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**THE COMMUNITY DEVELOPMENT AGREEMENT  
FOR THE KAYELEKERA MINE (ML0152)**

**AS AGREED BETWEEN THE QUALIFIED COMMUNITIES  
AND LOTUS (AFRICA) LIMITED**

**COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)**

**THIS AGREEMENT IS MADE ON** ..... *6<sup>TH</sup> JANUARY* ..... **2025**  
**BETWEEN**

**LOTUS (AFRICA) LTD**, Kayelekera Mine, P.O. Box 47, Karonga, Malawi (**LAL**).

And

**THE QUALIFIED COMMUNITIES FOR ML0152 INCLUDING THE KAYELEKERA MINE**, Karonga, C/O Karonga District Assembly, P.O. Box 35, Karonga, Malawi (**the QC**).

**1. Definitions:**

The following words have these meanings in this Agreement unless the contrary intention appears:

- a) LAL means Lotus (Africa) Limited.
- b) ML0152 means Mining License Number 0152 (including the Kayelekera Mine) granted by the Minister of Mining.
- c) Mineral Resources Committee means the committee established under Part II, Division 1 of the MMA (2023).
- d) MMA (2023) means Malawi's Mines and Minerals Act of 2023.
- e) QC means a Qualified Community for ML0152 as defined in section 2 of the MMA (2023) and as set out in clause 5 of this agreement. In this Agreement, references to the QCs is to all Qualified Communities together.
- f) Community Development Agreement (CDA) means the Community Development Agreement entered into by LAL and the QC's pursuant to Section 164 of the MMA (2023), which is made up of this Agreement and the Appendixes and together with the Protocols referred to here when those are developed and agreed.
- g) CEP means LAL's Community Engagement Plan, as attached at Appendix 3, the requirements for which are set out in section 289 of the MMA (2023).
- h) Minister means Minister responsible for Mining in Malawi as appointed from time to time.
- i) Community Development Fund means an amount equivalent to no less than zero point four five percent (0.45%) of LAL's annual gross sales revenue derived from the processing of ore extracted from ML0152 as set out in section 164(11) of the MMA (2023) the amount of which is confirmed as described in clause 11 and paid to Community Development Account for the purpose of this CDA in accordance with the Funds Management Protocol
- j) KM means the Kayelekera Mine which is covered by ML0152
- k) DC means the District Commissioner of Karonga as appointed from time to time.

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- l) LAA (2017) means Lands Acquisition Act of (2017).
- m) ADC means Area Development Committee.
- n) VDC means Village Development Committee.
- o) DEC means District Executive Committee.
- p) CSO means Civil Society Organisation.
- q) NGO means Non-Governmental Organisation.
- r) Protocol refers to a document developed and agreed as described in clause 4. Three Protocols need to be in place for this Agreement to be operational: Steering Committee Charter Protocol which needs to be agreed by all parties to this Agreement and then the Funds Management Protocol and Project Protocol to be agreed by the Steering Committee.

### 2. Background and Objectives

Lotus (Africa) Ltd (LAL) is a company incorporated in Malawi (Company Registration No. 5664) which holds the mining rights for the ML0152 including the Kayelekera Mine located in the Northern Region of Malawi (Figure 1). LAL is in turn owned by Lotus Resources Limited (Lotus), an Australian listed public company. Lotus holds 85% of the equity in LAL with the remaining 15% interest held by the Government of the Republic of Malawi.

KM is covered by the Mining License ML0152 (Appendix 1) over an area of 55 km<sup>2</sup> which was granted for fifteen years from 2 April 2007 after obtaining environmental approval under EIA Certificate No: 27.3.1 (Appendix 2). The Mining License was subsequently extended on 1 September 2021 for a further 15 years to 1 April 2037.

LAL, as a holder of ML0152, and the QCs have agreed to enter into a Community Development Agreement pursuant to Section 164 of the MMA (2023).

The objectives of the CDA, as prescribed in section 164 of the MMA (2023) are to assist in the development of the QCs as follows:

- a) to promote the sustainable development of the QCs;
- b) to enhance the general welfare and quality of life of the QCs; and
- c) to ensure recognition and respect of the rights, customs and traditions of the QCs.

The parties also agree that further to the objectives set out in section 164 of the MMA (2023), the agreement shall be used to assist:

- a) in sustaining a good working relationship between LAL, the QCs and Government;
- b) to provide an assurance of community benefits from ML0152;

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- c) to provide a platform for managing any actual or perceived negative impacts from activities carried out on ML0152 on the QCs and vice versa;
- d) to provide a platform for resolving conflicts between LAL and the QCs; and
- e) to safeguard and protect the rights of women and girls against sexual harassment, early marriages, and exploitation within QCs.

