



Prospect Resources

Corporate Presentation
**Invest in the development of
Africa's flagship lithium project**

February 2019





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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 study that relates to Ore Reserves is based on information compiled by or under the supervision of Mr David Miller, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Miller is Prospect Resources’ Marketing Consultant. Mr Miller has sufficient experience relevant to the style of mineralization 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 Miller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Prospect Resources Overview

Emerging lithium and battery minerals company

Strategically Focused

Prospect's flagship project is the Arcadia Lithium Project located on the outskirts of Harare in Zimbabwe.

87%¹ ownership of the leading Arcadia Lithium Project, located near Zimbabwe's capital city Harare

DFS confirms technical and financial viability of 2.4Mtpa development:

- LOM revenue of US\$2.93B
- LOM cash operating costs of US\$285/t²
- 12 year mine life
- Pre-tax NPV10%³ US\$511M & IRR of 44% after US\$165M Capex, with rapid payback (2.5 years)
- Average annual EBITDA of US\$106M

Cornerstone offtake agreement with Sinomine Group for 7 years, delivering 40,000tpa of spodumene concentrate and 112,000tpa of petalite concentrate

Rapidly progressing into production to take advantage of robust market opportunities



Globally Unique

Experienced Management Team

Prospect's management team brings a wealth of lithium and mine development experience having successfully delivered large complex mine and plant projects in the region, with a total project capital expenditure of over US\$10 billion

¹ Purchase of 17% minority interest (included in 87%) is subject to shareholder and Reserve Bank approval as announced to the ASX on 3 October 2018.

² Net Present Value (NPV) is presented on a nominal basis.

³ Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs).

Prospect Resources Overview

Corporate Summary

Market Data

Shares Outstanding	2,046m
Market Capitalisation (A\$)	43m
Current Share Price	2.1c
Share Options Outstanding	180m
Cash (A\$)(as 31/12/18)	8.1m
Debt	Nil

Top Shareholders *

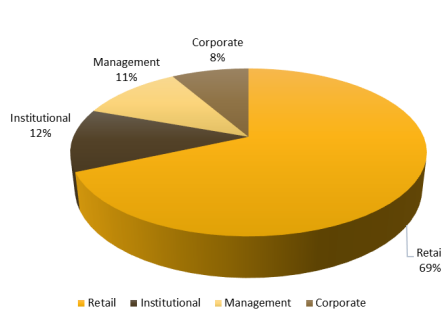
	%
Citicorp Nominees	13.19
Sinomine International Exploration	8.15
MBM Capital Partners	6.90
BNP Paribas Nominees	5.77
Armoured Fox Capital	4.86
HSBC Custody Nominees	3.28
Mr Hugh Warner & Ms Dianne Warner	3.24

* As at 31 December 2018

Share Price Graph



Shareholder Composition



Market Announcements

11th Dec	PSC exports lithium carbonate samples
03rd Dec	Groundbreaking ceremony for Arcadia Lithium Project
27th Nov	Change in substantial holding
27th Nov	New Constitution
27th Nov	Results of Meeting
26th Nov	Change of Director's Interest Notice (x4)
22nd Nov	Ground breaking ceremony at Arcadia Lithium Project
19th Nov	Arcadia DFS Investor Presentation
19th Nov	Arcadia DFS confirms leading Lithium Project
31st Oct	Quarterly Cashflow Report
31st Oct	Quarterly Activities Report
30th Oct	Option on Lipropeg Lithium Project Signed
26th Oct	Notice of Annual General Meeting/Proxy Form
26th Oct	Appointment of Investor Relations Manager

Board of Directors



Hugh Warner B.Eco
Executive Chairman

Mr Warner is a capital market professional with over 25 years' experience with listed companies across mining, oil and gas, biotechnology and services industries. He holds a BEco from the University of Western Australia.



Sam Hosack B.Eng (Hon), MBA, GAICD
Managing Director

Mr Hosack is a third generation Zimbabwean with over 15 years experience in mining and infrastructure project development across Africa, Central America and North America. Mr Hosack was appointed as Managing Director in May 2018 and has lead to the development of the Arcadia Lithium Project. Prior to joining Prospect Resources, Mr Hosack spent 12 years at First Quantum Minerals Ltd, where he recently project managed the building of a port and coal-fired power station.



