ASX Announcement

20 October 2020

Kayelekera Uranium Project Restart Scoping Study Confirms Low Initial Capital Expenditure of US$50M and C1 Cost[1] of US$33/lb U_3O_8

Lotus Resources Limited (**Lotus** or the **Company**) is pleased to announce a Restart Scoping Study (the **Scoping Study**) for the Company's Kayelekera Uranium Project (**Kayelekera** or the **Project**), has highlighted the Project's potential to support a viable long-term operation in the right uranium price environment. Given the positive outcome of the Study, the Company plans to advance to a Restart Feasibility Study.

HIGHLIGHTS

- **Scoping Study confirms Kayelekera can be among first uranium projects to rapidly and effectively recommence production to meet impending uranium supply shortfall.**
  - Uranium market undersupply estimates of approximately 30Mlbs U_3O_8 per annum by 2024 aligns with the Company's re-start timeline.
- **Low total initial capital cost of US$50M, due to Kayelekera's existing infrastructure, including a 1.4Mtpa processing facility, onsite acid plant and accommodation camp.**
  - Initial capital intensity of US$21 per lb production[1] ranks it as one of the lowest in the industry.
- **The Scoping Study assessed two production scenarios, both of which assumed 97% of production from the Measured and Indicated Mineral Resource category.**
  - Scenario 1: 8-year life of mine, producing 16.4Mlbs U_3O_8 with average head grade of ~900ppm U_3O_8.
  - Scenario 2: 14 years life of mine, producing 23.8Mlbs U_3O_8 with treatment of stockpiles from year 8 (average head grade ~680ppm U_3O_8).
- **C1 cash costs of US$33/lb U_3O_8 with average production of 2.4Mlbs U_3O_8 per annum[1], and multiple opportunities identified to further reduce these costs, including:**
  - Upgrading of feed materials (higher U_3O_8 grades and lower acid consumption).
  - Improved options around power supply.
  - Acid recovery.
  - Optimised tailings disposal options.
- **Lotus is advancing discussions with several major global nuclear utilities**
  - Kayelekera produced 10.9Mlbs of uranium between 2009 and 2014 and successfully sold to nuclear fuel market participants globally.
  - 100% of Kayelekera's previous uranium production was accepted by conversion facilities in the US, Canada and France.
- **Kayelekera is one of five brownfield uranium projects on care and maintenance that historically achieved commercial uranium production of more than 2Mlbs.**

[1] Production Scenario 1 – Years 2 to 6

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- **Environmental and mining licences, plus major mining and exporting permits, are in place.**
  – Local communities and government have shown strong support for restart of the Project.
- **Lotus has defined an exploration strategy focused on extending mine life and replacing stockpiled material with higher grade ore earlier in the Project's life.**

Eduard Smirnov, Managing Director, commented:

"Lotus' Restart Scoping Study clearly demonstrates Kayelekera has potential to be one of the first operations globally to recommence uranium production to meet the impending and growing shortfall in supply. Kayelekera's existing infrastructure and mineral resources gives Lotus a significant advantage, providing for a low restart capital expenditure and significant long-term production. The estimated C1 cash cost is on par with current term price indicators, which have been trending upwards in recent years, reaching US$33 per lb U_3O_8 in 2020.

"The Study is an important milestone on our path forward, as we work to achieve further technical advancements aimed at reducing Kayelekera's operating costs and optimising production rates prior to commencing a Restart Feasibility Study.

"Our pathway to production is evolving at an opportune time. The nuclear fuel industry started this decade with a growing supply deficit, fast declining utility coverage rates and no time to permit and build new mines. Lotus is well positioned to move quickly, developing Kayelekera's restart plans while marketing our product across the globe. We have commenced discussions with nuclear power plant operators in North America, Asia and Europe, re-introducing the Project and updating them about our restart and baseload contracting strategy.

"We look forward providing further updates towards restart readiness."

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EXECUTIVE SUMMARY

The Scoping Study defines a base case scenario comparable to the previous Kayelekera operation that produced ~11Mlbs U_3O_8 equivalent but assumes a lower nominal throughput of 1.4Mtpa to ensure the process is acid self-sufficient. Two scenarios were considered; the first of which considered treating only high-grade material and the second, which included treating the medium-grade stockpiles at the end of the life of mine (LOM).

Lotus completed the Scoping Study with the support of several independent consultants:

- Geology and Resources – various
- Open Pit Optimisation and Mine Planning – Orelogy Mining Consultants
- Process & Infrastructure design, capex and opex – based on Paladin Energy Limited's (**PEL**) 2016 Restart Study
- Closure Costs – GCS 2018 Decommissioning, Closure and Rehabilitation Study.

The Scoping Study was completed to an overall +/- 35% accuracy (AACE Class 5) using the key parameters and assumptions set out in Table 1 and as further outlined in the Appendix 1. The material assumptions that underly the Study are provided in Appendix 2. Further details regarding the production scheduling are shown in Appendix 3.

Table 1: Base Case – summary of production and cost data (estimated)

General	High-grade ore only LOM total / Avg.	With Medium-grade stockpiles LOM total / Avg.
Mine Life (Years)	8	14
Total Material Mined (Mt)	47.1	47.1
Strip Ratio	3.5	1.8
Total U_3O_8 Mined (Mlbs)	18.9	27.5
Production	LOM total / Avg.	LOM total / Avg.
Plant Feed (Mt)	9.6	18.4
Plant Feed Grade (ppm U_3O_8)	898	679
Plant Recovery (%)	86.7%	86.7%
Av. Annual Production (Mlbs)	2.3	1.8
Max Annual Production	3.0	3.0
LOM Production (Mlbs)	16.4	23.8
Operating costs	LOM total / Avg.	LOM total / Avg.
Mining Costs (US$ / t mined)	2.87	2.87
Processing Costs (US$ / t ore)	37.84	35.47
G&A Costs (US$M pa)	12.4	12.4
Steady-state[2] Cash costs (US$ / lb)	32.75	32.06
Steady-state[3] AISC (US$ / lb)	39.83	39.07
Capital costs	LOM total / Avg.	LOM total / Avg.
Initial Capital (US$M)	50.2	50.2
Plant Sustaining Capital (US$M)	28.0	48.0
TSF Sustaining Capital (US$M)	36.1	36.1[3]
Closure Costs (US$M)	31.5	31.5

[2] Production Years 2 to 6 after ramp-up.
[3] Assumes in-pit tailings disposal will be possible otherwise this could increase to US$65.4M.

NEXT STEPS

Lotus is working to identify and optimise opportunities to improve the operation and expand the resource base through targeted exploration activities to support an extension of the LOM.

