



ASX ANNOUNCEMENT
22 July 2022

Extraordinary General Meeting – Chairman’s Address and EGM Presentation

Prospect Resources Limited (ASX: PSC, FRA:5E8) (**Prospect** or **the Company**) attaches the following documents to be presented at its Extraordinary General Meeting being held today at 10.30am (Perth time):

- Chairman’s Address; and
- EGM Presentation.

This release was authorised by Sam Hosack, Managing Director.

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For further information, please contact:

Sam Hosack
Managing Director
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Nicholas Rathjen
Head of Corporate Development
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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 asset is the Arcadia Lithium Project located on the outskirts of Harare. Arcadia represents a globally significant hard rock lithium resource and is being rapidly advanced by Prospect's experienced team. It represents one of the most advanced lithium projects globally, with an Optimised Definitive Feasibility Study completed and offtake agreements executed.

About Zhejiang Huayou Cobalt Co., Ltd

Huayou is a leading Chinese new energy materials producer with three major business segments (1) research, development and production of cathode materials, (2) research, development and production of battery precursor, and (3) development of battery metals resources. Huayou is listed on the Shanghai Stock Exchange with a market capitalisation of approximately US\$22 billion. Huayou continues to execute on its proactive business development strategy to build a new energy materials business division, which includes the provision of significant investments in the lithium resources sector. Huayou has been operating two copper and cobalt mines in the Democratic Republic of Congo since 2007 and is investing in four nickel and cobalt projects in Indonesia with an expected annual production of 255kt of nickel and 20kt of cobalt contained in products by 2024.

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.



Chairman's EGM Address

Dear Fellow Shareholders

I wanted to take this opportunity to thank you all for attending today's Extraordinary General Meeting and for your ongoing support of the Company during this exciting period in its evolution. Along this journey we have welcomed many new Shareholders to the register and are pleased to have achieved a number of significant milestones in the face of volatile market conditions, all of which have been in pursuit of the generation and delivery of value to you, our Shareholders.

These milestones have included the construction and operation of our Arcadia pilot plant and completion of two comprehensive Optimised Feasibility Studies demonstrating multiple pathways to development, further reducing the project's technical and commercial risks, positioning Arcadia for development. The year concluded with the execution of a competitive tendering process for funding of Arcadia that drew interest from a range of international parties – which as you know, culminated in the sale of our 87% interest in Arcadia to Huayou.

The transaction realised a significant return for Shareholders with net cash proceeds received by Prospect of A\$466 million. After payment of transaction costs, Prospect is preparing to distribute almost 95% of the net proceeds from the transaction to its Shareholders, with approximately A\$34 million to be retained for future activities.

The Board has determined the distribution will be A\$0.96 per share, comprising an unfranked dividend component of A\$0.79 per share ("Special Dividend") and, subject to shareholder approval, a capital reduction component of A\$0.17 per share ("Capital Reduction").

Based on consultation with the ATO, the Company can now advise that the capital reduction amount for tax purpose will be A\$0.17 per Share and that we expect the ATO Class Ruling to be finalised on this basis.

Your Board unanimously recommends that Shareholders vote in favour of the Resolution to approve the \$0.17 Capital Reduction, which requires a simple majority of 50% or more of votes cast at the general meeting in favour to be passed. For effective delivery of the \$0.96 Cash Distribution (if the Capital Return is approved), it is important that Shareholders ensure that their banking details are up to date with Prospect's share registry, Automic.

The Company's future strategy is to be a battery and electrification minerals focused explorer and developer. With the Arcadia transaction now complete, business development and new project generation are our top priorities. The Board believes that, with approximately A\$34 million of available cash and continuation of the current management team, that the Company is appropriately resourced to deliver on this strategy.

The Board would like to thank all Shareholders for their support through this transition and we look forward to providing updates on the opportunities ahead.

Yours faithfully,

Mark Wheatley

Non-Executive Chairman

This release was authorised by Mark Wheatley, Non-Executive Chairman

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Prospect Resources Limited

22 July 2022

Extraordinary General Meeting



Prospect Resources

ASX:PSC | FRA:5E8

Important notices

Caution Regarding Forward Looking Information

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This presentation does not constitute in any way an offer or invitation to subscribe for securities in Prospect Resources pursuant to the Corporations Act 2001 (Cth).

