



**Kayelekera**  
**Proven Uranium**  
**Producer**

**Investor Presentation**  
**November 2022**

**LOT:ASX    OTCQB: LTSRF**

# Important Notice



## FORWARD LOOKING STATEMENT

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including risks associated with investments in private and publicly listed companies such as Lotus Resources (Lotus or Company); risks associated with general economic conditions; the risk that further funding may be required but unavailable for the ongoing development of the Company's projects or future acquisitions; changes in government regulations, policies or legislation; unforeseen expenses; fluctuations in commodity prices; fluctuation in exchange rates; litigation risk; restrictions on the repatriation of funds by the Company's subsidiaries; the inherent risks and dangers of mining exploration and operations in general; risk of continued negative operating cashflow; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; general risks associated with the feasibility and development of the Company's Kayelekera Project (Project); foreign investment risks in Malawi; changes in laws or regulations; future actions by government; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company's property interests; uninsured hazards; disruptions to the Company's supplies or service providers; reliance on key personnel, retention of key employees and the impact of the COVID-19 pandemic on the Company's business and operations.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Company made in light of their experience and their perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things: the uranium market information, the Company's peers, the Company's ability to carry on its future exploration, development and production activities, the timely receipt of required approvals, the price of uranium, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause the Company's results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## NO LIABILITY/SUMMARY INFORMATION

Lotus has prepared this presentation material (Presentation) based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in the Presentation. To the maximum extent permitted by law, the Company, its related bodies corporate (as that term is defined in the Corporations Act 2001 (Commonwealth of Australia)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the Presentation or its contents or otherwise arising in connection with it.

## DEFINITIVE FEASIBILITY STUDY

For information in this document relating to the Restart Definitive Feasibility Study, refer to ASX announcement dated 10 August 2022. The Company confirms that in relation to the Definitive Feasibility Study announced on 10 August 2022, it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions underpinning the forecast financial information included in that announcement continue to apply and have not materially changed.

## ORE RESERVE (JORC 2012)

For information relating to the Ore Reserve Estimate in this document, refer to ASX announcements dated 11 August 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements; and that the information in the announcement relating to exploration results is based upon, and fairly represents the information and supporting documentation prepared by the named Competent Persons.

# Uranium Pricing – History repeating?



# What is driving the uranium market into the future



Multiple initiatives by major governments highlight the importance of nuclear



## “Green” Energy

- Energy crisis due to Russian gas dependence coupled with a rapid shift from hydrocarbons
- Green Taxonomy – major new investment potential (from Jan 2023)
- Major shift in sentiment during the past decade (closure to potential expansion)
  - *Limited closures vs. new builds*
- Nuclear is 25% of EU electricity generation



## Largest global consumer

- US Inflation Reduction Act (US\$400B)
  - Production credits for nuclear
  - Green investment credits
  - Development funding (e.g. HALEU)
- World's largest consumer – nearly no domestic supply
- Nuclear – 20% of electricity generation



## Continues to grow at a rapid rate

- Targeting an additional 150 new large nuclear reactors by 2035 (49 as of today)
- Significant reduction in construction time ~ 5 years
- On track to be largest consumer by 2030



# What is happening in the uranium market today?



The spot uranium price is remaining stubbornly in the range US\$48 – US\$53/lb



## Russia / Ukraine

- Significant global conversion & enrichment supplier
- Russia no longer considered a reliable supplier by western facilities
- Bifurcation of the market
- Black swan event (Zaporizhzhia nuclear power plant)

# Sprott

## Sprott

- Purchased 41Mlbs since inception
- Only 400,000lbs in last month & 2Mlbs in last 3 month
- Trading at a deficit to NAV



