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ASX Announcement **23 February 2024**

Lotus undertakes a $30 million Placement to Accelerate Uranium Restart and Development

Lotus Resources Limited (**ASX: LOT, OTCQB: LTSRF**) (**Lotus** or the **Company**) is pleased to announce it is undertaking a placement to strategic investors to raise $30 million via the issue of 100 million new shares at $0.30, a 6.5% discount to its last traded price of $0.32 (**Placement**). Settlement is expected to take place on 28 February 2024 and allotment of the new shares on 29 February 2024.

The placement funds will enable Lotus to accelerate the restart works at its Kayelekera mine in Malawi (**Kayelekera**) and advance works at its Letlhakane project in Botswana (**Letlhakane**).

HIGHLIGHTS

- **Placement of 100 million new Lotus shares at $0.30 per share to strategic investors.**
  - Paradice Investment Management (**Paradice**) will participate in the Placement to the extent of $20m, becoming a substantial shareholder with a ~5.5% interest
  - Canaccord Genuity (Australia) Ltd ("Canaccord") has been appointed as Lead Manager to the Placement, BW Equities is acting as Co-Manager.
- **Kayelekera restart activities to accelerate, targeting an end 2025 restart to benefit from strong current and forecast uranium market fundamentals.**
  - Additional funds will allow Lotus to accelerate Front End Engineering and Design (FEED) activities, commit to long lead items and commence early works on site.
  - Increased interest from utilities for Kayelekera offtake as uranium market continues to strengthen.
- **Proceeds will also fast track delivery of a Scoping Study, by funding Letlhakane infill drilling that will help optimise mine plan and upgrade Mineral Resource Estimate.**
  - Further details of Letlhakane planned works expected during Q1 CY2024.

Lotus Managing Director Keith Bowes commented: *"We are pleased to secure $30m via this Placement, allowing us to accelerate our activities around the restart at Kayelekera and development plans at Letlhakane. The Placement has attracted significant interest from high calibre strategic investors who share our bullish view on uranium market fundamentals, including Paradice who will now become a substantial shareholder in the Company.*

Our key priority remains progressing restart plans for Kayelekera to benefit from the increased demand for Kayelekera product and current strong and increasing uranium prices, but we also recognise that moving forward quickly with Letlhakane will enhance the company's valuation."

info@lotusresources.com.au
lotusresources.com.au
TEL +61 (08) 9200 3427
ABN 38 119 992 175
Level 20, 140 St Georges Terrace,
Perth WA 6000

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PLACEMENT

Lotus will issue ~100m new Lotus shares at A$0.30 per share to strategic investors. As a participant in the placement, Paradice Investment Management will move to a 5.5% holding in the Company.

In addition to the Placement, the strategic investors will also acquire 6m shares from Managing Director Keith Bowes and 4.7m shares from non-executive Director Grant Davey who are selling down for tax obligations. Post the Placement and the sell down, Mr Davey will maintain a ~8% interest in Lotus holding ~150 million shares, while Mr Bowes will hold ~15 million shares.

New Shares will be issued under the Placement pursuant to the Company's placement capacity under ASX Listing Rules 7.1, and rank equally with existing fully paid ordinary shares in Lotus.

KAYELEKERA RESTART

Lotus continues to target Kayelekera operation restart in 4Q 2025, with current priorities to:

- Finalise financing and offtake for the project, including:
  - Appoint a debt advisor to assist in the financing process.
  - Negotiating offtake agreements with suitable parties that can strengthen Lotus's position.
- Completion of negotiations and signing of a Power Supply and Power Implementation Agreement (PSA & PIA) with Malawi's electricity utility ESCOM.
  - This is key to achieving reduced operating costs announced in the Restart Definitive Feasibility Study in August 2022[1].
- A FEED program leading directly into the detailed engineering design phase for the execution of the restart plan. These studies will:
  - Confirm the upfront capital cost estimate for the plant refurbishment and new equipment installations such that a control budget can be prepared for the restart.
  - Validate the15-month timeline initially determined for the refurbishment program.
  - Update the operating costs (C1 and AISC) from the DFS, including incorporating new quotes from suppliers.
  - Determine long lead items and early works programs.

The Placement funds will ensure the delivery of these items, as well as allowing the acceleration of the program through the ordering of long-lead items and undertaking necessary onsite early works.

LETLHAKANE DEVELOPMENT

Letlhakane is the large-scale, long-term uranium resource that compliments the Company's project pipeline and growth strategy. Lotus aims to complete a Scoping Study and also determine whether a more effective processing route can be identified to improve the 2015 Feasibility Study project economics, which had envisaged a heap leach process.

To achieve this, Lotus is planning the following work programs:

[1] See ASX announcement dated 11 August 2022 for information on the Definitive Feasibility Study.