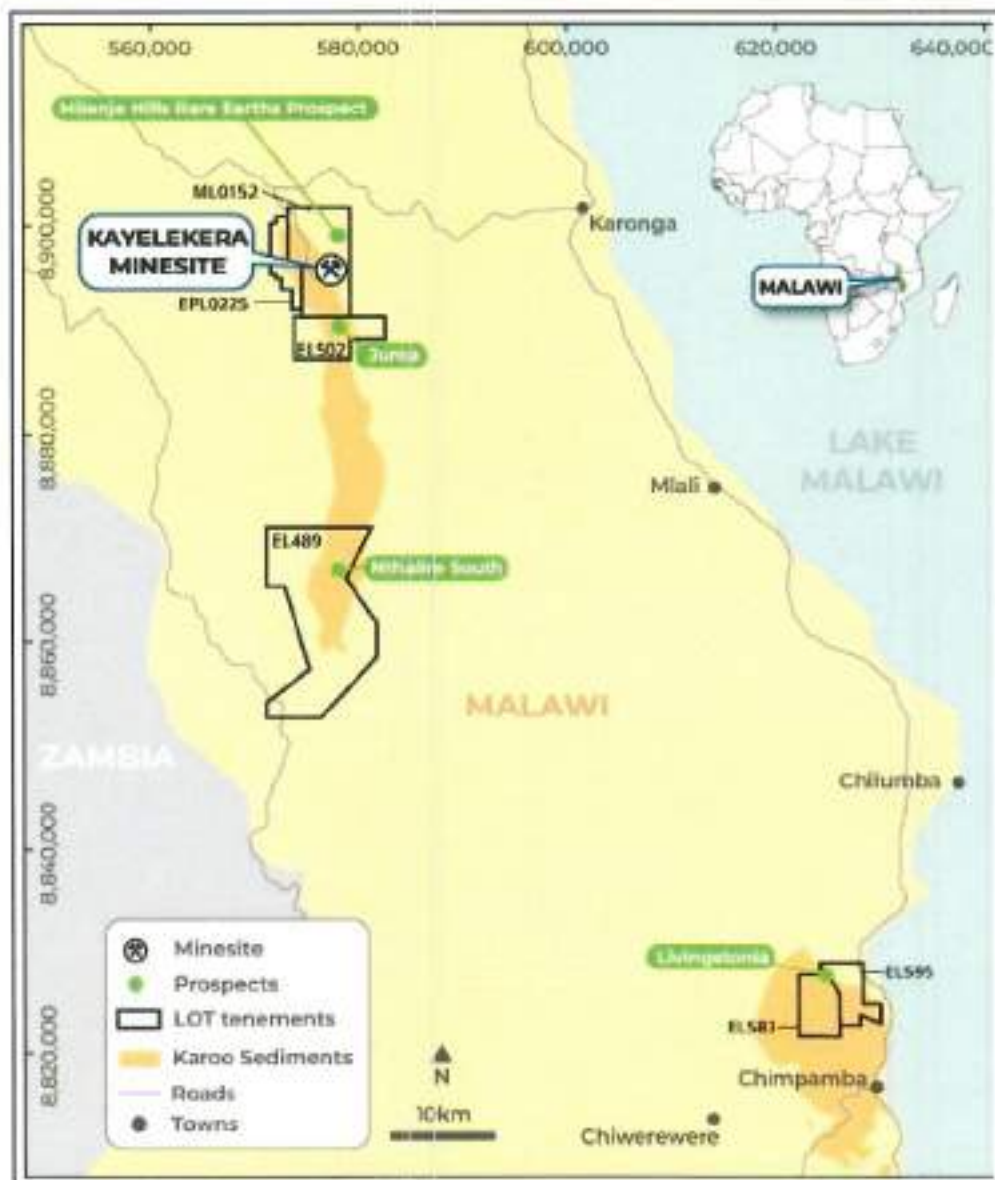


Figure 1: Location of ML 0152 and Other Exploration Licences

### 3. Agreed Principles

Pursuant to section 164 of the MMA (2023), LAL and the QCs commit to the terms of this CDA whose details are outlined in the paragraphs that follow. The CDA represents a legally binding contract between the parties.

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LAL would like to use this Agreement to support the QCs in the objectives set out in paragraph 2 above. A number of those objectives are quite broad. The legally binding obligations under this Agreement are to contribute the Community Development Fund which can then be used for Projects as described below. Any specific initiatives in addition related to the broader objectives can be discussed and agreed between the parties.

### **4. Role of Protocols under this Agreement**

The Parties are entering into this Agreement to give a legally binding framework for the CDA and to move forward on the objectives described. However, there are a number of areas of further detail that need to be developed and agreed in order to make this agreement work effectively and clearly to achieve the shared objectives of the parties.

Where there is a reference in this Agreement to a 'Protocol' the parties have identified this as an area needing further detail. The parties understand and agree that Protocols will be needed for these areas. The parties will work on the Protocols together. To finalise them for use in this Agreement protocols need to be approved by unanimous resolution of the Steering Committee, other than the protocol to agree the Steering Committee Charter. The protocol that sets up the Steering Committee Charter must be agreed first by LAL with each of the QCs. The representatives of the QCs on the Steering Committee will need to consult with the QCs about those protocols. Protocols may also be amended from time to time by unanimous resolution of the Steering Committee. Protocols when developed and agreed will form part of this Agreement.

### **5. The Qualified Community**

According to section 2 of the MMA (2023) a Qualified Community is defined as any community of more than three thousand (3,000) persons which by tradition or by circumstances constitute a social community, and:

- a) that reside within twenty kilometers of any boundary defining a large-scale mining license area; or
- b) that the Mining and Minerals Regulatory Authority (the Authority) has otherwise determined to be a Qualified Community.

The parties agree that in the implementation of this agreement that there will be no discrimination against any person based on gender, tribe, language, race, religion or political opinion.

Pursuant to section 2 of MMA (2023) the QC's shall include area defined on Figure 2 which covers the greater part of Chilanga Ward or area under Mbande ADC in Karonga, Malawi.

The list of QCs identified in this document has been submitted to and verified by the Authority as comprising all Qualified Communities under the MMA (2023). A list of agreed QC's is included at appendix 9. If any community notifies LAL that it considers it is a Qualified Community LAL will refer this to the Authority and

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the Steering Committee. The Steering Committee based on guidance from the Authority will decide whether the relevant community is a QC in which case it will be joined to this Agreement and will sign a document to bind it to this Agreement.