## Utilities

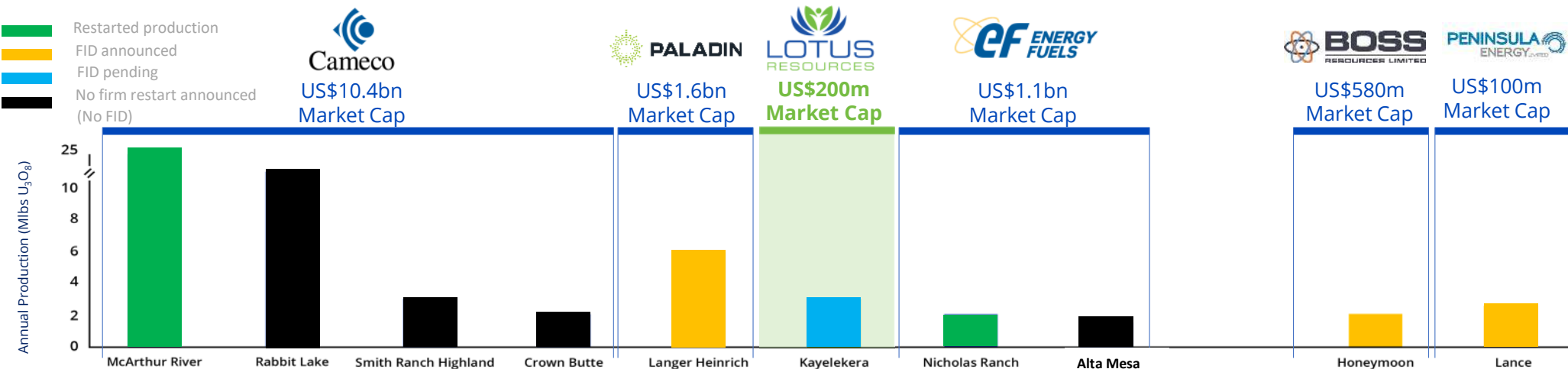
- Utilities focused initial attention on enrichment and conversion contract
- Term contracting has increased
- Term contracts being signed in low 50's
- Flexibility in contracting is key

# Brownfield assets have proven they are the first to react



## Brownfield uranium assets offer significantly lower risk compared to new development projects

- At the beginning of 2021, all 10 of the brownfield operations highlighted below had no firm re-start date - today only four of these assets remain in this category
- LOTUS** is at a significant discount compared to its peers despite being the 4<sup>th</sup> largest PROVEN producing uranium asset in this peer group
- KAYELEKERA** replacement capital (US\$300m) is greater than **LOTUS** current market capitalisation (US\$200m)



1. Refer to Appendix 1, Market Cap as at 25<sup>th</sup> November 2022 (FX Rate \$US:\$A – 0.66)



### Quick Re-Start

15 months from Final Investment Decision

### Low Capex

US\$300m–Replacement<sup>3</sup>  
US\$88m – Re-Start

### Improved Opex

C1 costs US\$29.10/lb<sup>1</sup>  
AISC of US\$36.20/lb<sup>1</sup>

### Robust Mine life

10 yrs 19.3Mlbs U<sub>3</sub>O<sub>8</sub>  
2.4Mlbs U<sub>3</sub>O<sub>8</sub> pa<sup>1</sup>

### Permitted

Environmental & Mining Licenses

### ESG

Leading industry on multiple accounts

### Exploration upside

51.1Mlbs resource  
Multiple new targets

### Cash position

\$25.5m (@ Sept Q)

1 – Years 1 to Year 7 – excluding ramp up

2 – compared to power generation in the historical operation

3 – Estimate of replacement value for capital cost today for existing capital

# Initial Capital Cost – one of the lowest in the industry



Item	Capital Cost Estimates (US\$M)
<b>Initial Capital</b>	
Mining Contractor	0.60
Plant Refurbishment	13.46
Acid Plant (with Steam Turbine)	15.29
Nanofiltration Upgrade	1.53
Front-end Upgrade (ore sorting)	5.99
Plant Terrace Ground Stabilisation	9.45
Tailings Dam (TSF1 first lift)	2.47
Surface Water Infrastructure	1.75
<b>Sub-Total</b>	<b>50.54</b>
<b>Owners Costs</b>	
Camp and Office Refurbishment	3.22
Mobile Equipment	3.57
Grid Connection	12.98
First Fill	4.19
Owner's Direct Costs	3.79
<b>Sub-Total</b>	<b>27.75</b>
<b>Contingency</b>	<b>9.46</b>
<b>Total</b>	<b>87.75</b>

