

Offtake and contracting discussions to commence with nuclear fuel market participants

Lotus Resources Limited (LOT) (Lotus or the Company) is pleased to provide an update on Company's offtake and contracting plans for its Kayelekera Project (the Project).

HIGHLIGHTS

- **The Company will shortly commence discussions with major global utilities to re-introduce the Kayelekera uranium project. Lotus will initially target those groups that historically acquired Kayelekera product.**
 - Market forecasts indicate nuclear utilities worldwide are facing a rapid re-purchasing of uranium as contract coverage levels diminish in the coming years
 - Contract coverage rates reported at below 47%-87% and 8%-50% for U.S. and EU utilities in 2024 and 2028
- **10.9 Mlbs of uranium was historically produced at Kayelekera and successfully marketed and delivered to nuclear fuel market participants located in North America, Asia and Europe.**
 - 4.5 Mlbs or 41% of uranium production was sold to utility customers with the remainder of 6.4 Mlbs or 59% sold to nuclear fuel market intermediaries
 - 6.9 Mlbs or 63% of uranium production was sold under multi-year term contracts with the remainder sold into the spot market
- **Kayelekera produced a quality product that was fully accepted by all three Western uranium converters.**
 - 10.9 Mlbs or 100% of uranium production was accepted by conversion facilities in the U.S., Canada and France operated by Honeywell, Cameco and Orano, respectively
- **Lotus management will leverage its extensive experience in working with utilities and other nuclear fuel market participants worldwide.**

Eduard Smirnov, Managing Director, commented: "We are positioning the Kayelekera Project to the nuclear fuel market as a proven quality uranium product supplier. I will be leading Lotus's marketing efforts by leveraging our market knowledge of term and spot contracting and my own experience in working with nuclear fuel buyers globally from my time at Uranium One. The past successful marketing and delivery of the Project's production drives our marketing efforts as nuclear utility contractual coverage rates decline. We look forward to providing further updates on our progress as we move towards baseload contracting."



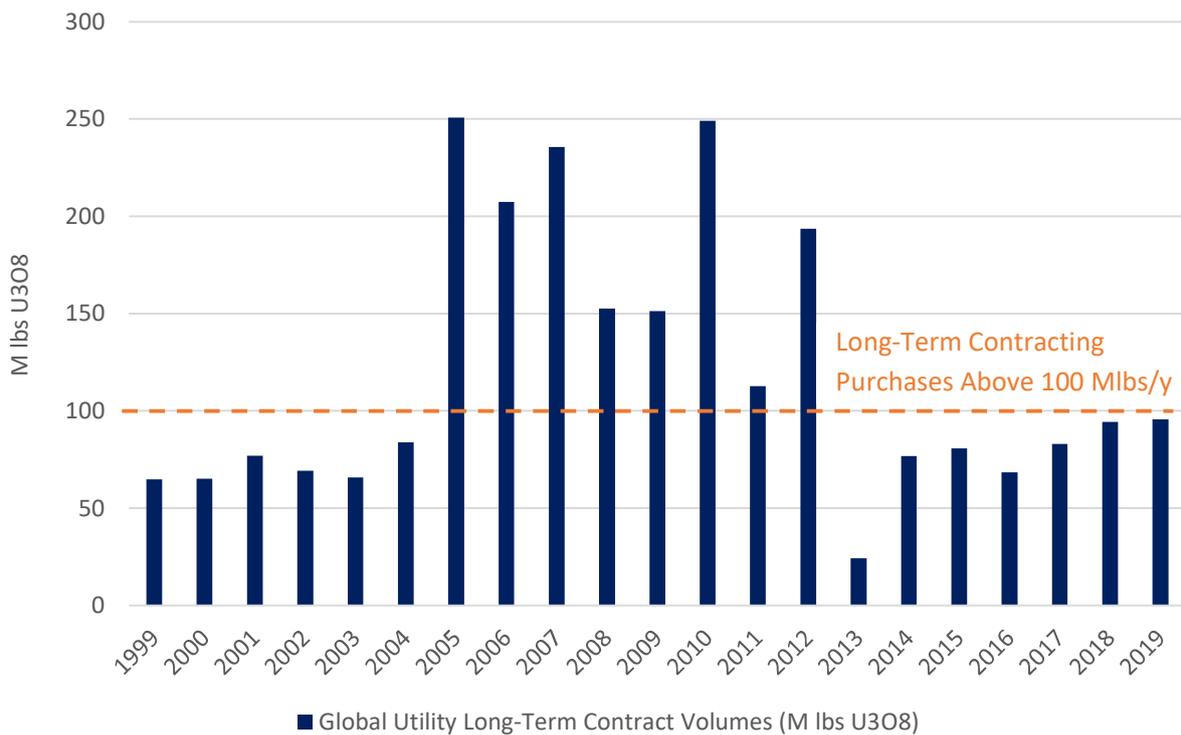
NUCLEAR FUEL MARKET

Nuclear utilities cover their fuelling needs through long-term contracts, which tend to last from between three and ten or more years in duration. On average, no more than ten percent of utility requirements are left open to spot purchasing.

Given the length of these contracts, it is typical to engage in supply contracting discussions with utilities and other nuclear fuel market participants long before production at a uranium mine commences.

Chart 1 below highlights the long-term contract volumes during the past two decades. There is an expectation that utilities will begin to return to the term contracting cycle in the coming years primarily as a result of the dearth of term contracting since 2013. This is similar to what occurred prior to the contracting peak cycle between 2005 – 2010.