Duncan (Harry) Greaves B.Sc (Agriculture)
Executive Director

Mr Greaves is a fourth generation Zimbabwean and holds over 10 years' experience in mining project acquisition, exploration, development and production. He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd., Farvic and Nicolson gold mines are located in southern Zimbabwe. Mr Greaves has been an integral part of Prospect's operations in Zimbabwe



Gerry Fahey B.Sc (Geology)
Non-Executive Director

Mr Fahey has over 40 years' experience in minerals industry. He is a specialist in mining geology, mine development and training. He has over 10 years experience as Chief Geologist Mining for Delta Gold where he was actively involved with the development of the Eureka mine. Mr Fahey is currently a Director of Focus Minerals Ltd, formerly a Director of CSA Global Pty Ltd, and member of the Joint Ore Reserve Committee (JORC).



Zed Rusike B.ACC
Non-Executive Director

Mr Rusike is a qualified accountant and resident of Zimbabwe. He was previously the Managing Director of United Builders Merchant before being promoted to Group Managing Director for Radar Holdings Limited, a large quoted company on the Zimbabwe Stock Exchange. He is currently a director of Cairns Holdings, TSL Limited, Dulux Paints Limited and Halsted Brothers (Pvt) Limited.

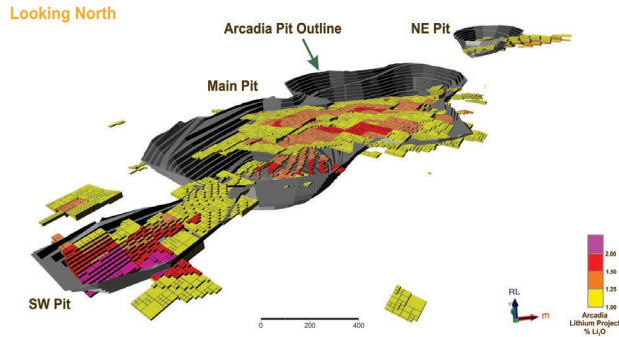


Henian Chen
Non-Executive Director

Mr Chen has served as the Chairman of Changshu Yuhua Property Co. Ltd since 2003, and has served as the Deputy Chairman of Afore New Energy Technology (Shanghai) Co. Ltd since 2007.

Arcadia Definitive Feasibility Study (DFS) Summary

Delivers strong project economics driven by scale, low cost of operations and proximity to infrastructure



- Average annual concentrate production of approximately 212,000t of 6% spodumene, 216,000t of 4% petalite and 188,000lbs of 25% tantalum
- LOM revenue of US\$2.93 billion, generating average annual LOM pre-tax cash flows of US\$104 million per annum
- LOM Reserve strip ratio 3:1 (waste:ore tonnes)
- LOM EBITDA average of US\$106 million per annum
- DFS based on assumed life-of-mine average spodumene price of US\$689/t and petalite price of US\$457/t, derived from industry analysts
- LOM operating cash costs of US\$285/t¹; generating healthy margins at assumed prices
- Project payback in ~2.5 years from first production
- Project pre-tax NPV^{10%} ² of \$511 million and IRR of 44%
- Project capital estimate of US\$165 million

¹ Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs)

² Net Present Value (NPV) is presented on a nominal basis and with a discount rate of 10%

Financial Evaluation

Financial validation to transition into development

Operation Parameters	Units	Value
Life of mine modelled (All open pit)	Years	12
Plant throughput	Mtpa	2.4
Average lithia head grade	%	1.35%
Average lithia recovery	%	67.5%
Average life of mine spodumene production	Kpta	212
Average life of mine petalite production	Kpta	216

Capital and Operating Costs	Units	Value
Average life of mine cash operating cost (FOB) ¹	USD/t conc	285
Capital Costs (carried to positive cash flow)	USDM	165
Sustaining Capital	USD/t conc	29
Life of mine spodumene concentrate price	USD/t	689
Life of mine petalite concentrate price	USD/t	457

Financial Summary	Units	Value
Average Annual Free Cashflow from operations (pre-tax)	USDM	104
Average Annual Free Cashflow from operations (post tax)	USDM	90
Life of Mine Revenue (excl. Ta credits)	USDM	2,934
EBITDA average annual	USDM	106
Pre-Tax NPV ²	USDM	511
Pre-Tax IRR	%	44
Post-Tax NPV ²	USDM	458
Post-Tax IRR	%	42
Operating Margin	%	38
Payback Period (from commencement of production)	Year	2.5

¹ Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs)

² Net Present Value (NPV) is presented on a nominal basis and with a discount rate of 10%

