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ASX Announcement

Kayelekera Project and Voluntary Suspension Update

Lotus Resources Limited (**ASX: LOT, OTCQX: LTSRF**) (**Lotus** or the **Company**) is pleased to provide an update on the Kayelekera Uranium Mine in Malawi (**Kayelekera**), including progress on plant optimisation works, acid supply and the Mercuria Marketing and Inventory Financing Facility.

KEY POINTS

- Acid plant remediation works completed, with production restart activities progressing and operations expected to resume in early August 2026.
- Final stages of the Kayelekera optimisation program continue to be implemented, with a number of planned maintenance and improvement initiatives accelerated during the production pause.
- Steady-state production continues to be targeted for late CY2026 at an annualised run rate of approximately 2.4Mlbs U_3O_8.
- Independent metallurgical review of the measurement, sampling, analytical and reconciliation points used to account for uranium across processing streams to confirm final uranium product accounting.
- Product inventory continues to grow, with the quantity of uranium product declared accepted by Orano CE continuing to increase and positioned for first shipment.
- Progress in restructuring CY2026 delivery obligations, with focus on reducing near-term delivery commitments and financial exposure.
- Mercuria Marketing Agreement and Prepayment facility Commitment Letter replaces non-binding term sheet as definitive documentation is progressed.
- Suspension continues as Lotus finalises a strategic funding package critical to the ongoing financial viability of the Company and its subsidiaries.

ACID PLANT REPAIRS, ACID SUPPLY AND PRODUCTION RESTART

As previously announced, commissioning of the Kayelekera acid plant was interrupted following the failure of refractory bricks within the sulphur furnace after achieving first acid production. Interim furnace repair works have now been completed and final commissioning activities will resume once procured acid supply is reinstated.

The Company has begun to replenish its acid supply with deliveries starting to arrive on site and more anticipated by the end of July 2026 (~2,000t). This acid supply will enable both the acid plant and processing plant to be restarted in early August 2026 and is expected to provide sufficient volumes until such time that the acid plant will be fully commissioned. Sulphur inventory onsite is sufficient to support approximately 2 months of acid plant production.

The acid plant is a key strategic project for Kayelekera and will deliver improved acid supply security, reduced reagent costs and reduced exposure to third-party supply disruptions.

PRODUCTION UPDATE

As previously reported in the announcement on 25 June 2026, prior to the production pause, Kayelekera was demonstrating improving operational performance, with uranium production increasing to 73.6klbs U_3O_8 in May 2026, a 56% increase on April production. This improvement reflected the benefits of optimisation initiatives progressively implemented since restart, together with strengthened site leadership, targeted equipment upgrades and improved maintenance practices.

Production was suspended in June 2026, with product drumming occurring for the first thirteen days of the month. Total production for the June 2026 quarter was 155.9k lbs of U_3O_8 (drummed).

Kayelekera June 2026 quarter uranium production

Kayelekera	Unit	June 2026 Quarter	Mar 2026 Quarter	Dec 2025 Quarter	Sep 2025 Quarter	FY YTD
U_3O_8 Produced	klbs	155.9	78.2	72.5	25.5	332.1

PROCESSING OPTIMISATION PLAN

As part of the plan to address operational constraints, Lotus initiated a processing optimisation program, which was designed to support the transition from restart and commissioning activities to sustainable steady-state production. Key initiatives are focussed on:

- processing plant reliability and availability improvements;
- maintenance planning and execution enhancements;
- instrumentation and process control upgrades;
- recovery improvement; and
- laboratory capability.

The temporary production pause provided an opportunity to accelerate optimisation and planned maintenance activities that were originally scheduled for later in Q3 CY2026, enabling these works to be completed while production was suspended and reducing the likelihood of future operational interruptions.

With these initiatives substantially advanced, and acid plant repairs completed, the Company believes Kayelekera is well positioned to resume operations and continue the ramp-up of production.

METAL ACCOUNTING AUDIT AND HISTORICAL DATA REVIEW

As described in the March 2026 Quarterly Activities Report dated 30 April 2026, Lotus commissioned a comprehensive metallurgical accounting and reconciliation process review to assess the reliability of the metallurgical balance for the period January 2026 to May 2026. The review, undertaken by engineering group Novamet (Pty) Limited (**Novamet**), considered the principal measurement, sampling, analytical and reconciliation points used to account for uranium across plant feed, intermediate streams, tailings and final product.

The review identified opportunities to improve the accuracy of plant feed measurement and sampling systems for both plant feed tonnes and plant feed grade. These recommendations reinforce improvement initiatives identified by Lotus in its current optimisation program.

