ASX Announcement 25 March 2021

LOTUS TO INCREASE OWNERSHIP OF KAYELEKERA URANIUM PROJECT TO 85%

Lotus Resources Limited (**LOT, Lotus** or the **Company**) is pleased to announce it has reached agreement with Kayelekera Resources Pty Ltd (**KRPL**) to exercise its right to acquire an additional 20% of the Kayelekera Uranium Project (**Kayelekera**), the completion of which will see the Company's interest in Kayelekera increase to 85%. The remaining 15% is held by the Government of Malawi.

HIGHLIGHTS

- **Lotus has reached agreement with KRPL to exercise its right to acquire all of KRPL's shares in Lily Resources Pty Ltd (Lily) (Buy-Out Right) – the incorporated joint venture between KRPL and Lotus. KRPL is an entity controlled by Mr Grant Davey, a director of Lotus.**
- **Exercise of the Buy-Out Right follows a recommendation from an independent committee of the Lotus Board (Committee) that was recently formed to manage the implementation of the exercise of the Buy-Out Right.**
- **Under the terms agreed with Kayelekera, Lotus will issue 226.4 million Lotus shares to KRPL as consideration for the acquisition of KRPL's interest in Lily.**
- **The acquisition of KRPL's interest in Lily, which is conditional on the approval of Lotus shareholders, is an equity only transaction, thereby maintaining the Company's cash reserves.**

Michael Bowen, Chairman of Lotus, commented:

"Kayelekera is one of only a small number of uranium projects with a demonstrated track record of operations, having operated successfully from 2009 to 2014, when it produced almost 11 million pounds of U_3O_8*. Consolidating the ownership of Kayelekera is an important milestone for the Company as it positions for a recommencement of operations in an improving uranium price environment.*

With work on the Re-Start Feasibility Study progressing, the increase in ownership comes at a time when the uranium price and sentiment in the industry is improving due to an impending supply deficit. As a proven uranium producer, Lotus is well placed."

Based on independent advice provided to the Committee, the Company will issue 226.4 million shares to KRPL as consideration for the acquisition of KRPL's interest in Lily (**Consideration Shares**). The issue of the Consideration Shares is subject to the approval of Lotus shareholders.

A general meeting of Lotus shareholders is expected to be held later in the June Quarter.

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This announcement has been authorised for release by the Company's board of directors. All dollar amounts are in Australian dollars unless otherwise indicated.

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ABOUT LOTUS

On completion of the acquisition of Kayelekera's interest in Lily, Lotus owns an 85% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 37.5M lbs U_3O_8 (see Table 1), and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study[1] which demonstrated that Kayelekera can support a viable long-term operation and has the potential to be one of the first uranium projects to recommence production in the future.

Table 1. Kayelekera Mineral Resource Estimate – March 2020[2]

Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Measured	0.7	1,010	0.7	1.5
Measured – RoM Stockpile[3]	1.6	760	1.2	2.6
Indicated	18.7	660	12.3	27.1
Inferred	3.7	590	2.2	4.8
Total	**24.6**	**660**	**16.3**	**36.0**
Inferred – LG Stockpiles[4]	2.4	290	0.7	1.5
Total All Materials	**27.1**	**630**	**17.0**	**37.5**

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

[1] See ASX announcement 20 October 2020. Lotus confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed.
[2] See ASX announcement dated 26 March 2020. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 26 March 2020 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in that announcement continue to apply and have not materially changed.
[3] RoM stockpile has been mined and are located near mill facility.
[4] Medium-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.