

17 June 2025

## ASX Announcement

**Lotus commences commissioning ahead of Q3 Kayelekera production restart and optimises life-of-mine cost structure**

**Lotus Resources Limited** (ASX: LOT, OTCQX: LTSRF) (Lotus or the **Company**) is pleased to provide an update on its Kayelekera uranium project in Malawi (**Kayelekera** or **Project**), which remains on track for first production in Q3 2025.

**HIGHLIGHTS**

- **Kayelekera processing plant cold commissioning is now well advanced, with hot commissioning planned for early Q3 2025**
- **Lotus to adopt an owner-operator mining strategy in favour of appointing a mining contractor**
  - Owner-operator mining model offers enhanced control over mining production and ROM management, while the initial ramp-up of production will utilise existing mined ore stockpiles until mining delivers first ore in Q4 2025 (consistent with the original plan)
  - With an initial investment of ~US\$8m in mining equipment and tools, to be financed through equipment finance facilities currently being finalised, owner-operator mining is expected to reduce mining costs which are approximately a third of C1 cash costs
  - Owner-operator strategy is expected to deliver synergies in relation to ongoing Tailings Storage Facility (TSF) construction, road maintenance and other cost efficiencies
- **Lotus has upsized its previously announced<sup>1</sup> working capital facility by US\$10m to US\$30m**
  - Lotus' 85% owned subsidiary Lotus (Africa) Limited (**Lotus Africa**) has signed a revised non-binding term sheet with Standard Bank to replace the previously announced US\$20M working capital with a US\$30M working capital facility, alongside the existing US\$10M equipment finance facility term sheet with Standard Bank
  - Lotus Africa is close to finalising binding documentation for previously announced equipment finance facility of US\$8.5 million with First Capital Bank

**Lotus Managing Director Greg Bittar commented:** "We are pleased to have commenced cold commissioning of the Kayelekera processing plant, already completing this for several key plant areas including pre-leach, leaching and resin-in-pulp circuit. The commencement of this critical restart stage positions Lotus well for Q3 2025 restart of production at Kayelekera."

*Following an exhaustive mining contractor tender process and simultaneously undertaking a detailed examination of an owner-operator mining model, we have adopted an owner-operator model. The opportunity to adopt this model presented strongly as we built out the site management and operational team with tremendous mining and maintenance experience, well suited for a relatively small open pit mining operation. With the very limited mining presence in Malawi and hence limited synergies available to mining contractors, the owner-operator mining model is the most cost effective and flexible option.*

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<sup>1</sup> See ASX announcement 28 January 2025

*We have placed orders for the mining equipment and mining is planned to commence in Q4 this year. Initial ramp-up of production will utilise existing mined ore stockpiles until mining delivers first ore, as was always the plan, with the equipment for the ROM stockpile management already on site and operational.*

*We are also pleased to be working with Standard Bank to finalise the facilities with them, including an upsized working capital facility on very competitive pricing and terms, and finalising the equipment financing facility with First Capital Bank. This underscores the quality of the Kayelekera Project and lenders' increasing confidence in the progress of the restart program, which remains on track for first production in Q3 2025."*

## **PROCESSING PLANT COLD COMMISSIONING UNDERWAY**

The commissioning of the Kayelekera processing plant has commenced with "cold" commissioning well advanced.

Cold commissioning entails testing each piece of equipment prior to the introduction of ore and reagents. It focuses on verifying the mechanical and functional integrity of the equipment and systems to ensure they are ready for operation. This phase often includes dry runs and testing with water or other non-process fluids to simulate operating conditions.

Cold commissioning has been completed for mineral sizer, mill feed conveyor, tailings disposal, pre-leach, resin-in-pulp and uranium leaching. Elution and uranium precipitation cold commissioning are underway. It is expected that hot commissioning, which entails testing with mineralised waste or ore in actual operating conditions, will start immediately after cold commissioning of the mill in the next month.