Lotus' site management team has incorporated the recommendations into the next phase of improvement work. Highest-priority improvement areas relate to primary sampling integrity, representative slurry and solution flow measurement, sample handling, laboratory routines and final product sample security. Rapid completion of this improvement programme will enable Kayelekera to produce more reliable monthly reconciliations, better distinguish true process losses from measurement error, and improve confidence in reported uranium recovery.

Novamet is finalising its work to support the reassessment and potential restatement of certain processing and metallurgical information, including as to recoveries, previously retracted for the period to December 2025, as outlined in the Company's March 2026 Quarterly Activities Report dated 30 April 2026.

This work is expected to be completed in time for inclusion in the June 2026 Quarterly Activities Report.

PRODUCT INVENTORY UPDATE

Since recommencing production at Kayelekera, the Company has produced a total of 332k lbs of U_3O_8.

Of this production:

- 115k lbs has been classified as on-specification material;
- 124k lbs remains subject to final assay and classification; and
- 93k lbs mainly relating to early production is off specification.

Various options for this product will be considered by the Company including blending to achieve acceptance specifications or price discounting in order to be sold.

The current inventory of accepted product supports an initial shipment of approximately three containers, representing approximately 108k lbs of U_3O_8, once the necessary export permits and logistics approvals have been obtained.

The majority of material classified as off specification was produced during the early stages of commissioning and restart activity. Product quality performance has improved materially as operational improvements and optimisation initiatives progressively implemented.

Lotus expects product quality outcomes to continue improving as optimisation initiatives are finalised, the acid plant commissioning program is completed and Kayelekera transitions towards steady-state production.

OFFTAKE AND MARKETING UPDATE

Since the commencement of the voluntary suspension, Lotus has made significant progress with its utility customers and offtake counterparties, seeking to materially reduce the Company's near-term delivery obligations and address financial settlement exposure.

At the time of the suspension announcement, Lotus had contractual delivery commitments of approximately 1.01Mlbs of U_3O_8 for the second half of CY2026.

Through constructive engagement with customers, the Company has successfully restructured a portion of these obligations through delivery deferrals.

To date:

- 0.11Mlbs of contracted deliveries have been deferred into CY2027;
- 0.20Mlbs are forecast to be delivered in CY2026, and
- 0.70Mlbs of contracted deliveries in CY2026 remain under negotiation.

As a result of the restructuring completed to date, Lotus estimates its maximum financial settlement exposure relating to CY2026 delivery obligations has reduced to approximately US$7 million (based on an assumed US$85/lb spot price) and continued negotiations seek to reduce this exposure further.

The Company continues to engage constructively with its remaining counterparties regarding the balance of CY2026 commitments and will provide further updates as these discussions progress.

MERCURIA BINDING COMMITMENT LETTER

In parallel, Lotus has achieved a further milestone with Mercuria Energy Trading S.A., executing a binding Commitment Letter in relation to the previously announced marketing agreement and inventory-backed prepayment facility. Lotus and Mercuria are currently progressing definitive documentation, with execution anticipated this quarter.

The binding Commitment Letter remains conditional upon the completion of legal due diligence and the execution of Definitive Documentation, no material adverse change and conditions precedent to the Definitive Documentation for a facility of this nature.

Upon completion, the arrangement will provide Lotus with access to a marketing platform covering up to 3 million pounds of U_3O_8 over 30 months and an inventory-backed prepayment facility of up to US$30 million, further strengthening the Company's liquidity and working capital position.

FUNDING PROCESS CONTINUES

The Company is continuing to work with Gresham Partners and Canaccord Genuity (financial advisers) to progress equity and quasi-equity options as part of the Funding Process disclosed in announcement dated 25 June 2026. These options remain subject to the negotiation and finalisation, and there can be no guarantee that funding arrangements with Mercuria or any alternative funding source will be successfully concluded.

EXTENSION OF VOLUNTARY SUSPENSION

The Company continues to consider that trading in its securities prior to completion of the Funding Process would risk the market trading on an uninformed basis, particularly having regard to the uncertainty around the outcome of the Funding Process, and could be materially prejudicial to the Company’s ability to finalise and complete the Funding Process which is critical to its continued financial viability.

Accordingly, the Company requests ASX to extend the suspension of trading in its securities in accordance with ASX Listing Rule 17.2, until the earlier of Lotus releasing an announcement confirming that a funding option has been finalised and the commencement of normal trading on 30 July 2026, noting that discussions with equity and quasi-equity investors, underwriters, and offtake parties are ongoing and it is difficult to predict a timetable for their conclusion.

Lotus is not aware of any reason why the request for the extension of the Company's request to extend the voluntary suspension should not be granted or any other information necessary to inform the market about the suspension extension.

Lotus will provide ASX with a further update by 30 July 2026 if a funding option has not been finalised by that date and will keep the market informed of any material developments in accordance with its continuous disclosure obligations.

This ASX announcement was approved and authorised by the Board of Directors of Lotus Resources Limited.

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