

Lotus Resources completes Acquisition of Kayelekera Uranium Project

HIGHLIGHTS

- Lotus is pleased to announce it has today successfully completed the acquisition of the Kayelekera Uranium Mine in Malawi from Paladin Energy (as announced 24 June 2019).
- Kayelekera has more than \$200M invested in plant and infrastructure and produced uranium from 2009 to 2014.
- Lotus completed Tranche 2 of the associated capital raising, raising \$4,500,000 (before costs) for the payment of the acquisition issuing 225,000,000 shares at 2c per share (with 1 free attaching option for every 2 shares issued).
- Paladin has paid Lotus US\$2,000,000 as part of planned site restoration.
- First Instalment of US\$4,000,000 as repayment of US\$10,000,000 environmental performance bond has been paid to Paladin.
- Lotus issued 90,000,000 shares at 2c as initial consideration to Paladin Energy Ltd on 13 March 2020.
- Lotus will work with Paladin to achieve a responsible handover of Kayelekera site.
- Lotus looks forward to making a positive contribution to Malawi's mining industry.



Figure 1 - More than \$200,000,000 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 successfully completed the acquisition of Kayelekera Uranium project in Malawi from Paladin Energy Ltd (ASX: PDN, or "Paladin").

Accordingly, the Company has today:

- (a) Completed the Second Placement securities by issuing 225,000,000 shares to raise \$4,500,000 (before costs) today. The shares were issued at 2c per share along with 1 free attaching option for every 2 shares issued, with an exercise price of 4c and expiring in 3 years. The transaction was fully underwritten by BW Equities.
- (a) Paid US\$4,000,000 to Paladin for the first instalment of the environmental bond repayment.
- (b) Issued 90,000,000 shares in Lotus (at deemed issue price of 2c per share to Paladin as the initial consideration (as announced 24 June 2019).

Paladin has paid Lotus US\$2,000,000 as part of planned site restoration.

This completion 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.

The Company will now work with Paladin to complete the responsible handover and looks forward to making a valuable contribution to the mining industry in Malawi.

Until all the in-country processes have been completed Paladin has agreed to hold the project interest and loan receivables on trust for Lily.

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



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 U₃O₈ 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 U₃O₈ with an annualised stripping ratio of 3:1.
- Large 157km² 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.



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