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ASX Announcement

Kayelekera Project and Funding Update; Request for Extension of Voluntary Suspension

Lotus Resources Limited (ASX: LOT, OTCQX: LTSRF) (Lotus or the **Company**) provides an operational and funding update on the Kayelekera Uranium Mine in Malawi (**Kayelekera**), following a disruption to third-party acid supply and a delay in the acid plant commissioning, and requests an extension of the Company's voluntary suspension from the ASX.

KEY POINTS

- Production at Kayelekera has been temporarily paused due to a disruption in the third-party acid supply chain linked to Middle East geopolitics and acid plant repair work currently being undertaken.
- Prior to this, Kayelekera delivered improved processing plant performance with May production of 73.6k lbs of U₃O₈ driven by optimisation initiatives and operational enhancements, up from 47.3k lbs in April and approaching the total production of 78.3k lbs for Q1 CY2026.
- Subject to acid supply and funding, steady-state production is now expected later in CY2026.
- Export logistics arrangements and final transport permitting for uranium shipments from Kayelekera continue to progress.
- Delays to export permitting and production will impact the Company's ability to meet its initial offtake obligations. At present, Lotus has obligations to deliver 1.01Mlbs of U₃O₈ in 2H CY2026.
- Company maintains a cash balance of US\$26 million.
- Non-binding term sheet executed with Mercuria Energy Trading S.A. regarding marketing agreement and US\$30 million inventory prepayment facility necessary to assist with working capital needs, with binding documentation in progress.
- The Company is actively progressing equity and quasi-equity funding options, which remain subject to acid plant commissioning, a clear pathway to sustainable steady-state production and resolution of 2026 offtake commitments.
- Lotus requests an extension of its voluntary suspension from the ASX until the earlier of an announcement that a funding option has been finalised and the commencement of normal trading on 16 July 2026.

ACID SUPPLY AND ACID PLANT COMMISSIONING UPDATES

Lotus has utilised the supply of third-party acid in the Kayelekera processing plant since the restart commenced, while its acid plant is commissioned. Unfortunately, the ongoing geopolitical tensions in the Middle East are adversely impacting the availability, reliability and cost of sulphur and sulphuric acid. The disruptions are now culminating in several contracted and prepaid deliveries being delayed or not fulfilled. Lotus continues actively working with suppliers to monitor and best manage the situation until geopolitical conditions stabilise and with such the expected improvement in availability and pricing.

Following final stages of hot commissioning works at the Kayelekera acid plant and the first production of acid, several refractory bricks within the sulphur furnace showed signs of failure. Lotus, with support from specialist engineers, has investigated the root cause of the failure and formulated a repair plan using additional refractory bricks available onsite with this work now underway. This will provide an interim solution which will enable the

acid plant to be fully commissioned and operate until a full furnace brick relining occurs (during a planned maintenance shutdown currently expected to occur Q4 CY 2026). The cost to complete a full relining is not expected to be material.

The Company has accelerated planned maintenance, originally scheduled for early Q3 CY2026, to align with the production pause and acid plant remediation works.

Lotus will provide further updates as acid supply to the processing plant is resolved.

OFFTAKE AGREEMENTS

Delays to production and export permitting impact the Company's ability to meet its initial offtake obligations. At present, Lotus has obligations to deliver 1.01Mlbs of U_3O_8 in 2H CY2026.

Given limited ability to deliver into those offtake obligations, Lotus continues to engage with its customers to defer delivery of a significant proportion of those deliveries into CY2027.

Under its offtake agreements, Lotus' financial exposure in the event of a delivery shortfall is limited to the difference between the price paid by the utility to procure replacement material and the contracted sales price (together with any associated legal costs or procurement commissions). Based on a uranium spot price of US\$85/lb of U_3O_8 , Lotus' maximum liability for 2026 is approximately US\$10 million (assuming no deliveries were able to be made and no customers agreed to defer any deliveries for 2026). In this scenario, the undelivered pounds, once produced, would remain available for future sale, preserving the underlying value of the product and providing future flexibility.

EXPORT PERMITS CONTINUE TO ADVANCE

Lotus continues to progress the permitting process to allow first product to be despatched from site in Malawi, trucked via Zambia to Namibia and shipped from Walvis Bay to Orano CE's converter in France.

The Company has received:

- approval from the Malawian Atomic Energy Regulatory Agency for its updated Transport Management Plan (via Zambia and Namibia);
- the Zambian transport licence (via the Company's logistics partner, Alistair Group); and
- finalised contracts for shipping and transport from Walvis Bay to all converters.

Lotus continues to advance the regulatory approvals, permitting and contracting activities required to support shipping from Namibia, including:

- a lodged application with the National Radiation Protection Authority and the Ministry of Environment, Forestry and Tourism (**MEFT**) to transport radioactive material within Namibia;
- working with its warehouse contractor to secure MEFT approval for the temporary storage of yellow cake drums, prior to delivery to port, as part of the Company's Transport Management Plan; and
- progressing contract documentation for transport customs, freight clearing and warehousing from Kayelekera to Walvis Bay, which is now at an advanced stage.