## Low initial capital cost

- Existing infrastructure – replacement value today is ~US\$300m
  - Also reduces the time from FID to production
- US\$88M ranks the Project as one of the lowest capital cost uranium projects globally
  - Initial capital intensity of US\$37/lb*
- Plant Refurbishment estimate remains inline with original estimates in Scoping study (US\$50m)
- All capital estimates include current high inflation environment

## New Capital items drive lower Opex

New capital items have increased the total cost, but result in lower operating costs (trade off)

- New acid plant and steam turbine upgrade (US\$15.3M),*
- Nanofiltration upgrade (US\$1.5M)*
- Connection to the national grid (US\$13.0M)*
- Upgrade to the front-end processing circuit to incorporate ore sorting (US\$6.0M)*



# Driving operating costs lower through innovation

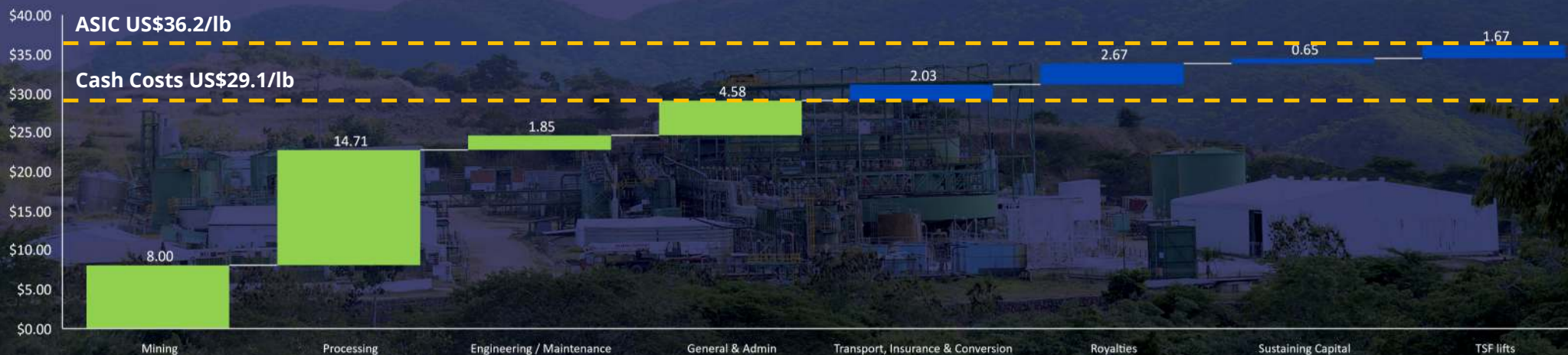


**Cash Costs are US\$29.1/lb and AISC of US\$36.2/lb during the first 7 years of production (excluding ramp-up)**

- LOM cash costs of US\$30.1/lb with LOM AISC of US\$37.7/lb

**Despite the current high inflation environment, operating costs are lower compared to the historical operations and Re-Start Scoping Study estimates due to:**

- Increased feed grades from ore sorting, lower power costs from grid power and improved acid utilisation from nanofiltration



# Striving to be a leader in the industry for ESG



## FY22 Sustainability Report released

- Updated materiality matrix
- Global Reporting Initiative (GRI) aligned

## Environmental

- Reduced carbon footprint for restart
- Task Force on Climate-related Financial Disclosures

## Social

- Community Development Agreement
- Community policing forum

## Governance

- Data management and cyber security
- Updated policies and management plans

**“Lotus aspires to be a responsible uranium producer, building strong local communities, a safe and healthy work environment and making a positive contribution to a carbon free future”**





# What work is required to be completed prior to FID



**Prior to a Final Investment Decision (FID), the Company will continue to advance a number of key areas including:**

- Kayelekera Mine Development Agreement
- Uranium offtake (term contracts)
- Financing discussions
- Agreement with ESCOM for the connection of the mine site to the national grid
- Preparation of an Operational Readiness Plan
- Scope and costs for FEED in conjunction with a program for site based early works