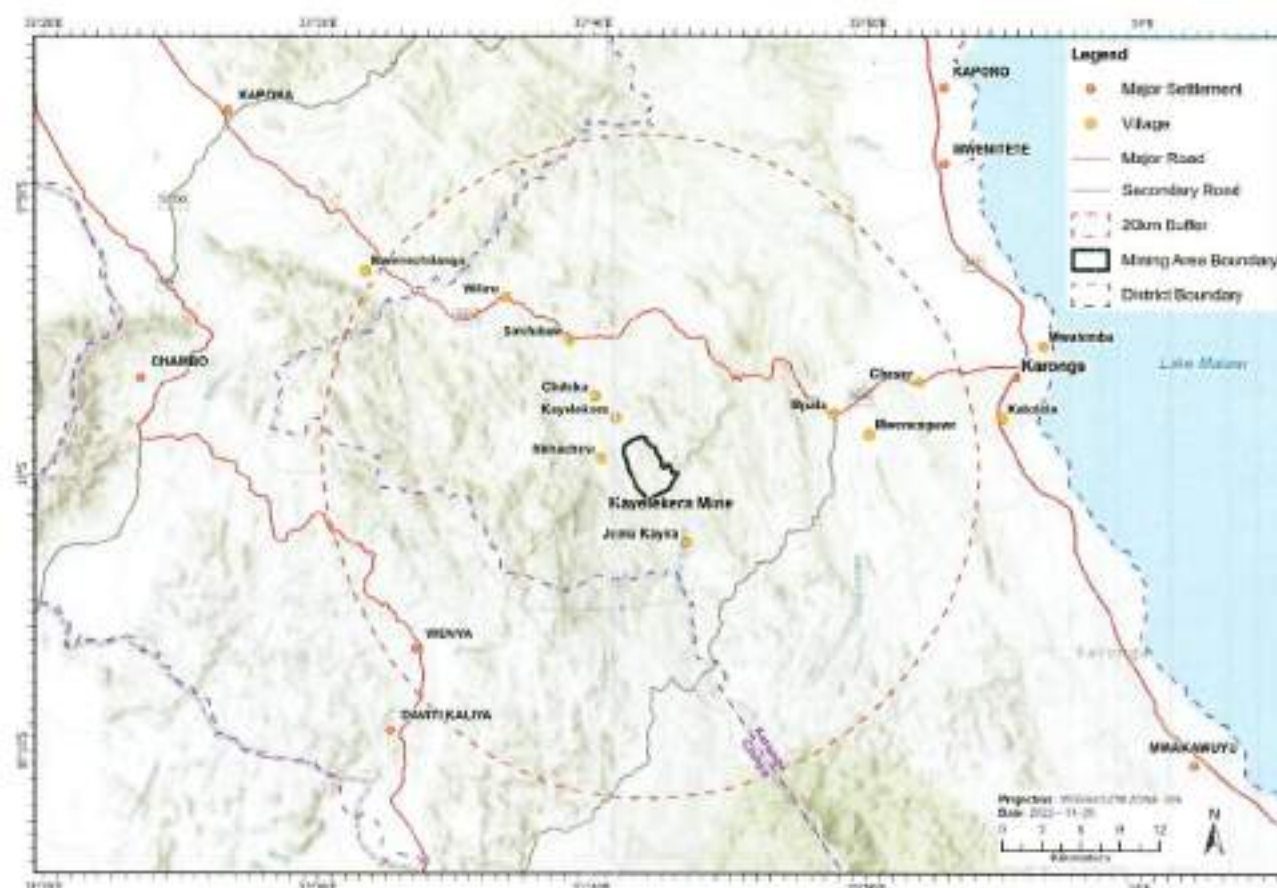


Figure 2: Area Coverage for The Qualified Community

## 6. Responsibilities of LAL

At all times whilst it holds ML0152, LAL must:

- conduct its activities in accordance with the MMA (2023) and all relevant laws of Malawi;
- recognise and respect rights, customs and traditions of local communities; and
- continue to engage local communities as indicated in LAL's CEP (Appendix 3).

From the time that the CDA comes into effect, LAL must:

- a) expend on community development no less than zero point four-five percent (0.45%) of LAL's annual gross sales revenues on such activities as are stipulated in the MMA (2023) and this agreement; It is noted that the legal obligation is to provide funding of 0.45% and that any amount above that will be voluntary at the discretion of LAL as noted in the MMA (2023). The calculation, verification and

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timing of payments to the Community Development Fund shall be done in under the Funds Management Protocol. LAL's obligation is to put the relevant amount into the Community Development Fund. Decisions about how the money is used once it is held in the Community Development Fund must be approved by the Steering Committee. If no decision is approved by the Steering Committee the fact that the money stays in the Community Development Fund is not a matter that LAL can change.

- b) ensure that a CDA annual expenditure report is compiled at the end of each financial year
- c) ensure that a CDA bi-annual activity report is compiled; and
- d) work with Government development structures (the DEC, ADC and VDC) in the implementation of this agreement.

### **7. Responsibilities of The QC**

From the time that the CDA comes into effect, the QC's must:

- a) formulate and prioritise development projects to be funded under this Agreement;
- b) ensure community participation on an equitable basis, with consideration of gender and social inclusion in the implementation of this Agreement;
- c) provide information to the community on progress made in the implementation of this Agreement; and
- d) collaborate with LAL on conflict mitigation and resolution.

### **8. CDA Steering Committee**

A Steering Committee shall be established to manage the affairs under this agreement to ensure the objectives of the Agreement are met.

Membership of the CDA shall be reflective of the QCs to ensure an equitable allocation of benefits to the QCs.

LAL shall be represented on the Steering Committee and its representative shall be the liaison officer for LAL (or such other person as determined by LAL and communicated to the Steering Committee).