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- Updated Mineral Resource remodelling incorporating tighter modelling constraints and shorter search parameters, aiming to reduce the amount of 'smoothing' that has occurred within the higher grade zones of the model. Resource update planned for 2Q 2024.
- Preparation of a preliminary geometallurgical model to help optimise the mine plan based on acid consumption and uranium mineralogy.
- Preliminary mining study focused on pit optimisation work on the updated resource model to define the most economic pits within the project area.
- Ore beneficiation test work program to determine the potential for upgrading the ore prior to feeding to the main processing plant.
- Consider the preferred processing flowsheet based on the beneficiation results and overall grade / tonnage parameters.
- Prepare a Scoping Study, or Preliminary Economic Assessment (PEA), based on the mine planning and beneficiation test results and a selected processing route, expected late 2024.

The Placement will now also allow us to:

- Use the updated model and optimised pit shells to design an infill drill program to target the most economic parts of the resource and convert these where required into M&I status.
- Undertake the above infill drill program to upgrade the resource.
- Prepare a new Mineral Resource Estimate with increased M&I resources.

This announcement has been authorised for release by the Company's board of directors.

For further information, contact:

Keith Bowes
Managing Director
keith.bowes@lotusresources.com.au
T: +61 (08) 9200 3427

Martin Stulpner
Business Development
martin.stulpner@lotusresources.com.au
T: +61 (08) 9200 3427

For more information, visit www.lotusresources.com.au

ABOUT LOTUS

Lotus is a leading Africa-focused advanced uranium player with significant scale and resources. Lotus is focused on creating value for its shareholders, its customers and the communities in which it operates, working with local communities to provide meaningful, lasting impact. Lotus is **focused on our future**. Lotus owns an 85% interest in the Kayelekera Uranium Project in Malawi, and 100% of the Letlhakane Uranium Project in Botswana.

The Kayelekera Project hosts a current resource of 51.1Mlbs U_3O_8, and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study[2] which has determined an Ore Reserve of 23Mlbs U_3O_8 and demonstrated that Kayelekera can support a viable operation. The Letlhakane Project hosts a current resource of 190.4Mlbs U_3O_8.

Lotus Mineral Resource Inventory – June 2022[3,4,5,6]

Project	Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile[7]	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	Total	40.1	510	20.4	44.8
Kayelekera	Inferred – LG Stockpiles[8]	2.24	290	0.7	1.5
Kayelekera	**Total – Kayelekera**	**42.5**	**500**	**21.1**	**46.3**
Letlhakane	Indicated	59.2	323	19.1	42.2
Letlhakane	Inferred	209.7	321	67.2	148.1
Letlhakane	**Total – Letlhakane**	**268.9**	**321**	**86.3**	**190.4**
Livingstonia	Inferred	6.9	320	2.2	4.8
Livingstonia	**Total – Livingstonia**	**6.9**	**320**	**2.2**	**4.8**
Total	**All Uranium Resources**	**318.3**	**344**	**109.6**	**241.5**

[2] See ASX announcement dated 11 August 2022 for information on the Definitive Feasibility Study.
[3] See ASX announcement dated 15 February 2022 for information on the Kayelekera mineral resource estimate.
[4] Letlhakane Mineral Resources reported at 200ppm cut-off grade; See ASX announcement dated 13 July 2023 for information on the Letlhakane mineral resource estimate.
[5] See ASX announcement dated 6 June 2022 for information on the Livingstonia mineral resource estimate.
[6] Lotus confirms that it is not aware of any new information or data that materially affects the information included in the respective resource announcements of 15 February 2022, 6 June 2022, and 13 July 2023 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in those announcements continue to apply and have not materially changed.
[7] RoM stockpile has been mined and is located near mill facility
[8] Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with initial studies to assess this optionality already completed.

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info@lotusresources.com.au
lotusresources.com.au
TEL +61 (08) 9200 3427
ABN 38 119 992 175
Level 20, 140 St Georges Terrace,
Perth WA 6000

Lotus Ore Reserve Inventory – July 2022[9]

Project	Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile – Proved	1.6	760	1.2	2.6
Kayelekera	**Total**	***15.9***	***660***	***10.4***	***23.0***

In addition to its uranium assets, Lotus through its acquisition of A-Cap Energy has also acquired a 55% ownership in the Wilconi Nickel-Cobalt Project located near Wiluna in Western Australia. The Wilconi Project has a Mineral Resource Estimate of 73 million tonnes at 0.79% Nickel for 570,000 tonnes contained nickel metal (also 0.04% cobalt for 29,500 tonnes contained cobalt metal).

Wilconi Nickel Cobalt Mineral Resource Estimate – May 2023
(cut-off grade 0.5% Ni and 0.04% Co within RPEEE pit)[10]

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

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

[10] Wilconi Mineral Resources are extracted from the report entitled "Wilconi Nickel-Cobalt Project Mineral Resource upgraded" dated 5 June 2023, which is available to view on www.asx.com.au under A-Cap Energy.

[11] The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the original market announcement continue to apply and have not been materially changed.

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