

Prospect Receives US\$10,000,000 Export Finance Facility

Prospect Resources Ltd (ASX: PSC) (“Prospect”, “the Company”) is pleased to announce that its 70% owned Zimbabwe subsidiary, Prospect Lithium Zimbabwe (Pvt) Limited, has received a US\$10,000,000 Export Finance Facility from the Reserve Bank of Zimbabwe (the Facility) through CBZ Bank Limited.

The Facility carries an interest rate of 7.5% and a capital repayment holiday of 12 months, after which monthly capital repayments are to be made for 24 months.

The purpose of the Export Finance Facility is to foster the development of existing and new export focused businesses in Zimbabwe.

Funds drawn from the Facility are expected to be used to meet local costs on the mine development including the construction of the tailings facility, pre-strip of the mine site and building construction.

Prospect sees this loan as another building block in the financing of the Arcadia Lithium Mine and tangible evidence of the government’s support for the Arcadia Lithium Mine.

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Loan Agreement – Summary of key terms

Borrower	Prospect Lithium Zimbabwe (Private) Limited (which is 70% owned by Prospect Resources Limited)
Lender	CBZ Bank Limited (a Zimbabwean company)
Loan facility type	RBZ Export Loan facility
Loan facility amount	US\$10,000,000
Term	36 months
Interest	7.5% p.a. payable monthly in arrears.
Repayment of principal	The Borrower must repay the Loan in monthly instalments with the final instalment due on 31 May 2021. Notwithstanding this, the Borrower may repay all amounts outstanding at anytime prior to this date, without penalty.
Security	<p>The Loan is secured by:</p> <ul style="list-style-type: none"> • an unlimited guarantee given by PSC to the Lender for all sums due under the Loan Agreement; • the hypothecation to the Lender of the mining lease held by the Borrower; and • the assignment to the Lender of export proceeds from the sale of lithium by the Borrower (the Lender is entitled to receive the proceeds of any and all sales of lithium produced by the Borrower so long as any amount of the Loan remains outstanding, but this shall not exceed the Loan Amount).