#### **8.1 CDA Steering Committee Charter**

A Protocol will be developed and agreed for the Steering Committee and will form the Steering Committee Charter. The Steering Committee Charter will reflect that the Steering Committee members agree to exercise their duties for the equitable benefit of all parties in the QC and to the highest level of governance. The Steering Committee Charter must also set out:

- a) the role of the Steering Committee;

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- b) the specific responsibilities of the Steering Committee and the basis under which any of these responsibilities can be delegated;
- c) the composition of the Steering Committee and how changes to the composition are made, including how to ensure that the Steering Committee and Sub-Committee composition appropriately reflects the QCs in a socially inclusive way (taking into account gender, tribe, language, race, religion or political opinion).
- d) the roles, responsibilities and authorities of the Committee Chairperson, Secretary and Treasurer;
- e) the rules for holding Steering Committee meetings;
- f) how the Steering Committee can make decisions and how members of the QC can challenge decisions made;
- g) the approval process to determine eligible projects and to make expenditures on projects and the oversight and controls that will be implemented to ensure that the objectives under this Agreement are met and the benefits to the QC are maximised;
- h) the roles responsibilities and authorities of any Sub-Committees proposed to be formed including the Technical Sub-Committee and the Advisory Board to the Steering Committee;
- i) how the performance of the Steering Committee is reviewed and assessed;
- j) how any disputes arising around the implementation of the Agreement or decisions made by the Steering Committee are to be heard and resolved; and
- k) any other relevant matters to the implementation of this Agreement and the workings of the Steering Committee.

The relevant Protocol making up the Steering Committee Charter must be agreed by LAL and the QCs prior to the expending of any of the Community Development Funds.

### 8.2 Composition of the CDA Steering Committee

The Steering Committee Charter will set out the requirements for the establishment of the Steering Committee including that

- a) the Steering Committee will comprise 13 members including:
  - i. Twelve members put forward by the QCs to be representative of the membership of the QC. It will be up to the QCs through the VDCs to decide who will be on the Steering Committee and to notify LAL together; and
  - ii. one member from LAL;
- b) Member appointments from the QCs will consider gender and social inclusion in the Steering Committee.
- c) Members will be nominated by the QCs and appointed or replaced through voting by the ten Village Development Committees within the QC.
- d) Members will serve for a term of three years with a maximum of 2 terms.

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- e) Members can be replaced in the event of incapacitation or indiscipline;
- f) Committee members will work on a voluntary basis and will not be paid for their time spent on Steering Committee business. However, based on the availability of funds, as determined by the Steering Committee, members will be provided refunds for reasonable transport costs incurred and lunch allowances during meetings using the prevailing Malawi Government rate; and
- g) All decisions made by the Steering Committee must be made on a unanimous basis (i.e. all Committee Members must be in agreement). This means that decisions can only be made when all members of the Steering Committee are present or if they all sign a resolution approving the decision. For clarity, LAL and each of the QCs will not be affected by any decision made without its input or approval.

### **8.3 Responsibilities of the CDA Steering Committee**

The responsibilities of the Steering Committee will be set out in the Steering Committee Charter and will include:

- a) the provision of oversight for all development activities undertaken under this CDA;
- b) the appraisal of projects for funding under the CDA;
- c) ensuring that the benefits of the under the CDA are realised on an equitable basis across all QCs over time;
- d) the management of funds and other resources acquired for the purposes of the CDA;
- e) the implementation and oversight of all projects under the CDA;
- f) submitting a CDA annual expenditure report at the end of each financial year;
- g) submitting a CDA bi-annual activity report;
- h) undertaking a sensitisation of the local communities on the CDA and related issues; and
- i) actively working to maintain a good working relationship between LAL and the local community.

### **8.4 Leadership and Meetings of the Steering Committee**

The arrangements relating to the leadership roles and meetings of the Steering Committee will be set out in the Steering Committee Charter and will include:

- a) that the Steering Committee shall elect a Chairperson, Secretary and Treasurer;
- b) that Meetings of the Steering Committee shall be convened by the Chairperson of the committee at least quarterly; and
- c) that the quorum of the Steering Committee is all of its members and that a meeting shall be rescheduled by the Chairperson if a quorum is not present. It is an important principle that decisions and approvals given by the Steering Committee must be unanimous and so the quorum needs all of its members. The Steering Committee Charter can include a mechanism so that if a member is not able to attend a specific meeting, they can appoint a proxy to represent them.

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The Steering Committee Charter will set out the roles of the Committee members and leadership and include the following:

### **Role of the Chairperson**

- Chairing meetings to ensure all Committee members have an equal right to participation in meetings and decision
- Co-ordinating activities related to the Steering Committee between LAL and the QCs
- Guiding the Steering Committee in the performance of its responsibilities
- Monitoring the selection and implementation of projects
- Acting as a spokesperson for the Steering Committee
- Representing the Steering Committee in other community meetings
- Ensuring that payments are approved in line with the process set out in the Funds Management Protocol
- Presenting reports on the activities of the Steering Committee to the Advisory Board.

