

DJ Lotus Resources Plc Creditors Settlement

TIDMLOTP

30th September 2010

LOTUS RESOURCES PLC
("Lotus" or the "Company")

Creditors Settlement

Further to the Company's announcement on 14 September 2010, the Directors of Lotus have been in extensive discussions with its creditors and loan note holders and have now reached an agreement to eliminate the majority of the PLC's outstanding debt, including all existing loan notes and creditors owing. Part of this Settlement will involve a conversion of debt into equity at a price of 1 pence per ordinary share, resulting in the issue of 2,065,120 new ordinary shares, equivalent to 2.8 % of the enlarged share capital of the Company, post-Settlement.

Details

As outlined in the announcement on 14 September 2010, following the abandonment of the Company's plans to seek a listing on the Alternative Investment Market and the continuing difficulties in raising capital on acceptable terms, Lotus's Board has embarked on an urgent assessment of the Company's financial position.

This Review, involving detailed discussions and negotiations with creditors owed in excess of GBP700,000 has now been successfully completed, and terms have been agreed with all outstanding creditors of Lotus Resources plc for a full and final Settlement.

This Settlement is in two parts;

Debt for Equity:

Certain trade creditors of the Company have agreed to exchange all of their outstanding debt in return for new equity in the Company, the total amount of debt used for calculation being 33% of the full amount outstanding. As a result of this Settlement, such creditors will be issued with 2,065,120 of new shares in the company, at an issue price equivalent to 1 pence per ordinary share.

Novation and Codicil Agreements:

Certain additional creditors of the Company have agreed to release and discharge Lotus Resources plc from all its repayment and security obligations, in return for their debt being reassigned to Mongolian Mineral Resources Limited ('MMR'), a newly formed company, owned by certain former Directors of Lotus Resource plc.

The debt transferred as a result of these Agreements includes the GBP500,000 convertible secured loan note issued by the Company in February this year (which remains substantially undrawn), and largely relates to costs associated with due diligence, the aborted AIM listing, and outstanding professional and exploration fees.

In reaching this final Settlement of all of the outstanding debt owed by Lotus, the Board would like to express its gratitude and appreciation to the former Directors of the Company, in particular Simon Longworth, for their continued

co-operation and support.

As part of the fundamental Strategic Review, announced on 14 September 2010, the Board also announced plans to evaluate a sale or joint-venture of its Mongolian mining subsidiary, Lotus Minerals Mongolia Limited. This evaluation process continues, but is now at an advanced stage, and your Board hopes to announce a conclusion shortly.

Following the issue of shares resulting from this Settlement, the Company will have 74,138,766 Ordinary Shares of 1p in issue.

James Benson, a Director of Lotus, has participated in the Creditors' Settlement in relation to outstanding fees owed to him. As a result of the Settlement, he now owns 1,238,767 shares which represents 1.7% of the enlarged issued share capital of the Company.

The Directors of the issuer accept responsibility for this announcement.

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