
ASX Announcement

24 February 2021

INSITUTIONAL INVESTORS DRIVE STRONG DEMAND FOR \$12.5M SHARE PLACEMENT

Lotus Resources Limited (ASX: LOT) (**Lotus** or the **Company**) is pleased to announce that it has received binding commitments to raise \$12.5 million (before costs) through the placement of 100 million shares at \$0.125 per share (**New Shares**) to sophisticated and professional investors.

The Placement had significant demand both locally and abroad and has seen a number of new institutional investors become shareholders in the Company, including a new major Australian investor which cornerstoned the Placement.

Managing Director, Keith Bowes Commented:

"I would like to thank both new and existing shareholders for their tremendous support through this capital raising process. The strong demand is testament to the potential of our Kayelekera Uranium Project, one of only two uranium assets on the ASX to have proven, commercial uranium production.

"Funds raised from this Placement, in addition to existing cash reserves and proceeds yet to be received from the exercise of in-the-money options, could see the Company fully funded through to early 2023. The Company can now accelerate work on its Re-start Feasibility Study, as well as ramp-up exploration on a number of near mine, high priority uranium targets, in order to support an extension of mine life beyond the current 14 years of estimated production.

"We also plan to undertake a low-cost assessment of the high-grade rare earth oxide Milenje Hills prospect later this year. Following this work the Company will assess the optimal path forward to crystallise value in this asset for shareholders."

Use of funds

Lotus will use proceeds from the Placement to:

- Accelerate project development studies including pilot test work and complete a Re-start Feasibility Study at the Kayelekera Uranium Project (**Kayelekera** or the **Project**);
- Expand uranium exploration efforts around near-mine targets and further evaluate the potential of the rare earth and rutile exploration opportunity;
- Fund care and maintenance costs at Kayelekera; and
- General working capital requirements.



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Lotus will issue the New Shares under the Company's issuance capacity in accordance with ASX Listing Rules 7.1 and 7.1A, as follows:

- 50,000,000 New Shares will be issued under the Company's issuance capacity pursuant to ASX Listing Rule 7.1; and
- 50,000,000 New Shares will be issued under the Company's issuance capacity pursuant to ASX Listing Rule 7.1A.

Accordingly, no shareholder approval is required in connection with the Placement. The New Shares will rank equally with the Company's existing fully paid ordinary shares.

The Placement price of \$0.125 per share represents a discount of 17.6% to the 5-day volume weighted average price of \$0.152 and a 16.7% discount to the last traded price on 19 February 2021 of \$0.15.

Canaccord Genuity (Australia) Limited and BW Equities Pty Ltd acted as joint lead managers (**JLMs**) to the Placement.

The dilutive effect of the Placement on existing shareholders is as follows:

	Shares	%
Number of shares on issue prior to the Placement	820,490,386	89.14
Dilution as a result of issue under ASX LR 7.1A	50,000,000	5.43
Dilution as a result of issue under ASX LR 7.1	50,000,000	5.43
Number of shares on issue following the Placement	920,490,386	100.00

Lapse of Unquoted Options

Pursuant to the director changes announced on 10 February 2021 and 22 February 2021 (**Board Changes**), 21,000,000 unquoted options have lapsed unexercised.

Issue of Securities to Directors

Following the Board Changes, subject to the approval of Lotus shareholders, the Company proposes to issue Mr Keith Bowes 6,500,000 unquoted options, issue Mr Bowen 3,000,000 unquoted options and issue each of Mr Hanlon and existing director, Mr Grant Davey, 2,000,000 unquoted options.

The Company proposes to hold a general meeting to among other things, approve the issue of unquoted options to directors and to approve the issue of 500,000 shares to Mr Mark Hanlon on the same terms as the Placement.



Director sell down to assist in funding options conversion

Non-Executive Director Mr Grant Davey has agreed to sell 24 million shares on the same terms as the Placement by way of a special crossing. Part of the proceeds from this transaction will be used to fund the exercise of all options held Mr Davey (approximately 10.05 million). The exercise of these options by Mr Davey generates an additional \$0.4 million of cash proceeds for the Company.

This announcement has been authorised for issue by the Company's board of directors. All dollar amounts are in Australian dollars unless otherwise indicated.

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ABOUT LOTUS

Lotus owns a 65% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 37.5M lbs U₃O₈ (see Table 1), 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.

Table 1. 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 Stockpile ³	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 ⁴	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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