## **LOTUS ADOPTS OWNER-OPERATOR MINING STRATEGY**

With considerable team experience, balance sheet flexibility and a single open pit mining operation, Lotus has decided to adopt an owner-operator mining strategy in favour of appointing a mining contractor. The owner-operator mining model offers enhanced control over mining production and ROM management as well as potential strategic synergies, particularly in relation to ongoing tailings storage facility construction, road maintenance and other cost efficiencies.

The Kayelekera FEED program<sup>2</sup> confirmed mining costs as a major driver of LOM operating costs, with a tender based unit cost of US\$11.3/lb during steady state operations (roughly a third of Kayelekera's C1 cash cost of US\$34.5/lb<sup>2</sup>). Lotus believes that by being owner operated, its mining cost will be reduced, principally by foregoing mining contractor margins and duplicated administrative costs. Lotus notes that there were minimal synergies available to mining contractors with other operations given the very limited mining presence in Malawi and requirements to establish a presence in a new jurisdiction.

The total fleet and tool cost is approximately US\$8m, including supporting equipment, lighting, tooling and inventory. Significant inventory for the mining fleet is to be provided on a consignment basis.

With mining equipment orders placed, mining is planned to commence in calendar quarter 4, 2025. Initial ramp-up of production will utilise existing mined ore stockpiles until mining delivers first ore, as was always the plan, with the equipment for the ROM stockpile management currently on site and operational.

Lotus' mining workforce of approximately 200 people will be predominantly Malawian. A highly experienced core team has been mobilised to support the owner-operator model, blending experienced expatriate technical and supervisory specialists with local operational talent. Recruitment and training programs will promote further localisation over time.

ROM crusher feed, drilling and waste load and haul are scheduled to run 24/7. Ore mining, dewatering, road maintenance and blasting will be carried out on day shift only. Both day shift and night shift will be on 12-hour shift schedule. Lotus has established 4-4-4 rosters across the site (4 day shifts, 24-hour break, 4 night shifts and 4 days off). This is the same roster structure that will be utilised for processing and maintenance.

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<sup>2</sup> See ASX announcement 8 October 2024. The LOM plan referred to in that announcement contains approximately 4% from Inferred Resources contained in existing stockpiles. 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 Indicated Mineral Resources or that the production target itself will be realised. The Ore Reserve and Mineral Resources underpinning the production target have been prepared by a competent person in accordance with the requirements in Appendix 5A (JORC Code).

## **FINALISING FACILITIES AND WORKING CAPITAL FACILITY UPSIZED TO US\$30M**

Lotus Africa has signed a revised non-binding term sheet for a US\$30m working capital facility with Standard Bank plc. Lotus Africa had previously signed term sheets for a US\$20m working capital facility in addition to a US\$10 equipment finance facility<sup>3</sup> with Standard Bank.

Lotus Africa plans to utilise this facility to finance working capital requirements until expected positive cashflow from Kayelekera production. The working capital term sheet contains terms customary for working capital finance facilities, including a two-year term from signing, 20 month tenor for drawdowns, arrangement fee, commercial interest rate based on SOFR, monthly repayments from February 2026, no security and a parent company guarantee from Lotus. The working capital finance facility is expected to be available for drawdown post production restart.

Lotus Africa is close to finalising binding documentation for the previously announced<sup>3</sup> equipment finance facility of US\$8.5m with First Capital Bank Limited. This facility will be used to fund the mobile equipment and mining equipment, with the lender providing 70% of the cost of mobile equipment and 80% of light vehicles and buses. The lender will have security over the equipment financed; the facility will have a term of 5 years with repayments over 54 months in equal instalments (there is no repayment of principal or interest in the first 6 months). Interest will be either at a fixed rate (being less than 10% per annum) or a floating rate of SOFR plus a premium (currently less than 10% per annum), as elected by the Company on drawdown. An arrangement fee and letter of comfort from the Company are also required.

Concluding the working capital and equipment finance facilities is subject to credit approval and other customary terms and conditions, including binding documentation.

This ASX announcement was approved and authorised by the Board of Lotus Resources Limited.

