the directors of the Company and the election of new directors of the Company (**Requisition Notices**). The Requisition Notices were issued under section 249D of the Corporations Act by:

- Davey Holdings (Aus) Pty Ltd ATF the Burnaford Trust; and
- TR Nominees Pty Ltd,

(together, the **Requisitioning Shareholders**).

The Company has confirmed that the Requisitioning Shareholders have properly given notice under sections 203D and 249D of the Corporations Act. Accordingly, the Company is convening the Meeting in response to the Requisition Notices.

Resolutions 1 and 2 are for the appointment of Grant Davey and Stuart McKenzie (respectively) as directors of the Company and Resolutions 3 and 4 are for the removal of Simon Andrew and Tim Kestell (respectively) as directors of the Company.

The Notice of Meeting and Explanatory Statement are important documents and should be read in their entirety. The resolutions to be considered at the Meeting are important and have significant implications for the future of your Company and investment.

The Company is closely monitoring the impact of the COVID-19 virus in Western Australia and following guidance from the Federal and State Governments. The Meeting will be held virtually. There will not be a physical meeting where shareholders can attend in person. Please refer to the Online Meeting Guide attached as to how Shareholders will be able to participate in the Meeting. Further details are provided in attached guide.

If you are unable to attend the Meeting in person through the online meeting facility, you are encouraged to complete and return the enclosed Proxy Form by 11:00am (WST) on 20 June 2020.

Biographies of Directors proposed to be removed

Biographies for Messrs Andrew and Kestell are set out in Section 2 of the Explanatory Statement.

Statement of Directors proposed to be appointed

Section 249P of the Corporations Act permits the shareholders who have requisitioned the meeting to submit a statement for circulation to shareholders regarding the resolutions and any other matter that may be properly considered at the meeting.

The Requisitioning Shareholders have provided the Company with a statement under section 249P (**Requisitioning Shareholders' Statement**). The statement is included in Schedule 1 to the Explanatory Statement.

The Company is not responsible for the content of the Requisitioning Shareholders' Statement.

The Directors recommend Shareholders vote AGAINST Resolutions 1 to 4.

NON-EXECUTIVE DIRECTOR'S LETTER

Dear Shareholders,

As announced on 24 April 2020, Lotus Resources Limited (**Lotus** or the **Company**) received notices under sections 203D and 249D of the Corporations Act (**Requisition Notices**) from Davey Holdings (Aus) Pty Ltd (ATF the Burnaford Trust) and TR Nominees Pty Ltd (**Requisitioning Shareholders**) to requisition an extraordinary general meeting of the Company (**Meeting**).

The Meeting will be held on **22 June 2020 at 11:00am (WST)**. Unfortunately, due to the practicalities of complying with Federal and State Government restrictions to combat COVID-19, attending the Meeting in person will not be possible. **Please refer to the Online Meeting Guide attached as to how Shareholders will be able to participate in the Meeting. Further details are provided in attached guide.**

A Notice of Meeting accompanies this letter. The issues to be considered at the Meeting are important and have significant implications for the future of the Company and your investment.

The Requisitioning Shareholders are entities associated with Mr Grant Davey (former consultant to the Company) and Mr Ben Kay (director of Lotus' former broker BW Equities).

The Requisitioning Shareholders are asking Shareholders to remove two of the three existing directors of the Company, being Mr Simon Andrew and Mr Tim Kestell, and replace them with Mr Davey and one of his associates, Mr Stuart McKenzie.

YOUR BOARD RECOMMENDS THAT YOU VOTE AGAINST Resolutions 1 to 4 for the reasons set out below and in the accompanying Explanatory Memorandum.

If you are unable to attend the Meeting in person, we recommend that you appoint the Chair as your proxy to vote against all of the resolutions.

Background to the Requisition Notices

As announced on 13 March 2020, Lotus has completed its acquisition of a 65% interest in the Kayelekera Project (**Acquisition**).

Messrs Andrew and Kestell both made significant contributions to the Company's recent success with Mr Kestell's role in identifying the Kayelekera Project and introducing the transaction to the Company and Mr Andrew successfully leading the Company through the challenging commercial and regulatory landscape to complete the Acquisition. It is noted that Mr Andrew spent a total of 26 days in Malawi from when the Acquisition was announced on 24 June 2019 up until completion of the Acquisition in March 2020. Mr Davey spent a total of 14 days in Malawi in the same period.

Post completion of the Acquisition, the Board has been focussed on a strategy which aims to bring about a return to operations at the Kayelekera Project as soon as possible. Post completion tasks have included:

- (a) reducing the care and maintenance costs of the Kayelekera Project (please refer to the Company's Quarterly Report released on 30 April 2020 for further detail on this); and
- (b) considering a restructure of the Company's Board from a more corporate experienced board to a more development and production skill set.

Both Messrs Andrew and Kestell continue to make substantial contributions to the efforts of the Company to implement its strategy. In particular, both are working with me to manage the restructure of the Board at a critical time for the Company, with the transition to a Board with a more development and production skillset essential to success of the Kayelekera Project.

Board Restructure

Following completion of the Acquisition, in considering the restructure of the Company's Board, the Board had anticipated that the first stage of the restructure would see Mr Davey invited to join the Board and Mr Kestell would resign. The Board (through Mr Kestell) had numerous discussions with Mr Davey on this proposed change.

On 11 April 2020, Mr Davey requested that himself and Mr Stuart McKenzie be appointed to the Lotus Board, and Mr Kestell and one of either Mr Andrew or I resign.

