

8 October 2024

ASX Announcement

## Comprehensive FEED program lays the foundation for a low capital intensity and accelerated restart of Kayelekera

**Lotus Resources Limited (ASX: LOT, OTCQX: LTSRF) (Lotus or the Company)** is pleased to announce an Accelerated Restart Plan for its Kayelekera Project in Malawi (**Kayelekera**), following completion of Front-end Engineering and Design (**FEED**). Lotus is moving into detailed engineering and onsite works for Kayelekera's restart to ensure Lotus achieves its strategic objective of becoming the next significant global uranium producer in Q3 CY2025.

### HIGHLIGHTS

- Lotus completes FEED program, with the Company now well positioned to conduct a low capital intensity, accelerated restart of Kayelekera.
  - Time to first uranium production reduced to 8-10 months (previously 15 months<sup>1</sup>) by phasing in the completion of non-essential site infrastructure (i.e. grid power and acid plant rebuild) beyond first production.
- Accelerated Restart Plan reduces initial restart capital (via a phased approach) by focusing on capital items essential to the restart, with the remaining capex continuing off the critical path to optimise operations and cost structure.
  - Initial restart capital expenditure to first uranium production reduced to US\$50M (previously, US\$88M<sup>1</sup>).
  - Initial restart capital intensity of US\$21.0/lb<sup>2</sup>.
- The Accelerated Restart Plan has delivered outstanding operational and financial outcomes (assuming a long-term uranium price of US\$90/lb real):
  - LOM production target of 19.3Mlb of U<sub>3</sub>O<sub>8</sub>, over a 10 year mine life<sup>3</sup>.
  - Competitive cost estimates maintained; steady state C1 cash cost of US\$34.5/lb and all-in sustaining cost (**AISC**) of US\$44.8/lb<sup>3,4</sup>.
  - Pre-tax and post-tax NPV<sub>8% Real</sub> of US\$439M and US\$301M<sup>3</sup>.
  - Pre-tax and Post-tax internal rate of return (**IRR**) of 80% and 66%<sup>3</sup>.
  - Initial capital payback within 2 years of production restart<sup>3</sup>.
  - LOM pre-tax and post-tax free cash flow generation of US\$698M and US\$486M<sup>3</sup>.
- Kayelekera's production restart is de-risked by 11Mlb of historical uranium production, with US\$200M capital invested into the plant and operations and 4Mlb of existing stockpiles supporting the ramp-up of the operation.

All figures are expressed as US dollars unless otherwise stated.

All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera.

<sup>1</sup> Refer to Definitive Feasibility Study announced on ASX on 11 August 2022.

<sup>2</sup> Calculated as US\$50 million in initial restart capex divided by 2.4Mlb pa U<sub>3</sub>O<sub>8</sub> production, being the average production in the first 7 years (excluding ramp up).

<sup>3</sup> The LOM plan referred to in this announcement contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The Ore Reserve and Mineral Resources underpinning the production target have been prepared by a competent person in accordance with the requirements in Appendix 5A (JORC Code).

<sup>4</sup> Costs during first 7-years of production excluding ramp up, which is when steady state production of 2.4mlbpa U<sub>3</sub>O<sub>8</sub> is expected.

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- Lotus Board has approved long lead item orders, mobilisation of mobile equipment and construction crews and early works. The Accelerated Restart Plan is targeting first uranium production in Q3 CY2025.
- A\$34M cash as at 30 June 2024 has allowed Lotus to proceed with the Kayelekera restart. In parallel, Lotus continues to assess the optimal funding mix including debt, prepayment sources, strategic and cornerstone funding sources, and expects restart capital, post-production capital and working capital to come from a mix of these sources.

**CEO Greg Bittar commented:** *Following the signing of the Mine Development Agreement and the completion of the FEED program, Lotus is well positioned to take advantage of the continuing strength in the term uranium price and the strong uranium demand outlook.*

*Our thorough FEED process has provided the foundation for us to optimise and accelerate our restart plans for Kayelekera, taking advantage of the existing plant and infrastructure. By sequencing the capital spend and targeting the critical restart items we reduce the amount of initial restart capital, which allows us to turn the plant on much earlier than previously contemplated. This not only provides us with increased funding flexibility but critically allows us to be a producer next year and take advantage of the strong customer demand we are seeing by moving into production as soon as possible.*

*By decoupling the restart timetable from the long lead items which are not on the operational critical path, principally the connection to the power grid and acid plant rebuild, we are able to start the plant well ahead of the original DFS schedule of 15 months.*

*Those capital items remain in the plan and will be brought on as soon as possible in order to optimise the cost structure. However, we don't need to wait for those, or have the timetable to restart dependent on those, items. The plan was always to have full back up diesel power generation, as the site was originally operated by, and we can use this power while the grid connection is completed. Trucked-in sulphuric acid can be used until the acid plant is commissioned.*

## CAUTIONARY STATEMENT

The Life of Mine or LOM Plan referred to in this announcement (or part of the Accelerated Restart Plan) is based on 96% Proven and Probable Ore Reserves derived from Measured and Indicated Mineral Resources. The Life of Mine Plan contains approximately 4% from Inferred Resources contained in existing stockpiles. The Company is satisfied that the proportion of Inferred Mineral Resources is not the determining factor in project viability and that the Inferred Mineral Resources do not feature as a significant proportion early in the life of mine plan.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Ore Reserves and Mineral Resources underpinning the production target have been prepared by competent persons in accordance with the requirements of the JORC Code 2012.

Lotus has concluded it has reasonable basis for providing the forward-looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and in the “Material Assumptions Underpinning Production and Financial Targets” disclosed on pages 9 to 12 of this announcement. While Lotus considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove correct or that the range of outcomes indicated by the Life of Mine Plan or Accelerated Restart Plan will be achieved.

## FORWARD-LOOKING STATEMENTS

This Announcement includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Lotus Resources Limited’s control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding Lotus Resources Limited’s future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause Lotus Resources Limited’s actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for uranium; fluctuations in exchange rates between the U.S. Dollar and the Australian Dollar; uncertainty in the estimation of mineral resources and mineral reserves; the failure of Lotus Resources Limited’s suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; the inherent risks and dangers of mining exploration and operations in general; environmental risks; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in government regulations, policies or legislation; foreign investment risks in Malawi; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company’s property interests; uninsured hazards; industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; reliance on key personnel and the retention of key employees; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production, and financial metrics based on possible production, in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Lotus Resources Limited. The ability of the Company to achieve any targets will be largely determined by the Company’s ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off-take arrangements with reputable third parties. Although Lotus Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Readers should also read the Definitive Feasibility Study announced 11 August 2024 in conjunction with this announcement. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Lotus Resources Limited does not undertake any obligations to publicly release any updates or revisions to any forward-looking statements contained in this material, whether as a result of any change in Lotus Resources Limited’s expectations in relation to them, or any change in events, conditions or circumstances on which any statement is based.

