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ASX Announcement

High grade ore processing commences as Kayelekera first uranium production nears

Lotus Resources Limited (**ASX: LOT, OTCQX: LTSRF**) (**Lotus** or the **Company**) is pleased to provide an update on processing and the progress of key infrastructure for its Kayelekera Uranium Project in Malawi (**Kayelekera** or **Project**), as the restart commissioning nears completion ahead of first product this quarter.

HIGHLIGHTS

- **High grade ore processing has commenced as final commissioning of the precipitation and drying and packaging areas progresses, marking a key milestone in the restart of operations**
- **Power grid connection construction set to begin with substation and powerline construction fixed price contracts signed**
    - Construction and commissioning schedule to deliver project by end of CY2026
    - Material cost saving per pound expected in switching from diesel generated power to grid power
- **Tailings Storage Facility (TSF) expansion accelerated to optimise construction efficiency**
- **US$8.5M Equipment Finance Facility signed with First Capital Bank Plc**
- **Restart remains on track to be completed within the restart capital budget of US$50m**
- **Lotus remains fully funded with A$75.9m cash[1] at the end of June (unaudited), and no debt drawn[2].**

Lotus Managing Director Greg Bittar commented: "W*e continue to make great progress towards the production of our first uranium with high grade ore now being processed. We are also investing in the critical infrastructure to support the long term optimisation of Kayelekera to ensure we are on the pathway to lowering costs and operating Kayelekera in the most ESG friendly manner for the maximum benefit of the local communities, Malawi and the overall environment.*

In addition to the significant reduction in our cost of production, Kayelekera's connection to Malawi's electricity grid, mainly supplied by carbon-free hydroelectric power, will deliver environmental and social benefits. Importantly, local communities along the powerline route will be able to work with the Malawi power utility, ESCOM, to connect to the powerline and have access to electricity for the first time. There will also be significantly reduced diesel consumption and associated logistics activity to and from Kayelekera.

With the mobilisation of equipment and operators, we have commenced work on the tailings storage facility infrastructure, comprising an initial first lift to raise the level of the northern embankment including the construction of buttresses, foundation establishment, linings etc to form the foundation for future lifts to accommodate the 10 year life of mine."

[1] Exchange rate assumption of 0.6531 AUD:USD. The Company had US$35.4M in cash and cash equivalents (excluding restricted cash), with the majority of other cash and cash equivalents holdings AUD denominated.
[2] Financing facilities include the US$15M unsecured loan facility (see ASX Announcement 3 September 2024) and US$48.5M in non-binding and conditional working capital facilities (see ASX Announcements dated 29 January 2025 and 17 June 2025).

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HIGH GRADE ORE PROCESSING

Processing of high-grade ore has commenced, marking a key milestone in the restart and ramp-up of operations. All leach tanks are now operating at full capacity, with reagents being actively dosed into the circuit to initiate and sustain uranium extraction. The commencement of uranium leaching represents the beginning of sustained hydrometallurgical operations and reflects strong performance across the front-end of the plant. Final commissioning of the precipitation, drying, and packaging circuits is underway, with first product expected this quarter.



Figure 1: Mill conveyor in operation

POWER GRID CONNECTION WORK SET TO START

Following the execution of supply and construction contracts, work is set to commence on Kayelekera's power grid connection, with completion targeted by the end of CY2026.

Under the Accelerated Restart Plan, the powerline construction was deferred to allow operations to commence using the existing onsite diesel power station. The total contracted cost for the powerline and substations is US$19.7 million—broadly in line with the Plan's estimate of US$20.6 million. A Battery Energy Storage System (BESS), valued at approximately US$3.5–4 million, will be installed in FY2027 to ensure power continuity during grid disruptions or diesel backup use.

Connecting to Malawi's largely hydro-powered national grid is expected to reduce power costs by US$5–6/lb and significantly cut carbon emissions and diesel logistics.

Given the strong economic returns and Lotus' ongoing focus on balance sheet flexibility, the grid connection will be funded on balance sheet through the construction and commissioning period.

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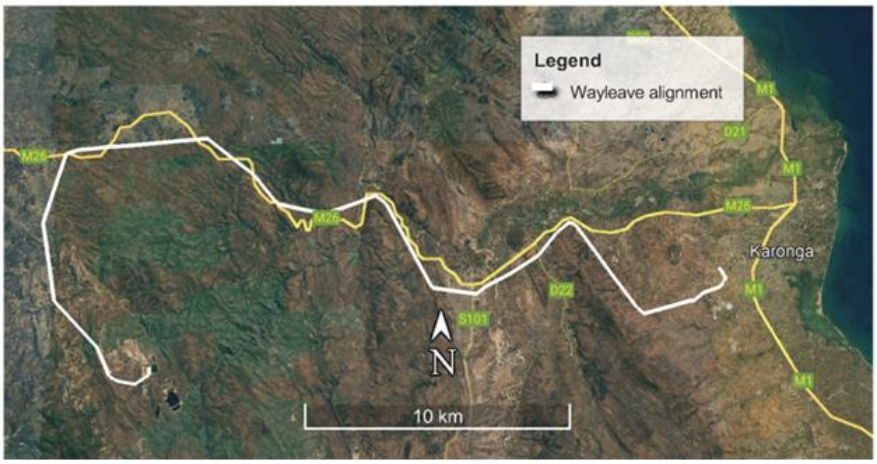


Figure 2: Karonga to Kayelekera transmission line corridor

ACCELERATED TSF STRATEGY TO OPTIMISE EFFICIENCY

Detailed design work completed by Lotus and SLR Consulting Limited confirms that the existing Tailings Storage Facility (TSF) can be expanded by approximately 12.8 million tonnes, supporting a 10-year operational life.