Through a review, Lotus has identified several opportunities that could either reduce operating costs, extend the LOM or optimise the production rates. These opportunities have formed the basis of a five-stage process defined by Lotus for the restart of Kayelekera. The five stages incorporate the following:

- Develop the programs of work and cost estimates to restart existing plant. This work will verify the activities, cost estimates and timeframe required to restart the facility as outlined in PEL's 2016 Restart Study;
- Investigate potential to implement new technologies in the circuit front-end, focused on upgrading the ore feed grade and/or rejecting high acid consuming gangue minerals;
- Identify further process improvements to reduce operating costs. Focus on resin-in-pulp circuit, acid recovery options, yellow cake dryer, tailings disposal and power supply options;
- Complete a Restart Feasibility Study (**RFS**), with a revised mining schedule incorporating results from programs above; and
- Complete further detailed design work (**FEED**) to increase level of confidence in engineering design and cost estimates of the RFS.

This work will be undertaken while the Company continues to maintain Project asset integrity through its care and maintenance program and engages with the Government of Malawi regarding renewing permits, extending the Mine Development Agreement and negotiating connection to the national grid with the Electricity Supply Commission of Malawi (**ESCOM**).

Further detail on the Study is available in Appendices 1, 2 and 3.

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ABOUT LOTUS RESOURCES

Lotus Resources Limited (LOT:ASX) owns a 65% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 37.5M lbs U_3O_8 and has s significant existing infrastructure allowing for a quick and low capital re-start to production in the future. Kayelekera historically produced ~11Mlb of uranium between 2009 and 2014.

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

APPENDIX 1 – SCOPING STUDY DETAILED SUMMARY

Introduction

Lotus has undertaken a preliminary study to determine a baseline scenario for the re-commencement of uranium production at its Kayelekera Project in Malawi. This Restart Scoping Study has been prepared based on a combination of past operational experience, the knowledge of costs of production available from the prior five-year operating period that ended in May 2014 and current information in specific areas.

This work has formed the starting point for the assessment of various strategies that have been identified for the Project which should allow a restart of operations when the uranium price has increased sufficiently to allow for a profitable operation.

Kayelekera is located in the Karonga District of northern Malawi, 650km north of the national capital of Lilongwe and 52km by road to the west of the lake-side town of Karonga as shown in Figure 1. The first 40km of this road is a two-lane tarred surface, while the remaining 12km (site access road) is a formed dirt road.

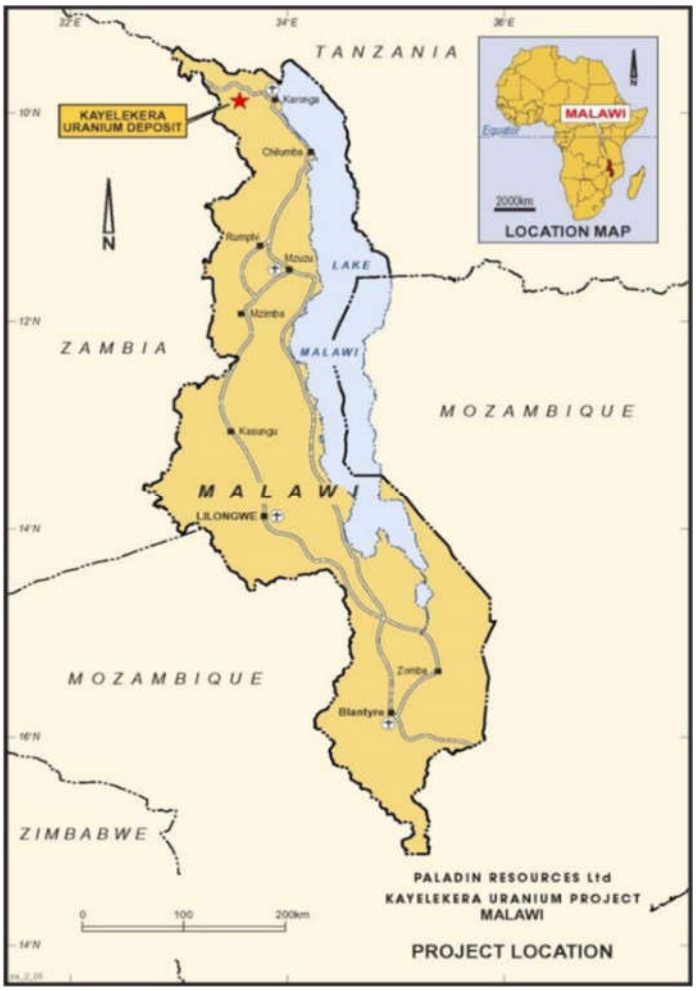

Figure 1: Project Location

Mineral Resource and Geology

Kayelekera is a sandstone-hosted uranium deposit associated with the Permian Karoo sediments and is hosted by the Kayelekera member of the North Rukuru sediments of the Karoo. The mineralisation is associated with seven variable oxidised, course grained arkoses, separated by shales and chocolate coloured mudstones. Uranium mineralisation occurs as lenses primarily within the arkose units and, to a lesser extent, in the mudstone units. The lowest level of known mineralisation currently is at a depth of approximately 160m below surface.

Table 2 presents the Mineral Resources as at 30 March 2020 reported above a 300ppm U_3O_8 lower cut-off for in-situ material and a 200ppm U_3O_8 cut-off for the medium-grade stockpiles (see ASX announcement 26th March 2020 - Lotus Increases Kayelekera Uranium Resource by 31%).

Grade has been determined from a combination of XRF and downhole logging derived eU_3O_8 grades. In-situ Mineral Resources are depleted for mining to 31 December 2013 when mining ceased; Stockpiles have been depleted to the end of processing in June 2014. Metal content is based on contained metal in the ground and takes no account of mining or metallurgical recoveries, mining dilution or other economic parameters. An in-situ bulk density of 2.29g/cm^3 was applied for arkose material and 2.20g/cm^3 for mudstone material to all blocks within the model.

Table 2: Mineral Resource Estimate – March 2020

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[4]	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[5]	2.4	290	0.7	1.5
Total All Materials	**27.1**	**630**	**17.0**	**37.5**

Mining

Mining is planned to commence in line with the start-up of the processing plant and will initially utilise the high-grade material that is currently on the run-of-mine (RoM) pad to compliment the plant feed.

The mining and pit design is relatively simple with mining limited to ~100m depth and very shallow pit wall angles to account for the layered mudstone materials.

[4] RoM stockpile has been mined and are located near mill facility.
[5] 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.

The mining assessment work was undertaken by Orelogy who developed two mining scenarios:

- Scenario 1 – Only high-grade material is processed (average LOM plant feed grade is ~900ppm U_3O_8 with ~8-year LOM).
- Scenario 2 – Incorporates into the production schedule the lower grade materials both mined from the pit and contained on the existing surface stockpiles. In this scenario, the lower grade material is treated at the end of LOM (average LOM plant feed grade is ~670ppm U_3O_8 with ~14-year LOM).

In both scenarios, mining continues for 6 years, after which plant feed is sourced solely from stockpiled material. A summary of the scenarios is provided below in Table 3.

