

~5,000 METRE DRILLING PROGRAM TO COMMENCE AT KAYELEKERA URANIUM PROJECT

Lotus Resources Limited (ASX:LOT, OTCQB:LTSRF) (**Lotus** or the **Company**) is pleased to announce that a ~5,000 metre reverse circulation (**RC**) drilling program at the Kayelekera Uranium Project (**Kayelekera** or the **Project**) is expected to commence in the coming days. This is the first uranium exploration drilling program at the Project in more than 15 years, as the Company plans to test a number of radiometric anomalies.

HIGHLIGHTS

- **A ~5,000 metre RC drilling program will commence later this week at the Kayelekera Project**
 - This is the first exploration drill program undertaken at the Project in more than 15 years
- **Drilling will test airborne radiometric anomalies located within 3km of the existing processing facility**
 - The exploration program aims to test these near mine targets with the ultimate objective of increasing the current 14-year mine life
- **A regional uranium exploration assessment is also underway, which includes a more detailed review of the historical data available on the four most prospective exploration licences together with mapping, radiometric prospecting and sampling**
 - The initial success of the ore sorting program has provided confidence that the grades of any potential resources could be reduced from the original higher grades knowing that ore sorting provides a simple and cost-effective method of increasing grades of the plant feed
- **The Company continues to advance numerous technical studies, including ore sorting testwork and power assessments, with further information on this work expected in the coming weeks.**



Figure 1: RC Drill Rig arrives at the Kayelekera Project



Keith Bowes, Managing Director of Lotus, commented:

"As demonstrated in the Scoping Study, the Kayelekera Project already has a 14-year mine life.¹ While exploration success is seen as beneficial in increasing mine life, it is not required for a recommencement of operations.

Following the uranium exploration drill program, the Company will move the drill rig to our Rare Earth targets at Milenje, for the initial follow up to the positive results that were returned from the reconnaissance trench sampling program completed last year. An update on the rare earths projects is expected to be released later this year".

5,000m RC exploration program commences at the Kayelekera Project

As previously announced, the Company has identified five radiometric anomalies located south of the existing pit, which cover areas of outcrop and have similar signatures to the Kayelekera anomaly. These targets are between two and four kilometres from the plant and have received no historical drilling.

A 5,000m RC drilling program will test three of the individual anomalies, as well as the step-out target adjacent to the current resource. A smaller infill drill program on the western edge of the resource outside the current mine plan has also been included in the program (Figure 2).

The program will initially use a gamma probe to define the mineralised zones with an equivalent uranium grade (eU_3O_8) calculated from the calibrated tool. To mitigate any issues with disequilibrium that impacts the accuracy of the gamma data, all mineralised samples will also be sent to an external laboratory for chemical assay.

Once this initial uranium exploration program has been completed, a focused drill program will be undertaken at the Milenje rare earths discovery to gauge the depth profile of the mineralisation. Prior to commencement of this drilling, additional field work including ground magnetic surveys and modified trenching will be undertaken to help define drill collar locations and drill orientation.

To support the evaluation of the Milenje rare earth potential, samples collected from the drilling and trenching program will be used in a bench-scale metallurgical testwork program to define the potential for the ore to be beneficiated such that a physical concentrate could be produced that could be economically transported to a suitable processing facility for further downstream processing.

If the results from the uranium drill program are positive, then the opportunity to conduct a Phase 2 uranium drill program will be considered. The Phase 2 program would look at extending the known Mineral Resources in the step-out area and / or undertaking a mineral resource estimate for mineralisation at the satellite pits.

¹ ASX announcement 20 October 2020.



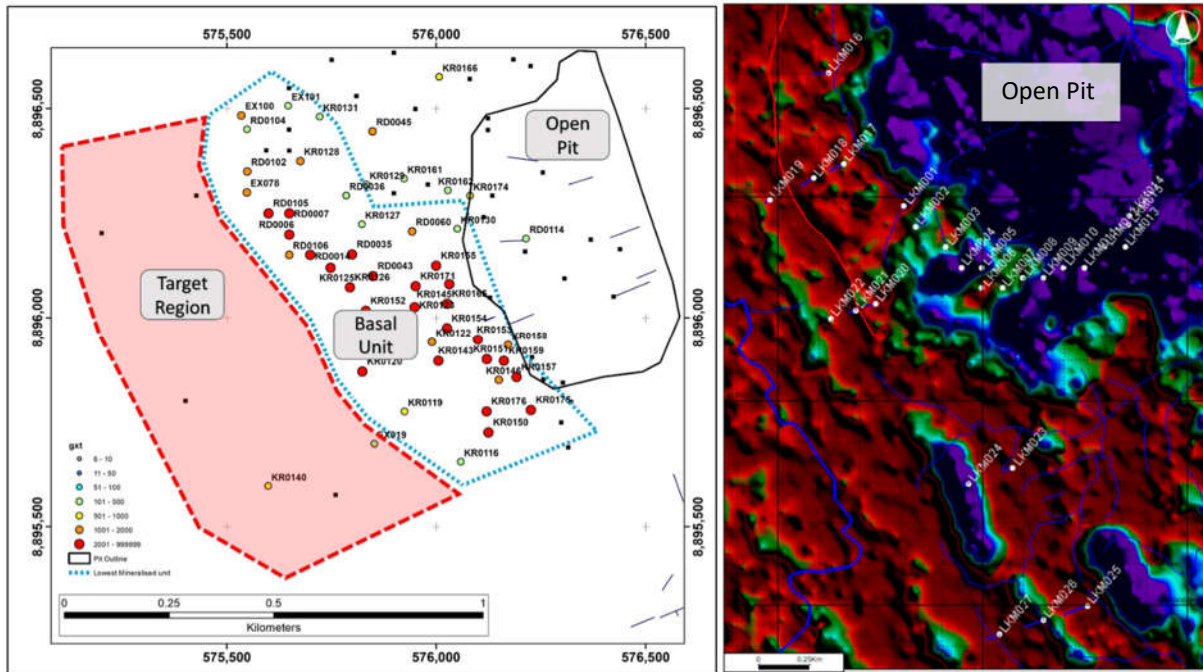


Figure 2: Kayelekera airborne radiometrics and key targets

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

For further information, contact:

Keith Bowes

Managing Director
T: +61 (08) 9200 3427

Adam Kiley

Business Development
T: +61 (08) 9200 3427



info@lotusresources.com.au
lotusresources.com.au



TEL +61 892782441
ABN: 38 119 992 175



Lvl 1, 1202 Hay St, West Perth WA 6005
PO BOX 1968, West Perth WA 6872

ABOUT LOTUS

On completion of the acquisition of Kayelekera's interest in Lily (see ASX announcement 25 March 2021), 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 Study² 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 2020³

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 Stockpile⁴	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 Stockpiles⁵	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

² 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.

³ 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.

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.