## FEED PROGRAM

Lotus commenced Kayelekera's Front-End Engineering and Design (**FEED**) program in March 2024 based on the Definitive Feasibility Study completed on 11 August 2022 (**2022 DFS**). The FEED program allowed Lotus to:

- Determine long lead items and a critical path to production schedule;
- Confirm or update capital cost estimates for aspects of the plant refurbishment and new equipment installations through new quotes and assessing impact of price escalation; and
- Update the operating costs (C1 and AISC) from the 2022 DFS, incorporating new quotes and inflationary effects.

Lotus used the results of the FEED program, in particular the cost information and lead times, to formulate the Accelerated Restart Plan.

## ACCELERATED RESTART PLAN – KEY METRICS

Kayelekera is a world class uranium project which is highly economic in today's market conditions. The key metrics from the Accelerated Restart Plan include (assuming a US\$90/lb uranium price (real)):

- 10-year mine life, targeting first production in Q3 2025, producing 2.4Mlbpa for the first seven years excluding ramp up (**Steady State**) and an average of 2.0Mlbpa over the current LOM<sup>5</sup>
- US\$50 million initial restart capex, at a low initial capital intensity of US\$21.0/lb<sup>5</sup>, one of the lowest of any project globally<sup>6</sup>
- Pre-tax and post-tax free cash flow generation of US\$699 million and US\$486 million<sup>5,7,8</sup>
- Steady State C1 cash cost of US\$34.5/lb and AISC of US\$44.8/lb<sup>5,9</sup>
- Pre-tax and post-tax NPV<sub>8% Real</sub> of US\$439M and US\$301M<sup>5,10</sup>
- Pre-tax and Post-tax internal rate of return (**IRR**) of 80% and 66%<sup>5,8,10</sup>

A financial sensitivity analysis is provided in **Schedule 1, Figure 7**.

## ACCELERATED RESTART PLAN

With the information from the FEED program, Lotus was able to assess various potential scenarios for production restart. The information regarding the timing of long lead items, whether items were critical to the restart of production and the expected capital cost of items enabled Lotus to develop the Accelerated Restart Plan, which envisages first uranium production in Q3 2025 (Q1 FY26). The Accelerated Restart Plan has been approved by the Board of Lotus for execution.

The Accelerated Restart Plan reduces initial restart capital and de-risks the production restart schedule by focusing only on essential capital expenditure to achieve the restart of Kayelekera. The Accelerated Restart Plan timetable to first uranium production<sup>11</sup> reduced to 8-10 months (previously 15 months<sup>12</sup>) and capital expenditure to first uranium production reduced to US\$50 million (previously, US\$88 million<sup>12</sup>).

The Accelerated Restart Plan timetable does not rely on long lead items that are not critical to first uranium production. In particular, this includes the grid power connection and completion of the refurbished sulphuric acid plant. Both items will continue as part of the Accelerated Restart Plan as they are critical to optimising the future cost structure.

<sup>5</sup> The LOM plan referred to in this announcement contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

<sup>6</sup> Calculated as US\$50 million in initial restart capex divided by 2.4mlbpa U<sub>3</sub>O<sub>8</sub> production, being the average production in the first 7 years (excluding ramp up).

<sup>7</sup> Free Cash Flow is gross revenue less all project costs (onsite and offsite operating costs, royalties, initial restart capital, deferred capital, sustaining capital and closure costs) but excludes corporate and financing costs.

<sup>8</sup> Post-Tax numbers include an assumption of US\$12.5 million in accumulated tax losses to 30 June 2024 and a 30% Corporate Tax Rate.

<sup>9</sup> Costs during first 7-years of production excluding ramp up.

<sup>10</sup> NPV is based on real cash flow forecasts and represents value as at start date of 1 October 2024.

<sup>11</sup> First uranium production means first production of a drum of U<sub>3</sub>O<sub>8</sub> onsite.

<sup>12</sup> Refer to Definitive Feasibility Study announced on ASX on 11 August 2022.

In relation to the grid power connection, Lotus had always intended to have a back-up diesel power facility to deal with potential intermittent power supply issues from the local grid. Lotus will look to use this back-up power until the grid power connection is complete, which will result in a short period of higher operating costs associated with diesel consumption until grid power is available.

In relation to the refurbished sulphuric acid plant, Lotus will utilise imported sulphuric acid until the refurbishment is complete. Again, for a brief period, this will result in higher operating costs associated with trucking sulphuric acid and the lost opportunity to supplement site power requirements due to the delay in the co-generation plant associated with the sulphuric acid plant.

Additional capital items have been sequenced as required by the LOM Plan, including ore sorting, nano-filtration for acid recovery, and aspects of the camp upgrade. These additional capital items can be funded partly or in whole by operational free cashflow from production.

### RESTART SCHEDULE AND PRODUCTION PLAN

The Company plans to achieve first uranium production during Q3 2025 (Q1 FY26). Detailed below is an overview of the development schedule.

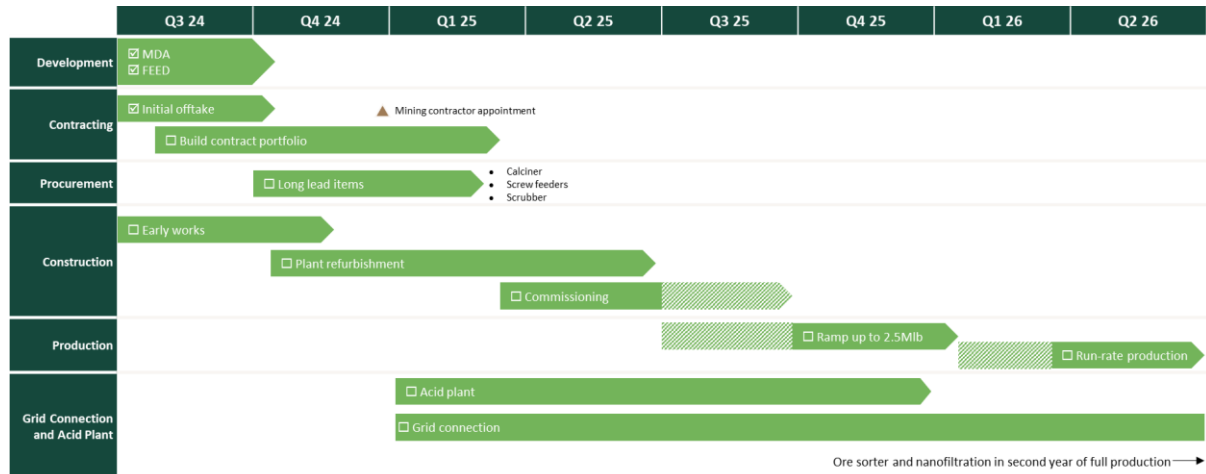


Figure 1: Accelerated project development schedule

The table below details the key operational metrics across the three phases of the accelerated restart plan.

		Ramp Up 5 months	Mining Years 1 - 7	Stockpile Years 8 - 10
Production	Mlbs	0.6	15.8	2.8
Sustaining capital	US\$m	-	46.7	7.3
Deferred capital	US\$m	8.2	31.3 <sup>3</sup>	-
<b>Metrics</b>				
Average production rate p.a.	Mlbs	1.5	2.4	1.2
C1 cash costs	US\$/lb	53.9	34.5	42.4
AISC	US\$/lb	64.1	44.8	52.3

Figure 2: Kayelekera operational metrics

Notes to Figure 2:

- The LOM plan contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.
- All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera.
- Power transmission line and substation are assumed to be funded by a third-party power solution provider and capital cost amortised over mining period.