Table 3: Mining Scenarios

Item	Unit	High-grade Scenario	With Medium-grade Stockpile
Mined tonnes			
- Measured	Mt	0.6	0.6
- Indicated	Mt	12.7	12.7
- Inferred	Mt	0.5	0.5
- Total	Mt	13.9	13.9
Mined grade			
- Measured	ppm U_3O_8	1,058	1,131
- Indicated	ppm U_3O_8	724	724
- Inferred	ppm U_3O_8	600	600
- Total	ppm U_3O_8	734	734
Strip Ratio	w:o	3.5	1.8
LOM plant feed tonnes	Mt	9.6	18.4
Plant feed average grade	ppm U_3O_8	898	679
Plant feed metal	Mlbs U_3O_8	18.9	27.4

Processing

The process used at Kayelekera incorporates conventional crushing, milling, high density ion exchange (resin-in-pulp), membrane-based acid recovery and conventional yellow cake and tailings operations. The processing plant operated successfully for five years prior to the asset being placed on care and maintenance. Consequently, the metallurgy of the ore and the performance of the process plant and incorporated process are well understood.

The Study assumes the same processing method will be used and that the operation will be acid constrained, based on the capacity of the acid plant located at the site and hence the ore processing rate used is slightly lower than the processing rate achieved prior to the cessation of operations. A schematic of the process flowsheet is shown in Figure 2 and a recent photo of the asset is shown in Figure 3.

A process recovery of 86.7% has been assumed for the Study based on the historical performance of the operation.

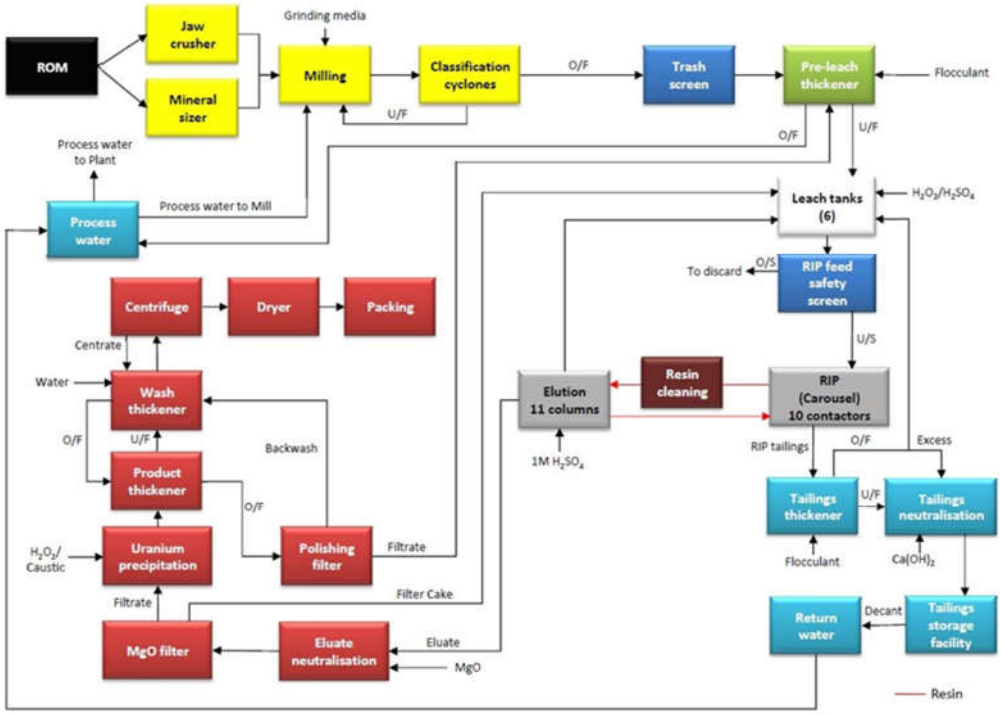

Figure 2: Kayelekera Process Plant Flowsheet

Figure 3: Kayelekera Process Plant (2020)

Infrastructure

The main components of the Kayelekera operation include:

- Open Cut Mine Pit
- Run of Mine (ROM) Pad and Crusher
- Waste Rock Dumps (WRD)
- Low Grade Ore Stockpiles
- Marginal Grade Ore Dumps
- Water Ponds
- Process Plant and Facilities
- Tailing Storage Facility (TSF) and Infrastructure
- Accommodation camp

Electricity

It is assumed that reliable grid power will be available from ESCOM at restart. Power for the grid is supplied by the recently upgraded hydro-power facility in the south of the country on the Shire River. At the conclusion of this regional grid upgrade, it is expected that the grid stability in the north of Malawi will be similar to that currently experienced in the south of the country. The Company has held preliminary discussions with the Malawi Government regarding access to grid power and will expand on those discussions at the appropriate time.

The existing generating capacity will be used for emergency supply only.

Acid Plant

An acid plant is located on site which has a capacity to produce 240tpd of acid (budget assumes 230tpd). The acid plant was decommissioned for the C&M period and will need to be recommissioned as part of Restart.

In addition to the acid plant a nano-filtration (NF) process was implemented at site to recover acid from the elution circuit. This circuit recovers in excess of 30tpd acid and has been incorporated into the overall consumption calculations.

Tailings Storage Facility

The current tailings storage facility (TSFA) has a surface area of around 50Ha and is located to the south-east of the process plant. The TSF receives tailings from the process plant, effluent from the sewage treatment plant and direct rainfall and runoff. Around a total of 6.34Mt of solid tailings were deposited in TSFA during the five prior years of processing operations.

The preferred option for future tailings storage is to complete two downstream lifts (initially to 811mRL and then to 817mRL) at TSFA. This option will result in 4.8Mm^3 of storage or just over three years of processing capacity. The estimated cost for the second lift is $16.1M and will be required to commence towards the end of year 3 and is included in the sustaining capital costs.

Various options have been considered for a second TSF, which are summarised in the Options Study and covered extensively in the TSFA Design Report Rev4 (KP, 2013). The most feasible

location for a second facility is in the top waste rock dump area to the west side of the open pit. This site is located uphill from the processing plant with no existing piping, drainage or water reclamation infrastructure in place.

A two-cell design has been considered with an estimated capacity of 3.7Mm^3 for Cell1 and 5.8Mm^3 for Cell 2. The estimated cost for Cell 1 is $20.0M or $5.40/m^3 stored, and for Cell 2 is $29.3M or $5.0m^3 stored however, only Cell 1 is likely to be required for the high-grade production scenario. Cell 2 may be required for the scenario incorporating the medium-grade stockpiles, but in-pit disposal for this scenario is seen as a better option.

Capital Cost Estimates

The capital cost estimate (including re-establishment of 6 weeks of reagent stocks) for the resumption of production at Kayelekera is based on PEL's internal estimates with input from several external consultants. The original costs are as of 2015; a 25% contingency has been added to these original costs. The estimate is considered to be an AACE Class 5 estimate with an accuracy of ±30-35%.