Mr McKenzie is listed as a member of management at Matador Capital on that company's website. Mr Davey is the sole director of Matador Capital, such that Mr McKenzie is either an employee or a contractor of a company controlled by Mr Davey. Accordingly, the Board considers that the Board changes proposed by Mr Davey on 11 April, and now by the Requisitioning Shareholders in the Requisition Notices, could potentially give Mr Davey and one of his associates effective control of the Board.

On 22 April 2020, Lotus formally made an offer to Mr Davey (but not Mr McKenzie) to join the Board subject to the clearing up of some matters the Board had requested Mr Davey resolve or explain, including confirmation of Mr Kestell's stake in Kayelekera Resources Pty Ltd (formerly Chichewa Resources Pty Ltd) (an entity controlled and managed by Mr Davey) (**KRPL**) as detailed in the Company's ASX announcement released on 1 May 2020. Mr Davey rejected this offer on 23 April 2020 and the matters remain unresolved and unexplained.

The offer for Mr Davey to join the Board remains open (subject to resolution of the matters referred to above to the Board's satisfaction). At such time, Mr Kestell has confirmed he would be prepared to resign as a director, subject to and conditional on the appointment of an appropriate independent director with experience in the uranium sector.

The Board continues to believe that Mr Davey's expertise in the uranium sector and Africa would be assets to the Board. However, the Board is not willing to hand control of the Board to Mr Davey and his associate as the Board has concerns as to whether this would be in the best interests of the Company from a corporate governance and independence point of view.

The Board remains willing to engage with Mr Davey to attempt to resolve these matters in the best interests of all shareholders. The Board has offered to appoint an independent mediator to try to resolve the matters in issue referred to above, but this offer was refused by Mr Davey.

The Requisitioning Shareholders' Statement states that the Resolutions proposed by the Requisitioning Shareholders are "not a control play" rather they are "the first part of an orderly transition from the current 'shell company' board. Ultimately, a Board centred around independence, governance and operational experience in the uranium sector will be formed". In order to achieve this the Requisitioning Shareholders' strategy involves the removal of Messrs Kestell and Andrew to be replaced by Messrs Davey and McKenzie.

Mr Davey's experience and expertise in the uranium sector and Africa are detailed above and in the Requisitioning Shareholders' Statement. However, the Requisitioning

Shareholders' Statement lists Mr McKenzie's experience as being in the resources industry and financial markets. This experience does not differ from the expertise of the current Board and is also entirely inconsistent with the Requisitioning Shareholders' stated strategy of "transitioning to a Board centred around independence, governance and operational experience in the uranium sector". So far as the Board is aware, Mr McKenzie has no experience in the uranium sector.

Existing Management Team and Relevant Experience

As announced on 24 April 2020, the Company has terminated Mr Davey's consultancy agreement with the Company. However, the Company continues to have access to consultants and technical experts with relevant expertise in the uranium sector and Africa, such that the Company continues to be able to progress the Kayelekera Project and properly supervise the in country operations in all respects. I also have significant uranium mining experience as detailed in the Company's ASX announcement released on 1 May 2020.

Shareholders should be aware that the "team for the future" identified in the Requisitioning Shareholders' Statement consists of, other than Messrs Davey and McKenzie, the team currently engaged by the Company:

- Mr Keith Bowes continues to provide consulting services to the Company under a consultancy agreement entered into in December 2019;
- Mr Neil Inwood continues to provide consulting services to the Company under a consultancy agreement with Mr Inwood's consulting company Sigma Resources Consulting Pty Ltd dated 28 August 2019; and
- Mr Theo Keyter is employed as the Company's Country Manager Malawi pursuant to an employment agreement executed on 20 April 2020.

Contrary to the claim in the Requisitioning Shareholders' Statement that Messrs Bowes, Inwood and Keyter "will not continue working for Lotus without a Board restructure", none of these gentlemen has indicated to the Company that their services will be withdrawn should Shareholders decline to elect Mr Davey and Mr McKenzie to the Board. Mr Keyter is an employee of the Company and Messrs Bowes and Inwood both continue to provide consultancy services to the Company on an on-going basis under their existing consultancy agreements.

Strategy outlined by the Requisitioning Shareholders

As explained above, the Board has the same goal as the Requisitioning Shareholders' stated strategy: an orderly transition to a Board centred around independence, governance and operational experience in the uranium sector. The Board had proposed to achieve this with:

- the appointment of Mr Davey (subject to resolution of the matters referred to above to the Board's satisfaction); and
- the resignation of Mr Kestell on the appointment of an appropriate independent Director with experience in the uranium sector.

If Shareholders pass the Resolutions proposed by the Requisitioning Shareholders, Mr Davey and his associate Mr McKenzie will have effective control of the Board, raising questions of whether this is a control play by Mr Davey.

Whereas under the Board's strategy, Mr Davey would be a key contributor to implementing the Company's strategy for the Kayelekera Project, but only hold one out of three seats on the restructured Board.

