

UPDATE ON KAYELEKERA RESOURCES PTY LTD

Lotus Resources Limited (ASX: LOT, OTCQB: LTSRF) (Lotus or the Company) refers to its notice of meeting dated 23 June 2021 (**Notice**).

Resolution 1 of the Notice seeks approval for, amongst other things, the acquisition by the Company of all the shares in Lily Resources Pty Ltd (**Lily**) held by Kayelekera Resources Pty Ltd (**KRPL** formerly Chichewa Resources Pty Ltd) (**Lily Acquisition**).

In the Company's Notice of General Meeting dated 24 July 2019 and the addendum to that notice dated 19 August 2019 (**2019 NoM**) there are words to the effect that Mr Kestell holds a beneficial interest of 22.5% of KRPL and that the nature of Mr Kestell's indirect beneficial interest in KRPL is that Mr Grant Davey has agreed that he will grant to Mr Kestell (or a nominee entity controlled by him) a beneficial interest over 22.5% of the shares in KRPL under a bare trust. The 22.5% interest is a non-controlling shareholding of KRPL. Mr Kestell is a former director of the Company.

Since the 2019 NoM, the Company has become aware that Mr Kestell's claim to a beneficial interest in 22.5% of the shares of KRPL is in dispute. Mr Davey has advised the Company that the dispute is unresolved at this time. Late last week, the Company received a letter from lawyers acting for Mr Kestell in relation to the disputed 22.5% interest. The Company has not received any documentary evidence that the dispute has been resolved.

The Company did not include in the Notice a reference to the disputed 22.5% interest in KRPL as it was not considered material to shareholders' consideration of the Lily Acquisition.

The Company makes this announcement to ensure that shareholders are aware of the disputed ownership of the non-controlling interest in KRPL.

This announcement has been authorised for release by an independent committee of the Company's Board that was established in February 2021 to manage the implementation of the Lily Acquisition.

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ABOUT LOTUS

On completion of the acquisition of KRPL's interest in Lily (subject to shareholder approval (see ASX announcement 25 March 2021), Lotus will own 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 2020²

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 Stockpile³	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 Stockpiles⁴	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.



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