

# Great Quest Gold Ltd. Enters Into Letter Agreement With Lotus Gold in Respect of a Proposed Reverse Takeover

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## Highlights

- Proposed combination to create a premier African gold exploration company with assets in Namibia and Egypt and a pipeline of other potential gold & copper opportunities in southern Africa.
- Current premium portfolio of assets situated in world class gold production jurisdictions
- New leadership and technical team to be appointed with track-record of unlocking shareholder value in Namibia and Egypt through funding, discovery, development and numerous exits with combined transaction value in excess of \$1bn
- Former Osino technical team credited with several significant discoveries
- Namibia Outjo Gold Project Located 35 km from Osino Resources' Eureka discovery

[Great Quest Gold Ltd.](#) ("Great Quest" or the "Company") (TSX-V: GQ) is pleased to announce that it has entered into a letter agreement dated May 7, 2025 (the "LOI") with Lotus Gold Corporation ("Lotus"), pursuant to which Great Quest intends to acquire all of issued and outstanding securities of Lotus in exchange for newly issued common shares in the capital of Great Quest ("GQ Shares") in accordance with the Exchange Ratio (as defined herein) as an arm's length transaction (the "Proposed Transaction").

This press release features multimedia. View the full release here:  
<https://www.businesswire.com/news/home/20250514794926/en/>

Figure 1: Satellite image showing the location of nearby gold deposits. [Source: Khorixas Technical Report]

Lotus Gold Corporation

Lotus is a private Canadian gold exploration and development company incorporated as "1251721 BC Ltd." on May 29, 2020 under the Business Corporations Act (British Columbia) (the "BCBCA") and changed its name to its present name "Lotus Gold Corporation" on August 26, 2020. Lotus is focused on the Egyptian Eastern Desert. Lotus Gold's current interests include mineral properties covering approximately 2,000 km<sup>2</sup> within the highly prospective Arabian-Nubian Shield. Lotus is driven by a strong management team and Board of Directors with extensive experience in exploring and developing mines in addition to successfully executing growth strategies through M&A and exploration. There are no Control Persons of Lotus within the meaning of that term under the policies of the TSX Venture Exchange.

Since starting up in 2021, Lotus has completed extensive field work across its licences including 8,000m of drilling and collection/analysis of 25,000 trench and channel samples, 10,000 rock chip samples and 1,000 stream samples. This geology driven methodical exploration has led to two early-stage discoveries at Umm Bisilla North (UBN) and Ash.

An exploration budget has been approved to move these prospects forward as well as following up on other gold and molybdenum anomalies. In addition, Lotus has been evaluating other licence packages which are available for JV and colonial era gold mines which are coming up for auction in the near future.

A summary of financial information in respect of Lotus, including assets, liabilities, revenues and net profits/losses, will be provided in a subsequent news release.

Great Quest Gold

Great Quest Gold Ltd. is a Canadian mineral exploration company focused on developing high-potential gold and projects in Namibia.

Great Quest has four promising gold projects in Namibia and is one of the leading ground holders in the country. The technical team is led by Calla Joone, a leading Namibian exploration geologist with many years of gold exploration experience on and around the Navachab mine and other parts of the Damara Belt in Namibia. Calla is ably assisted by Herman Potgieter who was previously with Osino Resources during the discovery of the 3.1Moz Twin Hills deposit, which was recently sold for C\$368m.

The Omatjete Gold Project, which covers 107,000ha, is located in the North Central Zone of the Damara Orogenic Belt, situated approximately 80 km southeast of the Khorixas Gold Project. Early soil sampling outlined a 4km long arsenic - gold anomaly on the strike extension of the Kokoseb structure. A further 30km of strike extension has recently been added to the licence package and the team are planning the next phase of soil sampling to outline the full scale of this target. The reader is cautioned that soil sampling surveys are not definitive, and the results are still at an early stage of interpretation, with no guarantee of a mineral discovery. Nevertheless, despite its promising geological characteristics, the Omatjete area has not been subjected to historical exploration but offers significant exploration potential.