As set out above, the Company's strategy achieves everything that the Requisitioning Shareholders' Statement claims to want to achieve, without there being any question of the potentiality for Mr Davey taking effective control of both the Company and its Board. The **key difference** between what is proposed in the Resolutions proposed by the Requisitioning Shareholders and the Company's strategy **is ultimately whether Mr Davey has effective control of the Board or not.**

Summary

The Board considers that the Requisition Notices is unnecessarily disruptive to the Company at a time when the Company is seeking to rapidly progress the opportunities presented by the newly acquired the Kayelekera Project. It is critical that there is a collaborative and effective leadership team in place with an appropriate skillset to implement the Company's strategy. The Directors consider it is in the best interests of the Company and all Shareholders to vote **AGAINST** Resolutions 1 to 4, for the following key reasons:

- (a) the Requisitioning Shareholders have not articulated any substantive reason why they have sought to cause the Company to expend valuable time and resources on this requisition process;
- (b) the Requisitioning Shareholders have not previously raised concerns regarding the current Board prior to serving the Requisition Notices, and the Company notes that the requisition has arisen contemporaneously with a dispute between Mr Davey and Mr Kestell in relation to Mr Kestell's ownership stake in KRPL (as detailed in the Company's ASX Announcement dated 1 May 2020);
- (c) the Board is already working towards a restructure of the Company's Board to transition to a Board with a more development and production oriented skillset, and continues to believe that Mr Davey's expertise in the uranium sector and Africa would be assets to the Board. However, as stated in the Requisitioning Shareholders' Statement, the Requisitioning Shareholders are proposing to install a transitional Board pending further appointments at a later date of unnamed persons who will supposedly make it a 'first class Board'. Put simply, why go to the trouble of convening this Meeting simply to appoint (in Mr McKenzie's case) a transitional Director who as far as the Board is aware has no experience in the uranium sector;
- (d) the Requisitioning Shareholders' Statement is consistent with the Company's strategy and previous ASX announcements, in so far as, both recognise the value that Mr Davey could bring if appointed to the Board, but both also acknowledge that Mr McKenzie's experience does not add any additional skills to the Board that the current Board does not have;
- (e) the Board has concerns that Mr McKenzie is not independent of Mr Davey;
- (f) the Board considers that the Resolutions proposed by the Requisitioning Shareholders represent an attempt by minority shareholders to take control of the Board and take effective control of your Company without making a formal takeover offer and paying a takeover premium; and
- (g) Shareholder value will be best preserved and grown by implementing the Board's strategy to ensure the Company maintains a co-operative Board with the right skills and a cohesive vision of the Company's future.

It is critical that there is a collaborative and effective leadership team in place with an appropriate skillset to deliver upon promises and implement the Company's strategy.

In this respect, your Directors unanimously recommend that you vote AGAINST each of the Resolutions.

Additionally, should Resolutions 1 and/or 2 succeed but the Resolutions 3 and/or 4 fail, the Company will end up with an unnecessarily large Board of up to five people. On the other hand, should Resolutions 3 and/or 4 succeed but Resolutions 1 and/or 2 fail, the Company would end up with only one director, necessitating action to ensure compliance with the Corporations Act and obviously lacking personnel with the necessary skills and experience.

The Board wishes to thank the majority of Shareholders for their patience and ongoing support during this transformational period for the Company.

Yours sincerely

Mr Mark Milazzo
Non-Executive Director

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPOINTMENT OF GRANT DAVEY

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

"That, pursuant to the Company's Constitution, Grant Davey is hereby appointed as a director of the Company, with effect from the close of the Meeting."

Your Board is not proposing Resolution 1. The Company is required to put Resolution 1 to Shareholders due to the request made by the Requisitioning Shareholders. Your Board recommends Shareholders vote AGAINST this Resolution 1 and each Director will be voting all Shares that they hold or controls AGAINST this Resolution 1.

2. RESOLUTION 2 – APPOINTMENT OF STUART MCKENZIE

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

"That, pursuant to the Company's Constitution, Stuart McKenzie is hereby appointed as a director of the Company, with effect from the close of the Meeting."

Your Board is not proposing Resolution 2. The Company is required to put Resolution 2 to Shareholders due to the request made by the Requisitioning Shareholders. Your Board recommends Shareholders vote AGAINST this Resolution 2 and each Director will be voting all Shares that they hold or controls AGAINST this Resolution 2.

3. RESOLUTION 3 – REMOVAL OF SIMON ANDREW

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

"That, pursuant to section 203D of the Corporations Act and the Company's Constitution, Simon Andrew be and is hereby removed as a director of the Company, with effect from the close of the Meeting."

Your Board is not proposing Resolution 3. The Company is required to put Resolution 3 to Shareholders due to the request made by the Requisitioning Shareholders. Your Board recommends Shareholders vote AGAINST this Resolution 3 and each Director will be voting all Shares that they hold or controls AGAINST this Resolution 3.

4. RESOLUTION 4 – REMOVAL OF TIM KESTELL

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

"That, pursuant to section 203D of the Corporations Act and the Company's Constitution, Tim Kestell be and is hereby removed as a director of the Company, with effect from the close of the Meeting."

Your Board is not proposing Resolution 4. The Company is required to put Resolution 4 to Shareholders due to the request made by the Requisitioning Shareholders. Your Board recommends Shareholders vote AGAINST this Resolution 4 and each Director will be voting all Shares that they hold or controls AGAINST this Resolution 4.

Dated: 14 May 2020

By order of the Board pursuant to requisitions under section 249D of the Corporations Act 2001 (Cth).

**Ms Amanda Burgess
Company Secretary**

PARTICIPATION AT THE MEETING

The Company is closely monitoring the impact of the COVID-19 virus in Western Australia and following guidance from the Federal and State Governments. The Meeting will be held virtually. There will not be a physical meeting where shareholders can attend in person.