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<sup>3</sup> See ASX announcement 28 January 2025

## ABOUT LOTUS

Lotus is a leading Africa-focused advanced uranium player with significant scale and Mineral Resources. Lotus is focused on creating value for its shareholders, its customers and the communities in which it operates, working with local communities to provide meaningful, lasting impact. Lotus is **focused on our future**. Lotus owns an 85% interest in the Kayelekera Uranium Project in Malawi, and 100% of the Letlhakane Uranium Project in Botswana.

The Kayelekera Project hosts a current Mineral Resource as set out in the table below and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study<sup>4</sup> which has determined an Ore Reserve of 23Mlbs U<sub>3</sub>O<sub>8</sub> and demonstrated that Kayelekera can support a viable operation. The Letlhakane Project hosts a current Mineral Resource also as set out in the table below.

## LOTUS MINERAL RESOURCE INVENTORY – DECEMBER 2024<sup>5,6,7,8,9</sup>

Project	Category	Mt	Grade	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>
			(U <sub>3</sub> O <sub>8</sub> ppm)	(M kg)	(M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile <sup>10</sup>	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	Total	40.1	510	20.4	44.8
Kayelekera	Inferred – LG Stockpiles <sup>11</sup>	2.4	290	0.7	1.5
<b>Kayelekera</b>	<b>Total – Kayelekera</b>	<b>42.5</b>	<b>500</b>	<b>21.1</b>	<b>46.3</b>
Letlhakane	Indicated	71.6	360	25.9	56.8
Letlhakane	Inferred	70.6	366	25.9	56.9
<b>Letlhakane</b>	<b>Total – Letlhakane</b>	<b>142.2</b>	<b>363</b>	<b>51.8</b>	<b>113.7</b>
Livingstonia	Inferred	6.9	320	2.2	4.8
<b>Livingstonia</b>	<b>Total – Livingstonia</b>	<b>6.9</b>	<b>320</b>	<b>2.2</b>	<b>4.8</b>
<b>Total</b>	<b>All Uranium Mineral Resources</b>	<b>191.6</b>	<b>392</b>	<b>75.1</b>	<b>164.8</b>

## LOTUS ORE RESERVE INVENTORY – JULY 2022<sup>12</sup>

Project	Category	Mt	Grade	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>
			(U <sub>3</sub> O <sub>8</sub> ppm)	(M kg)	(M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile – Proved	1.6	760	1.2	2.6
<b>Kayelekera</b>	<b>Total</b>	<b>15.9</b>	<b>660</b>	<b>10.4</b>	<b>23.0</b>

<sup>4</sup> See ASX announcement dated 11 August 2022 for information on the Definitive Feasibility Study and ASX announcement dated 8 October 2024 in relation to the Accelerated Restart Plan. The Company confirms that all material assumptions underpinning the information in that 8 October 2024 ASX announcement continue to apply and have not materially changed.

<sup>5</sup> See ASX announcement dated 15 February 2022 entitled "Kayelekera mineral resource increases by 23%" for information on the Kayelekera Mineral Resource Estimate. The competent person for that announcement was David Princep.

<sup>6</sup> The Kayelekera Mineral Resource Estimate is inclusive of the Kayelekera Ore Reserves.

<sup>7</sup> See ASX announcement dated 9 June 2022 entitled "Uranium Resource Increases to 51.1Mlbs" for information on the Livingstonia Mineral Resource Estimate. The competent person for that announcement was David Princep.

<sup>8</sup> See ASX Announcement dated 6 December 2024 for information on the Letlhakane Mineral Resource Estimate.

<sup>9</sup> Lotus confirms that it is not aware of any new information or data that materially affects the information included in the respective Mineral Resource announcements of 15 February 2022, 6 June 2022 and 6 December 2024 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimates in those announcements continue to apply and have not materially changed. Lotus confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from those market announcements.

<sup>10</sup> RoM stockpile has been mined and is located near mill facility.

<sup>11</sup> Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with initial studies to assess this optionality already completed.

<sup>12</sup> Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest. Except for information in the Accelerated Restart Plan announced on the ASX on 8 October 2024, Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed. Lotus confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the 11 August 2022 announcement.