



VALUE ENGINEERING PROGRAM DELIVERS SIGNIFICANT ENHANCEMENTS TO PROJECT ECONOMICS AT ARCADIA LITHIUM PROJECT

Highlights

- Value Engineering undertaken successfully demonstrates that the Arcadia Lithium Project will be able to utilise High Pressure Grinding Rolls (HPGR) in its processing design.
- The use of a HPGR significantly simplifies Arcadia's processing design replacing tertiary and quaternary crushers.
- Metallurgical analysis of the HPGR test work results also confirms there are no negative metallurgical impacts with regards to recovery.
- The use of a HPGR is expected to deliver:
 - Reduction in Capital Expenditure by US\$2.3m (1.4%), to US\$163m.
 - Reduction of Operating Expenditure by US\$7/t or 2.46% (approx. US\$3.2m p.a.), to US\$278/t.
 - Increased project NPV10¹ by US\$22m to US\$533m, increased average annual EBITDA by US\$3m to US\$109m.

African lithium developer, Prospect Resources Ltd (ASX: PSC) ("Prospect Resources" or "the Company") is pleased to announce that it has successfully completed its plant optimisation, resulting in High Pressure Grinding Roll (HPGR) being a viable option for the Arcadia Lithium Project's processing design.

As outlined to the ASX within the Arcadia Lithium Project's DFS on the 19th November 2018 and subsequent market releases, the Company implemented value engineering initiatives to optimise the plant design for its 87%² owned Arcadia Lithium Project outside of Harare, Zimbabwe. One of the initiatives relating to plant optimisation is to implement a High Pressure Grinding Roll (HPGR) system into the process design that is expected to deliver material reductions to the Project's capital expenditure and operating costs, whilst maintaining or improving metallurgical recoveries.

Prospect's Managing Director, Sam Hosack, said "The ongoing and focussed value engineering initiatives have delivered positive outcomes and have demonstrated that High Pressure Grinding Roll (HPGR) technology can be utilised in the Arcadia Lithium Project's processing plant."

Mr Hosack also said "The advantages of HPGR technology are considerable, providing a significant reduction in complexity and operational resource demand. Including HPGR in the plant's processing design will have a

¹ NPV10 Forecast, Average Annual EBITDA Forecast, Capital Expenditure and Operating Expenditure Forecasts from announcement "Arcadia DFS confirms leading Lithium Project" (ASX: PSC 19 November 2018)

² Subject to Reserve Bank of Zimbabwe and shareholder approval



positive impact on the project economics, both with capital and operating costs. The Company is currently undertaking additional value engineering initiatives including a review into the Project's logistics. We are focussing our efforts on identifying further cost reductions and operating improvements in order to strengthen the Arcadia Lithium Project's economics."

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 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.

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.