Shareholders are invited to participate in the Meeting by:

Please refer to the Online Meeting Guide attached as to how Shareholders will be able to participate in the Meeting. Further details are provided in attached guide

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

Please refer to the Online Meeting Guide attached as to how Shareholders will be able to participate in the Meeting. Further details are provided in attached guide.

Questions

Please note, only Shareholders may ask questions once they have been verified. It may not be possible to respond to all questions.

It is encouraged to lodge questions prior to the Meeting by email to the Company Secretary at the following email address: amanda.burgess@lotusresources.com.au by 11.00am (WST) on 20 June 2020.

If the situation in relation to COVID-19 were to change in a way that materially affected the position above, the Company will provide a further update ahead of the Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9278 2441 or via email at amanda.burgess@lotusresources.com.au.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 AND 2 – APPOINTMENT OF PROPOSED DIRECTORS

The Company's Constitution provides that the Company may appoint a person as a director by resolution passed in general meeting.

The Requisitioning Shareholders have given notice of their intentions to move the following resolutions:

- (a) Resolution 1 - Appointment of Grant Davey; and
- (b) Resolution 2 - Appointment of Stuart McKenzie.

Subject to the passing of Resolutions 1 and 2, the appointment of Messrs Davey and McKenzie as Directors will take effect from the close of the Meeting.

Section 249P of the Corporations Act permits the shareholders who have requisitioned the meeting to submit a statement for circulation to shareholders regarding the resolutions and any other matter that may be properly considered at the meeting.

The Requisitioning Shareholders have provided the Company with the Requisitioning Shareholders' Statement, as set out in Schedule 1 to the Explanatory Statement. The Company is not responsible for the content of the Requisitioning Shareholders' Statement.

The Directors recommend Shareholders vote AGAINST Resolutions 1 and 2.

2. RESOLUTIONS 3 AND 4 – REMOVAL OF EXISTING DIRECTORS

2.1 Background

Under section 203D of the Corporations Act, a company may by resolution remove a director from office.

The Company's Constitution provides that the Company may remove any director from office by resolution passed in general meeting.

The Requisitioning Shareholders have given notice of their intentions to move the following resolutions:

- (a) Resolution 3 – Removal of Simon Andrew; and
- (b) Resolution 4 – Removal of Tim Kestell.

Biographies for Messrs Andrew and Kestell are set out below.

Subject to the passing of Resolutions 3 and 4, the removal of Messrs Andrew and Kestell as Directors will take effect from the close of the Meeting.

The Company entered into an Executive Services Agreement with Mr Simon Andrew on 6 November 2019. If Resolution 3 is passed and Mr Andrew is removed as a Director, Mr Andrew's employment as an executive of the Company will continue under the terms of that agreement until it is terminated. Under the terms of the agreement, the Company may:

- (a) terminate Mr Andrew's employment without cause by giving 3 months' written notice and, at the end of that notice period, the Company must pay to Mr Andrew an amount equal to 3 months' worth of remuneration; or
- (b) elect to pay Mr Andrew an amount equal to 6 months' worth of remuneration and dispense with the notice period.

2.2 Biography for Simon Andrew

Mr Andrew has over 20 years' experience in financial markets in Asia and Australia. Mr Andrew has previously held senior management positions at various global investment banks including Deutsche Bank, Lehman Brothers, Merrill Lynch and BNP Paribas. These roles included leading the equity sales desk for BNP Paribas for the ASEAN region and heading the Refining and Petrochemicals sector research team at Deutsche Bank in Asia.

Mr Andrew has worked with national and multinational corporations and, as such, has a demonstrated history of local and international business, finance, and team management. He has consistently advocated for the building of relationships on all levels of an organisation, with the objective of bringing a business together to increase organisational efficiencies and effectiveness. As an experienced finance professional, Mr Andrew has strong knowledge of financial processes, technical abilities, and the capacity to drive a company's financial direction.

Mr Andrew was a founding director of Emmerson Resources (ERM:ASX). He was responsible for securing the financing for the purchase of the Tennant Creek assets for Emmerson and arranging the IPO in 2007. He is currently a Non-Executive Director of Riversgold Limited (ASX: RGL)

2.3 Biography for Tim Kestell

Mr Kestell has over 20 years' experience in capital markets including working for Australian stockbrokers Euroz Securities Limited and Patersons. Mr Kestell has been involved in numerous public offerings, re-capitalisations and takeovers, including the listing on the ASX of Tusker Gold Limited and its successful cash takeover by Barrick Gold Limited at four times the issue price within 6 weeks of listing.

More recently Mr Kestell was instrumental in overseeing the board change at Capricorn Metals Limited that saw a new highly regarded team brought in and raised over \$85m. When Mr Kestell was elected to the board of Capricorn in March 2019, the market capitalisation was circa \$50m and upon resigning 6 months later, it was over \$380m.

Mr Kestell was the generator of the idea of purchasing the Kayelekera Project from Paladin Energy Limited and was instrumental in the completion of the Acquisition, he also introduced the Company to the Acquisition.

The Directors recommend Shareholders vote AGAINST Resolutions 3 and 4.

3. UPDATE ON LILY SHAREHOLDERS AGREEMENT

The Company refers to its ASX announcement released on 1 May, which referred to KRPL's put option under the Lily Shareholders' Agreement (the **Roll-up Right**), exercisable on the end of KRPL's free carry period under the Shareholders Agreement, or a change of control of the Company.

