



## MANAGING DIRECTOR'S ADDRESS: 2020 ANNUAL GENERAL MEETING

Good morning and welcome.

The 2020 financial year has been a year of tangible progress for Prospect Resources. This has been achieved by focusing on the Arcadia project and a pragmatic approach to capital management, placing Prospect in a strong position.

Our team have delivered a Definitive Feasibility Study showcasing the strong economic potential of the Arcadia Project, completed testwork that materially improved petalite recovery whilst also mitigating technical risk. We have signed an offtake agreement with European industrial mineral leader Sibelco N.V further strengthening Prospect's offtake position, and more recently we completed a transformational capital raise to fast track Arcadia as Africa's leading lithium producer.

In October, Prospect presented to investors a clearly defined pathway to production. This was a key driver in the overwhelming success of the capital raise, which attracted institutional investors. Prospect now has the funds to rapidly develop a pilot plant at Arcadia which will generate samples that will demonstrate Prospect's economic & technical advantages. Most importantly, it advances the project finance timelines as the Company focuses on a lower capital expenditure plant that allows for staged expansion of operations.

The recent stimulus packages deployed in the UK and Europe around increasing electric vehicle adoption and growth in these jurisdictions, firmly positions Europe to become the world's largest electric vehicle market and overtake China. These clean energy policies continue to gain momentum and in turn, increase the requirement for lithium to meet demand.

With global consensus to expect growth in demand for lithium, customers in both battery and glass & ceramics markets are in buying mode and we expect material improvements in pricing over the coming few years. This reinforces our plan to commence near term production of high purity petalite and spodumene, to take advantage of this rising market.

Prospect's competitive advantage is our high purity petalite and the opportunity to sell into the glass & ceramics market. Our ability to sell high purity petalite into the glass & ceramics market makes us unique and presents a long-term competitive advantage.



High purity petalite offers a cost effective and lower energy intensity solution for glass & ceramics customers who incorporate environmental, social and governance factors in sourcing raw materials. Petalite as a direct feed stock also removes the need for the energy intensive chemical conversion process, as well as negating the need to source additional minerals such as silica and alumina which are contained in the high purity petalite mineral.

A key outcome in 2020 has been management's commitment to the successful development of the Arcadia Project. During the rights issue, the board and management made substantial commitments whilst also proposing and agreeing to a cost cutting strategy that saw a substantial reduction in salaries across the board.

This commitment clearly demonstrates initiative and buy-in from the team and underpinned the progress achieved in the year. We have a highly motivated, qualified, and talented team who will take us forward with a plan they own and are determined to deliver on. I would like to take this opportunity to recognise the resilience of the team over the past year, and that I match their enthusiasm for our pathway to production.

We have set ourselves clear targets in 2021, focused on rapid development of Arcadia to take full advantage of the lithium market resurgence. With a high-quality asset, producing low cost high margin products with offtake partners secured and a committed management team, We have the formula for success and we look forward to delivering on these targets as we transition through funding and into production.

Thank you for your continued support of Prospect Resources.

**Sam Hosack**

**Managing Director**

This release was authorised by Mr Sam Hosack, Managing Director of Prospect Resources Ltd.

**\*ENDS\***



**For further information, please contact:**

Nicholas Rathjen  
Head of Corporate Development  
nrathjen@prospectresources.com.au

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

Prospect Resources Limited (ASX:PSC, FRA:5E8) 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 high purity petalite and spodumene concentrates. Arcadia is one of the most advanced lithium projects globally, with a Definitive Feasibility Study, Offtake Partners secured and a clear pathway to production.

**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.