The Khorixas Gold Project is a collection of contiguous gold licences covering a total of 154,000ha, within a part of the Damara orogenic belt which has never previously been explored for gold. Great Quest has collected 30,000 soil and 250 rock chip samples to date and identified 16 gold targets at Belmont and a large-scale gold-copper target. At least 25 of the rock chip samples collected at Belmont contained visible gold. The gold-copper target has a footprint of about 4km in diameter and rock chips collected at surface contain up to 16% Cu and 21g/t of gold. [Source: "NI 43-101 Technical Report on the Khorixas Gold Project", dated November 22, 2023, by Dr. Andreas Rompel (Pr.Sci.Nat. nr. 400274/04) (the "Khorixas Technical Report"), which is publicly available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)] These targets need to be tested with a large-scale trenching and drilling program. In this regard, the reader is cautioned that grab samples are selected samples and as such may not represent true underlying mineralization of the project as a whole, and soil sampling surveys are not definitive, and the results are still at an early stage of interpretation, with no guarantee of a mineral discovery.

The Khorixas Gold Project area is located within a 50 km radius of three known gold deposits, namely Ondundu, Eureka and Kokseb (see Figure 1, below). Osino's Ondundu project has an inferred mineral resource of 0.9 Moz at 1.13 g/t Au and drilling at Osino's Eureka discovery revealed 47m at 5.97 g/t Au from 144m. WIA Gold Limited's Kokoseb gold deposit has an inferred mineral resource of 1.3Moz at 1.0g/t Au. [Source: Section 23-Adjacent Properties of the Khorixas Technical Report.] Nevertheless, the reader is cautioned that a qualified person has not been able to independently verify the information for those adjacent mineral properties, and such information is not necessarily indicative of the mineralization of the Khorixas Gold Project.

These projects have real size potential and are situated within a prolific orogenic gold belt which has seen several discoveries in the last few years. The gold deposits within this belt tend to be large in size with easy metallurgy and generally mined from surface by open pit. Namibia is a mining friendly jurisdiction with easy access with very low holding costs for exploration licences.

As part of the transaction Great Quest will dispose of its assets in the country of Mali, the Tilemsi Phosphate project and Sanoukou gold project, and the Geulmin gold project in Morocco.

### The Proposed Transaction

It is currently anticipated that Great Quest will acquire Lotus by way of a three-cornered amalgamation, share exchange, plan of arrangement or other similar form of transaction as agreed to by the parties to ultimately form the resulting issuer (the "Resulting Issuer"). The final structure of the Proposed Transaction is subject to the receipt of tax, corporate and securities law advice for both Great Quest and Lotus.

Upon completion of the Transaction (the "Closing"), Lotus will amalgamate (the "Amalgamation") as a three-cornered amalgamation with a new wholly-owned subsidiary of GQ ("Subco"), incorporated under the laws of British Columbia, to form an amalgamated company under the laws of British Columbia ("Amalco"), and the shareholders of Lotus will transfer all of their common shares of Lotus (the "Lotus Shares") to GQ in

consideration for post-Consolidation common shares (the "RI Shares") of GQ as the Resulting Issuer, based on an exchange ratio (the "Exchange Ratio") of RI Shares for Lotus Shares wherein the number of RI Shares issued by the Resulting Issuer to the Lotus shareholders equals 63.3% and the number of RI Shares held by the former GQ shareholders equals 36.7%. The number of RI Shares issued as consideration shares to former holders of Lotus Shares will be determined following completion of the Bridge Financing and announced in a subsequent news release accordingly.

Each Lotus shareholder will receive its pro rata share of such issued RI Shares in proportion to their respective ownership of Lotus Shares. Upon completion of the proposed Transaction, 63.3% of the RI Shares shall be attributable to former shareholders of Lotus and 36.7% shall be attributable to former shareholders of GQ, and the RI Shares will be listed and posted for trading on the Exchange as a Tier 1 or Tier 2 mining issuer.

#### Transaction Rationale

The proposed combination will create a premier African gold exploration company with assets in Egypt and a new focus on Namibia. This platform will have a broader diversification with its current premium portfolio of assets situated in world class gold production jurisdictions and with a view to assess potential consolidation opportunities in-country and other parts of Africa

The new company leverages a combined team with a track-record of unlocking shareholder value in Namibia and Egypt through funding, discovery, development and exits including successes with (i) Auryx Gold sold to B2 Gold for \$200m in 2012; (ii) Osino Resources sold to Shanjing International for \$400m in 2024; (iii) and Koryx Copper a TSX Venture 50 2025 top performer.

