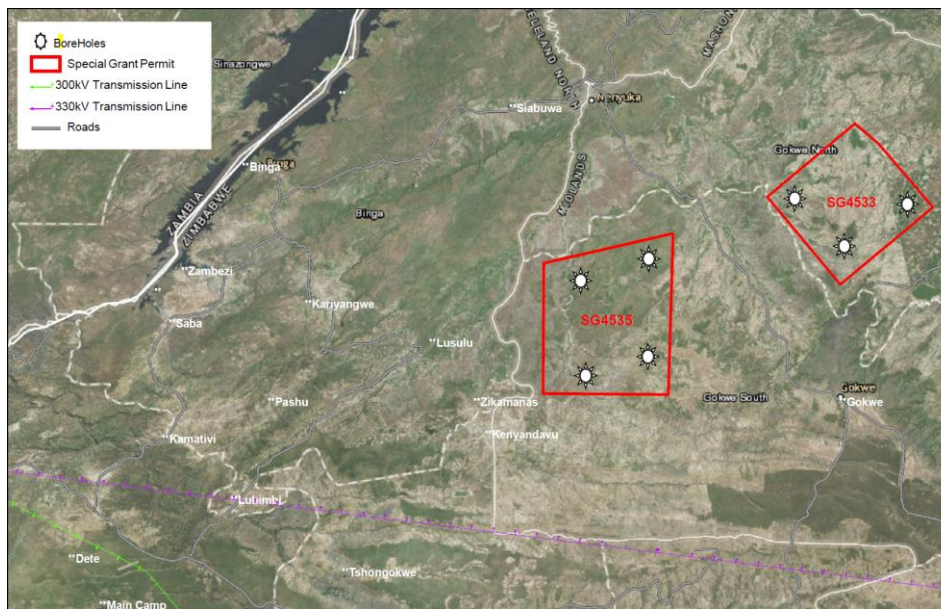


## Prospect signs MOU for power supply to Arcadia

African lithium developer, Prospect Resources Ltd (ASX: PSC) (“**Prospect**” or “**the Company**”) is pleased to announce that the Company has signed a **Memorandum of Understanding (“MOU” or “the Agreement”)** with **African Continental Minerals (Private) Limited (“ACM”)** for the supply of power to the **Arcadia Lithium Project (“Arcadia” or “the Project”)** from ACM’s Coalbed Methane Gas to Power Project.

In line with Prospect’s focus to develop the Arcadia Lithium Project, the Agreement provides Prospect with power supply optionality for the Project whilst also generating opportunities for additional services/projects, such as ACM’s Coalbed Methane Gas to Power Project, to be developed.



Map of African Continental Minerals special grant permits

The MOU is non-binding and sets out the key terms for a subsequent formal Offtake Agreement as the Arcadia Lithium Project is developed. The MOU’s key terms include:

- An agreed term of five years from the commencement date (to be outlined in a definitive agreement);
- Minimum supply of 20 Megawatts daily power to meet all of Arcadia’s power supply requirements (Arcadia’s peak power requirement is 16 Megawatts<sup>1</sup>); and
- Option for an additional 25 Megawatts of supply in the event of further expansion of the facility or downstream processing (Lithium Carbonate or Hydroxide plant).

<sup>1</sup> As stated in Arcadia’s Definitive Feasibility Study dated 19 November 2019



African Continental Minerals currently holds two Special Grants containing a total 245,000 hectares and is awaiting the final approvals on a third asset. All assets are covered by existing powerlines ranging from 11kV to 33kV. Drilling test and production wells will be placed within 4 to 8 kms from power distribution lines.

ACM possesses the vital technical industry experience to deliver a purpose-built power solution for Prospect. ACM's parent entity, Jacqueline Resources, has established a team of experienced experts on the ground in Zimbabwe headed by Troy Wilson, a widely recognized Coalbed Methane ("CBM") expert, with over 20 years' experience across exploration through to production. Jacqueline Resources' team possess global experience across de-gassings to energy projects in coal mining such as converting CBM gas to power, as well as Coal Seam Gas ("CSG") projects.

Arcadia's primary source of power supply is from the national electricity grid that is owned and operated by Zimbabwe Electricity Transmission & Distribution Company ("ZETDC"), whose main power distribution lines runs adjacent to Arcadia, some 15 kms away. Prospect has secured Arcadia's required supply at this interconnection. The MOU provides Arcadia with optionality for power supply and competitive tension for future supply agreements.

In addition to the signing of the MOU, Prospect continues to consider alternative secondary power supply options including purchase of power from the South African Power Pool, a power purchase agreement with the existing Cahora Bassa hydroelectric scheme or even the creation of a solar farm on site to ensure that it has the appropriate power solution with contingencies to support the development and operations of the Arcadia Mine. Prospect looks forward to supporting additional power projects in the future.

Prospect's Managing Director, Sam Hosack, said "The development of Arcadia creates opportunities for other investment and projects to either directly or indirectly benefit from the Project's operations. Prospect is creating an ecosystem anchored by the Arcadia Mine. This positive multiplier effect will boost investment in Zimbabwe and deliver a raft of benefits to the economy and the community."

**\*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:**

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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 African Continental Minerals**

African Continental Minerals ("ACM") is wholly owned subsidiary of Australian company Jacqueline Resources Pty Ltd. ACM is undertaking exploration studies, regulatory approvals and is seeking potential customers and preliminary gas marketing arrangements to commercialise the Coalbed Methane Gas to Power Project to supply indigenous Coalbed Methane gas to central Zimbabwe in the event that a commercial discovery is made.

### **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.