

SINOMINE COMMENCES CONSTRUCTION OF BATTERY GRADE LITHIUM HYDROXIDE PLANT AND EXPANSION OF ITS EXISTING BATTERY GRADE LITHIUM CARBONATE PLANT

Highlights

- Prospect's offtake partner, Sinomine, has commenced construction of new chemical plants that will significantly increase its production of:
 - Battery grade Lithium Hydroxide to 15,000tpa; and
 - Battery grade Lithium Carbonate from 6,000tpa to 16,000tpa
- Phase 1 is the construction of the Lithium Hydroxide plant, with completion expected by August 2020
- Prospect's offtake agreement with Sinomine represents approximately 64% of the supply required to meet Sinomine's Lithium Hydroxide production requirements

Leading African battery minerals company, Prospect Resources Ltd (ASX: PSC) ("Prospect" or "the Company"), is pleased to announce that on the 6th May 2019, the Company's offtake partner and major shareholder, Sinomine Resource Group Co., Ltd ("Sinomine"), commenced construction of a battery grade lithium hydroxide plant and a significant expansion to its existing battery grade lithium carbonate plant.

Dongpeng New Materials Co., Ltd ("Dongpeng"), Sinomine's wholly-owned subsidiary, commenced phase 1 of its expansion plan focused on development of the 15,000tpa battery grade lithium hydroxide plant at Dongpeng's existing facility in Xinyu City, Jiangxi Province, with expected completion by August 2020. The Lithium Carbonate Equivalent (LCE) of this lithium hydroxide output is approximately 23,000tpa. Prospect's offtake agreement with Sinomine makes up approximately 64% of the lithium hydroxide plant's total annual LCE requirements to reach capacity.



Source: Sinomine - Lithium Hydroxide, Carbonate and Fluoride plant design



Dongpeng's existing plant is currently producing 5,000tpa of high purity lithium carbonate, 6,000tpa of battery grade lithium carbonate and 3,000tpa of battery grade lithium fluoride. Once the battery grade lithium hydroxide plant is completed, Dongpeng plans to commence expansion of its existing battery grade lithium carbonate plant from 6,000tpa to 16,000tpa. This will deliver Sinomine a total annual capacity of approximately 47,000 LCE.

Prospect's Managing Director, Mr Hosack, said "Dongpeng's investment to increase its battery grade lithium carbonate production and develop a battery grade lithium hydroxide plant further advances Dongpeng as a tier1 lithium chemical converter and high quality offtake partner for Prospect. This significantly strengthens our confidence in the development of Arcadia, whilst also de-risking Prospect's supply chain."

"With an experienced management team, strong project economics and a strategic offtake partner such as Sinomine, Prospect is well positioned to achieve its vision to become Africa's leading battery mineral company" Mr Hosack said.

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

For further information, please contact:

Nicholas Rathjen
General Manager, Corporate Affairs
nrathjen@prospectresources.com.au

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 Sinomine

Sinomine Resource Group (Shenzhen Stock Exchange: 002738) is a public company, headquartered in Beijing, China. Sinomine has more than twenty subsidiaries globally. The company's main businesses include geological exploration, mining investment and base metals chemicals manufacturing. For more information on Sinomine, please visit the following website at <http://www.nfmec.com>.

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.