



DIVESTMENT OF DRC ASSETS

Leading African battery minerals company, Prospect Resources Ltd (ASX: PSC) (“Prospect” or “the Company”) is pleased to announce that it has agreed to sell its exploration business in the Democratic Republic of Congo (“DRC”) to New Energy Metals Limited (“NRG”).

NRG is a private Perth based company that is seeking to list on the ASX this year.

The sale will be effected by the transfer of Prospect’s wholly owned subsidiary, Prospect Cobalt Pte Ltd (“PCP”), along with its associated subsidiaries and assets.

The consideration for the sale is:

- a. A\$1,000 and the costs of transferring ownership of PCP to NRG;
- a. A\$50,000 of new shares in NRG’s proposed seed capital placing;
- b. A\$100,000 of new shares in NRG’s proposed IPO placing;
- c. A\$1,000,000 on delineation of a JORC Inferred Mineral Resource Estimate of greater than 5Mt at an average grade of greater than 2% copper or greater than 0.5% cobalt on existing or future projects generated by NRG and its subsidiaries in the DRC; and
- d. A net smelter royalty (NSR) of 1% on any copper and cobalt products produced from existing or future projects generated by NRG and its subsidiaries in the DRC.

The transaction follows Prospect’s decision to scale back exploration activities, and to focus on and further advance the Arcadia Lithium Project, as announced in its March 2019 quarterly activities report.

Prospect’s Managing Director, Mr Hosack, said “The Arcadia Lithium Project is a top ten global hard rock lithium asset with strong project economics. It is shovel ready and we are currently sourcing funding to allow us to commence development. Therefore, Arcadia will be the primary driver of shareholder value in the near future, and by divesting the Company’s explorational activities in the DRC, Prospect can re-allocate capital to improving Arcadia’s project economics and moving the Project into development.”

ENDS



Africa’s leading 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 company based in Perth with operations in Zimbabwe. 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.