## URANIUM OFFTAKE STRATEGY

Lotus intends to contract up to 25%-30% of planned production over the first four years to lock-in current uranium market term pricing and provide increased certainty for debt financiers.

Lotus will remain flexible with the remainder of planned production looking to ensure substantial exposure to the expected strong long term uranium price. Lotus has strong interest from a range of tier 1 global uranium customers with a focus on engagement with North American utilities.

Refer to **Schedule 1, Figure 10** and **Figure 11** for further information regarding uranium offtake strategy and uranium pricing environment.

## INITIAL RESTART CAPITAL COST ESTIMATES

The Accelerated Restart Plan significantly reduces initial restart capital from US\$88 million based on the 2022 DFS to US\$50 million. Capital expenditure associated with items not on the critical path will be incurred post restart.

Initial restart capex of US\$50 million ranks Kayelekera as one of the lowest capital cost uranium projects globally, with an initial capital intensity of US\$21.0/lb steady state annual production<sup>13</sup>.

A detailed initial restart capital cost estimate for the resumption of production at Kayelekera and deferred capital is presented below, with a comparison to the 2022 DFS.

ITEM	DFS CAPITAL COST ESTIMATES (US\$M)	INITIAL RESTART CAPEX (US\$M)	DEFERRED CAPITAL (YEARS 1-2) (US\$M)
<b>Initial Capital</b>			
Mining Contractor Establishment	0.6	-	-
Plant Refurbishment	13.5	13.5	-
Acid Plant	15.3	13.0	2.7
Nanofiltration Plant Upgrade	1.5	0.9	1.6
Front-end Upgrade (ore sorting)	6.0	-	9.7
Plant Terrace Ground Stabilisation	9.4	1.0	1.0
Tailings Dam (TSF1 first lift)	2.5	4.0	-
Surface Water Infrastructure	1.7	1.9	-
<b>Sub-Total</b>	<b>50.5</b>	<b>34.2</b>	<b>15.0</b>
<b>Owners Costs</b>			
Camp & Office Refurbishment	3.2	1.4	-
Mobile Equipment	3.6	2.3	2.2
Grid Connection	13.0	-	16.9 <sup>2</sup>
Kayelekera Sub-Station	-	-	3.7 <sup>2</sup>
Diesel Gensets	-	0.6	-
First Fill	4.2	3.6	-
Owners Direct Costs	3.8	3.1	-
Contingency	9.5	4.5	1.7
<b>Sub-Total</b>	<b>37.2</b>	<b>15.5</b>	<b>24.5</b>
<b>Total</b>	<b>87.7</b>	<b>49.7</b>	<b>39.5</b>

**Figure 3: Revised capital expenditure**

**Notes to Figure 3:**

- 1: All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera
- 2: Power transmission line and substation are assumed to be funded by a third-party power solution provider and capital cost amortised over mining period

<sup>13</sup> Calculated as US\$50 million in restart capex divided by 2.4mlbpa U3O8 production, being the average production in the first 7 years (excluding ramp up).

In addition, pre-production costs (primarily reagents inventory but also other pre pre-production costs, including existing and additional site management team and site costs) of US\$10.6 million is required (compared to US\$11.5 million in the 2022 DFS) and the build-up will be staged.

Key changes / updates incorporated into the Accelerated Restart Plan initial restart capital estimate are:

- Mining contractor establishment and mobilisation costs have been reallocated as operating expenditure, as they are amortised over the term of the mining contract.
- The existing acid plant will be relocated and refurbished rather than purchasing a new acid plant.
- Certain items in the nanofiltration upgrade have been deferred to year 2 of production.
- Ore sorter procurement and installation is not required until year 2 of production, as the mine plan has shown that sufficient high-grade material can be delivered from both the stockpiles and mining during this time.
- Changing out the existing yellow cake dryer for a calciner to better meet the product specifications from the conversion facilities.
- Construction of a 50km transmission line and the associated sub-station upgrades at Karonga and onsite will be over the first full year of production. Diesel gensets will be utilized until full grid connection and then remain to provide full power redundancy.
- Ground stabilisation and plant stabilisation through earthworks, design enhancements, retaining wall system, ground water management, staged stockpile relocation and then monitoring and maintenance programs.
- Refurbishment of the camp and office is staged and limited to match staffing requirements and costs incurred in operating expenditure and sustaining capital.

### C1 CASH COST AND AISC (US\$/lb)

The FEED program has revised cost forecasts shown in **Figure 4**, based on updated quotes and inflationary effects.

Steady State C1 cash costs are US\$34.5/lb (2022 DFS: US\$29.1/lb) and US\$36.3/lb (2022 DFS: US\$30.1/lb)<sup>14</sup> over LOM.

The primary drivers beyond the cost increase are:

- Mining cost inflation from the 2022 DFS, with costs now utilising tendered pricing.
- Cost of running the diesel gensets in the early years prior to grid connection.
- Estimated 5%-7% higher power requirement due to the additional power demand from the ore sorter and updated usage modelling.
- Costs associated with trucking acid while the acid plant is being refurbished.

Steady State AISC is US\$44.8/lb (2022 DFS: US\$36.2/lb) and US\$46.6 over LOM (2022 DFS: 37.7/lb)<sup>14</sup>. The primary reason for the increase is:

- An increase in the royalty rate of 3% to 5% as a result of the Mine Development Agreement (**MDA**).
- Deferral of sustaining capital costs from ramp up to Steady State associated with the tailings storage facility (**TSF**).

<sup>14</sup> The LOM plan referred to in this announcement contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

A detailed comparison of the updated cost estimates is shown below:

		DFS- Steady State	ACCELERATED PROD-Steady State	DFS-LOM	ACCELERATED PROD -LOM
Mining	US\$/lb	8.0	11.3	6.4	10.2
Processing	US\$/lb	14.7	15.8	16.3	17.8
Maintenance	US\$/lb	1.9	2.4	2.0	2.4
G&A	US\$/lb	4.6	5.1	5.4	5.9
<b>C1 cash cost</b>	<b>US\$/lb</b>	<b>29.1</b>	<b>34.5</b>	<b>30.0</b>	<b>36.3</b>
Transport, insurance & conversion	US\$/lb	2.0	1.8	2.0	1.8
Royalties	US\$/lb	2.7	5.6	2.9	5.7
Sustaining capital (incl. TSF lifts)	US\$/lb	2.3	3.0	2.7	2.8
<b>AISC</b>	<b>US\$/lb</b>	<b>36.2</b>	<b>44.8</b>	<b>37.7</b>	<b>46.6</b>

**Figure 4: Unit cost forecast**

**Note:** The LOM plan contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

### SITE MOBILISATION AND EARLY WORKS

Personnel have arrived onsite and have commenced a program of refurbishment works at the camp and plant areas, including:

- Removal of material that has accumulated along the western boundary of the processing plant and encroached on plant infrastructure during the care and maintenance period;
- Refurbishment of the potable water system and sewer system in the camp;
- Phase 1 refurbishment of rooms in the camp; and
- Inspection of key plant equipment and initiation of refurbishment of plant equipment starting at the crushing and grinding areas.

