

## Lotus Resources receives final Ministerial consent for Kayelekera Uranium Project Acquisition

### HIGHLIGHTS

- Contractual consent received from the Minister for Natural Resources, Energy and Mining and the Minister of Finance, Economic Planning and Development (Contractual Consent) for Lotus Resources to acquire the Kayelekera Uranium Project in Malawi.
- Lotus has been advised that the consent of the Reserve Bank of Malawi will be given promptly following the receipt of the Contractual consent.
- Consent is subject to Paladin Energy settling all remaining tax liabilities with the Malawian Revenue Authority. This is expected within days.
- ASX has granted an extension to Lotus for two weeks to 13 March 2020 to complete the Kayelekera acquisition by waiver of ASX Listing Rule 14.7 (ASX announcement 28<sup>th</sup> February 2020)
- The Company expects the remaining conditions will be satisfied and completed on or before the 13 March 2020.
- Lotus will immediately proceed with Tranche 2 of the associated capital raising so capital is available for the first payment on completion.
- Lotus will work with Paladin to achieve a responsible handover of Kayelekera site.
- Lotus looks forward to making a positive contribution to the mining industry in Malawi.



Figure 1 - More than \$200M was invested into infrastructure at Kayelekera uranium project, which was in production from 2009 to 2014



**Lotus Resources Limited (ASX: LOT, "Lotus" or "the Company") is pleased to announce that it has received Contractual Consent from the Minister for Natural Resources, Energy and Mining and the Minister of Finance, Economic Planning and Development (Contractual Consent) in Malawi. Contractual Consent is the last ministerial approval and represents a key milestone for the completion of the Company's Kayelekera Uranium Project acquisition.**

**As previously announced, the ASX have granted the Company a waiver of ASX listing rule 14.7 which provides an extension of two weeks, to 13 March 2020, for the Company to complete the Kayelekera acquisition (Extension). Further details of the Waiver are contained in the announced release on the ASX platform on the 28<sup>th</sup> February 2020.**

As announced on 20 December 2019, the Company has obtained **Statutory Consent** from Malawi's Minister for Natural Resources, Energy and Mining's for the Acquisition.

Completion of the acquisition now remains subject to:

- (a) the consent of the Malawi Reserve Bank for the transfer of certain loans and receivables;
- (b) Paladin clearing any remaining tax liabilities with the Malawian Revenue Authority; and
- (c) various other conditions precedent which are within the control of the parties and will be satisfied on the day of Completion.

The Company has been advised that the consent of the Malawi Reserve Bank will be given promptly following the giving of the Contractual Consent.

Accordingly, the Company expects that:

- (a) the remaining conditions will be satisfied; and
- (b) Completion and issue of the Second Placement securities will occur on or before **13 March 2020**.

The Company confirms that the Vendor (Paladin Energy Limited) and BW Equities (who has underwritten \$4 million worth of the Second Placement) have consented to the Extension.

Statutory Consent and Contractual Consent follows Lotus' announcement in June 2019, that it would acquire an indirect 65% interest in the Kayelekera project, by way of Lily Resources Pty Ltd (formerly Lotus Resources Pty Ltd) (**Lily**) acquiring 85% of the shares in Paladin's subsidiary Paladin (Africa) Limited (**PAL**).

Lotus holds 76.5% of the shares in Lily and Kayelekera Resources Pty Ltd holds 23.5% of the shares in Lily, giving Kayelekera Resources Pty Ltd an indirect 20% interest in the Kayelekera project, with the remaining 15% of PAL shares retained by the Malawi Government.



Lotus will now complete Tranche 2 of the capital raising associated with the Kayelekera transaction. Under Tranche 2, Lotus will issue 225m shares at 2c per share to raise \$4.5m along with 1 free attaching option for every 2 shares with an exercise price of 4c. The transaction is fully underwritten by BW Equities.

This announcement has been authorised for release by the Company's Board of Directors.

For further information, contact:

**Simon Andrew**  
**Managing Director**  
**Tel: +61 (08) 9278 2441**

**Grant Davey**  
**Matador Capital**

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

**Figure 2: Kayelekera Process Plant and Surrounds – October 2019**



#### **DETAILS OF THE KAYELEKERA TRANSACTION**

- Lotus has entered into an agreement with Paladin to acquire a 65% interest in the Kayelekera Uranium Project in Malawi.
- The remaining 35% is held by Lotus's joint venture partner Kayelekera Resources Pty Ltd (20%) and the Government of Malawi (15%). Lotus will have an option to acquire a further 20% interest in the Kayelekera mine from Kayelekera Resources in the future.
- Kayelekera hosts a high-grade resource with an existing open pit mine and demonstrated excellent metallurgical recoveries (87.5%) having historically produced over 10.9Mlb of uranium between 2009 and 2014.
- Significant infrastructure is already in place including a 3Mlb per annum resin in pulp extraction plant
- The operation is currently on care and maintenance with all assets maintained in good standing. Assets include:
  - Over US\$200M of CAPEX spent on plant and infrastructure.
  - Process facility throughput - 1.5mtpa (3.3Mlb pa)
  - 31Mlb U<sub>3</sub>O<sub>8</sub> Resource endowment.



- The consideration payable for the acquisition is as follows:
  - Initial Consideration - \$2M including \$200k cash deposit, \$1.8M worth of ordinary shares in Lotus (**Shares**).
  - Deferred Consideration - \$3M worth of Shares to be issued on the 3rd anniversary of completion.
  - Royalty - 3.5% of gross returns at the Kayelekera mine up to a maximum of \$5M; and
  - Environmental Bond – refund of the environmental of US\$10M to be paid over three years.
- In FY13, the open pit mine produced 1,072,000t of ore at an average grade of 1,350 ppm U<sub>3</sub>O<sub>8</sub> with an annualised stripping ratio of 3:1.
- Large 157km<sup>2</sup> tenement package with excellent exploration potential.

#### **About Lotus Resources**

Lotus Resources Limited (LOT:ASX) is a minerals exploration and development company. The Company recently entered into an agreement with Paladin to acquire a 65% interest in the Kayelekera Uranium Project in Malawi. Lotus's owned asset is the Hylea Cobalt Project in the Fifield District of NSW. The Project represents a significant cobalt, platinum, nickel and scandium exploration target in both scale and grade potential, as demonstrated by the Company's 2018 drilling program.