Competent Person's Statements

The information in this announcement that relates to Exploration Results, is based on information compiled by Mr Roger Tyler, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and The South African Institute of Mining and Metallurgy. Mr Tyler is the Company's Senior Geologist. Mr Tyler has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Mr Tyler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Mineral Resources is based on information compiled by or under the supervision of Ms Gayle Hanssen of Digital Mining Services, Harare Zimbabwe. Ms Hanssen is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Ms Hanssen is employed by DMS and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Ms Hanssen consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserves is based on information compiled and reviewed by Mr Paul O'Callaghan, a full-time employee of CSA Global Pty Ltd. Mr O'Callaghan takes overall responsibility for the Report as Competent Person. Mr O'Callaghan is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC (2012 Edition). The Competent Person, Paul O'Callaghan has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

Agenda

1 Resolutions, proxies and voting

2 Corporate update

3 Questions

Resolution 1

Equity Capital Reduction

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“For the purposes of section 256C(1) of the Corporations Act and for all other purposes, approval is given by the Shareholders of the Company to reduce its share capital by equal capital reduction on the Payment Date by A\$0.17 per Share on issue on the Record Date to Eligible Shareholders.”

PROXY VOTES

VOTING INTENTION	NUMBER	%
For	164,948,895	99.43
Discretionary	917,073	0.55
Against	33,815	0.02
Total valid directed proxies received	165,899,783	
Exclusions/Abstain	22,673	
Total Proxy received	165,922,456	

Key Distribution Dates

If the Capital Reduction is approved by Shareholders at the EGM*

Following the EGM	Announcement of voting results
Monday, 25 July 2022	The Capital Reduction becomes effective
Tuesday, 26 July 2022	Last day for trading on a 'cum Capital Reduction' basis* and 'cum Special Dividend' basis
Wednesday, 27 July 2022	Trading in Shares on an 'ex Capital Reduction' basis*, and 'ex Special Dividend' basis
Thursday, 28 July 2022	Record Date of Capital Reduction* and Special Dividend
Thursday, 4 August 2022	Payment Date of Capital Reduction* and Special Dividend

* If the Capital Reduction is not approved by Shareholders at the EGM, only the Special Dividend will be paid in accordance with the timetable above. Note that the timetable is indicative and is subject to change to the extent permitted under law and the ASX Listing Rules

Investment Highlights



Electrification revolution presents a multi-decade opportunity with strong fundamentals



Significant experience in mineral exploration, technical flowsheet design and marketing



Proven ability in designing, developing and delivering battery metals projects in Africa



Well funded to act on value accretive opportunities in highly prospective sub-Saharan Africa¹



Well credentialed Board and management team, focused on creating long term shareholder value

1. Retaining A\$34m post Distribution.

Board and Management

Retention of core team, maintains competitive advantage for Prospect's next steps

Proven experience in planning, execution, development and operation of large capital projects, spanning a range of commodities with the requisite experience and skills to deliver battery and electrification metals projects in Africa

Board of Directors



Mark Wheatley
Non-Executive Chairman



Gerry Fahey
Non-Executive Director



Dev Shetty
Non-Executive Director



Zed Rusike
Non-Executive Director



HeNian Chen
Non-Executive Director

Management Team



Sam Hosack
Managing Director & CEO



Harry Greaves
Executive Director



Ian Goldberg
Chief Financial Officer



John Maketo
Technical Manager



David Broomfield
Business Development



Nick Rathjen
Corporate Development



Roger Tyler
Chief Geologist

Corporate Overview

- Compelling opportunity to leverage strong fundamentals behind electric vehicle and decarbonisation evolution
- Well credentialed Board and management team
- Proven ability in designing, developing and delivering battery metals projects in Africa
- Well funded to act on value accretive opportunities in highly prospective sub-Saharan African region
- Significant experience exploration, project development, marketing

1. Refer to ASX announcement dated 11 July 2022 titled "Addendum to Notice of Extraordinary General Meeting."

Capital structure

Market listings	ASX: PSC FRA: 5E8
Shares on issue	462.26m
Share price	A\$1.00
Market capitalisation	A\$462.3m
Cash (30 June 2022)	A\$474.3m
Cash (post distribution) ¹	Approx. A\$34m