The plant and equipment in care and maintenance for the restart of operations represents over US\$200 million in invested capital expenditure.



**Figure 5: Processing plant and associated infrastructure at Kayelekera during historical operations**



## MINING CONTRACTOR TENDER PROCESS

Following a mining contractor tender process including extensive due diligence and site visits, the Company received a number of competitive proposals and is in the final stages of selecting its preferred mining contractor.

Final negotiations are underway with the two preferred contractors and it is expected that the Kayelekera mining contract will be entered into in the coming months, with site personnel and equipment mobilisation early to mid CY2025.

## ELECTRICITY GRID CONNECTION

Lotus has signed a grid connection Memorandum of Understanding (**MOU**) with ESCOM, Malawi's state-owned power utility. The MOU contains the agreed pricing structure and provides the framework for Lotus and ESCOM to enter into a Power Implementation Agreement (PIA) and Power Purchase Agreement (PPA).

The engineering work associated with the route for the transmission line and substation upgrades has been completed. The engineering work allows the finalisation of tender documents for the appointment of an Engineering, Procurement and Construction (**EPC**) contractor.

The environmental and social impact work for the transmission line is well advanced with the Environmental and Social Management Plan (**ESMP**), which has been finalised and is expected to be submitted to the Malawi Environmental Protection Authority in October for approval

## LONG LEAD ITEM ORDERS

The FEED program identified the long lead items that are needed to ensure the best possible timing for the Kayelekera restart. As a result, the Company's Board has approved the placement of orders for these key items, including the yellow cake calciner and associated scrubber and screw feeders. In addition to these orders, key initial refurbishment works have also been approved by the Board.

The FEED program has also delivered the basic design packages for various areas of work including preliminary tender documentation for contract award. The Board approval allows for the finalisation of these packages and for the Company to complete the tender award process including those for:

- Rubber lining, transformer repair and mill motor contractors identified and preparing for site investigations and repair;
- Design package for drying and packaging plant;
- Calciner, scrubber and screw feeder for drying and packaging plant;
- Tools and mobile plant, including man-lifts and telehandlers for construction crew;
- Engineering, Procurement, Construction and Management scope for acid plant relocation and refurbishment;
- 70 tonne and 200 tonne cranes for construction and operations;
- EPC contractor for the construction of the powerline and sub stations for the grid connection; and
- Mining contract.

## MATERIAL ASSUMPTIONS UNDERPINNING PRODUCTION AND FINANCIAL TARGETS

The material assumptions underpinning the production and financial targets associated the Accelerated Restart Plan are based on the material assumptions set out in the Definitive Feasibility Study announced on the ASX on 11 August 2022, which have been updated following the FEED program which led to the development of the Accelerated Restart Plan.

A list of the Accelerated Restart Plan's material variances to the Definitive Feasibility Study is provided below:



Item	Definitive Feasibility Study	Accelerated Restart Plan
<b>Production<sup>2</sup></b>		
Mine Life (Years)	9.5	9.5
Total Material Mined (Mt)	40.5	40.5
Strip Ratio (t waste to t ore)	1.8	1.8
Ore Tonnes (Mt)	14.3	14.3
Ave Mined Grade (ppm U <sub>3</sub> O <sub>8</sub> )	648	648
Total U <sub>3</sub> O <sub>8</sub> Mined (Mlbs)	20.5	20.5
Existing Stockpiles (Mt)	4.1	4.1
Existing Stockpiles Grade (ppm U <sub>3</sub> O <sub>8</sub> )	470	470
Crusher Feed (Mt)	18.4	18.5
Crusher Feed Grade (ppm U <sub>3</sub> O <sub>8</sub> )	609	627
Average Feed Upgrade Factor	1.3	1.3
Average Ore Sorting Recovery (%)	77.8	79.1
Mill Feed (Mt)	12.8	13.1
Average Mill Feed Grade (ppm U <sub>3</sub> O <sub>8</sub> )	792	771
Process Plant Recovery (%)	86.7	86.7
Average Annual Production (Mlbs U <sub>3</sub> O <sub>8</sub> )	2.03	2.03
Steady State Annual Production (Mlbs U <sub>3</sub> O <sub>8</sub> )	2.42	2.37
Life of Mine Production (Mlbs U <sub>3</sub> O <sub>8</sub> )	19.3	19.3
<b>Operating Costs (US\$/lb U<sub>3</sub>O<sub>8</sub> unless otherwise stated)<sup>2</sup></b>		
Mining Costs (US\$/t mined)	3.04	4.9
Processing Costs (US\$/t ore)	27.6	26.2
G&A Costs (US\$/M pa)	11.1	12.0
Mining and stockpile rehandling	6.4	10.2
Processing	16.3	17.8
Maintenance	2.0	2.4
General & Administration	5.4	5.9
LOM C1 Cash Costs <sup>3</sup>	30.0	36.3
Transport, Insurance & Conversion	2.0	1.8
Royalties and Statutory Costs	2.9	5.7
Sustaining Capital	2.7	2.8
LOM AISC <sup>4</sup>	37.7	46.6
<b>Restart Costs</b>		
Initial Restart Capital Cost (US\$M)	78.3	45.2
Contingency Capital Costs (US\$M)	9.5	4.5
Pre-Production (US\$M)	11.5	10.6
Deferred Capital (US\$M)	N/A	39.5

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Key Macro and Fiscal Assumptions		
Uranium Price (US\$/lb U <sub>3</sub> O <sub>8</sub> )	N/A	90
Foreign Exchange Rates: USD:MWK	1,020	1,750
Diesel Price (US\$/litre)	1.20	1.20
Corporate Tax Rate <sup>5</sup>	N/A	30%
Royalties		
Government royalty	3.0%	5.0%
Power resources	0.75%	0.75%
Paladin Energy (3.5% NSR up to A\$5m)	3.5%	3.5%
Community Development Agreement	0.45%	0.45%

**Figure 6: Key parameters 2022 DFS vs Accelerated Restart Plan**

**Notes to Figure 6:**

- 1: All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera
- 2: The LOM plan contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.
- 3: C1 Cash Costs includes mining, stockpile rehandling, processing, maintenance, and general and administrative costs, divided by pounds produced of U<sub>3</sub>O<sub>8</sub>. Excludes initial restart capital, deferred capital, sustaining capital expenditure, rehabilitation costs, royalties and corporate and financing costs.
- 4: AISC includes C1 Cash Costs plus product transport and insurance, conversion and selling costs, sustaining capital expenditure, amortisation of rehabilitation costs and royalties, divided by pounds produced of U<sub>3</sub>O<sub>8</sub>. It excludes any initial restart capital, deferred capital and corporate and financing costs.
- 5: Corporate Tax Rate is based on the Mine Development Agreement with the Government of Malawi of 30%. Post-Tax numbers include an estimate of US\$12.5 million in accumulated tax losses to 30 June 2024.