A working capital cost which includes building of an additional 6 weeks of reagents has been estimated by PEL at US$21M and cover a 3-month period from the commencement of the processing plant until revenue is received. This amount will be confirmed once payments terms from offtake agreements and updated discounted cashflow models have been completed.

Table 4: Capital Cost Estimates

Item	Capital Cost Estimates (US$M)
C&M Operating Costs per annum	$2.3
Restart Costs	$50.2
Plant sustaining capital per annum	$4.0
Tailings Dam (TSFA wall Lift)	$16.1
Tailings Dam (TSF Cell 1)	$20.0
Tailings Dam (TSF Cell 2)[6]	$29.3
Closure Capital	$31.5
Recovery of initial reagent stocks	$(3.3)

Operating Cost Estimates

Operating costs are based on the estimates prepared by Orelogy for mining and by PEL for the remaining costs. The PEL costs are supported by the previous operational experience and external consultants. The PEL estimates are as of 2015 and are considered to be a Class 5 estimate with an accuracy of ±30-35%. No contingency has been included in the estimate and the reduced duties and tariffs as per the Mine Development Agreement have been assumed.

The operating cash costs have been defined as direct costs at mine site inclusive of all mining, processing and general & administration costs. Cash costs exclude:

[6] Only required when treating medium-grade stockpiles if in-pit disposal not possible.

- Exchange rate variation and escalation from date of estimate
- Project financing costs and interest charges
- Corporate overheads
- GST / VAT and withholding taxes
- Uranium marketing costs

The basis of the operating cash costs is shown in Table 5 below.

Table 5: Operating Cost Estimates

Item	Operating Costs		
	US$M /annum	US$/ t ore	US$ / lb U_3O_8
Mining[7]	2.00	11.36	
Ore handling		0.83	
Processing	11.90	15.77	2.80
Engineering	6.30	3.47	
Commercial & Admin	9.47		
SHER	2.52		
Social Development	0.45		
Total	**32.63**	**31.43**	**2.80**

Adjusted operating costs are defined as operating cash cost plus the following royalties payable on the sales value:

- Government royalty of 3%
- Power Resources Inc. royalty of 0.75%
- Paladin Energy – 3.5% NSR payable up to a maximum of US$5m

All-in sustaining costs are defined as adjusted operating costs plus sustaining capital for plant, infrastructure and tailings dam lifts / construction.

Transport and converter costs have been modelled above the line as discount to revenue and are based on the following:

- Finished yellowcake is packed into sealed drums and transported via road to the Port of Walvis Bay, Namibia and by ship in secure freight containers from the Port of Walvis Bay
- Capacity per freight container is ~26klbs U_3O_8 at an estimated cost of US$56k per container including road and ocean freight and clearing & forwarding charges (~US2.16/lb U_3O_8).
- Converter charges are estimated at $0.36/lb U_3O_8
- Marine cargo insurance costs are assumed to amount to 0.06% of sales value

[7] Mining only extends for first 6 years of production, with all subsequent plant feed from stockpiles.

The operating cash costs (C1), adjusted cash cost and all-in sustaining costs (AISC) for the two scenarios over LOM and during steady state production are shown below in Table 6.

Table 6: LOM Average Operating Cost Estimates

Item	High-grade Scenario		Medium-grade Stockpile Scenario	
	Ave Steady-state US$/lb U_3O_8	Ave LoM US$/lb U_3O_8	Ave Steady-state US$/lb U_3O_8	Ave LoM US$/lb U_3O_8
Mining	7.39	7.49	7.70	5.16
Processing	20.46	22.06	19.70	27.34
G&A	4.90	5.50	4.66	6.58
Total Site Operating Cost	**32.75**	**35.04**	**32.06**	**39.08**
Royalties	2.60	2.65	2.52	2.55
Total Adjusted Operating Cost	**35.35**	**37.69**	**34.58**	**41.63**
Sustaining Capital	4.49	3.47	4.49	3.44
All-in Sustaining Cost (AISC)	**39.83**	**41.17**	**39.07**	**45.08**

Environmental and Permitting

Lotus aims to minimise the impact of operations on the environment through effective environmental management across all aspects of the Project.

Environmental Management Plans (EMPs) have been prepared for the Construction, Operational and Care and Maintenance phases. The Environmental Management Plan currently in place is the Care and Maintenance EMP. Upon restart, the Operational EMP will be revised for the re-establishment of operations. The Kayelekera Radiation Management System (RMS) forms part on the EMP and complies with international safety management systems.

The key licences and permits in place for Kayelekera include the following:

- Mining Licence (ML0152)
- Environmental Licence
- Exploration Licences (EPL 418, 489, 502, 417 &0 225)
- Permit to discharge treated water to the Sere River (part of the water treatment plan)
- Certificate of Registration of a workplace
- Fuel storage and electricity generation
- Emissions licence
- Hazardous storage, transport and export permits

Marketing

The Project is a known uranium supply source in the global marketplace providing comfort to the utility buyers targeted for the restart contracts. Uranium produced from the Project was initially established in the global nuclear fuel market during 2007-2008 as several term

agreements were secured in support of the Project development. Subsequent to the Project start-up, deliveries were made to all three Western conversion facilities (United States, Canada and France) for book transfer to nuclear fuel customers in North America, Asia and Europe during 2009-2014 period.

The current status and outlook of the uranium term market is relevant for the Project's offtake and contracting plans. The restart of the Project requires sufficient long-term (multi-year) uranium supply agreements which will need to be secured at prices appropriate for sustainable and profitable recommencement of production. The Company has initiated discussions with utilities in North America, Asia and Europe re-introducing the Project and updating them as to the restart and baseload contracting plans.

The Company's Board and Management have the relevant uranium marketing experience for growing and managing a global utility order book, including offtake arrangements and term and spot market contracting, developed during their tenure at major uranium producers.

Nuclear generating capacity

As of September 2020, according to the World Nuclear Association, there are 441 operable units with nearly 392 GWe in net generating capacity in 31 countries around the world. The average age of the current fleet of operating reactors is roughly 27 years. Many of these plants are expected to remain online for the next 15–20 years or longer. In addition, there are 53 units with 59 GWe in active construction in 19 different countries, including four countries building their first nuclear power plants. The largest current markets for nuclear power are the U.S., France, China, Russia, Canada, South Korea and Japan. Combined, these six countries account for roughly 73% of the total world installed nuclear power capacity.

Uranium term market

Nuclear utilities cover their fuelling needs through long-term contracts, which tend to last from between three and ten years or more in duration. On average, no more than ten percent of utility requirements are left open to spot purchasing.

A decrease in utility contract coverage rates is observed by the market in North America, Asia and Europe. United States and European Union utility contract coverage rates published by the U.S. Energy Administration and Euratom agencies report decreasing rates over the mid-term in their respective markets. Contract coverage rates reported at below 47-87% and 8-50% for U.S. and EU utilities in 2024 and 2028, respectively.

