



PLACEMENT, RIGHTS ISSUE & OFF-TAKE DISCUSSIONS TO ADVANCE THE ARCADIA LITHIUM PROJECT

African lithium company, Prospect Resources Ltd (ASX:PSC, FRA:5E8) (“**Prospect Resources**” or the “**Company**”) is pleased to announce that it has received subscriptions for 4.8m new ordinary shares at A\$0.15 per share to raise A\$720,000 (before costs).

The proceeds of the placement will be used as working capital whilst it works with:

- Uranium One as it completes its due diligence on Arcadia which, if satisfactory, is expected to progress to:
 - negotiations over an equity investment in Prospect or its subsidiaries; and
 - off-take terms for at least 51% of the Company’s future lithium production; and
- Africa Import Export Bank (“Afreximbank”) to arrange the US\$143m debt facility; and
- Additional parties over off-take discussions for our ultra-low iron petalite.

The new shares will be issued using the Company’s existing capacities that were approved by resolution 7 at the Company’s AGM on 29 November 2019.

The board, after consulting with major shareholders, is also intending to raise additional capital via a share rights issue to all eligible shareholders. Given the current activities referred to above, it was deemed prudent to offer all shareholders the right to participate in a future fundraising.

In addition to those discussions with Uranium One, off-take discussions continue over the majority of our ultra-low iron petalite product for supply into Europe, Japan and Korea.

Prospect Resource Executive Chairman, Hugh Warner, said: *“This past week has been quite difficult whilst we reconcile the competing interests of funding the Company during this period of corporate activity and ensuring that there is minimal dilution to all shareholders so as to generate the maximum returns for their investment. We are committed to progressing off-take discussions, the funding process with Afrximbank and completing due diligence with Uranium One Group, in order to fund the Arcadia lithium project and become Africa’s leading lithium producer.”*

This release was authorised by Mr Hugh Warner, Executive Chairman of Prospect Resources Ltd.

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, FRA:5E8)

Prospect Resources Limited (ASX: PSC, FRA:5E8) 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.