The Company confirms that KRPL has provided the Company with an irrevocable undertaking that it will not exercise the Roll-up Right if there is a change of control of the Company as a result of the Board changes proposed by the Requisitioning Shareholders being approved by Lotus Shareholders.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition by Lotus a 65% indirect interest in the Project, by way of Lily acquiring 85% of the shares in Paladin (Africa) Limited (a company incorporated under the laws of Malawi) which holds the Kayelekera Project.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

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

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

KRPL means Kayelekera Resources Pty Ltd (ACN 633 912 688) (formerly Chichewa Resources Pty Ltd).

Lily means Lily Resources Pty Ltd (ACN 633 939 438) (formerly Lotus Resources Pty Ltd).

Matador Capital means Matador Capital Pty Ltd (ACN 144 992 781).

Meeting means the meeting convened by the Notice.

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

Proxy Form means the proxy form accompanying the Notice.

Requisition Notices means the section 249D notice received by the Company from the Requisitioning Shareholders on 22 April 2020.

Requisitioning Shareholders means TR Nominees Pty Ltd and Davey Holdings (Aus) Pty Ltd as trustee for the Burnaford Trust.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Shareholders Agreement means the shareholders agreement for Lily entered into prior to completion of the Acquisition, by the Company and KRPL.

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

SCHEDULE 1 – REQUISITIONING SHAREHOLDER STATEMENT

The statement in this Schedule was provided by the Requisitioning Shareholders and it not endorsed by the Board. The Board unanimously recommends that Shareholders vote against all Resolutions set out in the Notice of Meeting.

VOTE TO PROTECT YOUR INVESTMENT IN LOTUS RESOURCES

Dear Fellow Shareholder,

Your company is holding a General Meeting that is likely to determine its future.

The choice is simple:

- Leave the incumbent Board in place which has no relevant experience in Africa, limited uranium project development experience, no management team and no plan for the Kayelekera Project **OR**
- Vote through the Board changes we have proposed so a new highly experienced management team can best position the Kayelekera Project for the inevitable resurgence in uranium prices.

We urge you to vote with us and **VOTE FOR ALL OF THE RESOLUTIONS** to affect change before it is too late.

VOTE FOR A FIRST CLASS MANAGEMENT TEAM

The management team of uranium industry experts (CVs below) assembled by Mr Grant Davey began due diligence on the Kayelekera Project in early 2019. Mr Davey and the team successfully negotiated the acquisition terms with Paladin, and Lotus Resources (formerly Hylea Metals) was chosen as the 'shell company' to acquire the Kayelekera Project in June 2019 with the current Board in place.

Over the ensuing 9 month period, Mr Davey and the management team worked tirelessly to obtain the in-country approvals required to complete the acquisition from Paladin. This involved multiple trips to Malawi and meetings with government. During this time, Mr Davey and the management team built enduring relationships with the key members of the Malawian government that will be essential to the future success of the Kayelekera Project. Your current Board does not have these relationships.

The team has spent considerable time on site at Kayelekera developing a plan to eventually bring the Kayelekera Project back into operation in the more favourable uranium market that is expected to eventuate in the not too distant future. This plan is best implemented by Mr Davey and the management team he assembled who have worked closely together on projects over many years.

Following their appointment, Mr Grant Davey and Mr Stuart McKenzie will work to cement the transition and restart the work of Mr Davey's management team, who will not continue working for Lotus without a Board restructure. This will ensure Lotus is able to attract leading candidates to the Board and establish a Board with an appropriate balance of independence, governance and operational experience in the uranium sector.

Mr Davey is currently in discussions with certain individuals of the highest calibre who have expressed interest in joining the Board only once this Board restructure has completed. This includes one individual with first class uranium operational experience who has been earmarked for the role of Managing Director. The reinvigorated Board will be supported by Mr Davey and the management team he installed to give the Kayelekera Project every chance of success in a rising uranium market.

Put simply, **VOTE FOR ALL OF THE RESOLUTIONS** to end the limbo the company is currently in and transition to a first class Board and management team with a wealth of experience in Africa and the uranium sector who are best placed to advance the Kayelekera Project and drive shareholder value.

NOT A CONTROL PLAY

Lotus has made various suggestions that Mr Davey is seeking to control the Board of Lotus. This could not be further from the truth.

Mr Davey and Mr McKenzie will be coming onto the Board as the first part of an orderly transition from the current 'shell company' board. Ultimately, a Board centred around independence, governance and operational experience in the uranium sector will be formed, as foreshadowed above. Combined with Mr Davey's first class management team and their in-country governmental relationships, this will create a formidable team to take Kayelekera forward.

Unfortunately, the current Board seems unprepared to allow this transition to occur which is plainly in the best interests of all shareholders and in particular those who have invested in the company on the basis of promotion by Mr Davey of the Kayelekera Project.

Mr Davey has given an undertaking to Lotus that he will not exercise his right to require Lotus to acquire his interest in Lilly Resources (Roll-up Right) under the shareholders agreement as a consequence of the Board changes.

MARKET SUPPORT

BW Equities has supported Lotus by underwriting the capital raisings for the transformational acquisition of the Kayelekera Project. This support was based on the reputation of Mr Davey and the team he assembled and their experience in Africa and the uranium industry. This is the same team that was initially behind the technical success of Boss Resources. It was on the back of Mr Davey's attendance on the initial roadshow that the money was raised to acquire the Kayelekera Project.