**Study Estimate**

The Accelerated Restart Plan is the restart of an existing asset that operated for 5 years from 2009 to 2014, producing approximately 11 million pounds of U<sub>3</sub>O<sub>8</sub> over that period. Accordingly, the general infrastructure required for the recommencement of production is available onsite but has been in care and maintenance since 2014. The Study reviewed the requirements for the operation and has determined that the facilities are in a reasonable condition, with a relatively small amount of capital expenditure estimated to be required to return them to operating status. The Accelerated Restart Plan is based on the 2022 DFS, the FEED program, contractor costing and the fiscal regime from the 2024 Mine Development Agreement

There is no certainty that the conclusions of the Accelerated Restart Plan will be realised.

**Mineral Resources**

The Mineral Resource estimate that underpins the Accelerated Restart Plan was released by Lotus on 9 June 2022. It was prepared by a competent person in accordance with the JORC Code 2012. There has been no material change to the Mineral Resource estimate.

**Ore Reserves**

The Ore Reserve estimate that underpins the Accelerated Restart Plan was released by Lotus on 11 August 2022. It was prepared by a competent person in accordance with the JORC Code 2012. There has been no material change to the Mineral Resource estimate.

**Marketing**

Lotus has signed two conditional uranium offtake arrangements for a total of 1.5 million pounds of uranium for 2026-2029, at an escalated price, including 700,000 lbs from Curzon Uranium and 800,000 lbs from PSEG Nuclear LLC (a subsidiary of Public Service Enterprise Group)<sup>15</sup>. Contract pricing was based on an agreed US\$ base price referenced from the current published long-terms prices (with escalation).

<sup>15</sup> Refer to ASX Announcement dated 3 September 2024

These are the first two of several expected initial offtake arrangements, reflecting Lotus' strategy of securing an initial round of contracts with industry leaders to validate and support Kayelekera's production plans. Lotus continues to advance discussions with other North American nuclear power utilities and intends to enter offtake arrangements for approximately 30% of planned production over the first four years of production.

The uranium price assumption of US\$90 per pound of U<sub>3</sub>O<sub>8</sub> compares to spot market pricing of ~US\$69 – US\$107 per pound of U<sub>3</sub>O<sub>8</sub> over the past twelve months and current term and spot prices around US\$80/lb.

**Permitting and Mine Development Agreement (MDA)**

In July 2024, Lotus signed a MDA with the Government of Malawi for its Kayelekera uranium mine<sup>16</sup>. The MDA provides a stability period of 10 years during which the project will not be subject to any detrimental changes to the fiscal regime. The MDA demonstrates the commitment by the Government of Malawi to develop the local mining industry, a key pillar of Malawi 2063, their new economic vision.

Lotus has an Environment Certificate and Mining Licence (ML052) in place for operation. Environmental Management Plans, including Radiation Management Plans are in place for the current care and maintenance phase and have previously been approved for the operation phase. The Company will review these plans prior to the restart and update as necessary, noting that the Malawi Environmental Protection Agency has directed that Lotus conduct an update to the Environmental & Social Impact Assessment and this work has commenced.

Consultation with the local communities, the general public, non-governmental organisations and private interests are ongoing and will continue. No significant environmental or stakeholder issues have been identified at this stage with strong support for the Project received from key stakeholders. The Company has negotiated a Community Development Agreement, to be signed during October, through which 0.45% of Gross Revenue will be directed back into the community for selected projects and activities.

**Financing**

Lotus has existing funding of A\$34 million as at 30 June 2024, exclusive of restricted cash of A\$15 million.

As part of the conditional offtake agreement with Curzon Uranium, Curzon has granted a US\$15 million unsecured loan facility to provide overall funding for the Kayelekera restart<sup>17</sup>. The unsecured loan facility requires repayment of the facility within 12 months from the first utilisation date (unless extended by 6 months at the option of the Company).

Lotus's existing cash and unsecured loan facility has allowed Lotus to proceed with the execution of the Kayelekera restart while it assesses in parallel the optimal funding mix including debt, prepayment sources, commodity finance, strategic and cornerstone funding sources, and expects restart capital, post production capital and working capital to come from a mix of these sources along with the cashflow from operations.

Based on current discussions with various funding sources, and Lotus's previous history in raising funds, Lotus has concluded that it has a reasonable basis to expect it will be able to fund the development and working capital of the project in due course.

**CONSULTANTS**

The following external consultants and contractors were engaged to assist Lotus with the FEED program:



Details regarding Lotus' senior management and project team are included in **Schedule 1, Figure 9**.

<sup>16</sup> Refer to ASX Announcement dated 31 July 2024

<sup>17</sup> Refer to ASX Announcement dated 3 September 2024



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

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## 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 as set out in the table below, and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study<sup>1</sup> which has determined an Ore Reserve of 23Mlbs U<sub>3</sub>O<sub>8</sub> and demonstrated that Kayelekera can support a viable operation. The Letlhakane Project hosts a current resource also set out in the table below.

## LOTUS MINERAL RESOURCE INVENTORY – APRIL 2024<sup>2,3,4,5</sup>

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile <sup>6</sup>	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 <sup>7</sup>	2.24	290	0.7	1.5
<b>Kayelekera</b>	<b>Total – Kayelekera</b>	<b>42.5</b>	<b>500</b>	<b>21.1</b>	<b>46.3</b>
Livingstonia	Inferred	6.9	320	2.2	4.8
<b>Livingstonia</b>	<b>Total – Livingstonia</b>	<b>6.9</b>	<b>320</b>	<b>2.2</b>	<b>4.8</b>
<b>Kayelekera Project Total</b>		<b>49.4</b>	<b>472</b>	<b>23.3</b>	<b>51.1</b>
Letlhakane	Indicated	46.1	339	15.6	34.5
Letlhakane	Inferred	109.2	348	38.0	83.8
<b>Letlhakane</b>	<b>Total – Letlhakane</b>	<b>155.3</b>	<b>345</b>	<b>53.6</b>	<b>118.2</b>
<b>Total</b>	<b>All Uranium Resources</b>	<b>204.7</b>	<b>377</b>	<b>76.8</b>	<b>169.3</b>

## LOTUS ORE RESERVE INVENTORY – JULY 2022<sup>8</sup>

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (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
<b>Kayelekera</b>	<b>Total</b>	<b>15.9</b>	<b>660</b>	<b>10.4</b>	<b>23.0</b>

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

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

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

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

<sup>5</sup> 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, 9 May 2024 and 9 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.

<sup>6</sup> RoM stockpile has been mined and is located near mill facility.

<sup>7</sup> 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.

<sup>8</sup> See ASX announcement dated 11 August 2022 for information on the Kayelekera ore reserve estimate. 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. Except for information in the Accelerated Restart Plan announced on the ASX on 8 October 2024, 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.