The TSF embankment raises are planned across six phases over the life of mine period. Phase 1 has been sub-divided into Phase 1A and Phase 1B. Phase 1A involves a top hat raise of the north embankment, profiling of the west embankment and lining the downstream perimeter of the TSF. Phase 1B involves the widening of the north embankment to its full life of mine footprint to support the subsequent future lifts in Phases 2 to 6.

The design is in compliance with Australian National Committee on Large Dams – Guidelines on Tailings Dams (ANCOLD 2019) and aligns with the Global Industry Standard on Tailings Management (GISTM 2020).

The capital expenditure forecast in the initial restart capital budget, approximately US$4 million, was provided for the completion of phase 1A. Completion of phase 1A provides sufficient capacity for deposition until June 2027. Although Phase 1B, at an estimated capital cost of US$15.5 million, is only required to be completed by December 2026, the detailed planning and design work recently completed for Phase 1A and 1B identified opportunities for improved efficiency in construction if Phase 1A and 1B were to be delivered concurrently.

Given the ongoing discussions to finalise funding facilities and optimise balance sheet flexibility, we are planning for this work to be delivered concurrently, which will bring forward some of the capital expenditure originally forecast for FY27 into FY26.



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Figures 3 and 4: TSF aerial photos showing construction preparation (north embankment at the bottom of each photo)

US$8.5M EQUIPMENT FINANCE FACILITY

Lotus (Africa) Limited has signed binding documentation for the previously announced[3] equipment finance facility of US$8.5m with First Capital Bank plc. This facility will be used to fund the mobile equipment and mining equipment, with the lender providing 70% of the cost of mobile equipment and 80% of light vehicles and buses.

The key terms of the facility are:

- the facility will have a term of 5 years with repayments over 54 months in equal instalments (there is no repayment of principal or interest in the first 6 months);
- the lender will have security over the equipment financed;
- Interest will be either at a fixed rate (being less than 10% per annum) or a floating rate of SOFR plus a premium (currently less than 10% per annum), as elected by the Company on drawdown; and
- An arrangement fee and letter of comfort from the Company are also required.

The facility remains subject to drawdown conditions, including registration of security agreements, inspection report of assets financed and confirmation of all lenders that the borrower will maintain a debt service coverage ratio of at least one for the duration of the facility.

[3] Refer to ASX Announcement dated 28 January 2025 and 17 June 2025

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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 Mineral 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 Mineral Resource as set out in the table below and historically produced ~11MIb of uranium between 2009 and 2014. The Company completed a positive Restart Study[4] 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 Mineral Resource also as set out in the table below.

LOTUS MINERAL RESOURCE INVENTORY – DECEMBER 2024[5,6,7,8,9]

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[10]	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[11]	2.4	290	0.7	1.5
Kayelekera	**Total – Kayelekera**	**42.5**	**500**	**21.1**	**46.3**
Letlhakane	Indicated	71.6	360	25.9	56.8
Letlhakane	Inferred	70.6	366	25.9	56.9
Letlhakane	**Total – Letlhakane**	**142.2**	**363**	**51.8**	**113.7**
Livingstonia	Inferred	6.9	320	2.2	4.8
Livingstonia	**Total – Livingstonia**	**6.9**	**320**	**2.2**	**4.8**
Total	**All Uranium Mineral Resources**	**191.6**	**392**	**75.1**	**164.8**

LOTUS ORE RESERVE INVENTORY – JULY 2022[12]

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**

[4] See ASX announcement dated 11 August 2022 for information on the Definitive Feasibility Study and ASX announcement dated 8 October 2024 in relation to the Accelerated Restart Plan. The Company confirms that all material assumptions underpinning the information in those ASX announcements dated 11 August 2022 and 8 October 2024 continue to apply and have not materially changed.

[5] See ASX announcement dated 15 February 2022 entitled "Kayelekera mineral resource increases by 23%" for information on the Kayelekera Mineral Resource Estimate. The competent person for that announcement was David Princep.

[6] The Kayelekera Mineral Resource Estimate is inclusive of the Kayelekera Ore Reserves.

[7] See ASX announcement dated 9 June 2022 entitled "Uranium Resource Increases to 51.1Mlbs" for information on the Livingstonia Mineral Resource Estimate. The competent person for that announcement was David Princep.

[8] See ASX Announcement dated 6 December 2024 for information on the Letlhakane Mineral Resource Estimate.

[9] Lotus confirms that it is not aware of any new information or data that materially affects the information included in the respective Mineral Resource announcements of 15 February 2022, 6 June 2022 and 6 December 2024 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in those announcements continue to apply and have not materially changed. Lotus confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from those market announcements.

[10] RoM stockpile has been mined and is located near mill facility.

[11] 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.

[12] 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. Lotus confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the 11 August 2022 announcement.

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