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ASX Announcement

Lotus secures its first two uranium offtake arrangements and a US\$15m unsecured loan facility for Kayelekera

HIGHLIGHTS

- Lotus signs two uranium offtake arrangements for a total of 1.5 million lbs of uranium for 2026 – 2029, at an escalated fixed price
- Binding sales agreement and US\$15 million unsecured loan facility from Curzon Uranium to provide part of overall funding for the Kayelekera restart
 - As part of Curzon's binding agreement to buy 700,000 lbs of uranium, Curzon is granted an option to buy an additional 100,000 lbs per annum for 2030 to 2032 (300,000 lbs total) through fixed-price buyer options for the purchase of U₃O₈, subject to Lotus using the unsecured loan facility
- Term sheet signed with North American power utility PSEG Nuclear LLC
 - PSEG Nuclear LLC's term sheet is non-binding and conditional on the execution of a full-form document within the next four months, as well as Lotus taking a decision to restart Kayelekera
- These are the first two of several expected initial offtake arrangements, reflecting Lotus's strategy of securing an initial round of contracts with industry leaders to validate and support Lotus's Kayelekera production plans
- Lotus continues to advance discussions relating to a series of additional contracts with other North American nuclear power utilities as part of its initial offtake strategy
- Contract pricing based on an agreed US\$ base price referenced from the current published long-term prices (with escalation) - delivering a very attractive margin over Kayelekera's expected AISC¹

Lotus Resources Limited (ASX: LOT, OTCQX: LTSRF) (Lotus or the Company) is pleased to announce it has signed a binding agreement and a term sheet for U₃O₈ sales, as well as a binding unsecured loan facility for the restart of its Kayelekera Uranium Project in Malawi.

Together, these arrangements represent the sale of a minimum of 1.5 million lbs and up to 1.8 million lbs of uranium produced at Kayelekera from 2026 through until the end of 2032 to PSEG, a subsidiary of Public Sector Enterprise Group, a diversified energy company based in Newark, New Jersey, and Curzon Uranium Ltd, a leading international uranium market participant.

¹ Based on the 2022 Definitive Feasibility Study AISC estimate of US\$36.20 / lb

The contract pricing achieved is the result of competitive discussions and secured to deliver strong margins, including for any optional quantities, for the U₃O₈ sold. A fixed-price escalation percentage per annum applies from the time of delivery.

The offtake arrangements, as with the others being negotiated, provide Lotus with the necessary commercial flexibility for Kayelekera's key production restart milestones and early-stage production levels. The term sheet with PSEG is subject to execution of a definitive U₃O₈ sale and purchase agreement within four months and Lotus proceeding with the restart of Kayelekera. The binding agreement with Curzon is conditional on Lotus completing an equity raise in conjunction with the restart of Kayelekera.

The unsecured loan facility provides that the repayment of the facility must occur 12 months from the first utilisation date (unless extended to 18 months from the first utilisation date as elected by Lotus).

Lotus's continued engagement with North American nuclear power utilities and commodity trading houses for offtake of more substantial volumes of U₃O₈ from Kayelekera is designed to leverage utilities' continuing demand for contract pricing based on the long-term uranium price. It will also support any potential debt funding for Kayelekera's restart.

Lotus CEO Greg Bittar said: *"Our first two sales contracts, coupled with unsecured financing with significant drawdown flexibility, mark a terrific milestone for Lotus and our Kayelekera Project, demonstrating customers' confidence in the strength of the uranium market as well as providing a strong endorsement of our plans for the project. Through the initial offtake and prepayment / funding discussions, we have established critical knowledge and a breadth of long-term industry relationships with multiple substantial strategic customers. This will serve us well as we look to secure further contracts closer to the commencement of production."*

Mineral Resource Estimate

The Company confirms that the information in this document that relates to Mineral Resources were reported by the Company in announcements to the ASX dated 15 February 2022, 9 June 2022, and 9 May 2024. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Webinar

Please see subsequent announcement for details of a webinar to be hosted by CEO Greg Bittar on Wednesday 4 September at 9.00 am AEST/7.00am WST regarding this announcement.

Register for the webinar/call at the link below:

https://us02web.zoom.us/webinar/register/WN_PPjxICJwRt-OcqkDgtwdqQ



ABOUT PSEG NUCLEAR LLC

PSEG Nuclear LLC is a subsidiary of Public Service Enterprise Group (PSEG), a publicly traded diversified energy company based in Newark, New Jersey. PSEG Nuclear LLC operates three nuclear generating units in southern New Jersey: Salem Generating Station Units 1 and 2, and the Hope Creek Generating Station. These facilities are located at the Artificial Island site on the Delaware River.

The Salem Generating Station consists of two pressurized water reactors, while the Hope Creek Generating Station has a single boiling water reactor. Together, these plants are significant sources of carbon-free electricity for the region, providing a substantial portion of the electricity consumed in New Jersey and the surrounding areas.

PSEG Nuclear is focused on ensuring the safe, reliable, and efficient operation of its nuclear facilities, while maintaining high standards of safety and environmental protection. The company participates in the PJM Interconnection, a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia, contributing to the region's efforts to reduce carbon emissions and promote clean energy.

ABOUT CURZON URANIUM

Curzon Uranium is part of the Curzon Group, an international commodities partnership which has been providing offtake and financing services to the resources sector for 15 years. Curzon Uranium is a well-known and respected name in the industry, focusing on the mining sector and the front end of the nuclear fuel value chain with a particular focus on U₃O₈. Curzon Uranium has global uranium market coverage with teams spanning Asia, Europe and America.