Permitting timelines remain subject to regulatory review and approval processes and are currently estimated at 1–3 months from the date of this announcement. The Company must also complete permitting for the export and transit of each shipment, some of which (but not all), can be done in parallel with current permitting. The Company anticipates the earliest first shipment of product is September 2026 from Walvis Bay, with first credit to the Company's converter account in October or November 2026, enabling delivery to offtake customers.

MERCURIA MARKETING AND INVENTORY FINANCING ARRANGEMENT

After extensive due diligence including an Independent Technical Engineer's report and site visits, Lotus and Mercuria Energy Trading S.A. (**Mercuria**) have signed a non-binding term sheet and are progressing binding documentation for a Marketing Agreement and Prepayment facility.

The Marketing Agreement provides for Mercuria to market 3 million pounds over 30 months at spot-related pricing. Lotus retains full control, subject to certain notice periods, of who the product is sold to, including to existing utility offtake contracts.

Under the term sheet, Mercuria will also provide a prepayment framework of up to US\$30 million to Lotus, to be accessible from the point at which uranium is onboard at the port dispatch (i.e. the earliest date that Lotus can draw down part of this facility is September 2026 based on anticipated first shipment). The facility cost is based on a financing fee equivalent to Secured Overnight Financing Rate + margin per annum.

This funding, which will provide significant additional working capital flexibility to progress the project, is subject to final agreement and documentation with Mercuria, which is expected to be executed in the next two months.

LOTUS' CORE VALUE PROPOSITION REMAINS INTACT

Despite recent operational challenges, Lotus continues to present a compelling value proposition, with the restart of the Kayelekera Uranium Mine progressing toward full ramp-up. Prior to the acid supply interruption and acid plant commissioning issues experienced in June, the operation was demonstrating clear signs of improving momentum. Production increased materially to 73.6k lbs of U₃O₈ in May 2026, approaching total Q1 CY2026 production, reflecting the benefits of operational optimisation initiatives, strengthened site leadership, targeted equipment upgrades and improved maintenance practices. See monthly production figures below.

2026 Monthly Production	January	February	March	April	May
U ₃ O ₈ drummed (k lb)	14.2	24.3	39.9	47.3	73.6

With steady-state production now targeted for later in CY2026, export logistics continuing to advance, growing product acceptance from Orano CE and a potential first shipment from Walvis Bay in September 2026, the Company has established a credible pathway to translating improving operational performance into meaningful revenue generation once acid supply constraints and outstanding permitting requirements are resolved.

The investment thesis remains centred on the stabilisation of Kayelekera as a cash-generating uranium operation, while preserving commercial upside through deferred 2026 offtake volumes that remain available for delivery as production increases. The proposed Mercuria marketing agreement and associated inventory prepayment facility of up to US\$30 million provides valuable working capital support and commercial validation following technical due diligence, while additional funding initiatives under consideration are expected to support the Company through the final stages of commissioning, logistics development and production ramp-up.

While execution risk remains elevated in the near term, primarily due to funding requirements, acid plant remediation activities and the timing of production ramp-up, the challenges facing Lotus appear increasingly transitional rather than structural. The operational improvements achieved to date suggest the asset is approaching an important inflection point. Successful resolution of the remaining funding and commissioning milestones would materially de-risk the investment case and position the Company to benefit from sustained uranium market demand through an operating asset with established infrastructure, growing production capability and a clear pathway to sustainable cash flow generation.

FUNDING REQUIREMENTS

Lotus presently maintains a cash balance of US\$26 million (A\$37 million) (as at 22 June 2026). External funding, via a combination of sources (including Mercuria), is necessary to ensure the continued financial viability of Lotus and the operations at the Kayelekera mine, which has been the subject of the challenging operating conditions discussed above.

Lotus is reviewing the timing and prioritisation of all discretionary expenditure to support prudent cash management and working capital optimisation.

The Company is actively progressing equity and quasi-equity funding options, which remain subject to the Company demonstrating commissioning of the acid plant, a demonstrable pathway to sustainable steady-state production and resolution of offtake commitments for 2026 (**Funding Process**). The resolution of these matters will facilitate a clear understanding of what funding the Company requires to achieve sustainable positive cash



flow generation. However, there can be no guarantee that funding arrangements with Mercuria or any alternative funding source will be successfully concluded.

Lotus is also evaluating other opportunities or initiatives, both financial and operational, with a primary focus on the Kayelekera project that can assist in maximising shareholder value.

The Company is working with Gresham Partners and Canaccord Genuity as financial advisers.

EXTENSION OF VOLUNTARY SUSPENSION

The Company considers 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 suspend 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 16 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 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 16 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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