The opportunity presents a foundation for a meaningful re-rate as the Company advances its assets in a favourable metals price environment. The Company is currently sufficiently capitalized. The team has an established track record of raising significant funds through a broad market network.

#### Transaction Details

It is intended that the Proposed Transaction will be an arm's length "Reverse Takeover" for Great Quest, as such term is defined in TSX Venture Exchange (the "TSXV") Policy 5.2 Changes of Business and Reverse Takeovers. There are no finders fees or advances anticipated in respect of the Proposed Transaction, other than commissions which may be payable in respect of the Concurrent Financing (defined below), which will be determined in the future and disclosed in subsequent news release accordingly.

The LOI is to be superseded by a definitive agreement (the "Definitive Agreement") to be signed on or prior to September 30, 2025, or such later date as may be mutually agreed upon by the parties in writing.

The Proposed Transaction is subject to:

- Requisite regulatory approval, including the approval of the TSXV;
- Customary closing conditions, including the approval of the directors (and as required, the shareholders) of each of Great Quest and Lotus of the Definitive Agreement and completion of due diligence investigations to the satisfaction of each of Great Quest and Lotus; and
- The additional conditions described below.

The legal structure for the Proposed Transaction will be confirmed after the parties have considered the applicable tax, securities law and accounting processes.

Among other terms customary for a transaction of this nature, the Definitive Agreement will provide for:

- A change of name of the Company to such name as is mutually agreed between Great Quest and Lotus and acceptable to applicable regulatory authorities (the "Name Change") effective upon closing of the Proposed Transaction (the "Closing");

- The GQ Shares are currently listed on the TSXV under the symbol "GQ". Prior to or concurrently with Closing, subject to Great Quest shareholder approval, if required, Great Capital will undertake a share consolidation (the "Consolidation") on the basis of one post-consolidation GQ Share for every 30 pre-consolidation GQ Shares;
- The appointment of a slate of directors nominated by Great Quest and Lotus (the "Board Nominees"), which board reconstitution will be effective upon Closing;
- Prior to the Proposed Transaction, Great Quest intends to complete a bridge financing by way of a private placements on terms acceptable to Lotus, acting reasonably (the "Bridge Financing"), for minimum gross aggregate proceeds of up to CAD\$300,000, through the issuance of securities of Great Quest. In the event that the Bridge Financing involves convertible securities of Great Quest they will be converted prior to the Closing;
- at the time of Closing or thereafter, Great Quest intends to complete a private placement financing (the "Concurrent Financing") for gross proceeds of up to CAD\$3,000,000 of GQ Shares at a price per GQ Share to be determined by market conditions and subject to the policies of the TSXV and applicable securities laws, and the pricing will be disclosed in a subsequent news release accordingly;
- the proceeds of the Bridge Financing and Concurrent Financing (collectively, the "Financings") will be used to advance the business of Great Quest and for general corporate and working capital purposes.

Great Quest is at arm's length to Lotus, and no director, officer or insider of Great Quest or Lotus beneficially owns, or controls or directs, directly or indirectly, any securities of the other party. Therefore, the Proposed Transaction is expected to be an "Arm's Length Proposed Transaction", as defined under TSXV Policy 1.1 Interpretation, and does not constitute a "related party transaction" for the purpose of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

Trading in the GQ Shares has been halted in accordance with the policies of the TSXV and will remain halted until such time as all required documentation in connection with the Proposed Transaction has been filed with and accepted by, and permission to resume trading has been obtained from, the TSXV. There can be no assurance that trading of GQ Shares will resume prior to the completion of the Proposed Transaction.

