



**ASX ANNOUNCEMENT**  
**28 January 2022**

## Chairman's AGM Address

Good morning and welcome,

The preceding 12 months has been an incredible period of advancement for Prospect Resources and its stakeholders. The accomplishments of the business over this time are the culmination of the concerted efforts of our people, partners and advisors, and we are now on the cusp of selling our 87% interest in the Arcadia Project for an attractive price, whilst retaining the optionality to take the business forward with new projects and opportunities in the battery metals space.

Noteworthy highlights of the year in review include:

- The successful development and commissioning of the pilot plant at Arcadia, producing technical grade petalite samples which continue to be shipped for product qualification, showcasing the high quality products able to be produced from Arcadia and demonstrating the team's technical capabilities;
- Completion of the previously announced acquisition of a further 17% interest in Arcadia, taking Prospect's ownership to 87%;
- The successful completion of two equity capital raises totalling over A\$24 million and commencement of institutional-grade research coverage from two major broking houses;
- Completion of dual feasibility studies, authored by Lycopodium, based on independently derived parameters, underpinning the technical foundations of Arcadia, and indicating the potential for strong economic outcomes to be achieved from development;
- A substantial rise in lithium prices as the EV revolution took hold, providing ideal timing for the Company to further consider development and funding options for Arcadia;
- The undertaking of a competitive strategic partnership process, leading to the execution of an agreement for sale of Prospect's 87% interest in Arcadia to major new energy metals producer, Zhejiang Huayou Cobalt, for the outstanding price of US\$378 million; and
- With the acquisition of the Step Aside project, taking preliminary steps in building a portfolio of early-stage battery metals projects in Zimbabwe, where we see outstanding geological prospectivity and the potential to leverage our asset evaluation and advancement capabilities to add value for shareholders.

The transaction with Huayou Cobalt is a landmark moment for the Company and the result of extensive efforts over several years at Arcadia, from first discovery through to the completion of the recent dual Optimised Feasibility Studies. The Board stridently believes this transaction delivers the most attractive risk-adjusted value outcome for Prospect shareholders, compared to other proposed development options for Arcadia under either Prospect or joint venture ownership, and we unanimously recommend it to our shareholders.

The transaction is subject to a number of conditions precedent as outlined in the recently released Notice of Meeting for the General Meeting of Prospect shareholders to be held next month. I would encourage all shareholders to read the Notice of Meeting thoroughly as it contains all key details in relation to the transaction and Prospect's planned application of the proceeds, and submit their proxies according to the Board's unanimous recommendation.

I would like to thank my fellow Board and management team members, and all our people, for their hard work in getting us to this outstanding position. Without their efforts, this success would not have been achieved.

We have set ourselves clear objectives in 2022. These include:

- The targeted completion of the transaction with Huayou Cobalt;
- The distribution of most of the cash proceeds from the transaction to shareholders as outlined in the aforementioned Notice of Meeting; and
- Progressing our other battery metal projects in Zimbabwe, as well as seeking to evaluate, acquire and advance new battery metal projects globally.

I look forward to keeping you updated as these targeted initiatives are progressed. Thank you for your continued support of Prospect, it is greatly appreciated.

**Mark Wheatley**

**Non-Executive Chairman**

*This release was authorised by Mark Wheatley, Non-Executive Chairman*

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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 asset is the Arcadia Lithium Project located on the outskirts of Harare. Arcadia possesses a world-class hard rock lithium resource and is one of the most advanced lithium projects globally.

## **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.