

March 2020 | Quarterly Activities Report

HIGHLIGHTS

- **Lotus Resources completes Acquisition of Kayelekera Uranium Project**
 - Lotus successfully completed the acquisition of the Kayelekera Uranium Mine in Malawi from Paladin Energy (as announced 24 June 2019).
 - Paladin paid Lotus US\$2,000,000 as part of planned site restoration.
 - 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).
 - 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 increases Kayelekera Uranium Mineral Resource by 31%**
 - Kayelekera's total JORC 2012 endowment increases to 37.5Mlb (27.1Mt @ 630 ppm U₃O₈ – refer Table 1)
 - Measured: 2.3Mt @ 830ppm U₃O₈ for 4.1 Mlb U₃O₈
 - Indicated: 18.7Mt @ 660ppm U₃O₈ for 27.1 Mlb U₃O₈
 - Inferred: 6.1Mt @ 470ppm U₃O₈ for 6.3 Mlb U₃O₈
 - **31% increase in reported endowment.**
 - **83% of the Mineral Resource classified as Measured or Indicated.**
 - 20.9Mt @ 680ppm U₃O₈ for 31.2 Mlb U₃O₈
 - Mineral Resource area is on a granted Mining License with processing plant and infrastructure.
 - Increase in Kayelekera's Mineral Resources has potential to positively impact the life of mine.
- **Reduction in care and maintenance expense**
 - Significant progress made in reducing overall site costs.
 - Key contracts renegotiated including diesel supply, resulting in significant cost savings.
 - Water treatment is on-going in order to better manage dam levels and prepare for the 2020/21 wet season.
 - More efficient deployment of labour and rosters has resulted in additional cost savings.
 - Critical areas of focus continue to be:
 - Securing the site.
 - Ensuring compliance with all regulatory requirements.
 - Ongoing maintenance of the critical equipment.
- **Lotus identified multiple exploration targets (reported 2 April 2020)**

Lotus Resources Limited (LOT, Lotus or the Company) are pleased to provide the following update for the quarter ending March 2020.

Lotus Resources completes Acquisition of Kayelekera Uranium Project (ASX announcement 13 March 2020)

During the March Quarter Lotus 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.

Kayelekera Mineral Resource Update (ASX announcement 25 March 2020)

Based upon a process of ongoing technical review undertaken by site geologists since the previous estimate was undertaken by Paladin (re-stated by Lotus on 24 June 2019), an updated Mineral resource was announced on 25 March 2020. The updated resources represents a 31% increase on the reported global metal content to the previous Mineral Resources stated by the company in June 2019, and now totals **27.1Mt @ 630 ppm U₃O₈ for 37.5Mlb** of contained U₃O₈ (refer Table 1 and Figure 1).

The estimate utilised the same methodology as the previous Mineral Resource estimate with modelling of individual arkose units within the deposit and also included a previously unmodelled lower arkose unit. The Mineral Resource update also incorporates mining and processing depletion. The March 2020 Mineral Resource update (Table 1) was reported in accordance with the JORC Code (2012).

The March 2020 Mineral Resource is summarised in Table 1 below with 11% (by metal content) classified as Measured, 72% classified as Indicated and 17% classified as Inferred. The in-situ Mineral Resources were estimated at several cut-off grades using Multiple Indicator Kriging with block support correction. The primary model panel dimensions are 20mE x 20mN x 2mRL. The estimates assume that final grade control sampling at approximately 3.5mE x 3.2mN x 1mRL spacing will be available prior to final mining and a selective mining unit of approximately 3mE x 3mN x 2mRL. Stockpile values were taken from surveyed stockpiles with average grades based upon grade control tracking.

