



EQUITY PLACEMENT

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 4.84m new ordinary shares at A\$0.20 per share to raise A\$968,000 (before costs).

The proceeds of the placement will be used as working capital in line with our announcement of 30 December 2019 and 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 shares will be issued on Monday 20 January 2020.

Whilst the Company previously advised of its intention to offer a rights issue to shareholders, it was determined that a small placement was a more prudent funding mechanism. This is because of the rapid rise in Prospect’s share price over the last 30 days (53% rise) and the expected continued revaluation, due to the positive global sentiment for lithium in general and the corporate activities previously announced. It was deemed that fixing a rights issue price now, may mean a significantly larger dilution to shareholders who are not able to participate in the rights issue due to financial reasons or their jurisdiction.

Prospect Resources Executive Chairman, Hugh Warner, said “The March 2020 quarter has a number of key initiatives with a clear focus on advancing the Arcadia Lithium project through:

1. off-take discussions of the premium ultra-low iron petalite product for supply into Europe, Japan and Korea;
2. discussions with Uranium One Group; and
3. project finance discussions with AFREXIM Bank.”

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.