



Arcadia Lithium Project's application for Special Economic Zone has been approved

ASX listed African lithium developer Prospect Resources Ltd (ASX: PSC, Prospect, the Company), is pleased to advise that its 87%¹ owned subsidiary, Prospect Lithium Zimbabwe (Pvt) Ltd, has received notification from Mr. Edwin Kondo the Zimbabwe Special Economic Zones Authority (ZIMSEZA) Chief Executive Officer that **its application for Special Economic Zone (SEZ) status was successful and has been approved by the Zimbabwe Special Economic Zones Authority (ZIMSEZA)** for its flagship asset, **the Arcadia Lithium Project (Arcadia, the Project)**.

SEZ status at Arcadia provides Prospect with an extensive list of benefits that includes; tax relief and exemptions and the ability to hold and operate foreign currency accounts, as well as exemptions and reductions of costs & trade barriers associated with the import of raw materials and capital goods through to the exportation of the concentrates. The incentives and benefits to be received from the SEZ status, **reinforces the financial outcomes of the Project** outlined in the Definitive Feasibility Study (DFS)².

The SEZ licence is valid for 10 years, with the ability to renew and extend the licence prior to expiry.

A summary of the SEZ incentives includes:

	STANDARD	INCENTIVES AVAILABLE UNDER SEZ STATUS
Corporate Income Tax	25%	Corporate Income Tax at zero percent (0%) for the first 5 years, with 15% thereafter
Non-Residents Withholding Taxes	15% ³	Tax exemption (0%) from non-residents tax on: <ol style="list-style-type: none"> 1. Dividends – Payments to shareholders; 2. Remittances – Payments made between Prospect Lithium Zimbabwe and Prospect Resources (intercompany payments); 3. Royalties – Payments for offshore software and other subscription services; and 4. Fees for imported services
Foreign Currency Accounts and Payments in Foreign Currency	Required to bank onshore with a registered domestic bank	Prospect can operate a foreign currency account with any banking institution within the Special Economic Zone or outside Zimbabwe ⁴
Permits for import and export of goods	Permits required for the import and export of goods under the Control Goods Act	Exempt from the requirement to obtain permits for the import and export of goods from and to countries outside Zimbabwe
Customs duty on raw materials and capital equipment		100% rebate or duty free importation

¹ Conditional to Reserve Bank of Zimbabwe and shareholder approval

² Released to the ASX on the 19 November 2018.

³ Non-Residents' Withholding taxes that applies to Singapore and Australia. Rates may vary depending on Non-Residents' country

⁴ Subject to any approval required under the Exchange Control Act



A SEZ is an area in a country that has been granted unique regulations and incentives that differ from other areas in the same country. Zimbabwe has developed SEZ to increase investment in the priority sectors of the economy and to facilitate rapid economic growth, by providing tax and other fiscal incentives to attract foreign direct investment, job creation, value addition, linkages with the domestic economy and skills transfer and technological advancement.

With Arcadia now securing SEZ, Prospect will have greater abilities to hold and transact in foreign currency. This simplifies Prospect's ability to make payments to and from suppliers & customers, as well as providing potential financiers confidence that the Company can manage its currency freely to meet its operational and capital management requirements. Therefore, reinforcing the Zimbabwe Government's pledge to potential financiers that Zimbabwe is "open for business".

Prospect Resources Managing Director, Sam Hosack, said that "SEZ status at Arcadia is a substantial milestone for the Company as it demonstrates the Zimbabwe Government's commitment to attract foreign investment, the Project's significance within Zimbabwe and the opportunity that Arcadia presents to all stakeholders."

Mr Hosack then said, "the financial and non-financial benefits to Prospect Resources in achieving SEZ status at Arcadia will greatly assist in the financing, development and operation of the mine."

His Excellency, The President, E.D. Mnangagwa recently said at the Arcadia groundbreaking ceremony "My Government has a vision of transforming Zimbabwe to a middle-income economy by 2030 and the mining sector is expected to play a key role. In this regard, we continue to implement comprehensive reforms to enhance our country's competitiveness in this and other sectors, within the context of regional and global trends."

The President in his speech then went onto say "Let us move forward full throttle and make this investment venture a great success, in the shortest possible time." and "My Government stands committed to support, you the investors."

Prospect Resources will now work with ZIMSEZA on implementation and operationalisation of the SEZ at Arcadia, so that Company can start to receive the benefits under SEZ status.

ENDS



African focused
ASX listed
emerging Lithium
and Battery
Mineral Company



Well positioned
Lithium Resource
in regard to both
Scale and Grade



Strong Project
Economics
demonstrated in
DFS



Path forward to
Financing,
Development and
Production



Offtake Agreement
in place and
positioned to
capitalise on
Market Demand



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About Prospect Resources Limited (ASX: PSC)

Prospect Resources Limited (ASX:PSC) is an ASX listed, Africa-focused, Lithium and Battery Minerals company based in Perth with operations in Zimbabwe, and exploration activities in Zimbabwe and the DRC. 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 petalite and spodumene concentrates.

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.