All Lotus announcements have highlighted the importance of Mr Davey and the management team he installed to the future of the Kayelekera Project. Without Mr Davey and his associated management team, as well as his proposed Board strategy, we believe market support will wane and we fear a bleak future for Lotus shareholders.

THE TEAM FOR THE FUTURE

Mr Davey is a mining engineer with over 30 years of senior management and operational experience in resource construction and operations in Africa, Australia, North and South America and Russia. He was instrumental in the development of the Honeymoon Uranium Project for Boss Resources.

Keith Bowes is a chemical engineer with 30 years' experience in an operational mineral processing environment. Recently he was the project director of the Honeymoon Uranium Project's Definitive Feasibility Study.

Neil Inwood is an experienced uranium resource and exploration geologist who was instrumental in expanding the Honeymoon Uranium resource.

Theo Keyter is a mining engineer with over 30 years of African operational mining experience including community and government relations.

Mr McKenzie is a senior executive with extensive experience in the resources industry and financial markets.

We invite shareholders to contact us if they require further information.

Yours sincerely,



TR Nominees Pty Ltd

Rory Luff: rluff@bwequities.com.au

+61 3 9601 4806



**Davey Holdings (Aus) Pty Ltd
as trustee for the Burnaford Trust**

Grant Davey: grantd@matadorcapital.com.au

+61 447 753 163

The statement in this Schedule was provided by the Requisitioning Shareholders and it not endorsed by the Board. The Board unanimously recommends that Shareholders vote against all Resolutions set out in the Notice of Meeting.

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

For your proxy appointment to be effective it must be received by **11:00am (WST)** **Saturday, 20 June 2020.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

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

Your secure access information is

**Control Number: 133853**

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

By Mail:

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

By Fax:

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



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

☐

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

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Lotus Resources Limited to be held virtually on Monday, 22 June 2020 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Step 2

Items of Business

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

	For	Against	Abstain
1 Appointment of Grant Davey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Appointment of Stuart McKenzie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Removal of Simon Andrew	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Removal of Tim Kestell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Step 3

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

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

LOT

999999A



Computershare



Online Meeting Guide

Getting Started

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time and you will need to either:

- a) Visit <https://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge and Firefox. Please ensure your browser is compatible; or
- b) Download the Lumi AGM app from the Apple App or Google Play Stores by searching for Lumi AGM.

Meeting ID: 338-699-870

To log in, you must have the following information:

Australian Residents

Username (SRN or HIN) and Password (postcode of your registered address)

Overseas Residents

Username (SRN or HIN) and Password (three-character country code) e.g. New Zealand - NZL; United Kingdom - GBR; United States of America - USA; Canada - CAN. A full list is provided at the end of this guide.

Appointed Proxy

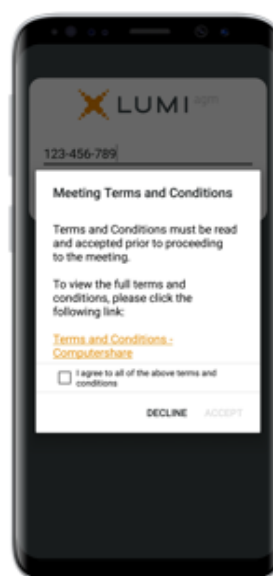
To receive your username and password, please contact Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

Online registration will open 1 hour before the start of the meeting

- 1 To participate in the meeting, you will be required to enter the unique 9 digit Meeting ID provided above.



- 2 To proceed into the meeting, you will need to read and accept the Terms and Conditions.



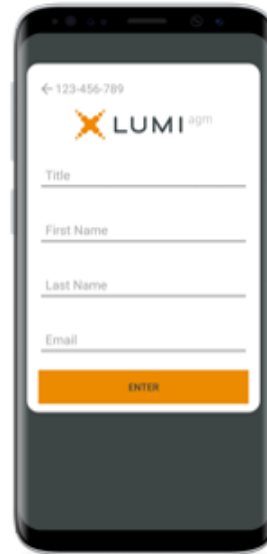
OR



3 To register as a securityholder, select 'I have a login' and enter your username (SRN or HIN) and password (postcode or country code).





3a If you are a visitor, select 'I am a guest' and enter your name and email details. Please note, visitors will not be able to ask questions or vote at the meeting.



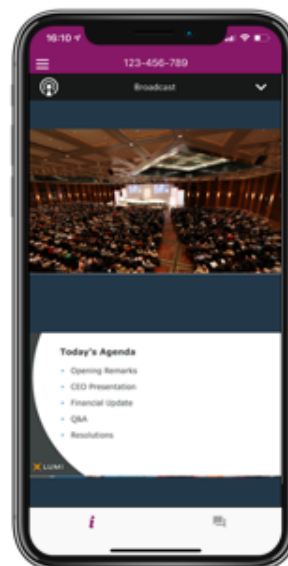
4 Once logged in, you will see the home page, which displays the meeting documents and information on the meeting. Icons will be displayed in different areas, depending on the device you are using.



5 View the webcast

To view proceedings you must tap the broadcast arrow  on your screen. Video and/or slides of the meeting will appear after approx. 30 seconds*. Toggle between the up or down arrow  to view another screen.