### **Role of the Secretary**

- Recording of the minutes of the Steering Committee meetings and decisions made and keeping other records as appropriate
- Ensuring that meeting minutes are an accurate reflection of the matters discussed and agreed and are approved by the Steering Committee members in a timely manner following meetings
- Act as the administrator of the Steering Committee
- Compiling of quarterly progress reports and other reports that are required to be prepared by the Steering Committee
- Arranging meetings and preparing and issuing invitation letters for meetings
- One of the signatories on the decisions made by the Steering Committee

### **Roles of the Treasurer**

- Maintaining the financial records in relation to the CDA including details of funding contributed, project expenditures, administrative expenditures and available (uncommitted) funds
- Preparing the financial reports as required under the MMA (2023) and as required by the Steering Committee
- Preparing cash flow forecasts to ensure that project commitments and other expenditure can be met
- Preparing payments for approval
- Supervising that funds contributed to the Community Development Fund are held, managed and distributed strictly in accordance with the Funds Management Protocol
- One of the signatories for the approval of payments made in accordance with the Funds Management Protocol

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### **9. Technical Sub-Committee**

A CDA Sub-Committee shall be established to provide advice and technical expertise required for the running of the CDA in support of the Steering Committee. The role, responsibilities and authorities of the Technical Sub-Committee will be determined by the Steering Committee and documented in the Steering Committee Charter (or a separate document as appropriate).

#### **9.1 Members of the Technical Sub-Committee**

The following will constitute members of the Technical Sub-Committee:

- a) Officials from Karonga and Chitipa District Councils (Director of Planning and Development, District Environmental Officer, Gender Officer, District Environmental Health Officer, Monitoring and Evaluation Officer, Director of Public Works, District Labour Officer, District Social Welfare Officer, and District Community Development Officer); and
- b) A VDC member will be co-opted based on the location of the project.

Membership of the Sub-Committee is based on the portfolio held at Karonga and Chitipa District Council.

Sub-Committee members will work on a voluntary basis and will not be paid for their time spent on Sub-Committee business. However, based on the availability of funds, as determined by the Steering Committee, members will be provided refunds for reasonable transport costs incurred and lunch allowances during meetings using the prevailing Malawi Government rate

#### **9.2 Responsibilities of the Technical Sub-Committee**

The responsibilities of the Technical Sub-Committee will be determined by the Steering Committee and documented in the Steering Committee Charter (or a separate document as appropriate) and will include:

- a) appraising financial and technical aspects of project proposals from VDCs and ADCs;
- b) recommending to the Steering Committee projects for approval;
- c) assisting in supplier selection and the procurement of goods and services for project implementation;
- d) supervision of projects during implementation including reporting on costs compared to budget and review of costs to complete compared to budget;
- e) certification of completed projects and a review of the benefits realised compared to those intended; and
- f) other activities as requested by the Steering Committee.

#### **9.3 Leadership of the Technical Sub-Committee**

- a) The Director of Planning shall be the Chairperson of the Technical Sub-Committee.

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- b) Meetings of the Technical Sub-Committee shall be convened by the Chairperson of the committee at least monthly.
- c) The quorum of the Technical Sub-Committee meeting shall be no less than 50% of the total membership of the Sub-Committee. The meeting shall be rescheduled by the Chairperson if a quorum is not present.

The Steering Committee Charter (or a separate document as appropriate) will set out the roles of the Sub-Committee members and leadership and include the following:

### **Role of the Chairperson**

- Arranging Sub-Committee meetings and ensuring appropriate notice is provided to members
- Ensuring that the Sub-Committee fulfills its responsibilities as directed by the Steering Committee
- Monitoring the implementation of projects as directed by the Steering Committee
- Co-ordinating all technical resources and activities with the Steering Committee
- To ensure transparency and accountability
- Arranging and coordinating with LAL representatives a periodic visit of ML0152 by the Technical Sub-Committee
- To appoint a Secretary for the Sub-Committee to ensure that minutes are recorded of meeting and recommendations for the Steering Committee are documented

### **10 Advisory Board of the Steering Committee**

The Chiefs Council will play an advisory role to the Steering Committee. It will mainly provide guidance and direction on the management of the CDA.

The role and responsibility of the Advisory Board will be determined by the Steering Committee and set out in the Steering Committee Charter (or a separate document as appropriate) and will include:

- Advising the Steering Committee on the selection of projects and the implementation of the CDA
- Receiving progress updates on projects and financial reports from the Steering Committee
- Organising periodic Advisory Board Meetings with the Steering Committee

Advisory Board members will work on a voluntary basis and will not be paid for their time spent on Advisory Board business. However, based on the availability of funds, as determined by the Steering Committee, members will be provided refunds for reasonable transport costs incurred and lunch allowances during meetings using the prevailing Malawi Government rate

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### 11 CDA Fund Management

A detailed funds management and payment approval procedure (the Funds Management Protocol) will be put in place prior to any Community Development Funds being expended. The Steering Committee will take advice on the terms of this procedure from one of the major Accounting firms (the Accounting Firm) in Malawi with the necessary skills and experience required for this task. The Protocol will ensure that the highest standards of governance are applied and that there is transparency and accountability about how funds are held, managed and applied. The procedure will include the following:

- a) A special purpose bank account shall be opened at one of the commercial banks in Karonga for the purposes of managing funds for the CDA. The advice from the Accounting Firm and the Funds Management Protocol will set out whose name the account will be, for example, whether that can be a trustee company or other vehicle established especially for the purpose.
- b) The Funds Management Protocol will set out when payments can be made from the account, what paperwork is needed for this and recommended signatories to the account which are expected to include the Steering Committee Secretary, as a principal signatory, and the Steering Committee Treasurer.
- c) LAL shall be responsible for providing a minimum of 0.45% of its annual gross sales revenue for the purposes of this agreement as provided for under section 164 of MMA (2023). The process for checking how much that is and when payments are made into the special purpose account will be part of the Funds Management Protocol. This will include:
  - i. So that funds can be applied for projects as early as possible LAL will contribute funds on a quarterly basis. Funds amounting to a minimum of 0.45% of gross sales revenue recognised in a quarter will be deposited to the account within 30 days of the end of the relevant quarter. This will be based on quarterly reports prepared by LAL and its parent.
  - ii. Following the end each calendar year, LAL will ask its auditor to certify gross sales revenue for the year and that amounts deposited to the bank account are at least 0.45% of that figure.
- d) The amount (minimum of 0.45%) in Section 10(c) shall be reviewed every five years after the commencement of commercial production.
- e) In order to ensure that the maximum amount of funding is applied to projects, the Funds Management Protocol will include a cap on non-project related expenditures in line with the following:
  - i. 5% of the funds shall be expended on administrative costs for the implementation of the CDA
  - ii. 95% of the funds shall be used for the implementation of CDA projects
- f) The Steering Committee shall approve funds to be withdrawn and applied to project expenditures or administrative expenditures in line with the terms of the CDA and Funds Management Protocol.
- g) The Treasurer will at the end of every quarter present a financial report to the Steering Committee.
- h) The Treasurer will at the end of every financial year present a financial report which will be ratified by all members of the Steering Committee.

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- i) Financial statements for the CDA shall be audited at the end of every financial year by one of the major Accounting Firms in Malawi with the necessary skills and experience, with the audit to be completed and reported back to the Steering Committee and QC within 4 months of the financial year end.

### 12 CDA Projects

ADCs and VDCs shall be responsible for identifying projects to be recommended to the Steering Committee for implementation under this agreement.

The Steering Committee shall prioritise projects for implementation based on the lists provided by ADC and VDCs.

The Steering Committee will put in place a Project Protocol about how projects are considered, approved and implemented including:

- the information that is needed for a project for it to be considered and approved, including on budgets, and the criteria that will be applied in considering which projects to approve;
- how the Steering Committee will select projects and the information that will be provided in relation to why any project has not been selected;
- the steps that the VDC for a proposed project that has not been approved can take to ask for a review of the decision;
- for a project that is approved how it will be carried out including deciding who will do the work or who will arrange and supervise the carrying out of the work;
- how the budget for the project will be overseen, who should receive payments from the account and any contingency for cost overruns that will be included;
- review, report and audit on the carrying out of the project to ensure it was in accordance with the approvals given and the objectives of this Agreement.

Projects that may be approved to utilise funds under this agreement, must meet the objectives set out in this agreement, and fall in the following categories:

- a) Infrastructural development for education, health and other community services such as roads, water and power.
- b) Development of small-scale community businesses.
- c) Apprenticeships and technical training.
- d) Protection of natural resources and cultural heritage.

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### 13 Local Employment and Training

- a) LAL will establish an Employment and Training Plan prior to the restart of operations which sets out the information prescribed in section 158 of the MMA (2023) in relation to the recruitment of non-Malawi citizens and the employment and training of Malawian citizens. The plan will be updated periodically, as appropriate.
- b) In accordance with the requirements in section 158 of the MMA (2023), LAL will employ and train Malawi citizens to assist in carrying out its activities and will only employ non-Malawi citizens in any post if the skills and experience required are not obtainable from the Malawi labour market to allow for safe and efficient operations or LAL determines that no fit and proper candidate is available from within the Malawi labour market.
- c) LAL shall give first right of refusal for employment to all fit and proper former Malawian employees when mining operations resumes.
- d) LAL will utilise on-the-job training as a skills transfer strategy for up skilling and development of Malawian employees.
- e) As part of its training program, LAL may at its own cost second some of its Malawi employees to operations or affiliates in other countries.
- f) Non-skilled labour requirements will be sourced where possible from areas around KM or QCs.
- g) LAL will promote the participation of women in employment and training opportunities at its operations and shall create a working environment that is free of sexual harassment and any form of discrimination on the basis of sex in accordance with the Gender Equality Act.
- h) LAL shall seek to promote the inclusion of people with disability in accordance with the Disability Act.
- i) LAL shall make in-house training available to all Malawian employees based on identified training needs and in accordance with relevant safety legislation and regulations (e.g. Health & Safety, Radiation, First Aid, HIV Awareness).
- j) LAL shall submit on an annual basis an Employment and Training Plan report to Government as required under section 158(11) of the MMA (2023).

### 14 Procurement of Goods and Services

- a) LAL will establish a Goods and Services Procurement Plan prior to the restart of operations which sets out the information prescribed in section 159 of the MMA (2023) in relation to its plans to preference supplier and contractor companies owned by Malawian citizens, including providing equal opportunities to entities owned by women, in the procurement of goods and services. As set out in the MMA (2023) preference is to be provided where, at a minimum, comparable terms as to prices, quantities, qualities and delivery schedule are offered. The Plan will be updated periodically, as appropriate.
- b) LAL will at its own cost invite registration, via reasonably effective means, to ensure adequate dissemination of the registration opportunity of legitimate established businesses in Malawi

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(particularly in Karonga and with particular emphasis on businesses directly or indirectly majority owned by Malawi citizens) capable of supplying materials, consumables used in the mining and processing of uranium ore, and equipment and services to LAL.

- c) LAL shall give preference to local businesses over international suppliers in its tendering processes as stipulated in section 159 of the MMA (2023), where Malawian businesses fulfil the following conditions:
  - i. Meet tender specifications;
  - ii. Are competitive in cost with international sources;
  - iii. Meet the quality requirements of the Project; and
  - iv. Are bona fide.
- d) In assessing tender bids, the Company will consider, among other things, the extra costs it would incur if it were to grant a contract to a foreign supplier or contractor, such as wharf and shipping costs, customs duties and demurrage charges.
- e) LAL shall consider equal opportunities to entities owned by Malawian women, provided such supplier and contractor entities offer competitive terms including prices, quantities, qualities and delivery schedules.
- f) LAL shall at its own cost assist Malawian suppliers and contractors to elevate their capacity to enable them to supply a greater part of its project's goods and services needs over time in accordance with section 159(4) of MMA (2023).
- g) LAL shall annually submit a Goods and Services Procurement Plan to Malawi Government with a copy given to Steering Committee.