## Schedule 1 – Further Information

### 1. FINANCIAL SENSITIVITY ANALYSIS

U <sub>3</sub> O <sub>8</sub> Spot Price (US/lb)	Unit	80	90	100	110
NPV <sub>8</sub> Real pre-tax <sup>3</sup>	US\$M	316	439	561	684
IRR pre-tax	%	61%	80%	100%	120%
NPV <sub>8</sub> Real post-tax <sup>3, 4</sup>	US\$M	215	301	387	473
IRR post-tax <sup>4</sup>	%	50%	66%	81%	96%
Payback period <sup>5</sup>	Years <sup>5</sup>	2.3	1.7	1.5	1.4

Figure 7: Financial sensitivity analysis

#### Notes to Figure 7:

- 1: The LOM plan contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.
- 2: All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera.
- 3: NPV is based on real cash flow forecasts and represents as at start date of 1 October 2024.
- 4: Post-tax numbers include an assumption of US\$12.5 million in accumulated tax losses to 30 June 2024 and a 30% Corporate Tax Rate.
- 5: Payback calculated from post tax cashflows, years is from first production.

### 2. ABOUT KAYELEKERA

The Kayelekera Uranium Project is located in the Karonga District of northern Malawi, Africa, approximately 650km north of the national capital of Lilongwe and 52km by road to the west of the lake-side town of Karonga as shown in **Figure 8**. Kayelekera produced and sold approximately 11 million pounds of U<sub>3</sub>O<sub>8</sub> equivalent over 5 years between 2009 and 2014, before the asset was placed into care and maintenance to preserve its longevity due to a sustained low uranium price. Lotus owns 85% of Kayelekera, with the remaining 15% held by the Government of Malawi.










Figure 8: Kayelekera location

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3. LOTUS TEAM TO DELIVER KAYELEKERA RESTART

## Highly experienced team to deliver the Kayelekera restart



 <p><b>Michael Bowen</b> Chairman</p>	<ul style="list-style-type: none"> <li>Mr Bowen is a partner of the national law firm Thomson Geer practising corporate, commercial and securities law</li> <li>Over 40 years of experience and emphasis on mergers, acquisitions, capital raisings and resources</li> <li>Currently serves as Chairman of Genesis Minerals Limited and Non-Executive Director Emerald Resources NL</li> </ul>	
 <p><b>Greg Bittar</b> Chief Executive Officer</p>	<ul style="list-style-type: none"> <li>+25 years of experience across investment banking, metals and mining and energy companies</li> <li>Experience in funding, exploration, M&amp;A, project evaluation and project development studies</li> </ul>	
 <p><b>Grant Davey</b> Executive Director</p>	<ul style="list-style-type: none"> <li>Extensive experience in the development, construction, and operation of mining and energy projects, including uranium with operational experience in Africa</li> <li>Instrumental in the Honeymoon acquisition in South Australia from Uranium One in 2015 and the Kayelekera acquisition in Malawi from Paladin Energy in 2020</li> </ul>	
 <p><b>Keith Bowes</b> Technical Director</p>	<ul style="list-style-type: none"> <li>Process engineer with 30 years experience in metallurgy, mining and development across Africa (Namibia, Malawi and Tanzania), South America and Australia</li> <li>Instrumental in the redevelopment of the Honeymoon Uranium Project as Project Director</li> </ul>	
 <p><b>Michael da Costa</b> Chief Operating Officer</p>	<ul style="list-style-type: none"> <li>Mining engineer that was previously CEO of Murray &amp; Roberts global mining, engineering and construction business</li> <li>Project delivery experience in Africa includes Mining Manager at Anglo Platinum's Modikwa mine, General Manager at Anglo Platinum at the Twickenham mine and Vice President Operations at Lonmin's Karee operations</li> </ul>	
 <p><b>Warren King</b> Kayelekera Project Director</p>	<ul style="list-style-type: none"> <li>Engineer with 25 years of experience across project management, engineering, design, procurement and construction</li> <li>Previous roles include Vice President – Projects at Allied Gold overseeing projects in Mali and studies in Ethiopia, as well as Project Manager roles at Red 5, Base Resources, Gascoyne Resources and Sumatra Copper &amp; Gold</li> </ul>	
 <p><b>Michael Ball</b> Chief Financial Officer</p>	<ul style="list-style-type: none"> <li>Qualified Chartered Accountant with over 20 years' experience in finance, including the last 13 years as CFO for ASX resource companies</li> <li>He brings experience in operations, project development, optimisation, commodity, currency risk management and contract tendering</li> </ul>	
 <p><b>Hayden Bartrop</b> Chief Commercial Manager and Company Secretary</p>	<ul style="list-style-type: none"> <li>Extensive managerial, commercial, corporate, business development and legal experience across the mining industry working across CFO, General Counsel, Business and Corporate Development, Commercial and Company Secretary roles</li> </ul>	
 <p><b>Dr. Robert Rich</b> Sales and Marketing Executive</p>	<ul style="list-style-type: none"> <li>30+ years' experience working as a Nuclear Fuel Consultant and has advised major US utilities on the procurement of nuclear fuels and worked with a range of producers in securing offtake agreements</li> </ul>	
 <p><b>John Baines</b> Lethakane Project Director</p>	<ul style="list-style-type: none"> <li>Extensive operational and technical experience including being the Technology Manager for Uranium at BHP</li> <li>Project development experience includes being Process Manager for Toro Energy, Senior Metallurgist at GR Engineering Services, Study Manager and Principal Process Engineer for DRA Global</li> </ul>	

### Team experience







-  African operational experience
-  Engineering and project delivery
-  Uranium production
-  Uranium sales and marketing
-  Commercial and legal
-  Capital markets and finance

Figure 9: Kayelekera Restart Team

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4. OFFTAKE STRATEGY

## Offtake strategy

Lotus is targeting an offtake portfolio across fixed, market linked and spot prices

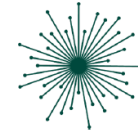
### LOTUS OFFTAKE PHILOSOPHY

- Fixed price escalated to cover more than half expected cash operating costs
- Market linked with escalated collar to secure margin but deliver substantial upside exposure
- Spot linked to capture potential price fly-ups, while minimising downside exposure, ~10%
- Lotus has strategically retained a significant uncontracted uranium position given an expectation of increasing market tightness due to the uranium market deficit

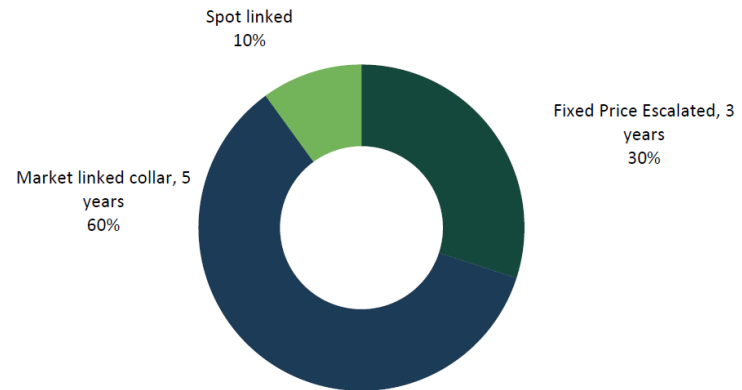
### CURRENT PROGRESS ON OFFTAKE STRATEGY – FIXED PRICE ESCALATED FOCUS

- Lotus has announced two offtake arrangements to date:
  - 800klbs between 2026 – 2029 to PSEG Nuclear LLC, which operates three nuclear generating units in New Jersey, USA<sup>1</sup>
  - 700klbs between 2026 – 2029 to Curzon Uranium, with an option for another 300klbs between 2030 – 2032 (option linked to unsecured debt drawdown)<sup>1</sup>
- Lotus is in advanced negotiations with other Tier-1 utility counterparties to secure offtake for production between 2026 and 2029
- These discussions aim to take fixed price escalated portfolio up to 25%-30% of production for 2026-2029
- As Kayelekera approaches restart by 2025, Lotus intends to secure additional offtake based on market linked contracts for a more substantial proportion of Kayelekera's forecast production

Notes: 1. Refer to announcement on 3 September 2024.