(*Dependant on the speed of your internet)



The broadcast bar allows you to view and listen to the proceedings



Home page icon, displays meeting information




Questions icon, used to ask questions



Voting icon, used to vote. Only visible when the chairman opens poll

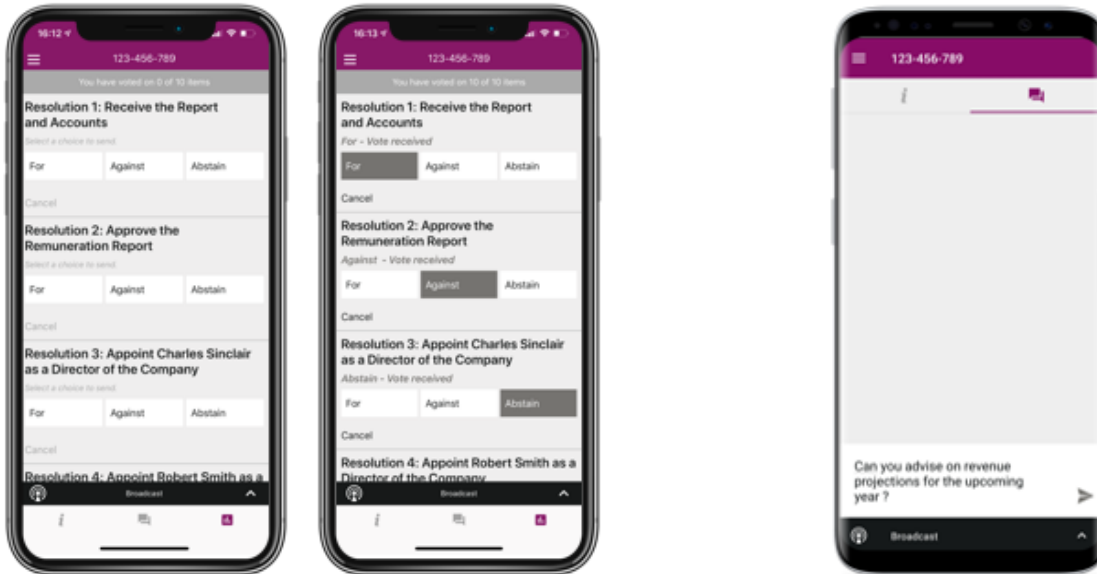
6 To Vote

When the Chairman declares the poll open:

- A voting icon  will appear on your device and the Meeting Resolutions will be displayed.
- To vote tap one of the voting options. Your response will be highlighted.
- To change your vote, simply press a different option to override.

The number of items you have voted or yet to vote on, is displayed at the top of the screen.

Votes may be changed up to the time the chairman closes the poll.





On some devices, to vote, you may need to minimise the webcast by selecting the arrow in the broadcast bar, audio will still be available. To return to the webcast after voting, select the arrow again.

For Assistance

If you require assistance prior to or during the Meeting, please call +61 3 9415 4024



7 To Ask Questions

Tap on the Questions icon  to submit a question, type your question in the chat box at the bottom of the screen and then select the send icon .

Confirmation that your message has been received will appear.

COUNTRY CODES

Select your country code from the list below and enter it into the **password** field.