Table 1: Kayelekera Updated Mineral Resource - March 2020¹

Reported above a 300ppm U₃O₈ lower cut-off for in-situ material; and a 200ppm U₃O₈ lower cut-off for the low-grade stockpiles

	Mt	Grade (U₃O₈ ppm)	U₃O₈ (M kg)	U₃O₈ (M Lb)
Measured	0.7	1,010	0.7	1.5
Measured - RoM Stockpile ¹	1.6	760	1.2	2.6
Indicated	18.7	660	12.3	27.1
Inferred	3.7	590	2.2	4.8
Total	24.6	660	16.3	36.0
Inferred - LG Stockpile ²	2.4	290	0.7	1.5
Total All Material	27.1	630	17.0	37.5

¹ RoM stockpile has been mined and located near mill facility.

Low-grade material was mined and placed on the low-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.

Figures have been rounded. Grade has been determined from a combination of XRF and downhole logging derived eU₃O₈ grades. In-situ Mineral Resources are depleted for mining to 31 December 2013 when mining ceased; Stockpiles have been depleted to the end of processing in June 2014. Metal contents are based on contained metal in the ground and take no account of mining or metallurgical recoveries, mining dilution or other economic parameters. An in-situ bulk density of 2.29g/cm³ was applied for Arkose material and 2.20g/cm³ for mudstone material to all blocks within the model

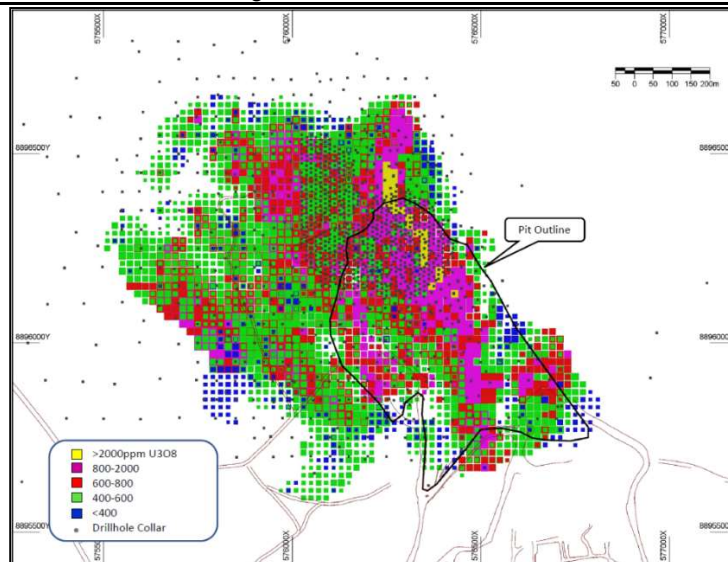


Figure 1: Mineral Resource showing grade distribution (block size is relative to proportion of block > 300ppm U₃O₈)

Kayelekera Exploration Targets (ASX announcement 2 April 2020)

On 2 April 2020, the company announced an Exploration Target of between 6 and 21 Mt at a grade of between 300 and 600ppm U₃O₈ which was derived from the near-mine and brownfields exploration regions. This indicates a potential metal endowment of between 7 and 14MLb of U₃O₈.

The Exploration target is summarised by prospect in Table 2 and shown in Figure 2. Note that the Exploration Target is conceptual in nature there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target was based upon a review of the significant exploration data from site (some 1,780 drill holes for 120,000m and 98,500 1m composite eU₃O₈ samples), 3D modelling of available data, and analysis of nearby deposits adjoining Lotus' tenements ((refer to announcement 2 April 2020).