### 15 Local Business Development Program

- a) LAL will develop a Business Development Assistance Plan in accordance with section 160 of the MMA (2023) which will set out how it proposes to assist business entities owned or operated by
  - i. Lawful occupiers or owners of land in the licence area;
  - ii. Persons in neighboring communities;
  - iii. Women resident in the vicinity of the mining operations; and
  - iv. Other Malawian citizens.to build the capacity to own and operate sustainable businesses capable of providing goods and services to LAL.
- b) LAL will work with Malawian owned businesses within Karonga to enhance their capacity to own and operate business ventures that deal with quality materials, equipment and services commonly sought after by mining operations and related industries.
- c) LAL will provide advice and assistance in the development and implementation of sustainable business enterprises which can continue after KM mining ceases

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- d) LAL will submit a report to Government annually on the implementation and results of the Local Business Development Assistance Program pursuant to section 160(6a) of MMA (2023).

### **16 Disturbance and Resettlement**

Disturbance and resettlement shall be dealt with in accordance with MMA (2023), LAA of 2017 and LAL's Resettlement Management Plan (RMP).

Key issues are highlighted below:

- a) Whenever KM mining operations results in loss including damage to crops, livestock, tree, buildings, stock or works of a third party then LAL shall be liable to pay compensation for any such disturbance in accordance with section 216 MMA (2023), Lands Acquisition Act and other applicable Malawi compensations legislation.
- b) If the proposed disturbance requires the relocation of any lawful owner or occupier to an alternate location, then LAL shall follow procedures and meet the costs of resettlement and any associated compensation as stipulated in the Laws of Malawi.
- c) LAL will not disturb monuments or relics sites of national or cultural significance that have been identified around the QC. LAL will make appropriate inquiries through Government agencies and the KC to obtain any necessary information and clearances before undertaking any mining operations in the culturally sensitive areas.

### **17 Environmental Management**

The KM Environmental and Social Impact Assessment (ESIA) conducted in 2007 identified and documented all potential impacts for KM operations and outlined mitigation measures to deal with all significant impacts. The ESIA report is currently being updated as required.

LAL incorporated the EIA recommendations into its Policies and Management Plans to ensure that all proposed measures are implemented to minimize impact of mining operations on the environment.

Environmental Management Plans (EMP's) have been prepared for the Construction, Operational and C&M phases of KM. The Environmental Management Plan currently in use, has been updated to incorporate changes that have occurred over time. In addition, a Radiation Management Plan (RMP) is also in place for the re-establishment of Mining operations. These documents will be updated once a new ESIA report has been approved by Authorities.

Inspection reports of the KM operations produced by the Department of Environment and annual submissions made by LAL to the Department of Environment will be made available to the Steering Committee if required.

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## **COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)**

### **18 Social-Cultural Issues**

LAL will use its Social Management Plan (SMP) to ensure that social-economic and cultural issues associated with KM operations are identified and appropriately managed. The SMP will provide guidance for fulfilling LAL's social responsibility to communities around KM.

LAL is also committed to implementing the Community Engagement Plan (CEP) for KM as required under section 289 of the MMA (2023). The CEP will assist in appropriately engaging all communities around KM on social-economic and cultural issues.

### **19 Closure and Rehabilitation Plan**

A Mine Closure Plan (MCP) has been prepared for the planned closure of the KM at the end of the mining and processing of the uranium resource. The objective of the MCP is to leave behind a rehabilitated mine site that is stable, non-contaminating and demonstrating generally reinstated biodiversity conditions.

LAL will biannually provide a brief to the QC on the MCP once mining operations have recommenced.

### **20 Effective Date**

This CDA shall come into force twelve (12) calendar months after commencement of commercial production at KM. The parties must agree the Steering Committee Charter Protocol and the Steering Committee must put in place the other protocols before any Community Development Funds are provided.

### **21 Duration of the Agreement**

The Agreement shall be in force for the validity period of ML0152.

### **22 Review**

LAL and the QCs shall review this CDA every five years from the effective date and, if agreed by both parties, shall submit a revised ratified CDA for approval by the Mineral Resources Committee.

### **23 Monitoring**

The Steering Committee shall develop projects monitoring mechanisms to be used for monitoring progress for projects under this CDA.

The Steering Committee shall also monitor progress on various aspects of this CDA including funds remission of the 0.45% by LAL in accordance with the Funds Management Protocol.

## **COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)**

### **24 Transfer to Third Party**

If KM or LAL is transferred to another party, the transferee shall assume all rights and obligations of KM or LAL under this agreement.