There is therefore an expectation that utilities will begin to return to the term contracting cycle in the coming years primarily as a result of the lack of term contracting since 2013. This is similar to what occurred prior to the contracting peak cycle between 2005-2012. According to UxC, over 1.5 billion lbs U_3O_8 were procured in term contracting by utilities worldwide in the 2005-2012 period with average annual purchases of 194Mlbs U_3O_8 versus 73Mlbs U_3O_8 in the out-of-peak cycle period from the last two decades.

Uranium term price

The term price tends to reflect transactions between nuclear utilities and primary uranium producers rather than transactions involving non-producers such as trading companies or financial intermediaries. The indicator shows the uranium market conditions 2-3 years in the future as nuclear utilities pursue multi-year supply agreements well before actual needs. The

widely used term price index is the Ux Long-Term U_3O_8 Price, which includes conditions for escalation, a delivery timeframe greater than or equal to 36 months and quantity flexibility (up to ±10%) considerations.

Since 2017, the Ux Long-Term U_3O_8 Price, as reported by UxC, has stayed in a range of US$30-US$32 per pound, with the recent uptick in uranium prices spurred by multiple rounds of supply-side cuts from major producers. The Ux Long-Term U_3O_8 Price stayed flat at US$33 per pound during the quarter ending September 2020[8].

Demand status and outlook

The 2019 Nuclear Fuel Report by the World Nuclear Association provides three scenarios for world nuclear generating capacity and reactor uranium requirements up to 2040, referred to as the Reference, Upper and Lower Scenarios.

World reactor requirements for uranium in 2019 are estimated at about 175Mlbs U_3O_8. In the Reference Scenario, these are expected to rise to approximately 190Mlbs U_3O_8 in 2024, 215Mlbs U_3O_8 in 2028 and 248Mlbs U_3O_8 in 2035. In the Upper Scenario, uranium requirements are expected to be about 213Mlbs U_3O_8 in 2024 and 247Mlbs U_3O_8 in 2028.

Global primary uranium production has dropped considerably from 162Mlbs U_3O_8 in 2016 to 139Mlbs U_3O_8 in 2018. In the Reference case, global uranium primary production is expected to be 145Mlbs U_3O_8 in 2024 and 134Mlbs U_3O_8 in 2028 before declining to 85Mlbs U_3O_8 in 2035. In the Upper case, the figures are 148Mlbs U_3O_8 for 2024 and 127Mlbs U_3O_8 for 2028. The partial return of idled mines to production is expected to commence in 2022 and in 2023 in the Upper and the Reference Scenarios, respectively, and in 2026 in the Lower case.

Secondary supplies of uranium are projected to have a gradually diminishing role in the world market, decreasing from the current level of supplying 14-15% of uranium reactor requirements to 4-9% in 2040 (depending on the scenario).

Combining the estimated primary production and secondary sources shows that the uranium market is significantly undersupplied this decade and onwards. In the Reference Scenario, the deficit is expected to rise to approximately 26Mlbs U_3O_8 in 2024 and 63Mlbs U_3O_8 in 2028. In the Upper case, the figures are approximately 38Mlbs U_3O_8 for 2024 and 106Mlbs U_3O_8 for 2028. Effectively, the estimated deficit represents roughly 14% in 2024 and 30% in 2028 under the Reference Scenario. In the Upper case the figures are 18% in 2024 and 43% in 2028.

Funding

A key objective in preparing the Study was to enable it to support a satisfactory level of confidence regarding key cost parameters and associated funding requirements. The Company has worked with consultants and contractors who have experience and demonstrated expertise in the development of uranium projects. As the Project previously operated successfully for 5 years producing approximately11Mlbs U_3O_8, the Company considers that there is a reasonable basis to assume that future funding will be available as and when required.

[8] Prices used in this section are annual average prices of month-end Ux Long-Term U_3O_8 Prices.

Funding in the order of A$75M is required to restart the Project. The Company's Board and Management have a successful track record of developing and financing mineral resource projects globally, including demonstrated success in Tanzania, Malawi and South Africa.

While the Study shows that there is potential for the operation of a profitable mine, which is expected to attract the required funding, the Company recognises that resource growth that allows for an extension of the LOM will enhance the procurement of project finance.

The Company has a proven ability to attract new capital, as evidenced from a series of share placements (**Placements**) completed over the past two years.

There was strong support for the Placements and with completion of the Study, the Company considers that it is well placed to secure the funding required for further exploration and development. The Study's positive technical and cost fundamentals also provide a sound basis for the Company to commence discussions with off-takers and traditional debt and equity financiers. The Company intends to engage a suitable investment adviser at the right time to support procurement of project finance.

For the reasons outlined above, the Company believes that there is a reasonable basis to assume that future funding will be available as and when required. However, investors should note that there is no certainty that the Company will be able to raise the amount of funding required to develop the Project when needed. It is also possible that such funding may only be available on terms that may be dilutive or otherwise affect the value of the Company's shares, or that the Company may pursue other value realisation strategies such as a sale, partial sale or joint venture of the Project (which may reduce the Company's proportionate ownership of the Project).

APPENDIX 2 – MATERIAL ASSUMPTIONS

Area	Comment
Study Status	The Scoping Study has been prepared with accuracy of +/- 35%. There is no certainty that the conclusions of the Study will be realised.
Ore Reserves and Mineral Resources underpinning the study	The Mineral Resource estimate that underpins the Study was released by Lotus on 26th March 2020 ("Lotus Increases Kayelekera Uranium Resource by 31%"). It was prepared by a competent person in accordance with the JORC Code 2012. There is no Ore Reserve at this date. The Scoping Study is based on a combination of Measured, Indicated and Inferred Resources. Approximately 97% of the Life-of-Mine (LOM) production is in the Measured and Indicated Mineral Resource category and 3% is in the Inferred Mineral Resource category. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated or Measured Mineral Resources or that the production targets reported in this announcement will be realised.
Mining factors or assumptions	Mining is proposed to be completed by conventional open pit mining practices. The parameters associated with the Whittle pit optimisations and open-cut mine operation are as follows • Contractor mining • Dilution has been accounted for through the geological model used (multiple indicator kriging) • Pit slopes – 21deg • Reference mining cost – US$2.55/t • With an additional US$0.05/10m below surface
Metallurgical factors or assumptions	Recovery numbers were based on results from the historical operation. The Plant operated for 5-years, producing almost 11Mlbs U_3O_8 equivalent. No changes to the process have been assumed for the Scoping Study. Metallurgical recoveries used in the Study were 86.7%.
Environmental	The Company has an Environment Certificate and Mining Licence (ML052) in place for the operation. Environmental Management Plans, including Radiation Management Plans are in place for the current care and maintenance phase and have previously been approved for the operation phase. The Company will review these plans prior to the restart and update as necessary.
Infrastructure	The Project is the restart of an existing asset that operated for 5 years from 2009 to 2014 and as such has the infrastructure required for the recommencement of production available