#### Conditions Precedent to the Proposed Transaction

Prior to or currently with completion of the Proposed Transaction, as applicable, and as conditions of Closing:

- Great Quest and Lotus must complete mutually satisfactory due diligence investigations;
- Great Quest and Lotus will enter into a Definitive Agreement in respect to the Proposed Transaction on or prior to September 30, 2025;
- Great Quest and Lotus will obtain the requisite board and, as applicable, shareholder approvals for the Proposed Transaction and any ancillary matters contemplated in the Definitive Agreement;
- All requisite regulatory approvals relating to the Proposed Transaction, including, without limitation, the TSXV, will have been obtained;
- Each of Great Quest and Lotus will have a working capital deficit and long term debt (excluding non-cash liabilities) of no more than CAD\$110,000 unless agreed otherwise by Lotus and Great Quest respectively in writing;
- Receipt by Lotus of a title opinion regarding the Damara Gold Project;
- Receipt by Great Quest of a title opinion regarding the Lotus Gold Project; corporate legal opinion as to Lotus and its subsidiaries, a current technical report in respect of the Lotus Gold Project, and such financial statements of Lotus as are required pursuant to the policies of the TSXV;
- Great Quest will have effected the Consolidation and Name Change prior to the Closing; and
- The Board Nominees will have been duly appointed to the board of directors of Great Quest effective as of Closing.

#### Insiders, Officers and Board of Directors of the Resulting Issuer

Upon completion of the Proposed Transaction, it is anticipated that the board of directors of the Resulting Issuer shall consist of four directors to be reconstituted to be comprised of Jed Richardson, Heye Daun, Alan Friedman, and an additional director nominated by Lotus. The Company will provide additional biographical information about each of them in a subsequent news release to follow.

#### Sponsorship

The Proposed Transaction may require sponsorship under the policies of the TSXV unless a waiver from sponsorship is granted. Great Quest intends to apply for a waiver from sponsorship requirements of the TSXV in connection with the Proposed Transaction. There can be no assurance that such waiver will ultimately be granted.

## Great Quest Namibian Project Descriptions

### Omatjete Gold Project - Okondeka Fault Zone & the Manga Prospect

Situated within Namibia's prolific Damara Orogenic Belt, the Omatjete Gold Project encompasses over 107,000 hectares in the North Central Zone-a structurally complex sedimentary basin intruded by syn-tectonic granitic bodies, providing a highly prospective setting for orogenic gold mineralization. The project lies approximately 80 km southeast of Great Quest's Khorixas Project.

Early-stage geochemical surveys have delineated a significant gold-in-soil anomaly at the Manga Prospect, with a surface footprint exceeding 4 km. As previously cautioned above, soil sampling surveys are not definitive, and the results are still at an early stage of interpretation, with no guarantee of a mineral discovery. Nevertheless, despite its strategic geological position, the Omatjete area remains entirely underexplored, representing a true greenfield opportunity.

In addition, new tenement acquisitions along the Okondeka Fault Zone-host to both the Kokoseb and Manga mineralized systems-have expanded the project's prospective strike length by over 35 km. This provides an opportunity to extend surface geochemical coverage, geological mapping, and drone-based magnetic surveys eastward from the Manga Prospect.

### Khorixas Gold Project

#### Belmont Prospect

The Belmont Prospect forms part of the broader Khorixas Gold Project, covering 72 km<sup>2</sup> within a structurally favorable corridor between the Khorixas and Belmont Thrust Zones in northwestern Namibia. Despite extensive calcrete and scree cover across approximately 90% of the area, initial exploration has identified 16 discrete geochemical anomalies with strong potential for gold mineralization.

Belmont is a true greenfield discovery and through systematic calcrete sampling, geological mapping, and high-resolution drone magnetic surveys. Great Quest has developed a robust geological model that enhances understanding of the structural and lithological controls on mineralization. Rock chip samples have returned grades up to 145.7 g/t Au, with several occurrences of visible gold observed in sulphide-bearing quartz veins. Drilling to date includes 2,000 m of RAB and 570 m of diamond drilling, yielding encouraging results such as 6 m @ 6.85 g/t Au from 20 m and 18 m @ 1.72 g/t Au (including 8 m @ 3.72 g/t Au) from 74 m. Gold mineralization is hosted in pyrrhotite-rich quartz veins within silicified chloritic schists and arkosic sandstones. The reader is cautioned that grab samples are selected samples and as such may not represent true underlying mineralization of the project as a whole. In addition, the reader is further cautioned that soil sampling surveys are not definitive, and the results are still at an early stage of interpretation, with no guarantee of a mineral discovery. [Source: Khorixas Technical Report.]