Arcadia Lithium Project

A conventional open pit mining operation

Arcadia Lithium Deposit Ore Reserve Estimate						
Category	Tonnes (Mt)	Li ₂ O (%)	Ta ₂ O ₅ (ppm)	Li ₂ O (t)	Ta ₂ O ₅ (Mlbs)	Fe ₂ O ₃ (%)
Proved	8.0	1.36	128	109,000	2.2	0.93
Probable	18.9	1.28	127	242,000	5.3	1.25
TOTAL	26.9	1.31	128	351,000	7.6	1.15



Arcadia's Resources geographic location provides strategic advantages for:

- ✓ Access to infrastructure:
 - 20km from railway transport to port (Beira port 450km)
 - 33KVA interconnection with secured capacity >3km
- ✓ Abundant groundwater available
- ✓ Skilled and semi skilled labour

Approvals and government support in place:

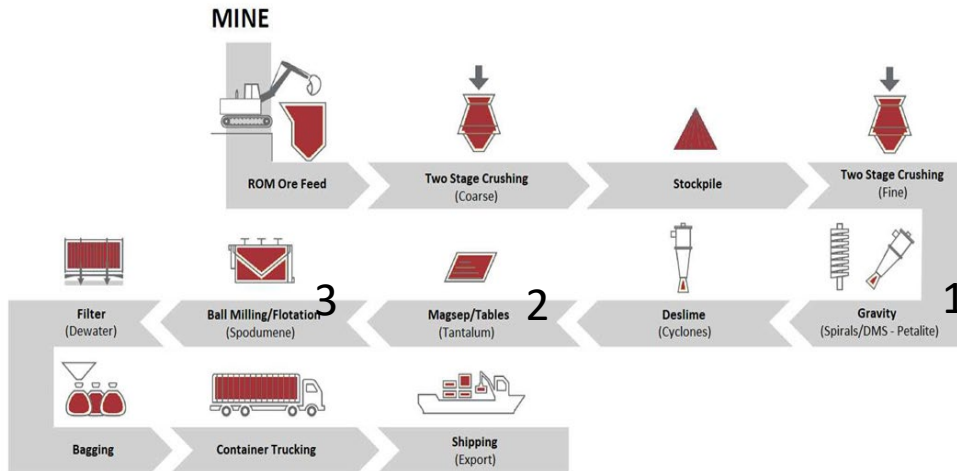
- ✓ Mining lease granted (approx. 14km²)
- ✓ Surface rights secured
- ✓ US\$10m Export Finance Facility from Reserve Bank of Zimbabwe

DFS that demonstrates economic potential of one of the world's leading lithium projects:

- ✓ Strong technical fundamentals and low cash operating costs
- ✓ Arcadia is set to deliver strong cash-flows and returns