Area	Comment
	onsite. The Company has reviewed the requirements for the operation and has determined that the facilities are in reasonable condition with a relatively small capital expenditure required to return them to operating status.
Capital costs	The capital estimate is considered to have an accuracy of -35/+35%. A 25% contingency has been applied to account for any potential shortcomings in the data, including the fact the data was first generated in 2015. The capital cost estimates have been based on the work carried out by Paladin Energy as reported in its 2016 Restart Study document and subsequent discounted cashflow model v1.26.
Operating costs	Operating costs include all costs associated with mining, processing and general site administration. These costs were determined from historical operating data, built up from first principles and where applicable referenced against similar operations as a check. Mining costs were estimated at US2.87/t material, plant US$37.84/t ore and G&A costs at US$12.4M per annum. The AISC cost of US$39-40/lb U_3O_8 is based on the Company's cost models.
Revenue factors	No revenue assumptions have been made for this Study due to the uncertainty associated with predicting long-term uranium prices in the current market.
Schedule and Project timing	The next stage of project development commences with a number of Technical Studies that will be used to feed into a Restart Feasibility Study (RFS). While the Technical Studies are being completed, further exploration work and drilling will be undertaken, the results of which will be included in future studies.
Marketing	Production from the Project is expected to be contracted through term arrangements with utility and nuclear fuel buyers worldwide. The Company has initiated contact with previous off-takers of the Kayelekera product as well as potential new off-takers and intends to continue on that path to build a supply order book required to support a decision to mine.
Economic parameters	The Study has been completed with a -35%/+35% accuracy for all cost information. No financial analysis has been reported as part of this study. A cost model has been run as a LOM model and includes all cost information including sustaining capital costs, tailings capital costs and closure costs.
Exchange rates	Estimates in this announcement are presented in US$. All costing has been done using US$

Area	Comment
Community and Social Responsibility	Consultation with the local communities, the general public, non-governmental organisations and private interests are ongoing and will continue. No significant environmental or stakeholder issues have been identified at this stage with strong support for the Project received from key stakeholders.
Permitting	Permitting of the Project benefits from Kayelekera being a previous operating asset with key permits in place.
Other	Other risks to the Project relate to uranium price, social licence, and other similar risks customary for resource projects.
Audit and Reviews	Internally reviewed by Company personnel.

APPENDIX 3 – 2020 MINING STUDY

Introduction

A high level mine planning study was undertaken by Orelogy Mine Consulting (Orelogy) which included the following activities:

- Pit optimisation using the updated resource estimate
- Strategic schedule development
- Mining cost estimation

The block model for Kayelekera is an indicator-kriged model and includes the proportion and associated grades for each proportion at varying grade intervals. A summary of the block model at a cut-off grade of 300ppm U_3O_8 is provided in Table 7, with an updated tabulation highlighted in Table 8 after depleting the model to the latest as-mined topography. The data in Table 8 closely aligns with the Mineral Resource Estimate. This is the model used for all the mine planning work undertaken.

Table 7: Kayelekera Block Model – no topographical constraints

Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Measured	3.8	1,305	5.0	11.1
Indicated	24.5	727	17.8	39.3
Inferred	3.8	586	2.2	4.9
Total	**32.1**	**779**	**25.1**	**55.3**

Table 8: Kayelekera Block Model – with topographical constraints

Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Measured	0.7	1,003	0.6	1.5
Indicated	18.6	655	12.2	26.9
Inferred	3.7	587	2.2	4.8
Total	**23.0**	**654**	**15.0**	**33.2**

Dilution was not considered in the pit optimisation due to type of block model used. Ore loss has also been set to zero but was considered as part of the optimisation sensitivity analysis.

Pit Optimisation

Orelogy completed the pit optimisation process using Whittle 4X. All resource categories were used in the process with a number of sensitivity analyses completed on key parameters. The optimisation input parameters used are summarised in Table 9.

Mining costs are based on internal Orelogy databases and assume:

- US dollar basis for all parameters.
- Mine contractor used.
- Similar sized mining operation in Malawi.
- Small (70 t) excavators with articulated 40 t capacity trucks supported by a standard fleet.

The load and haul costs are estimated at $1.58/t mined at the surface with an additional $0.05/10m below surface. Drill and blast costs are an additional $0.96/t mined and a rehabilitation component of $0.01/t mined is also included. These costs are inclusive of diesel. A mobilisation cost of US$4.4M has also been assumed in the analysis.

The Base Case scenario used a uranium price of $75/lb with variations testing $65/lb and $55/lb. Costs for both mining and processing were also varied ±20% and the processing recovery was also reduced to 84% and up to 92%. The Overall Slope Angle (OSA) is already quite flat at 21° (after allowing for ramps) and increasing ± 5° was also evaluated. An additional scenario of using only the Measured and Indicated categories were evaluated together with including 5% ore loss.