Top shareholders

	%
Citicorp Nominees	22.8
Eagle Eye Asset Holdings	11.2
Morgan Stanley Nominee	9.3
Board & Management	7.7

Share price performance



Case Study: Arcadia

Shareholder value generation through systematic de-risking and advancement of Arcadia

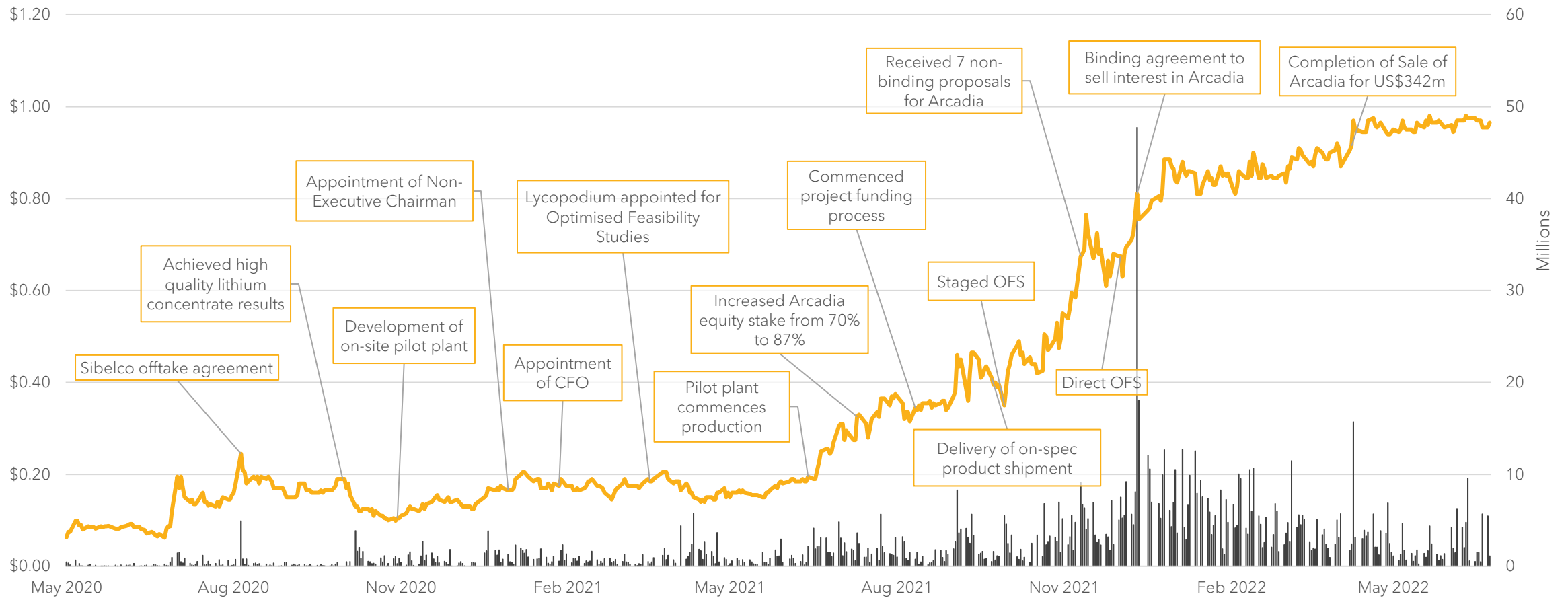
- Rigorous exploration programme including trenching, soil sampling and RC/diamond drilling
- Delivered JORC reportable Mineral Resource of 72.7Mt @ 1.06% Li₂O¹
- Extensive metallurgical testwork backed by design of low-risk flowsheet
- Delivered high certainty Optimised Feasibility Study to bankable standard
- Deep understanding of underlying terminal/non-terminal lithium markets, including petalite
- Secured offtake agreements with Tier 1 global customers
- De-risked market integration through delivery and operation of pilot plant
 - ✓ Significant improvements and increased recoveries achieved
- Produced, sold and delivered on-spec product to customers
- Developed and maintained strong level of government, community and stakeholder relations