#### K17 Prospect

The K17 Prospect target of the Khorixas Project presents a high-impact, 50 km<sup>2</sup> exploration target with compelling potential for Iron Oxide Copper-Gold (IOCG) mineralization. Located within the Proterozoic Khorixas Basin along the margin of the Congo Craton, K17 hosts multi-element mineralization including copper, gold, silver, uranium, and molybdenum. Surface sampling has revealed exceptional grades, with rock chips assaying up to 16.25% Cu, 21 g/t Au, 37.8 g/t Ag, and 490 ppm U. The reader is cautioned that grab samples are selected samples and as such may not represent true underlying mineralization of the project as a whole. In addition, the reader is further cautioned that soil sampling surveys are not definitive, and the results are still at an early stage of interpretation, with no guarantee of a mineral discovery. [Source:

Khorixas Technical Report.].

Recent Magnetotelluric (MT) surveys have outlined a major deep-seated conductor (C1) extending from 100m to 5,000m below surface, while shallow branching conductors and intense hydrothermal alteration zones suggest near-surface mineralization. Follow-up surface work, including drone magnetic surveys and structural mapping around the Klein Dagbreek syncline, supports a structurally controlled mineralizing system aligned with fold hinges and magnetite-rich alteration. To date, no drilling has been conducted at K17 and Great Quest has identified several drill ready targets to be tested in the near future. [Source: Khorixas Technical Report.]

Outjo Gold Project - Eureka Analogue

Located approximately 35 km east of [Osino Resources Corp.](#)'s Eureka discovery (47 m @ 5.97 g/t Au from 144m; as disclosed in the news release from Osino Resources Corp. dated August 9, 2023; see also Section 23-Adjacent Properties in the Khorixas Technical Report). In respect of the Eureka discovery neighbouring the Outjo Gold Project, a qualified person has been unable to verify the information and the information is not necessarily indicative of the mineralization on the Outjo Gold Project. The Outjo Gold Project comprises 46,000 hectares within the Northern Zone of the Damara Orogenic Belt. The main structural feature of the Outjo Gold Project, the Outjo Syncline, spans 85 km by 12 km and trends NE-SW as a result of late-stage (D3) deformation.

Despite minimal historical exploration, the favorable stratigraphy and complex structural architecture make the Outjo Project a compelling target for orogenic gold exploration.

Qualified Person (QP) Statements

Qualified Person David Underwood, BSc. (Hons) is Vice President Exploration of Lotus Gold Corporation and has reviewed and approved the scientific and technical information in this news release as it pertains to Lotus, and is a registered Professional Natural Scientist with the South African Council for Natural Scientific Professions (Pr. Sci. Nat. No.400323/11) and a Qualified Person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

The scientific and technical information pertaining to Great Quest in this release has been reviewed and approved by Dr. Andreas Rompel, Pr.Sci.Nat. (400274/04), FSAIMM, the Company's "qualified person" as defined in NI 43-101. Mr. Rompel is independent of Great Quest and its properties for the purposes of NI 43-101.

On behalf of the board of directors of Great Quest Gold Ltd.:

"Jed Richardson"

Chief Executive Officer and Executive Chairman

Further Information and Disclaimer

All information contained in this news release with respect to Great Quest and Lotus was supplied by the parties respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable, pursuant to the requirements of the TSXV, disinterested shareholder approval. Where applicable, the Proposed Transaction cannot close until any required shareholder approvals are obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement

to be prepared in connection with the Proposed Transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

#### Cautionary Statements Regarding Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Proposed Transaction and associated transactions. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. Statements about, among other things, the completion and expected terms of the Proposed Transaction, the number of securities of the Company that may be issued in connection with the Proposed Transaction, and Financings, obtaining the requisite shareholder approval, Lotus' strategic plans and the parties' ability to satisfy closing conditions and receive necessary approvals, are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Proposed Transaction (including the name change and Consolidation), or the Financings will occur or that, if the Proposed Transaction, and the Financings do occur, they will be completed on the terms described above. Great Quest and Lotus assume no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

#### For more information, please contact:

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