TARGET OFFTAKE CONTRACT DISTRIBUTION (% OF OFFTAKE PORTFOLIO)



### LOTUS' TIER-1 COUNTERPARTIES



Figure 10: Offtake Strategy

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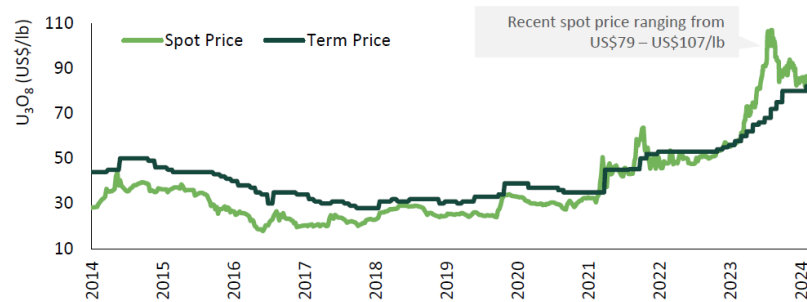
5. URANIUM PRICING BACKDROP

## Accelerated restart allows access to the strong pricing backdrop

Kayelekera to deliver product into a strengthening long-term pricing environment



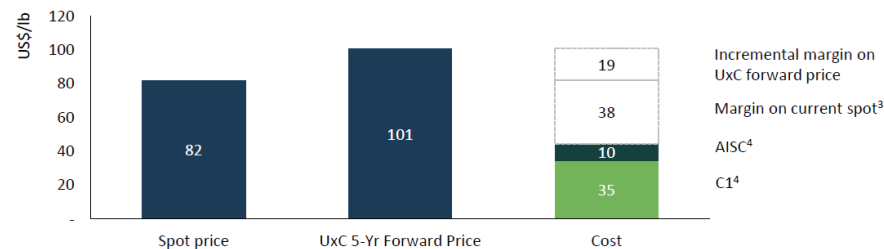
### IMMEDIATE EXPOSURE TO CURRENT PRICING ENVIRONMENT<sup>1</sup>



### PHASED FUNDING APPROACH TO MULTI-ASSET URANIUM PRODUCER

- Kayelekera production restart in Q3 2025, in line with a forecast uranium supply deficit
  - Unique production opportunity for the next 3-4 years
  - Low capital intensity
  - High margin economics provides upside exposure in the current uranium pricing environment
  - Opportunity to extend production:
    - Regional tenure - Livingstonia – initial cursory drill program delineated small resource, identified high grade trend expected to materially increase resource and grade
- Letlhakane’s large resource to support larger, long-life operation under a variety of uranium prices
  - Optimisation focussing on mining methodology and acid consumption underway targeting similar opex and capex structures to peers
  - Favourable geological setting for ISR potential
- Cashflows from Kayelekera can be used to develop Letlhakane
- Total Mineral Resource of 169Mlb across both assets

### KAYELEKERA MARGIN POTENTIAL<sup>2,3</sup>



Notes: 1. TradeTech. 2. U<sub>3</sub>O<sub>8</sub> spot price as of 4 October 2024. UxC forward price from 30 September 2024 weekly report. 3. The life-of-mine production contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 4. Costs during first 7-years of production excluding ramp up, which is when steady state production of 2.4mlbpa U3O8 is expected.

Figure 11: Uranium Pricing Backdrop

6. ACCELERATED RESTART PLAN OVERVIEW

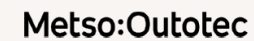
## Kayelekera highlights

Kayelekera is a world-class uranium project with compelling economics in today's market conditions

ECONOMIC HIGHLIGHTS<sup>1,2</sup>

<b>10 year mine life</b> targeting first production by Q3 2025	<b>2.4mlbs p.a. avg. U<sub>3</sub>O<sub>8</sub> production</b> during first 7 years of production excluding ramp up	<b>2-year payback period<sup>3</sup></b>	<b>US\$50m initial restart capex</b> including contingency and cost inflation <sup>4</sup>
<b>US\$21.0/lb initial capital intensity<sup>5</sup></b> one of the lowest of any uranium project globally	<b>US\$439M / US\$301m NPV<sub>8</sub> pre &amp; post-tax<sup>6</sup></b>	<b>US\$34.5/lb C1 cash cost<sup>7</sup></b> during first 7 years of production excluding ramp up	<b>US\$44.8/lb AISC<sup>7</sup></b> during first 7 years of production excluding ramp up

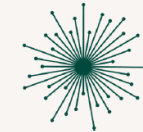
DEFINITIVE FEASIBILITY STUDY AND FEED PARTNERS



Notes: 1. All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera. 2. The life-of-mine production contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 3. Payback calculated from first capital spend. 4. Excludes deferred capital. 5. Calculated as US\$50m in initial restart capex divided by 2.4Mlba U<sub>3</sub>O<sub>8</sub> production, being the average production in the first 7 years (excluding ramp up). 6. US\$90/lb U<sub>3</sub>O<sub>8</sub> price. 7. Costs during first 7-years of production excluding ramp up, which is when steady state production of 2.4mlba U<sub>3</sub>O<sub>8</sub> is expected.

Figure 12: Kayelekera Highlights

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## Accelerated Restart Plan

Accelerated production outcomes confirm world-class economics with one of the lowest capital intensity projects

- The FEED program and Accelerated Restart Plan reduces initial restart capital and de-risks production restart schedule by focusing only on essential capital expenditure to affect the recommencement of production at Kayelekera
- Timetable to restart does not rely on longer lead items that are not critical to first production
  - Mine into production by Q3 CY2025, much sooner than 15 months 2022 DFS timeline
- Long-lead items not essential for restart will be phased in – remain critical to optimising operation and opex
- Reduced restart capex and sequencing of non-essential capex creates additional funding flexibility
- Restart timing matches a growing structural supply deficit and scarcity of new projects entering production
- Lotus has undertaken detailed work to ensure that the deferral will not impact ramp up and mine performance through the phased approach

ITEM <sup>1</sup>	DFS (AUGUST 2022)	ACCELERATED PRODUCTION
Initial restart capital <sup>4</sup>	US\$87.7m	US\$49.7m
Time to restart	15 months	8-10 months
C1 cash costs <sup>2,5</sup>	US\$29.1/lb	US\$34.5/lb
AISC costs <sup>2,5</sup>	US\$36.2/lb	US\$44.8/lb
Mine life	10 years	10 years
Mill feed grade	792ppm	771ppm
Total production <sup>2</sup>	19.3Mlbs U <sub>3</sub> O <sub>8</sub>	19.3Mlbs U <sub>3</sub> O <sub>8</sub>
Avg. steady state production <sup>2</sup>	2.4Mlbs U <sub>3</sub> O <sub>8</sub>	2.4Mlbs U <sub>3</sub> O <sub>8</sub>
Avg. annual production <sup>2</sup>	2.0Mlbs U <sub>3</sub> O <sub>8</sub>	2.0Mlbs U <sub>3</sub> O <sub>8</sub>