ABW ARUBA	CPV CAPE VERDE	ISM BRITISH ISLES	NPL NEPAL	TKM TURKMENISTAN
AFG AFGHANISTAN	CRI COSTA RICA	ISR ISRAEL	NRU NAURU	TLS EAST TIMOR
AGO ANGOLA	CUB CUBA	ITA ITALY	NZL NEW ZEALAND	DEMOCRATIC REP OF
AIA ANGUILLA	CXR CHRISTMAS ISLAND	JAM JAMAICA	OMN OMAN	TMP EAST TIMOR
ALA ALAND ISLANDS	CYM CAYMAN ISLANDS	JEY JERSEY	PAK PAKISTAN	TON TONGA
ALB ALBANIA	CYP CYPRUS	JOR JORDAN	PAN PANAMA	TTO TRINIDAD & TOBAGO
AND ANDORRA	CZE CZECH REPUBLIC	JPN JAPAN	PCN PITCAIRN ISLANDS	TUN TUNISIA
ANT NETHERLANDS ANTILLES	DEU GERMANY	KAZ KAZAKHSTAN	PER PERU	TUR TURKEY
ARE UNITED ARAB EMIRATES	DJI DJIBOUTI	KEN KENYA	PHL PHILIPPINES	TUV TUVALU
ARG ARGENTINA	DMA DOMINICA	KGZ KYRGYZSTAN	PLW PALAU	TWN TAIWAN
ARM ARMENIA	DNK DENMARK	KHM CAMBODIA	PNG PAPUA NEW GUINEA	TZA TANZANIA UNITED REPUBLIC OF
ASM AMERICAN SAMOA	DOM DOMINICAN REPUBLIC	KIR KIRIBATI	POL POLAND	UGA UGANDA
ATA ANTARCTICA	DZA ALGERIA	KNA ST KITTS AND NEVIS	PRI PUERTO RICO	UKR UKRAINE
ATF FRENCH SOUTHERN TERRITORIES	ECU ECUADOR	KOR KOREA REPUBLIC OF	PRK KOREA DEM PEOPLES REPUBLIC OF	UMI UNITED STATES MINOR OUTLYING
ATG ANTIGUA AND BARBUDA	EGY EGYPT	KWT KUWAIT	PRT PORTUGAL	URY URUGUAY
AUS AUSTRALIA	ERI ERITREA	LAO LAO PDR	PRY PARAGUAY	USA UNITED STATES OF AMERICA
AUT AUSTRIA	ESH WESTERN SAHARA	LBN LEBANON	PSE PALESTINIAN TERRITORY OCCUPIED	UZB UZBEKISTAN
AZE AZERBAIJAN	ESP SPAIN	LBR LIBERIA	PYF FRENCH POLYNESIA	VAT HOLY SEE (VATICAN CITY STATE)
BDI BURUNDI	EST ESTONIA	LBY LIBYAN ARAB JAMAHIRIYA	QAT QATAR	VCT ST VINCENT & THE GRENADINES
BEL BELGIUM	ETH ETHIOPIA	LCA ST LUCIA	REU REUNION	VEN VENEZUELA
BEN BENIN	FIN FINLAND	LIE LIECHTENSTEIN	ROU ROMANIA	VGB BRITISH VIRGIN ISLANDS
BFA BURKINA FASO	FJI FIJI	LKA SRI LANKA	RUS RUSSIAN FEDERATION	VIR US VIRGIN ISLANDS
BGD BANGLADESH	FLK FALKLAND ISLANDS (MALVINAS)	LSO LESOTHO	RWA RWANDA	VNM VIETNAM
BGR BULGARIA	FRA FRANCE	LTU LITHUANIA	SAU SAUDI ARABIA KINGDOM OF	VUT VANUATU
BHR BAHRAIN	FRO FAROE ISLANDS	LUX LUXEMBOURG	SCG SERBIA AND MONTENEGRO	WLF WALLIS AND FUTUNA
BHS BAHAMAS	FSM MICRONESIA	LVA LATVIA	SDN SUDAN	WSM SAMOA
BIH BOSNIA & HERZEGOVINA	GAB GABON	MAC MACAO	SEN SENEGAL	YEM YEMEN
BLM ST BARTHELEMY	GBR UNITED KINGDOM	MAF ST MARTIN	SGP SINGAPORE	YMD YEMEN DEMOCRATIC
BLR BELARUS	GEO GEORGIA	MAR MOROCCO	SGS STH GEORGIA & STH SANDWICH ISL	YUG YUGOSLAVIA SOCIALIST FED REP
BLZ BELIZE	GGY GUERNSEY	MCO MONACO	SHN ST HELENA	ZAF SOUTH AFRICA
BMU BERMUDA	GHA GHANA	MDA MOLDOVA REPUBLIC OF	SJM SVALBARD & JAN MAYEN	ZAR ZAIRE
BOL BOLIVIA	GIB GIBRALTAR	MDG MADAGASCAR	SLB SOLOMON ISLANDS	ZMB ZAMBIA
BRA BRAZIL	GIN GUINEA	MDV MALDIVES	SLE SIERRA LEONE	ZWE ZIMBABWE
BRB BARBADOS	GLP GUADELOUPE	MEX MEXICO	SLV EL SALVADOR	
BRN BRUNEI DARUSSALAM	GMB GAMBIA	MHL MARSHALL ISLANDS	SMR SAN MARINO	
BTN BHUTAN	GNB GUINEA-BISSAU	MKD MACEDONIA FORMER YUGOSLAV REP	SOM SOMALIA	
BUR BURMA	GNQ EQUATORIAL GUINEA	MLI MALI	SPM ST PIERRE AND MIQUELON	
BVT BOUVET ISLAND	GRC GREECE	MLT MALTA	SRB SERBIA	
BWA BOTSWANA	GRD GRENADA	MMR MYANMAR	STP SAO TOME AND PRINCIPE	
BLR BELARUS	GRL GREENLAND	MNE MONTENEGRO	SUR SURINAME	
CAF CENTRAL AFRICAN REPUBLIC	GTM GUATEMALA	MNG MONGOLIA	SVK SLOVAKIA	
CAN CANADA	GUF FRENCH GUIANA	MNP NORTHERN MARIANA ISLANDS	SVN SLOVENIA	
CCK COCOS (KEELING) ISLANDS	GUM GUAM	MOZ MOZAMBIQUE	SWE SWEDEN	
CHE SWITZERLAND	GUY GUYANA	MRT MAURITANIA	SWZ SWAZILAND	
CHL CHILE	HKG HONG KONG	MSR MONTSERRAT	SYC SEYCHELLES	
CHN CHINA	HMD HEARD AND MCDONALD ISLANDS	MTQ MARTINIQUE	SYR SYRIAN ARAB REPUBLIC	
CIV COTE D'IVOIRE	HND HONDURAS	MUS MAURITIUS	TCA TURKS AND CAICOS ISLANDS	
CMR CAMEROON	HRV CROATIA	MWI MALAWI	TCD CHAD	
COD CONGO DEMOCRATIC REPUBLIC OF	HTI HAITI	MYS MALAYSIA	TGO TOGO	
COG CONGO PEOPLES REPUBLIC OF	HUN HUNGARY	MYT MAYOTTE	THA THAILAND	
COK COOK ISLANDS	IDN INDONESIA	NAM NAMIBIA	TJK TAJIKISTAN	
COL COLOMBIA	IMN ISLE OF MAN	NCL NEW CALEDONIA	TKL TOKELAU	
COM COMOROS	IND INDIA	NER NIGER		
	IOT BRITISH INDIAN OCEAN TERRITORY	NFK NORFOLK ISLAND		
	IRL IRELAND	NGA NIGERIA		
	IRN IRAN ISLAMIC REPUBLIC OF	NIC NICARAGUA		
	IRQ IRAQ	NIU NIUE		
	ISL ICELAND	NLD NETHERLANDS		
		NOR NORWAY		