

RISK MANAGEMENT POLICY

Approved by the Board of Directors effective 26 October 2022

1 PURPOSE

Lotus Resources Limited (the Company) and its subsidiaries are committed to the effective management of risks fundamental to the delivery of our objectives and to upholding the required standards of corporate governance.

Our approach to risk management enables us to proactively identify, assess, and manage risk to enhance our decision-making, be innovative, and improve our performance. It also enhances opportunities, reduces threats and sustains our activities.

We recognise that risk is inherent in our activities and that effective management of risk is vital to our success.

This policy outlines our commitment to sound risk management practices aligned with our regulatory and stakeholder requirements.

The Company respects the extra diligence that is required by those in the uranium industry and emphasises that the management of risks, including exposure to radiation, can have a significant impact on the Company's activities, its workforce, and the uranium industry.

2 APPLICABILITY

This policy applies to:

- executive and non-executive directors;
- full-time, part-time and casual employees; and
- contractors, consultants, advisers and relevant suppliers.

3 RESPONSIBILITIES AND REVIEW

The Managing Director/CEO of the Company is accountable to the Board of Directors for ensuring this Policy is effectively implemented.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report, at least annually, to the Board's Audit and Risk committee.

The Board determines the Company's "risk profile" and is responsible for establishing, overseeing and approving the Company's risk management framework, strategy and policies, internal compliance and internal control.

The Board's Audit and Risk Committee will review assessments of the effectiveness of risk management and internal compliance and controls at least annually.

The Board will review this Policy periodically to ensure that it is current and the requirements of this Policy meet standards for managing risks and opportunities.

4 POLICY

Our risk management objectives will be achieved by:

- (a) identifying and measuring risks that might impact the achievement of our goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.

- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.
- (d) continuously obtain an understanding of our exposure to risks, applying this to our decision-making.
- (e) measuring and monitoring the effectiveness of risk management through assurance activities and incorporating lessons learnt to promote continuous improvement.
- (f) we strive to foster a positive culture of risk awareness and risk management through engagement, information sharing and training.
- (g) implement crisis management and business continuity planning processes that enable us to respond to material risk events effectively.

5 OUR RISK MANAGEMENT PRINCIPLES

The Company's risk management approach is based on International Standard on Risk Management, ISO 31000, which provides the foundation for managing risks (including opportunities) across our operations.

Each one of us is responsible for managing risks and ensuring that risk controls are implemented and effective to achieve a reduced level of risk, assisting us in fulfilling our responsibilities to customers, stakeholders, and the environment in which we operate.

Lotus is an exploration and development mining company, with a focus on the uranium mineral in the African geographical region. As such, the Company has a medium appetite for certain risks relating to its strategic objectives.

We have a low appetite for risks relating to:

- Health, safety, and wellbeing of our people,
- Environment and the community impacts.
- Exposure to radiation.
- Reputational risks, given the potential impact on the ability to operate.
- Exploration and operational risks that have the potential to impact performance.
- Legislative compliance breaches.