Table 9: Pit Optimisation Parameters

Pit Optimisation Sign-off Sheet		calculation / user input	Project:	0724 Lotus Minerals Kayelekera Mine Planning Review
Step				
1	**Base Case Mining and Processing Parameters**	**Unit**	**Value**	**Description**
	Commodity		U_3O_8	
	Currency Unit		USD	
	Cut Off Grade	ppm/t	401	calculated field
	Ore Loss	%	0%	included in MIK model (but will sensitise in 4X)
	Dilution	%	0%	included in MIK model
	Processing Recovery	%	86.7%	Assume this as a starting point, KB input
	Mining Capacity	Mtpa	7,000,000	Assume this as a starting point, KB input
	Processing Capacity	Mtpa	1,400,000	Assume this as a starting point, KB input
	Resource Model	name	KAY_BM_Final2015	Based on KM Geology Report Oct 2019 Rev 4.doc
	Additional resources available			
	- RoM stockpile material	Mt	1.60	grade 760ppm U_3O_8
	- Low grade stockpile	Mt	2.40	grade 290ppm U_3O_8
	- mineralised waste	Mt	4.30	in pit low grade component grade 370ppm U_3O_8
2	**Base Case Geotechnical Parameters**	**Unit**	**Value**	**Description**
	Inter-ramp slope angle	deg	26	24 to 28° measured off actual wall layout/topo (1 in 9 quoted in reports)
	Geotech catch berm height	m		
	Geotech catch berm width	m	5	
	Ramp width	m	12.5	
	Number of ramps in wall	#	1	
	Overall Slope Angle	deg	21	measured off actual topo (25° quoted in reports)
3	**Mining Economic Parameters**	**Unit**	**Value**	**Description**
	Mining Cost - Load and Haul Waste	$/t	1.58	estimate based on similar project in Malawi, L&H costs increased by $0.05/10m vertical
	Drill and Blast Costs - Variable	$/t	$0.96	
	Rehabilitation	$/t waste	$0.01	estimate based on similar project in Malawi
	Mobilisation	$	$4,400,000	estimate based on similar project in Malawi
	DeMobilisation Costs	$	$0.00	included in mob costs
	Mining Cost - Contractor Margin	$/annum	$0	included in rates
	Mining Administration and Fixed Costs	$/annum	$2,000,000	estimate based on similar project in Malawi
	Fixed Mining added to processing	**$/t ore**	**$1.43**	
4	**Ore Costs (to be included in Pcost)**	**Unit**	**Value**	**Description**
	Ore Mining Premium average	$/t ore	$0.00	Waste dump is futher away, so will leave at zero
	Grade Control Cost	$/t ore	$0.49	estimate based on similar project in Malawi
	ROM Rehandle cost	$/t ore	$0.34	estimate based on similar project in Malawi
	Stockpile reclaim (percentage)	%	100%	assume all ore is rehandled on ROM
	Overhaul	$/t/km	$0.00	N/A
	Overhaul distance	km	$0.00	N/A
	Overhaul cost per tonne	$/t ore	$0.00	N/A
	Total OMP Cost	**$/t ore**	**$0.83**	
4	**Processing Economic Parameters**	**Unit**	**Value**	**Description**
	Process Fixed costs	$/year	-	all in variable cost
	Site G&A	$/t ore	7.92	Commercial, Admin, SHER & Social Responsibility
	Corporate G&A	$/year	-	excluded
	Processing variable Cost	$/t ore	$35.59	Process & Engineering
	Tonnage Royalty	$/t ore	-	no tonnage royalty
	Sustaining Capital (Plant & infrastructure)	$/year	$4,000,000	$4.0M per annum from historical data
	Sustaining Capital (TSF raises etc)	$/t ore	$4.10	$36.1M from 2016 Study LOM TSF costs (8.8Mt ore treated)
	Total Processing Cost	**$/t ore**	**$49.87**	
5	**Revenue Parameters**	**Unit**	**Value**	**Description**
	Selling Price	$/lb	$65.00	range $53,$65 & $73/lb
		$/ppm	$0.143	
	Payability	%	100%	KB input
	Treatment Charges / Refining Cost	$/lb	$0.36	KB input
		$/ppm	$0.0008	
	Transport Charges / Port fees	$/lb	$2.16	KB input
	State Royalty	%	3.0%	KB input
	Power Resources Inc Royalty	%	0.5%	
	Net price	$/lb	$60.04	KB input
		$/ppm	$0.132	
	Discount Rate	%	10%	KB input
	grams per pound		453.59	

Source : 0724_Lotus_KaSign-off_Project_05_20200828.xls

Results

The results of the optimisation analysis are shown in Table 10 and summarised below:

- The Base Case demonstrates the resource can deliver 12.2 Mt at 826 ppm for a Strip Ratio (SR) of 3.9:1 and a mine life of over 10 years.
- The resource is sensitive to changes in the uranium price. A $65/lb price shows a decrease of 20 to 30% in ore and total tonnes.
- Increasing the mining costs reduces the pit size by approximately 25% and reduces mine life to 8 years, whereas decreasing the mining costs increases the pit size by 14% and mine life to 12 years. A similar result results when increasing/decreasing processing costs.
- The overall pit size is not sensitive to reductions in process recovery. Increasing the process recovery increases the pit size by 10% with mine life increasing to 12 years.
- The overall size of the pit, mine life, etc. are not affected if the inferred ore is not included.
- Including an ore loss factor results in a 6% reduction in average discounted value but little effect on mine life.

Figure 4 highlights the best-case shell for Scenario 2 – $65/lb price which was selected for scheduling and is based on a revenue factor of 0.98 for a total ore inventory of 9.6Mt at 897 ppm U_3O_8 and a total pit size of 42.8 Mt. The strip ratio and mine life are 3.5:1 and 8 years, respectively.