Curzon Uranium takes a long-term investment approach and currently holds a diversified portfolio of off-takes in the uranium sector around the world, to supply electrical utilities with nuclear fuel components in support of a thriving nuclear industry ready to provide the world with abundant clear energy.

This ASX announcement was approved and authorised by the Board of Lotus Resources Limited.

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SCHEDULE 1 – KEY TERMS

Key Terms of the PSEG Kayelekera Offtake Term Sheet

Fixed Quantity: 800,000 lbs for delivery from 2026-2029.

Pricing: Fixed price, referenced off the published long term prices for uranium, escalated from time of first delivery and continuing to be escalated for the pricing applicable to each optional year.

Conditions: Sale and Purchase Agreement subject to customary terms and conditions; and Lotus proceeding with the restart of Kayelekera.

Key Terms of the Curzon Kayelekera Offtake Agreement

Binding: Legally binding agreement.

Fixed Quantity: 700,000 lbs for delivery from 2026-2029.

Optional Quantity: 300,000 lbs for delivery from 2030-2032.

Lotus is under no obligation in relation to the Optional Quantity until funds have been requested by and advanced to it under the Unsecured Loan Agreement (see below).

Pricing: Fixed price, referenced off the published long term prices for uranium, escalated from time of first delivery and continuing to be escalated for the pricing applicable to each optional year.

Conditions: Lotus raising capital, the main use of which is the restart of Kayelekera.

Key Terms of the Unsecured Loan Agreement:

Binding: Legally binding agreement.

Facility Amount: US\$15 million.

Interest Rate: 12% p.a unless Lotus elects to extend the repayment date to be 18 months after the first utilisation date, in which case the interest rate is increased to 15% per annum on and from the date which falls 12 months after the first utilisation date. No other fees or charges.

Term: 12 months from drawdown; ability to extend for 6 months with a 3% pa interest rate step up.

Drawdown: The facility can be drawn down, in up to two tranches, before the restart of production and upon 50% of restart capital cost having been funded and invested and upon total available sources of funding, including the use of these funds, is sufficient to meet the restart capital cost as published by the Borrower at the time.

Repayments: Repayment must occur 12 months from the first utilisation date (unless extended to 18 months from the first utilisation date as elected by the Borrower). Repayment is permitted by Lotus at anytime. Lender has the option to offset payments due under the Offtake Agreement against the outstanding loan amount for up to 100,000 lbs. If the Borrower fails to repay the amounts owing in cash or by set-off against any amounts owing under the offtake arrangements referred to in this announcement, the Lender may receive payment through the issue of ordinary shares in Lotus, with the number of repayment shares to be determined based on the principal outstanding owing under the loan agreement and the share price as at the date of issue of the repayment shares or the date of the loan agreement, whichever is lower. Otherwise, the loan facility has undertakings, representations and events of default which are generally standard for a financing of this nature.

Fees and Costs: No upfront or commitment fees; reasonable establishment/legal costs for both parties are borne by the Borrower.

Default: Normal/customary events of default apply, including non-repayment, uncured breach of Loan Agreement terms. In event of a repayment trigger that the Borrower cannot satisfy, Lender has the ability to convert the outstanding principal amount into Lotus shares based on the lower of the price at the date of this agreement or the price at the date the Lender provides notice to the Borrower of its intention to convert.

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 U₃O₈, and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study¹ which has determined an Ore Reserve of 23Mlbs U₃O₈ and demonstrated that Kayelekera can support a viable operation. The Letlhakane Project hosts a current resource of 118.2Mlbs U₃O₈.

LOTUS MINERAL RESOURCE INVENTORY – APRIL 2024^{2,3,4,5}

| Project | Category | Mt | Grade (U ₃ O ₈ ppm) | U ₃ O ₈ (M kg) | U ₃ O ₈ (M lbs) |
|--------------------------|---------------------------------------|-------|--|---|--|
| Kayelekera | Measured | 0.9 | 830 | 0.7 | 1.6 |
| Kayelekera | Measured – RoM Stockpile ⁶ | 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 ⁷ | 2.24 | 290 | 0.7 | 1.5 |
| Kayelekera | Total – Kayelekera | 42.5 | 500 | 21.1 | 46.3 |
| Livingstonia | Inferred | 6.9 | 320 | 2.2 | 4.8 |
| Livingstonia | Total – Livingstonia | 6.9 | 320 | 2.2 | 4.8 |
| Kayelekera Project Total | | 49.4 | 472 | 23.3 | 51.1 |
| Letlhakane | Indicated | 46.1 | 339 | 15.6 | 34.4 |
| Letlhakane | Inferred | 109.2 | 348 | 38.0 | 83.8 |
| Letlhakane | Total – Letlhakane | 155.3 | 345 | 53.6 | 118.2 |
| Total | All Uranium Resources | 204.7 | 377 | 76.8 | 169.3 |

LOTUS ORE RESERVE INVENTORY – JULY 2022⁸

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

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

² See ASX announcement dated 15 February 2022 for information on the Kayelekera mineral resource estimate.

³ See ASX announcement dated 9 May 2024 for information on the Letlhakane mineral resource estimate.

⁴ See ASX announcement dated 9 June 2022 for information on the Livingstonia mineral resource estimate.

⁵ Lotus confirms that it is not aware of any new information that materially affects the information included in the respective resource announcements of 15 February 2022 and 6 June 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in those announcements continue to apply and have not materially changed.

⁶ RoM stockpile has been mined and is located near mill facility

⁷ 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.

⁸ 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.