**US\$21.0/lb**  
initial capital intensity<sup>6</sup>



**80% / 66%**  
pre and post-tax IRR<sup>2,3</sup>



**US\$439 / US\$301m**  
NPV<sub>8</sub> pre and post-tax<sup>2,3</sup>



**2-year**  
payback period<sup>2,3,7</sup>

Notes: 1. All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera. 2. The life-of-mine production contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 3. US\$90/lb U<sub>3</sub>O<sub>8</sub> price. 4. Excludes deferred capital. 5. Costs during first 7-years of production excluding ramp up, which is when steady state production of 2.4mlbpa U<sub>3</sub>O<sub>8</sub> is expected. 6. Calculated as US\$50m in initial restart capex divided by 2.4Mlbpa U<sub>3</sub>O<sub>8</sub> production, being the average production in the first 7 years (excluding ramp up) 7. Payback calculated from first capital spend.

Figure 13: Accelerated Restart Plan Overview

## Kayelekera initial capital cost

Accelerated Production Plan reduces upfront capital from US\$88M to US\$50M

### REVISED INITIAL CAPITAL COST

- Key updates to the initial capital schedule:
  - Grid connection and sub-station upgrades executed across the first full year of production, alternative funding options are being considered
  - Diesel gensets will be utilized until grid connection with full diesel redundancy retained
  - Existing acid plant to be refurbished rather than establishing a new plant
  - Certain items deferred until planned to be utilised in the production process:
    - Ore sorting will be deferred to year 2, as the mine plan has shown that high grade material can be delivered from the pit for the first two years of production
    - Nanofiltration upgrade able to be deferred
  - Ground and plant stabilisation through earthworks, design enhancements, retaining wall system, ground water management, staged stockpile relocation and then monitoring and maintenance programs
  - Camp and office refurbishment limited to usage and sequenced as required and incurred as operating expenditure and sustaining capex
  - Reagent inventory build has been staged during ramp up
  - Reduced owners direct costs in accordance with the reduction in capital costs
  - Contingency reduced due to lower spend and increasing certainty on costs as Kayelekera approaches production
- Costs reflect inflation from the 2022 DFS
- Pre-production costs including mining, plant and G&A are US\$10.6M (US\$11.5M 2022 DFS)<sup>1</sup>

Notes: 1. The pre-production costs include labour costs for the operations team ramping up and includes a training component. The majority of the costs relate to the plant where additional reagents are assumed to be purchased prior to restart. 2. All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera. 3. Power transmission line and substation are assumed to be funded by a third-party power solution provider and capital cost amortised over mining period.

ITEM <sup>2</sup>	DFS CAPITAL COST ESTIMATES (US\$m)	INITIAL RESTART CAPEX (US\$m)	DEFERRED CAPITAL (YEARS 1 – 2) (US\$m)
<b>Initial Capital</b>			
Mining Contractor	0.6	-	-
Plant Refurbishment	13.5	13.5	-
Acid Plant	15.3	13.0	2.7
Nanofiltration Upgrade	1.5	0.9	1.6
Front-end Upgrade (ore sorting)	6.0	-	9.7
Plant Terrace Ground Stabilisation	9.4	1.0	1.0
Tailings Dam (TSF1 first lift)	2.5	4.0	-
Surface Water Infrastructure	1.7	1.9	-
<b>Sub-Total</b>	<b>50.5</b>	<b>34.2</b>	<b>15.0</b>
<b>Owners Costs</b>			
Camp and Office Refurbishment	3.2	1.4	-
Mobile Equipment	3.6	2.3	2.2
Grid Connection	13.0	-	16.9 <sup>3</sup>
Kayelekera Sub-Station	-	-	3.7 <sup>3</sup>
Diesel Gensets	-	0.6	-
First Fill	4.2	3.6	-
Owner's Direct Costs	3.8	3.1	-
Contingency	9.5	4.5	1.7
<b>Sub-Total</b>	<b>37.2</b>	<b>15.5</b>	<b>24.5</b>
<b>Total</b>	<b>87.7</b>	<b>49.7</b>	<b>39.5</b>

Figure 14: Kayelekera Initial Capital Cost

## Kayelekera Life of Mine metrics

### PRODUCTION AND OPERATING COSTS

- Economics of the accelerated production plan
- No change to LOM production of 19.3Mlbs over 10 years<sup>2</sup>
- Steady-state C1 cash cost of US\$34.5/lb compared to US\$29.1/lb in the DFS<sup>2,3</sup>, the primary drivers of the increase are:
  - Mining cost inflation from the 2022 DFS with costs now tendered
  - Cost of running the diesel gensets in the early years prior to grid connection
  - Estimated 5%-7% higher power requirement due to the additional power demand from the ore sorter and updated usage modelling
  - Costs associated with trucking acid while the acid plant is being refurbished
- Steady-state AISC of US\$44.8/lb compared to US\$37.7/lb in the DFS<sup>2,3</sup>, the primary drivers of the increase are:
  - MDA increased royalty rate to 5% compared to 3% in the 2022 DFS<sup>4</sup>
  - Deferral of sustaining capital costs from ramp up to steady state associated with the tailings storage facility
- Deferred capital includes cost of the grid connection, sub-station, ore sorting, mobile equipment and certain aspects of the acid plant and nanofiltration upgrade

Notes: 1. All numbers are stated on a 100% ownership basis unless otherwise stated. Lotus has an 85% interest in Kayelekera. 2. The life-of-mine production contains approximately 4% from Inferred Resources contained in existing stockpiles. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 3. Costs during first 7-years of production excluding ramp up, which is when steady state production of 2.4mlbpa U<sub>3</sub>O<sub>8</sub> is expected. 4. Cost inflation also driven by the US\$90/lb U<sub>3</sub>O<sub>8</sub> price in the accelerated production plan compared to US\$75/lb in the 2022 DFS. 5. Mining phase years excludes 5 month ramp up phase. 6. Power transmission line and substation are assumed to be funded by a third-party power solution provider and capital cost amortised over mining period.



### OPERATIONAL METRICS<sup>1,2</sup>

		Ramp Up Phase	Mining Phase <sup>5</sup>	Stockpile Phase
		5 months	Years 1 - 7	Years 8 – 10
Production	Mlbs	0.6	15.8	2.8
Sustaining capital	US\$m	-	46.7	7.3
Deferred capital	US\$m	8.2	31.3 <sup>6</sup>	-
<b>Metrics</b>				
Avg. production rate p.a.	Mlbs	1.5	2.4	1.2
C1 cash costs	US\$/lb	53.9	34.5	42.4
AISC	US\$/lb	64.1	44.8	52.3

Figure 15: Accelerated Production LOM metrics