1. Full details of the Mineral Resource are set out in the announcement dated 11 October 2021 - Arcadia Staged Optimised Feasibility Study

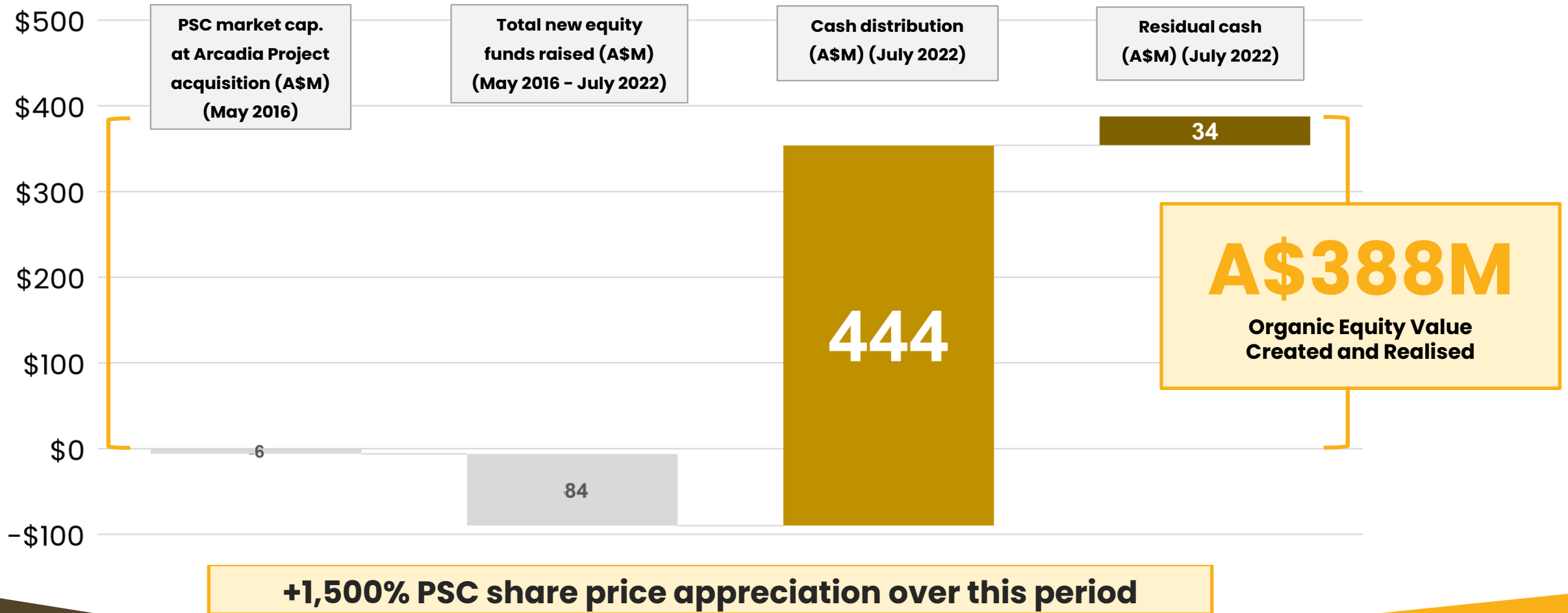
Case Study: Arcadia

Shareholder value generation through systematic de-risking and advancement of Arcadia



Case Study: Arcadia

Shareholder value generation through systematic de-risking and advancement of Arcadia



Prospect 2.0

Retention of key management personnel and growth funding

Prospect's Board has established a strategy framework, which will be further refined

Business	<ul style="list-style-type: none">▪ Battery and electrification metals focussed explorer and developer
Existing assets	<ul style="list-style-type: none">▪ Step Aside Project, Zimbabwe▪ Other battery metal tenements, Zimbabwe
Activities	<ul style="list-style-type: none">▪ Progression of existing battery metals projects▪ Evaluation, acquisition and advancement of new battery and electrification metals projects globally
Cash balance	<ul style="list-style-type: none">▪ \$34 million post Distribution
Management areas of expertise	<ul style="list-style-type: none">▪ Exploration, geology and resource development▪ Project planning, development and operations▪ Technical and financial analysis▪ Customer marketing and offtake
Key commodity focus areas	<ul style="list-style-type: none">▪ Lithium▪ REEs▪ Nickel▪ Other battery and electrification metals