Chart 1: Global Utility Long-Term Contract Volumes



Source: UxC



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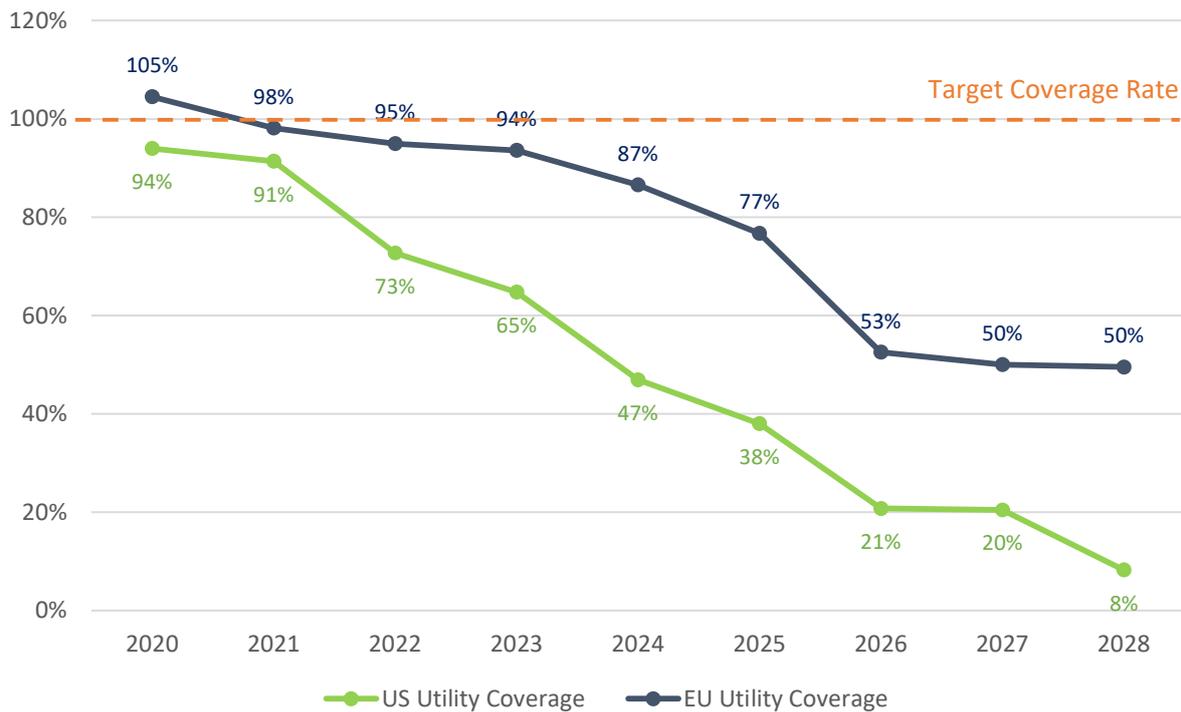
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Decreasing utility contract coverage rates are observed by the market across North America, Asia and Europe. United States and European Union utility contract coverage rates published by U.S. Energy Administration and Euratom agencies report decreasing rates over the mid-term in their respective markets.

Chart 2: U.S. and EU Utility Contract Coverage Rates



Source: U.S. Energy Information Administration, EurAtom

Further to decreasing contract coverage rates, the market expectation for the next long-term procurement cycle by utilities is based on industry specific fundamentals:

- Utilities need to ensure adequate long-term supply security to effectively generate electricity;
- Nuclear fuel production and delivery cycle requires a minimum of 18-24 months; and
- Most utility nuclear fuel inventories serve as a fuel bank for strategic purposes.

HISTORICAL SALES PERFORMANCE

A total of 10.9 Mlbs uranium was successfully marketed, produced and delivered from the Kayelekera Project to the nuclear fuel market globally during the six-year production period from 2009 to 2014.



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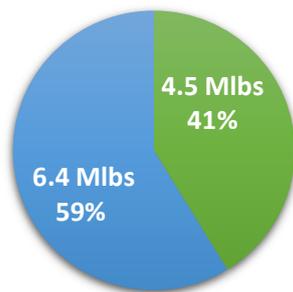
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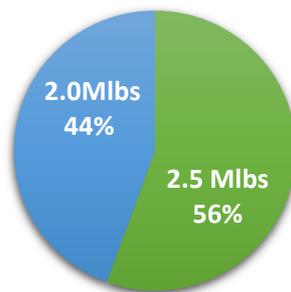
Kayelekera's supply was delivered to uranium conversion facilities without product specification issues at all three Western conversion facilities located in United States, Canada and France operated by Honeywell, Cameco, and Orano, respectively. This confirmed Kayelekera's supply as a quality product, fully acceptable for conversion, enrichment and nuclear fuel fabrication.

Chart 3: Sales by Customer



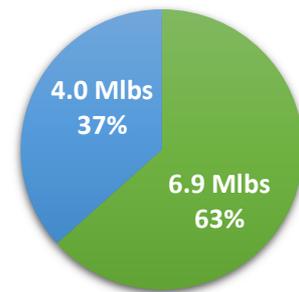
■ Utilities ■ Nuclear fuel market

Chart 4: Sales by Utility Region



■ Asia ■ North America

Chart 5: Sales by Contract Type



■ Term ■ Spot

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ABOUT LOTUS RESOURCES

Lotus Resources Limited (LOT:ASX) owns a 65% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 37.5M lbs U3O8¹ and has a significant existing infrastructure allowing for a quick and low capital re-start to production in the future. Kayelekera historically produced 10.9MLb of uranium between 2009 and 2014.

For more information, visit www.lotusresources.com.au

¹ ASX announcements dated 26 March 2020 and 24 June 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements; and that the information in the announcement relating to mineral resources is based upon, and fairly represents the information and supporting documentation prepared by the named Competent Persons.



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