



## Prospect completes strongly supported A\$6.5m placement

- Commitments received to raise A\$6.5m before costs, to advance the Arcadia Lithium Project
- Placement strongly supported by the major shareholder, existing institutional shareholders, new international and domestic institutions, and from the Board and Management team
- Placement proceeds to be used to complete acquisition of additional 17% project equity in Arcadia, progress the project development funding process and for working capital purposes

Prospect Resources Ltd (ASX: PSC, FRA:5E8) (“**Prospect**” or “**the Company**”) is pleased to announce it has received subscriptions for approximately 41.9 million new ordinary shares at A\$0.155 per share to raise A\$6.5m before costs (“**Placement**”), to underpin the continued advancement of the Arcadia Lithium Project.

**Prospect’s Managing Director, Sam Hosack, said:** *“We are pleased to have received such strong support from our largest shareholder and also welcome a number of new domestic and international institutional investors onto the Prospect register. The funds raised will be used to complete the highly accretive acquisition of a further 17% interest in the Arcadia Lithium Project, as well as advance the development funding process following the Optimised Feasibility Study and pilot plant operation.”*

*“The need for further, high-quality lithium projects to be developed in the face of a looming critical shortage in lithium-ion battery materials is becoming increasingly evident to industry and investment markets. Arcadia is in the unique position of being the only lithium deposit that is expected to operate in the lowest cost quartile via production of both low iron spodumene concentrate for the lithium-ion battery market and high purity petalite lithium concentrate for the glass and ceramics markets.”*

### Placement Details

The strongly supported Placement was undertaken at an issue price of A\$0.155 per share (“**New Share**”), and comprises:

- A\$6.4m placement via the issue of approximately 41.3 million New Shares to institutional and sophisticated investors within the Company’s placement capacity in accordance with ASX Listing Rule 7.1 and 7.1A; and
- A\$0.1m placement via the issue of 645,162 New Shares to the Company’s Non-Executive Chairman, Mr Mark Wheatley, subject to shareholder approval.



The issue price of \$0.155 per New Share represents a 16.2% discount to the last closing price of \$0.185 on Tuesday, 13 April 2021. The Placement shares issued will rank equally with Prospect's existing shares quoted on the ASX.

Settlement of the New Shares (excluding the Directors and their associates or respective nominees) is scheduled to occur on 22 April 2021, with quotation expected to take place on 23 April 2021. Settlement of Mr Wheatley's (and/or his associates or respective nominees) New Shares will occur following shareholder approval, which is targeted to occur in Q2 2021, where the Company, at the same General Meeting, also expects to seek shareholder approval to complete the Farvic transaction.

Canaccord Genuity (Australia) Limited acted as Lead Manager and Bookrunner, with Viriathus Capital Pty Limited acting as Co-Manager to the Placement.

## Use of Funds

The Company recognises that the rapid transition toward global adoption of electric vehicles represents a clear opportunity to advance the availability of high-quality battery grade lithium sources and to accelerate the Arcadia Lithium Project through to development.

Key planned uses of the Placement funds include:

- Acquisition of Farvic's 17% interest in the Arcadia Lithium Project, increasing Prospect's total project interest to 87% (see details below);
- Progression of the project development funding process, including discussions with several potential strategic counterparties operating at various levels within the lithium-ion battery value chain; and
- General working capital.

The Placement enables Prospect to complete the Farvic transaction, assess pilot plant results with customers and provide potential financiers and partners with adequate time to fully assess the Optimised Feasibility Study results. The additional funding will also provide the Company with additional working capital to negotiate the best possible terms for the progression of the Arcadia project for the benefit of all shareholders.

## Farvic Transaction

As announced on 3 October 2018, Farvic has agreed to transfer the shares it holds representing a 17% equity interest in Prospect Lithium Zimbabwe (Pvt) Ltd ("**PLZ**") (holder of the Arcadia Lithium Project) to Prospect Minerals Pte Ltd, a wholly owned subsidiary of the Company. In consideration, the



Company will issue to Farvic 9,497,680 fully paid ordinary shares in the Company and pay Farvic A\$1,187,210 in cash. Upon completion of the transaction, the Company's equity interest in PLZ will increase from 70% to 87%.

The Prospect shares issued to Farvic will be subject to a voluntary escrow, with 25% of the shares being released every 6 months, subject to any additional escrow imposed by ASX. The transaction has been approved by the Zimbabwe Reserve Bank, as announced on 19 July 2019, and is subject to a number of conditions precedent, including the Company obtaining shareholder approval in accordance with the ASX Listing Rules.

Prospect intends to seek shareholder approval at a General Meeting and complete on the transaction within Q2 2021.

This release was authorised by the Sam Hosack, Managing Director of Prospect Resources Ltd.

**\*ENDS\***

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**About Prospect Resources Limited (ASX:PSC, FRA:5E8)**

Prospect Resources Limited (ASX:PSC, FRA:5E8) is an ASX listed lithium company based in Perth with operations in Zimbabwe. Prospect's flagship project is the Arcadia Lithium Project located on the outskirts of Harare in Zimbabwe. The Arcadia Lithium Project represents a globally significant hard rock lithium resource and is being rapidly developed by Prospect's experienced team, focusing on near term production of high purity petalite and spodumene concentrates. Arcadia is one of the most advanced lithium projects globally, with a Definitive Feasibility Study, Offtake Partners secured and a clear pathway to production.

**About Lithium**

Lithium is a soft silvery-white metal which is highly reactive and does not occur in nature in its elemental form. In nature it occurs as compounds within hard rock deposits (such as Arcadia) and salt brines. Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. Lithium has the highest electrochemical potential of all metals, a key property in its role in lithium-ion batteries.

**Caution Regarding Forward-Looking Information**

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are in United States currency, unless otherwise stated.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities. Prospect confirms that for the purposes of Listing Rule 5.19.2, all material assumptions underpinning the information continue to apply and have not materially changed