



Prospect Resources has received the Reserve Bank of Zimbabwe approval to increase ownership in Arcadia to 87%

African lithium developer, Prospect Resources Ltd (ASX: PSC) (“**Prospect Resources**” or “**the Company**”) is pleased to announce that the Reserve Bank of Zimbabwe (“**RBZ**”) has approved its acquisition of an additional 17% of the Arcadia Lithium Project in accordance with the sale and purchase agreement dated 3 October 2018. Prospect will make a further announcement on completion of the transaction.

On completion, Prospect will increase its ownership in the Arcadia Lithium Project from 70% to 87%, and increase its share of future revenues and profits from the Project’s strong economics:

- Pre-tax NPV¹ (10% discount rate) of US\$533 million
- Life-of-mine project revenue of US\$2.93² billion
- Average annual EBITDA of US\$109 million over an estimated 12-year mine life
- Competitive C1 cost of US\$230³ per tonne of concentrate placing Arcadia in the lowest operating cost quartile
- Delivering a rapid payback for the project of 2.5 years from first production and an exceptionally strong IRR of 45%

Prospect’s Managing Director, Sam Hosack, said “This transaction is value accretive for Prospect’s shareholders. By acquiring Farvic’s carried interest we increase our share of revenues without increasing our share of costs.

“Prospect is progressing discussions with multiple potential financiers at a rapid pace and the Company is focused on progressing Arcadia and this transaction facilitates those discussions. The Company has a number of value engineering activities currently underway that are expected to further strengthen Arcadia’s project economics.”

ENDS

¹ Net Present Value (NPV) is presented on a nominal basis.

² Excluding tantalum credits

³ C1 Cost calculated from announcement on the 19th November 2019 entitled “Arcadia DFS confirms leading lithium Project” and the 5th March 2019 titled “Arcadia project economics update”. All figures stated in \$US directly from 19 Nov 2018 DFS and 5th March 2019 announcement.



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 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.