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PROSPECT PRODUCES ULTRA-HIGH PURITY LITHIUM CARBONATE

Prospect Resources Ltd (ASX: PSC) (the "Company") is pleased to announce it has produced ultra-high purity 99.8% lithium carbonate from Arcadia petalite ore. A purity of 99.5% lithium carbonate is required for battery grade lithium carbonate. As the purity level rises, more potential product applications become available and possible pricing rises.

A 0.8 kg sample of lithium carbonate was produced at the Company's laboratory in Zimbabwe and delivered to CSIRO Australia's Bentley laboratory in Perth WA. This sample was then purified to 99.8% lithium carbonate in cooperation with Prospect personnel.

The test work process was based on conventional methods of extraction of lithium from petalite concentrate followed by enhanced solution purification techniques to produce a high grade intermediate lithium carbonate ahead of ultimate purification. As previously announced, Prospect is establishing a lithium carbonate pilot plant in Zimbabwe using the same production techniques used to generate these results.

The Company has also previously announced that it is preparing a PFS for a lithium carbonate and hydroxide plant fed by the entire Li_2O mineral concentrate production of the Arcadia Mine. The scope of this PFS has been amended to take into consideration the Conditional Placement and Framework Agreement with Sinomine. It is now expected that this PFS will be completed in Q1 2018.

Executive Chair Hugh Warner said "The quality of this product far exceeds the requirements for battery grade lithium carbonate and supports Prospect's intention to become the first producer of premium lithium products in Southern Africa. An interesting point to note is that we believe Prospect may be the first ASX listed lithium company to produce its own battery grade lithium carbonate from its hard rock resources. In fact, we could not find any laboratory in Perth, other than CSIRO, who was set up to test for lithium carbonate purity."

For further information, please contact:

Hugh Warner

Prospect Resources
Executive Chairman
Ph: +61 413 621 652

Harry Greaves

Prospect Resources
Executive Director
Ph: +263 772 144 669

Competent Person Declaration

The information in this announcement that relates to mineral processing results is based on information compiled by or under the supervision of Mr. Lee John, a registered Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAUSIMM CP(Met)) and a Fellow of The South African Institute of Mining and Metallurgy (FSAIMM). Mr. John is the Company's Arcadia Project General Manager. Mr. John has sufficient experience relevant to the mineral and chemical processing under consideration and to the activity he is undertaking to qualify as a Competent Person. Mr. John consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.