Battery and Electrification Metals

A compelling, multi-decade opportunity

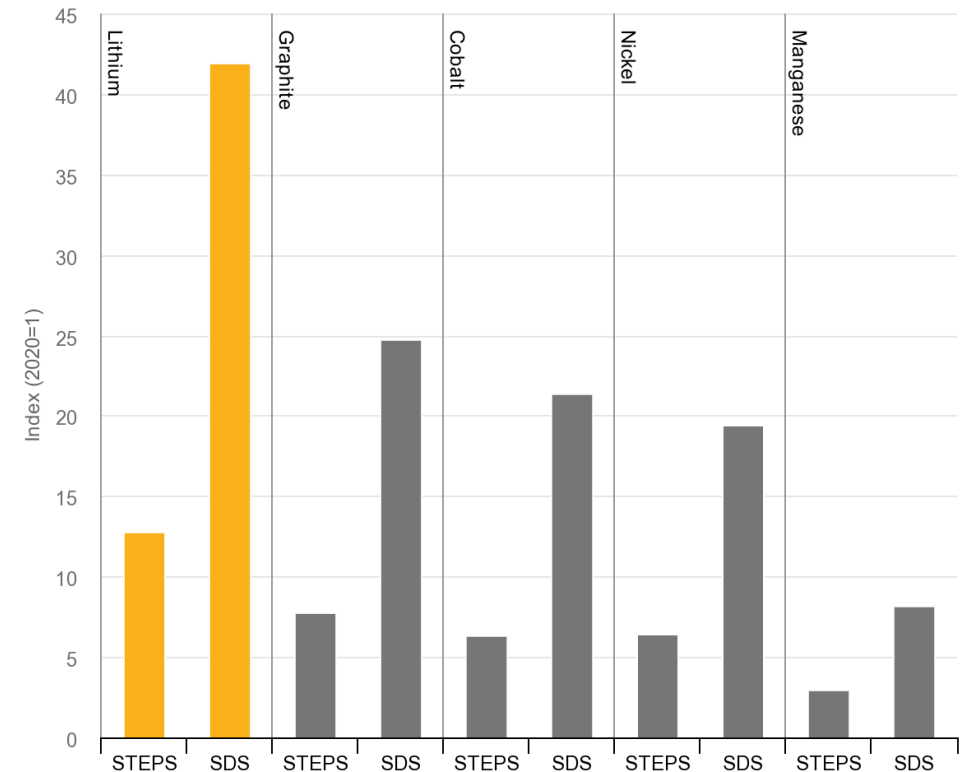
- Fundamentals behind the electric vehicle and decarbonisation evolution continue to strengthen
- Market dynamics extremely favourable, with supply deficits in many commodities forecast
- 'Critical minerals' require significant investment from governments and miners alike to meet demand
- Not all projects will succeed; requisite skills and relevant experience necessary to progress from projects to operations

"Forecast supply deficit of 14ktpa LCE from 2021 to ~3Mt LCE by 2030e"
- UBS research

"Global EV lithium demand 2019-2024 34% CAGR"
- BofA research

"US\$3.5bn/year capital investment required until 2030 to meet our demand forecasts"
- Canaccord research

Forecast demand for battery and electrification metals under IEA's Stated Policy and Sustainable Development Scenarios