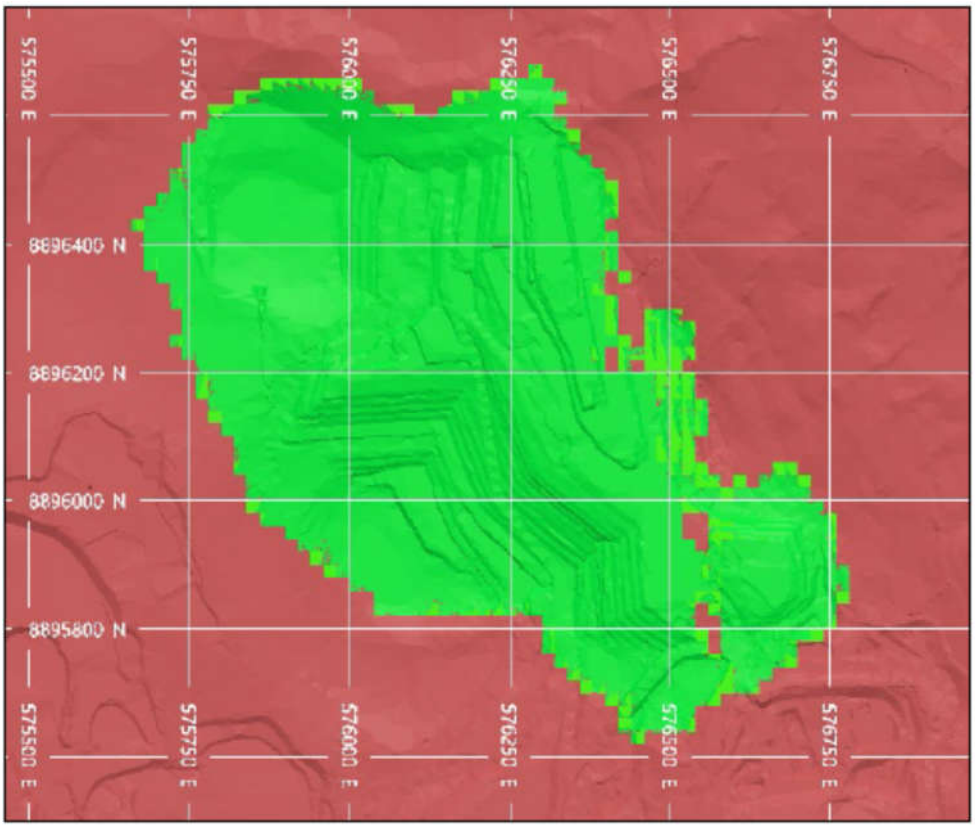

Figure 4: Scenario 2 (US$65/lb), Shell 35 with Topography

Table 10: Pit Optimisation Results

Scenario	Description	Selection Basis	Optimal Shell #	% Variation from Base Case						
				Ore Tonnes	Total Tonnes	Waste Tonnes	Best Discounted Cashflow	Worst Discounted Cashflow	Average Discounted Cashflow	Strip Ratio
			A							
Scenario 1	**Base Case 1.4Mtpa $75/lb**	**Best Case**	**35**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Scenario2	Base Case 1.4Mtpa, $65/lb	**Best Case**	35	-21.6%	-29.2%	-31.1%	-28.8%	-9.8%	-22.2%	-12.2%
Scenario3	Base Case 1.4Mtpa, $55/lb	**Best Case**	21	-77.9%	-89.4%	-92.4%	-65.3%	-35.5%	-55.0%	-65.5%
Scenario4	Base Case 1.4Mtpa, Mine costs +20%	**Best Case**	36	-8.2%	-25.1%	-29.4%	-4.6%	18.8%	3.5%	-23.1%
Scenario5	Base Case 1.4Mtpa, Mine costs -20%	**Best Case**	36	4.7%	13.7%	15.9%	3.8%	-3.0%	1.4%	10.7%
Scenario6	Base Case 1.4Mtpa, Process costs +20%	**Best Case**	36	-20.7%	-27.3%	-29.0%	-17.6%	4.4%	-10.0%	-10.4%
Scenario7	Base Case 1.4Mtpa, Process costs -20%	**Best Case**	35	42.0%	14.2%	7.2%	16.4%	6.8%	13.1%	-24.4%
Scenario8	Base Case 1.4Mtpa, 84% process recovery	**Best Case**	35	-0.9%	-1.8%	-2.0%	-7.6%	-7.1%	-7.4%	-1.0%
Scenario9	Base Case 1.4Mtpa, 92% process recovery	**Best Case**	36	8.0%	10.9%	11.6%	12.1%	4.9%	9.6%	3.3%
Scenario10	Base Case 1.4Mtpa, 16deg OSA	**Best Case**	36	-6.5%	-10.0%	-11.0%	-6.7%	6.0%	-2.3%	-4.8%
Scenario11	Base Case 1.4Mtpa, 26 deg OSA	**Best Case**	36	0.9%	-4.7%	-6.2%	2.1%	8.7%	4.4%	-7.1%
Scenario12	Base Case 1.4Mtpa, MI only	**Best Case**	36	-3.8%	-2.0%	-1.5%	-2.0%	-1.1%	-1.7%	2.5%
Scenario13	Base Case 1.4Mtpa, 95% Mining Recovery	**Best Case**	35	-5.3%	-0.6%	0.6%	-6.5%	-5.6%	-6.2%	6.1%

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Strategic Mine Schedules

The EVO-Strategy module used elevated cut-off grade policies and strategic stage release to deliver the highest value schedules. The software also determined the most appropriate sequence and cut-off grade strategy to mine and determine the most practical approach whilst maximising value. An annual schedule was developed first to gain the necessary insights. Additional schedules were then developed to examine the first two years by quarter followed by annual periods. The first year of production has the production ramping up over a 6-month period so that full ore production is maintained for the second half and beyond. Hence, only 1 Mtpa is processed in the first year followed by 1.4 Mtpa thereafter.

Table 11 outlines the ore inventory summarised by resource and by stage. The open pit was split into 2 stages to allow the optimiser to find enough ore early in the schedule and minimise waste stripping. There are two existing stockpiles at the site which were not fed prior to the 2014 shutdown. There is also a second component which is the medium-grade ore which is stockpiled during the scheduling process and processed at the end of the mine life.

Table 11: Scheduling Inventory

Category		Tonnes (Mt)	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Ore inside Shell 35	+450ppm	9.6	898	8.6	18.9
	+300 to 450ppm	4.3	370	1.6	3.5
Total Ore Inventory		**13.9**	**734**	**10.2**	**22.4**
Existing High-Grade Stockpiles		1.6	760	1.2	2.7
Existing Medium-Grade Stockpiles		2.9	370	1.1	2.4
Total		4.5	509	2.3	5.0
Total Scheduled		**18.4**	**679**	**12.5**	**27.8**

Results

Two schedules were evaluated, the first with high-grade ore only (Scenario 5), the second including the medium-grade material (Scenario 3). The high-level assessment of these two scenarios are presented below:

- All schedules show the mining life being completed within 6 years.
- As ore is exposed, there is minimal pre-stripping required to access first ore. Metal production is capped at 3Mlbs per year and a key objective was to aim for plus 2.5Mlbs per year for the first 5 years of production.
- Cut-off grade optimisation can add up to 5-6% increase in discounted cashflow even when constraining the metal to 3Mlbs per year.
- By focusing on fixing metal production between 2.5Mlbs and 3.0Mlbs per year, mining activities can be completed within 6 years with the remaining production years seeing minimal mining costs, thus helping to improve discounted cashflows.

A summary of the mining results for the two scenarios is shown below in Table 12.

Table 12: Mining Scenarios

Item	Unit	High-grade Scenario	With Medium-grade Stockpile
Mined tonnes			
- Measured	Mt	0.6	0.6
- Indicated	Mt	12.7	12.7
- Inferred	Mt	0.5	0.5
- Total	Mt	13.9	13.9
Mined grade			
- Measured	ppm U_3O_8	1,058	1,131
- Indicated	ppm U_3O_8	724	724
- Inferred	ppm U_3O_8	600	600
- Total	ppm U_3O_8	734	734
Strip Ratio	w:o	3.5	1.8
LOM plant feed tonnes	Mt	9.6	18.4
Plant feed average grade	ppm U_3O_8	898	679
Plant feed metal	Mlbs U_3O_8	18.9	27.4

Cautionary Statement

The Scoping Study referred to in this announcement is a preliminary technical and costing study for the potential viability of restarting the Kayelekera Uranium Project. The Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or certainty that the conclusions of the Scoping Study will be realised.

Approximately 97% of the Life-of-Mine production is in the Measured and Indicated Mineral Resource category and 3% is in the Inferred Mineral Resource category. The Company has concluded it has reasonable grounds for disclosing a Production Target and cost information, given that the Scoping Study has such a high proportion of Measured and Indicated material.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of further Measured or Indicated Mineral Resources or that the Production Target or preliminary economics will be realised.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the potential mine development outcomes indicated in the Scoping Study, funding in the order of ~A$75 million will likely be required as restart capital. Investors should note that there is no certainty that the Company will be able to raise funding when needed; however, the Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes that it has a reasonable basis to expect it will be able to fund the development of the Project.

It is also possible that such funding may only be available on terms that may be dilutive to, or otherwise affect the value of, the Company's existing shares. It is also possible that the Company could pursue other strategies to provide alternative funding options including project finance.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Reference to previous ASX announcements

The information in this announcement that relates to the Mineral Resource at Kayelekera was announced on 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 of continue to apply and have not materially changed.

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Forward-Looking Statements

This Announcement includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Lotus Resource Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding Lotus Resource Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Lotus Resource Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for uranium; fluctuations in exchange rates between the U.S. Dollar and the Australian Dollar; uncertainty in the estimation of mineral resources and mineral reserves; the failure of Lotus Resource Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; the inherent risks and dangers of mining exploration and operations in general; environmental risks; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in government regulations, policies or legislation; foreign investment risks in Malawi; 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; industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; reliance on key personnel and the retention of key employees; the impact of the Covid-19 pandemic on the Company's business and operations; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Lotus Resource Limited. The ability of the Company to achieve any targets will be largely determined by the Company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Lotus Resource Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.