

Letter to Shareholders

Lotus Resources Limited (LOT, Lotus or the **Company**) has sent the attached letter to shareholders and is releasing it to the market under Listing Rule 3.17.1

The announcement has been approved for release by the Board of Lotus Resource Limited.

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

About Lotus Resources

Lotus Resources Limited (LOT:ASX) is a minerals exploration and development company. The Company recently acquired a 65% interest in the Kayelekera Uranium Project in Malawi. The project is held via a 76.5% holding in Lily resources Pty Ltd. Kayelekera hosts a high-grade resource with an existing open pit mine and demonstrated excellent metallurgical recoveries (87.5%) having historically produced over 10.9Mlb of uranium between 2009 and 2014. Lotus also owns the Hylea Cobalt Project in the Fifield District of NSW.



LOT

Dear Shareholder,

Update on Shareholder Meeting requisitioned under section 249D of the Corporations Act

I am writing to you on behalf of the Board of Lotus Resources Limited (**Lotus** or the **Company**), to provide you with the following update in relation to the previously announced notices received under sections 203D and 249D of the Corporations Act 2001 (Cth) from Davey Holdings (Aus) Pty Ltd ATF the Burnaford Trust and TR Nominees Pty Ltd (together, the **Requisitioning Shareholders**).

Shareholders are reminded that the General Meeting called pursuant to the section 249D notice served on the Company on 22 April 2020 (refer to announcement on 24 April 2020), will be held on Monday 22 June 2020 (refer to announcement on 14 May 2020).

Since the section 249D notice was issued by the Requisitioning Shareholders Mr Tim Kestell and Mr Simon Andrew have resigned from the Board (satisfying resolutions 3 and 4 of the section 249D notice), meaning only two resolutions need to be voted on at the General Meeting, being the election of Mr Grant Davey and Mr Stuart McKenzie to the Board.

Also, since the section 249D notice was issued by the Requisitioning Shareholders two new directors have been appointed, being me, James Eggins and Mr Andrew Mirco.

The Board now comprises three individuals, , Mr Mirco, and Mr Mark Milazzo, and me, who each have highly relevant, genuine experience in the uranium industry.

I have worked in marketing, commercial, and executive roles in uranium mining companies since May 1981. I worked for Queensland Mines (Nabarlek project), CRA (Kintyre project) and WMC (Olympic Dam). I was also involved in key aspects of the commercial development of the Kayelekera mine when I was employed by Paladin Energy Ltd. (2006 – 2013).

Mr Mirco has over 25 years' experience across the banking, oil and gas, and mining industry. He was also responsible for implementing the project financing and financial establishment of the Kayelekera mine when also employed by Paladin Energy Ltd. (2008-2018).

Mr Milazzo, a mining engineer, has had a distinguished career in the resources industry which included a role as Manager of Mining at WMC's Olympic Dam, then the world's largest single uranium producer.



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Your Board now has broad and deep uranium experience which includes experience with the Company's asset, Kayelekera.

Your Board is also manifestly independent.

It is on this basis that the Board has rejected an informal proposal for a further Board restructure designed to avoid the General Meeting made by Mr Ben Kay, who is a principal of TR Nominees Pty Ltd (a Requisitioning Shareholder). The Board believes that the proposal would have potentially shifted the balance of the Board away from independence without an apparent benefit to the shareholders as a whole.

The Board would also like to acknowledge that Mr Davey, who controls one of the Requisitioning Shareholders, through his company Matador Capital Pty Ltd, made an offer to manage the Kayelekera site (for a fee of \$200,000AUD per month, which the Board considered to be excessive), and also to "take control" of the site. Neither offer was considered to be well founded and both were rejected.

Your Board must act in the interests of all shareholders, and has decided the best way of achieving that is to proceed with the General Meeting on 22 June 2020.

The future of the Company requires skill, experience, and hard work.

We have dedicated people in Malawi who are working to ensure the care and maintenance program and the ongoing mine de-watering project are conducted to the highest standards. We can report that water treatment is expected to be completed next week. This will allow the Company to implement changes to the overall site water management system in order to reduce cost whilst maintaining the overall integrity of site water management. The Company has also made significant steps to reduce the care and maintenance cost of the Kayelekera site. The next steps will be outlined in a strategic review which the Company plans to complete within three months.



James Eggin
Chairman