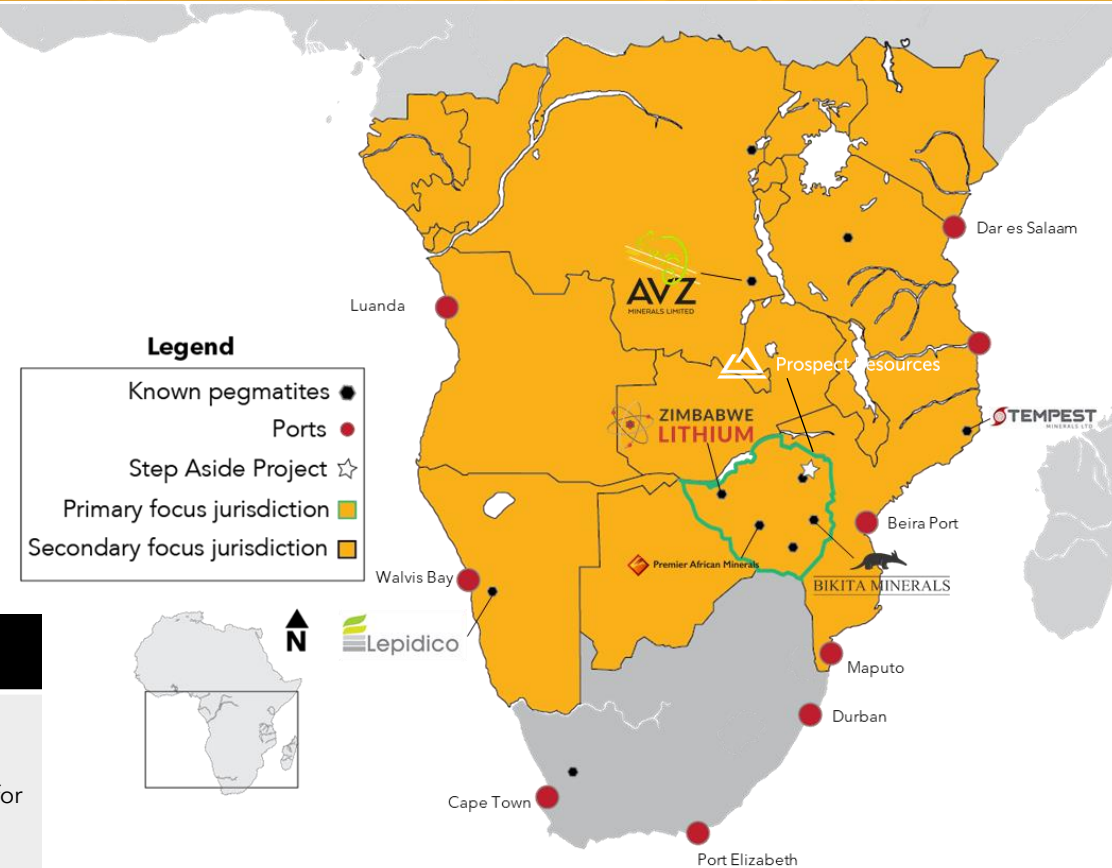
Step Aside Lithium Project

- Zimbabwe is highly prospective for targeted battery and electrification metals.
- Step Aside Lithium Project is located 8km north of the Arcadia Project, and comprises claims rationalised to approximately 100 hectares within the Harare Greenstone Belt, west of the Mashonganyika Fault.
- Area has been confirmed by positive historical regional soil sample geochemistry results.
- Four mineralized pegmatites have been mapped from east to west within a meta-dolerite host rock.
- RC drill program commenced in early July and is expected to be completed within 4 weeks, with assay results expected to be returned during August.



Sub-Saharan Africa

- Significant deal flow involving battery metals in Zimbabwe and the broader sub-Saharan African region highlights potential and scale
- Tier 1 lithium players investing considerable capital into the region signalling potential for downstream processing operations
- Zimbabwe is highly prospective for targeted battery and electrification metals.
- Significant in-country knowledge, experience and relationships provide solid foundation from which to assess and progress potential projects



Recent Lithium Transactions in Sub-Saharan Africa

Zimbabwe	Dec 2021	- Chengxin Lithium acquired 51% in Sabi Star project for US\$76.5m
	Dec 2021	- Prospect sells its 87% interest in Arcadia Lithium Project to Zhejiang Huayou Cobalt for ~US\$377.8m (100% US\$422m)
	Jan 2022	- Sinomine acquired shares in Bikita Minerals for US\$180m
	Mar 2022	- Suzhou TA&A acquires 13.38% shareholding in Premier African Minerals for US\$15.7m (£12m)
Democratic Republic of Congo	Sept 2021	- AVZ Minerals sells 24% equity interest in the Manono Lithium Project to Suzhou CATH Energy Technologies for US\$240 million

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