Table 2: Lotus Malawi Exploration Target

Tenement	Project	Tonnage Range		Grade Range		Contained Metal			
		Min	Max	Min	Max	Min	Max	Min	Max
		Mt	Mt	ppm	ppm	U ₃ O ₈ Kt	U ₃ O ₈ Kt	U ₃ O ₈ MLb	U ₃ O ₈ MLb
ML 152	Kayelekera	1	5	400	1,200	1.2	2.0	2.6	4.4
EPL417	Mpata	2	9	200	400	0.8	1.8	1.8	4.0
EPL418	Livingstonia North	3	8	300	450	1.4	2.4	3.0	5.3
	Total	6	21	300	600	3	6	7	14

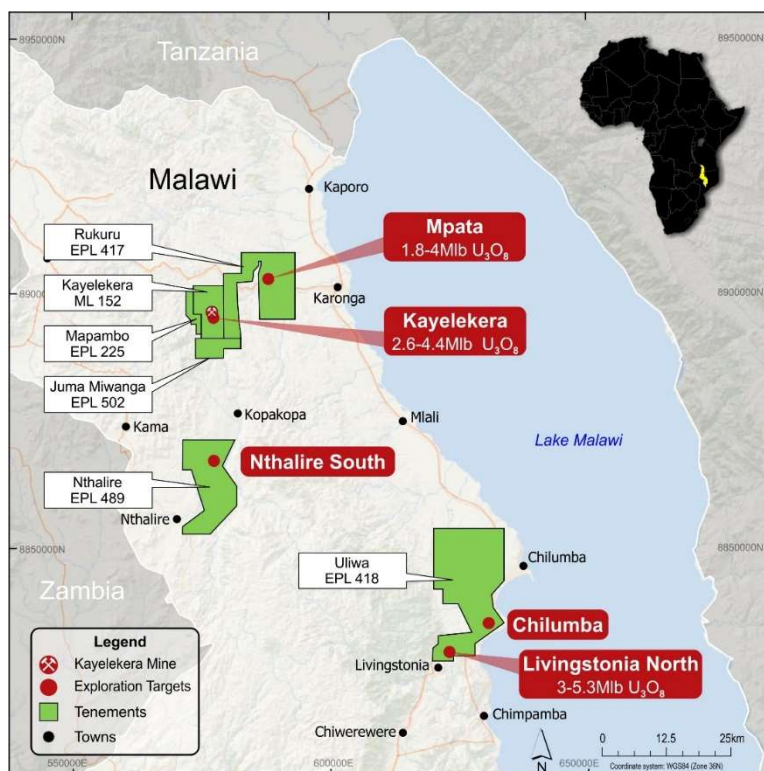


Figure 2: Kayelekera Location Map and Exploration Targets

Cash at the end of the Quarter

At the end of the March Quarter Lotus had \$2.978mil in cash. Post the end of the period Lotus has received an additional \$1.231mil associated with the exercise of unlisted options issued as part of previous capital raisings.

Events Subsequent to the End of the Quarter

Subsequent to the end of the period received notices under sections 203D and 249D of the Corporations Act 2001 (Cth) signed by TR Nominees Pty Ltd and Davey Holdings (Aus) Pty Ltd as trustee for the Burnaford Trust (who state that they collectively hold at least 5% of the votes that may be cast at a general meeting of the Company) requesting that the Company call and arrange to hold a general meeting to consider resolutions concerning:

- the appointment of Mr Grant Davey as a director;
- the appointment of Mr Stuart McKenzie as a director;
- the removal of Mr Simon Andrew; and
- the removal of Mr Tim Kestell.

Change of Business address

The Company has changed its business address to 22/589 Stirling Hwy Cottesloe WA 6010.

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

For more information visit us at www.lotusresources.com.au or contact

Simon Andrew - Managing Director 08 9278 2441, email: info@lotusresources.com.au

Reference to Previous ASX Announcements

In relation to the Mineral Resource estimate, exploration results and exploration target announcement on 25 March 2020 and 2 April 2020, Lotus confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 25 March 2020 continue to apply and have not materially changed.

About Lotus Resources

Lotus Resources Limited (LOT:ASX) is a minerals exploration and development company. The Company recently acquired a 65% interest in the Kayelekera Uranium Project in Malawi. The project is held via a 76.5% holding in Lily resources Pty Ltd. 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. Lotus also owns the Hylea Cobalt Project in the Fifield District of NSW.