



Arcadia Partnership Process and OFS Update

Prospect Resources Limited (ASX: PSC, FRA:5E8) (“**Prospect**” or “**the Company**”) is pleased to provide an update on the development of its 87%-owned Arcadia Lithium Project (“**Arcadia**” or “**the Project**”) and its broader corporate activities.

Arcadia Partnership Process

Following a review of various funding options, and in response to multiple enquiries recently received from a range of international parties in relation to funding and development of Arcadia, the Prospect Board has decided to commence a structured process whereby interested parties will have the opportunity to put forward partnership proposals in a competitive environment to fully fund the Arcadia project.

The Board is prioritising the development of Arcadia through this partnership process over other funding options, to provide more flexibility, accelerate project execution and bring the Project into production at the earliest possibility.

Azure Capital and Vermilion Partners have been appointed by Prospect to run this process.

Optimised Feasibility Study (OFS)

The OFS for Arcadia is being advanced on a dual-track basis by leading engineering consulting group, Lycopodium Minerals. The two development pathways under evaluation through the OFS process are:

- A two-stage development to 2.4 Mtpa throughput, via progressive construction of two 1.2 Mtpa modules. This approach provides a lower upfront capital pathway to production and allows project and market risks to be managed progressively.
- A single-stage development to a 2.4 Mtpa throughput operation. This approach provides the greater development efficiencies and higher economic returns, but with higher upfront capital requirements.

Completion of the OFS on the two-stage development remains on track for Q3 2021. The single-stage OFS is now expected to be completed during Q4 2021.

Prospect Managing Director, Sam Hosack, said: *“We are excited with the interest from key players in the lithium sector and look forward to working with Azure and Vermilion to find the right long term partner for the funding and development of the Arcadia Mine.”*

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

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For further information, please contact:

Sam Hosack
Managing Director
shosack@prospectresources.com.au

Nicholas Rathjen
Head of Corporate Development
nrathjen@prospectresources.com.au

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