**Will NOT complete FID until the uranium price reverts to significantly higher and sustainable levels**



# Position for a rapid re-start in a rising uranium market



## Why is Lotus one of the best uranium investment opportunities today



Leveraged to uranium price – low capex, quick restart



Strong cash position - funded until late 2024



Valuation upside through exploration and/or technology



Best in class ESG work



Geopolitically diverse supplier for western utilities



Proven management and board

**A\$300M**

US\$200M  
**MARKET CAP**  
At \$0.22 / share

**A\$25.5M**

US\$17M  
**CASH – Sept 2022**

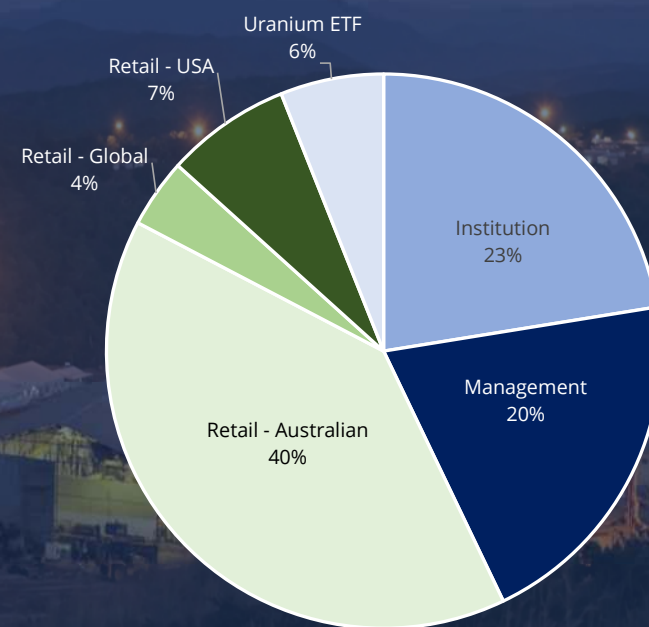
**1,311M**

**SHARES ON ISSUE**

**47M**

**OPTIONS**  
Inc. 15M employee options

## CAPITAL STRUCTURE







## CONTACT

**Keith Bowes**  
Managing Director

Level 20  
140 St George Tce  
Perth, WA  
6000











For further information visit:  
[www.lotusresources.com.au](http://www.lotusresources.com.au)



# Appendix 1 - Brownfield Uranium Assets

Top 10 brownfield C&M assets<sup>1</sup> that achieved commercial production



										
Majority owned by state owned group	No	No	No	No	No	No	No	No	No	No
Project Name	Kayelekera	Langer Heinrich	Alta Mesa Project	Nicholas Ranch Project	Rabbit Lake	McArthur River	Smith Ranch Highland	Crown Butte	Lance	Honeymoon
Country	Malawi	Namibia	USA	USA	Canada	Canada	USA	USA	USA	Australia
Measured – contained (M lbs) / grade (ppm)	4 @ 850	96 @ 475	1 @ 1,510	1 @ 1,400	-	325 @ 71,000	8 @ 1,100	6 @ 1,900	4 @ 489	8 @ 1,100
Indicated – contained (M lbs) / grade (ppm)	33 @ 510	5 @ 520	3 @ 1,070	5 @ 1,110	39 @ 9,500	75 @ 60,000	17 @ 500	7 @ 1,500	12 @ 496	25 @ 630
Inferred – contained (M lbs) / grade (ppm)	14 @ 400	19 @ 325	17 @ 1,200	1 @ 990	34 @ 6,200	3 @ 28,500	8 @ 50	2 @ 1,600	38 @ 474	39 @ 570
Total – contained (M lbs) / grade (ppm)	51 @ 475	120 @ 445	20 @ 1,180	7 @ 1,110	72 @ 7,600	404 @ 65,000	33 @ 570	16 @ 1,660	54 @ 480	72 @ 620
Current capacity of processing facility	3.0	5.9	1.5	2.0	11.0	25.0	3.0	2.0	0.8 (current infra) 2.0 (Forecast)	0.9 (current infra) 2.4 - Stage 2
Source:	Kayelekera DFS August 2022	Langer Heinrich Mine Restart Plan Presentation, June 2020	Energy Fuels AIF 2020 & 43-101	Energy Fuels AIF 2020 & 43-101	Cameco AIF - 2020	Cameco AIF - 2020	Cameco AIF - 2020	Cameco AIF - 2020	Lance DFS August 2022	Honeymoon FS June 2021

1. Excludes state owned operations