### **25 Conflict Resolution**

- a) If a dispute between the parties arises out of or in connection with this agreement, including a dispute concerning interpretation or validity of the terms of this agreement, the parties shall promptly notify each other in writing of the dispute. The parties shall endeavor to resolve any dispute by negotiations between parties.
- b) In relation to any dispute unresolved by such negotiation within 45 days of the notice of dispute, the parties may agree in writing to refer the dispute to a conflict resolution committee comprising of the Chiefs Council, Member of Parliament for the area and the District Commissioner, in such a manner and on such basis as the parties may agree in writing.
- c) The parties may also agree to refer to the Mining and Minerals Regulatory Authority any matters unresolved by the conflict resolution committee, in such a manner and on such basis as the parties may agree in writing.
- d) Any referral to the conflict resolution committee, or the Authority is a voluntary procedure by agreement of the parties to try to assist in resolving a dispute. Any decision or resolution of the dispute proposed in such process must be consented to all parties to the dispute and is not binding on the parties unless they agree to it. The only legally binding dispute resolution process is by arbitration in accordance with the next paragraph.
- e) Any dispute, disagreement, controversy or claim arising out of or relating to this Agreement shall be referred to and finally determined by arbitration in the same manner as is provided under the Mine Development Agreement (MDA) entered into by LAL with the Government of the Republic of Malawi. It is not a condition to any dispute being referred to this arbitral tribunal that the parties have previously referred the matter to the conflict resolution committee or the Authority under any of the voluntary procedures referred to above. The parties agree that only the arbitral tribunal referred to in the (MDA) has power to settle any dispute and that in particular the parties will not refer any dispute under this agreement to the courts in any country including Malawi or Australia and will not appeal or challenge in court any decision of the relevant arbitration body.

### **26 Nature of Matters for Which LAL is Responsible**

- 26.1** LAL recognises the importance of the success of this Agreement to ensuring that KM helps the development of the QCs. LAL will ensure that the relevant funds, a minimum of 0.45% of annual gross sales revenue, are provided promptly in accordance with the Funds Management Protocol and that LAL fulfils all of its obligations under this Agreement. LAL will at all times act in good faith to promote the objectives of this Agreement.

## COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)

**26.2** However, it is noted that there are a number of matters that are important to the successful implementation of this Agreement that are not under the control of LAL and for which LAL cannot be held responsible including:

- a) the selection by the Technical Sub-committee or the Steering Committee for recommendation and approval of projects. This is not a matter that LAL has control of or direct influence on. Any dispute or disagreement between QCs or their representatives as to projects to be approved or if any QC is disgruntled that projects relevant to it have not been approved this is a matter that the QCs will need to resolve, if necessary, with guidance from the Authority. If a project is put forward by the Technical Sub-committee in the way described in the procedures in this Agreement and the Project Protocol LAL is not responsible to check this and can assume this project meets the requirements of this Agreement.
- b) the way in which projects are carried out will be decided under the Project Protocol. If there is a problem later with the way the project is carried out, such as defective work, this is a matter for those implementing the project and not a matter LAL will be responsible for.
- c) the way in which funds are treated once they are transferred by LAL will be covered in the Funds Management Protocol. If there are problems with this, such as unauthorized payments or misused funds, provided LAL has provided the relevant funds to the account it will not be liable for this.
- d) The Project Protocol will contain provisions about budgets for Projects. If there is a cost overrun LAL is not obliged to pay for this.
- e) Where there is any dispute or disagreement between the QCs or any group wanting to be treated as a QC, LAL will try to assist in resolving this but it is not a responsibility of LAL to settle.

**26.3** LAL's financial obligation is to provide a minimum amount of 0.45% of annual gross sales revenue. Any amount above 0.45% is at LAL's discretion. Other than that LAL has no financial liability or payment obligation under this Agreement.

### **27 Relief of obligation to enter into a CDA**

Pursuant to Section 164(5) of the MMA (2023), LAL shall be relieved of its obligation to enter into a CDA with the qualified community where the qualified community is unwilling or unable to ratify a CDA pursuant to the prescribed procedures and the prescribed requirements until such time as the qualified community ratifies the agreement.

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## **COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)**

### **28 Termination**

This agreement shall automatically be terminate in the event that the License ML0152 is surrendered or cancelled in accordance with MMA (2023).

### **29 Applicable Law**

This agreement shall be governed by the Laws of Malawi.

### **30 Force Majeure**

Any failure on the part of a Party to comply with any of the terms and conditions of this agreement shall not be subject to claims insofar as such failure arises from Force Majeure.

### **31 General Confidentiality**

- a) The CDA is a Public document and is therefore not confidential
- b) The approved CDA document shall be available to the public for viewing. Copies shall be placed at the DC Office and ADC and VDC centers.

COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)

Executed as an Agreement:

EXECUTED ON BEHALF OF LOTUS (AFRICA) LIMITED

.....  
Company Secretary/Director

T.C. Keyter

.....  
Name of Company Secretary/Director  
(print)

06/01/2025.

.....  
Date

.....  
Director

GRAIN MALUNGA

.....  
Name of Director (print)

06-01-2024

.....  
Date

EXECUTED ON BEHALF OF THE QUALIFIED COMMUNITY

.....  
Chairperson of Steering Committee

Aiston Museretete

.....  
Name of Chairperson (print)

06/01/25

.....  
Date

.....  
Witness

Hudson R.M. Museretete

.....  
Name of Witness (print)

06/01/2025

.....  
Date

COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)

Paramount Chief

Name of Paramount Chief (print)

Date

Witness

Name of Witness (print)

Date

Principal Group Village Headman

Name of Principal Group Village Headman (print)

Date

Witness

Name of Witness (print)

Date

Principal Group Village Headman

Name of Principal Group Village Headman (print)

Date

Witness

Name of Witness (print)

Date

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## COMMUNITY DEVELOPMENT AGREEMENT FOR KAYELEKERA MINE (ML0152)

### List of Appendices

Appendix 1: Copy of ML0152

Appendix 2: Copy of Environmental Certificate for KM

Appendix 3: Community Engagement Plan

Appendix 4: Community Development Projects from ADC and VDCs

Appendix 5: Environmental Management Plan

Appendix 6: Social Management Plan

Appendix 7: Disturbance and Resettlement Management Plan

Appendix 8: Mine Closure Plan

Appendix 9: List of Qualified Communities