

DRILLING COMMENCES AT HIGH-GRADE MILENJE HILLS RARE EARTH PROSPECT

Lotus Resources Limited (ASX: LOT, OTCQB: LTSRF) (**Lotus** or the **Company**) is pleased to announce that exploration activities, including reverse circulation (RC) drilling, have commenced at the Milenje Hills Rare Earth Prospect. This exploration program follows the discovery of high-grade rare earth oxide (REO) material related to uranium mineralisation that grades up to 16% total REO and 3.4% critical REO (ASX Announcement 1 February 2021). Following this program, the Company will determine the optimal path forward to crystallise the value of the rare earth opportunity at Kayelekera for shareholders.

HIGHLIGHTS

- Exploration has commenced at the high-grade Milenje Hills Rare Earth Prospect, located approximately 2km north of the Kayelekera open pit.
- The exploration program includes additional geophysics, mapping and trenching and an RC drill program.
- The exploration program follows the discovery of high-grade, shallow REO material of up to 16% TREO and up to 3.4% critical REOs (Dy, Eu, Nd, Pr, Tb, Y oxides) at Milenje Hills earlier this year (ASX Announcement 1 February 2021).

Keith Bowes, Managing Director of Lotus, commented:

"Whilst the Company remains firmly focused on the development and recommencement of production at the Kayelekera Uranium Mine, we believe the Milenje Hills Prospect has the potential to add real value to the Company for minimal expenditure."

Clearly, the initial results encountered at Milenje Hills were extremely encouraging, given both the grade and assemblage of rare earth minerals. The current work program will provide us with an enhanced understanding of the overall potential of Milenje Hills, prior to determining the optimal path forward to realise value for shareholders."



Figure 1: Drill setting up at Milenje Hills Rare Earth Prospect



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Exploration at Milenje Hills

Milenje Hills is located 2km north of the Kayelekera open pit and was first identified through ground surveys and mapping in 2014 while exploring for uranium mineralisation adjacent to the Kayelekera uranium resource.

Late in 2020, the Company completed its initial work program at Milenje Hills to better define the nature and extent of the mineralisation which had not been fully outlined due to lack of surface exposure of the mineral bearing rocks.

This initial work included trenching (17 total) and identified areas of interest to be the allanite bearing host rocks within two main lithology types; pegmatites and microgranites. Seventy samples were collected, of which 22 were mineralised. Assay results showed that both lithology types had attractive rare earth grades (average TREO 8% and average CREO 1.6% in the mineralised samples) with elevated TiO₂ levels (3.4% vs. 2.1%) (ASX announcement 1 February 2021).

2021 Work Program

The current activities include:

- Extension of the geophysical dataset to include additional survey lines over the large anomaly identified in initial work
- Mapping in the broader area to define new mineralised zones
- Additional trenching with an excavator in new zones as well as deepening some of the previous trenches and extending others where good mineralisation was observed
- 1,000 -2,000 metres of RC drilling to follow up on selected anomalies / mineralised zones identified from the trenching, mapping and geophysics
- Mineralogical testwork to better understand the REO host minerals, associations and sizing – expected to commence in 4Q21
- Initial physical beneficiation tests to confirm if producing a physical concentrate is viable – expected to commence 4Q21

This announcement has been authorised for release by the Company's board of directors.

Reference to previous ASX announcements

In relation to the exploration results announced on 1 February 2021, Lotus confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

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ABOUT LOTUS

Lotus Resources Limited (**ASX: LOT, OTCQB: LTSRF**) owns an 85% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 37.5M lbs U₃O₈ (see table below), and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study¹ 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.

Kayelekera Mineral Resource Estimate – March 2020¹

Category	Mt	Grade (U ₃ O ₈ ppm)	U ₃ O ₈ (M kg)	U ₃ O ₈ (M lbs)
Measured	0.7	1,010	0.7	1.5
Measured – RoM Stockpile²	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 Stockpiles³	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 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.

² RoM stockpile has been mined and are located near mill facility.

³ 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.

