

LOTUS ADOPTS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GLOBAL REPORTING PRINCIPALS

Lotus Resources Limited (ASX: LOT, OTCQB: LTSRF) (Lotus or the Company) is pleased to announce that it is adopting Environmental, Social and Governance (**ESG**) disclosure and reporting processes in line with recommendations of internationally recognised ESG-related reporting organisations including the United Nations and designed to meet stakeholder expectations.

HIGHLIGHTS

- **Lotus is committed to developing its Kayelekera Project to support the United Nations 17 Sustainable Development Goals (UN Sustainable Development Goals)**
- **It has defined the most-pressing ESG issues based on stakeholder feedback and is preparing action plans to address these issues**
- **Early initiatives that will impact future operations under consideration in the Company's re-development strategy for Kayelekera include:**
 - Transitioning from diesel-based power to more sustainable grid-based power and renewable energy sources such as solar
 - Improved water recovery, reduced freshwater intake and reduced discharge to the environment by considering processes such as enhanced evaporation
 - Community Development Agreement to provide support to projects defined by the local communities around Kayelekera when operations recommence
- **Lotus is preparing its first Sustainability Report for the Kayelekera Project, anticipated for completion later this year.**



Figure 1: Community Development Engagement Meeting Attendees





Figure 2: School (top) and Clinic (bottom) Upgrades previously undertaken by Lotus (Africa) Limited



Lotus Managing Director Keith Bowes commented:

“As we continue to advance our Kayelekera Uranium Project in Malawi towards recommencement of operation, the Company is acutely aware of our ongoing responsibility to ensure we meet expectations regarding ESG performance.

“To ensure we continue to meet and improve on this objective, we are developing a framework to meet global leading-practice in sustainability reporting. By taking these steps, we aim to demonstrate transparency and minimise risk to our business and those impacted by our operations.”

Sustainable Development Goals

Uranium is the critical component in the production of nuclear energy, the only reliable energy source of power with zero carbon emissions. With the growing global targets for reduced CO₂ emissions, nuclear energy will continue to play a key role in decarbonisation of global power generation. The Company's target is to become a leader in Malawi regarding ESG performance as it continues to advance the development of the Kayelekera Uranium Project in Malawi.

The Company is committed to developing its Kayelekera Project to support the UN Sustainable Development Goals, using them as a mechanism by which to define its performance and measure its progress towards those goals.

Put in place by the UN General Assembly in 2015, with a target date of 2030, the UN Sustainable Development Goals and are aimed at eradicating poverty and inequality and tackling climate change, especially in developing countries such as Malawi where the Company's flagship operation is located.

Materiality matrix

Lotus has engaged with a range of stakeholders to develop a list of topics that are most significant to them. Based on this, Lotus has produced a materiality matrix to prioritise the most pressing ESG issues to be addressed as operations at Kayelekera progress from the current care and maintenance phase into development, production and closure and rehabilitation.

Significant ESG issues identified include:

- Health and safety,
- Community engagement,
- Waste and hazardous materials,
- Water and ecology,
- Legal and regulatory,
- Rehabilitation and mine closure,
- Business ethics,
- Security, and
- Economic performance & financial management.



The Company is now developing strategies and management plans to address these issues. In addition, the following early initiatives that the Company believes will positively impact future operations are being incorporated into the work programs:

- Transitioning from diesel-based power to supply to more sustainable grid-based power and/or renewable energy sources such as solar
 - in Malawi ~70% of power is hydroelectric (with a further 3% from biomass)
- Improved utilisation of waste material through converting them into economic resources using new technologies such as ore sorting
- Improved water recovery, reduced freshwater intake and reduced discharge to the environment by considering processes such as enhanced evaporation
- Community Development Agreement that will look at supporting projects defined by the local communities around Kayelekera when operations recommence
- Supporting local communities with financial and other support as we build our relationships

The Company is preparing its first Sustainability Report which it will release in Q4 2021.

GRI Standards

The Company envisages using the Global Reporting Initiative (GRI) Standards as a guide to measuring ESG progress. These are regarded as the gold standard for ESG reporting globally, used by 66% of ASX100 companies.

Lotus will commit to reporting against these standards in the future to meet the expectations of all stakeholders in a transparent and accountable manner. This includes employees, local communities, investors, suppliers, contractors, non-governmental organisations and other interested parties.

As the Company's operations in Malawi move from care and maintenance into development and production, Lotus aspires to begin reporting in line with the GRI Standards and, ultimately, sector specific standards covering the mining sector.

Adopting the GRI reporting mechanism will enable more specific disclosure and assessing of progress on a range of material economic, environmental and social issues.

Economic benefits

The Kayelekera uranium mining development project in Malawi has the potential to make a positive, value and long-lasting contribution to the local and national economy.

By taking a responsible and transparent approach to reporting impacts and progress, Lotus aims to become a long-term investor in the sector and to realise the benefits that can be gained from supplying uranium as a low carbon fuel to aid the transition to a decarbonised energy future.



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

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ABOUT LOTUS

Lotus 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 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.