Standard Conventional Hard Rock Pegmatite Processing

Strong lithium and tantalum recovery



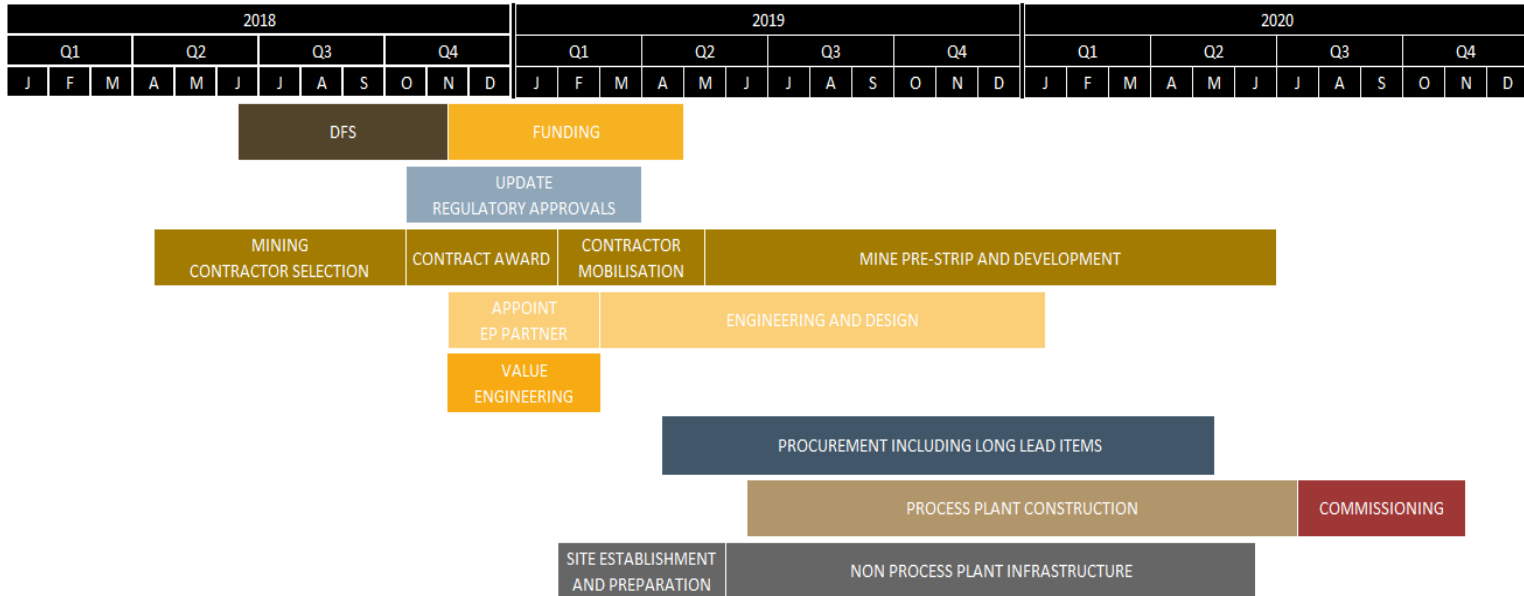
3 Products & Recovery Processes

1. Petalite Recovery (Gravity) - High grade petalite concentrate (4%)
2. Tantalum Recovery (Low/High intensity magnetic) - High grade tantalum concentrate (25%)
3. Spodumene Recovery (Flotation) - High grade chemical spodumene concentrate (SC6.0 specification)



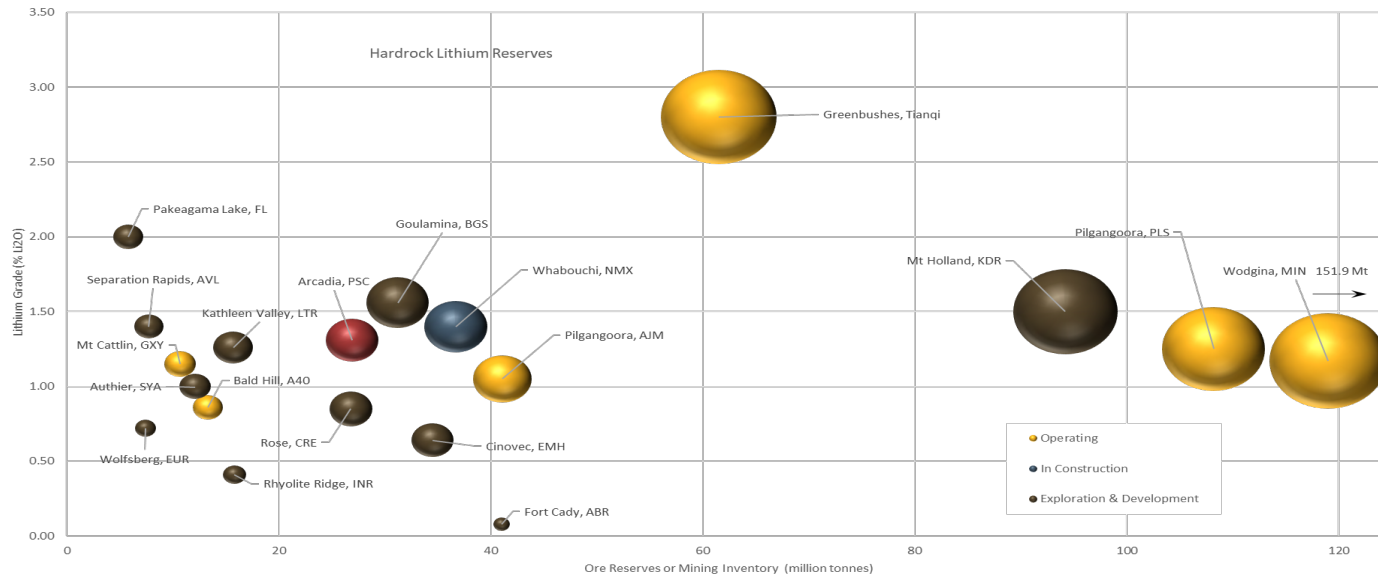
Project Implementation

Path forward to financing, development and production



Arcadia Lithium Project

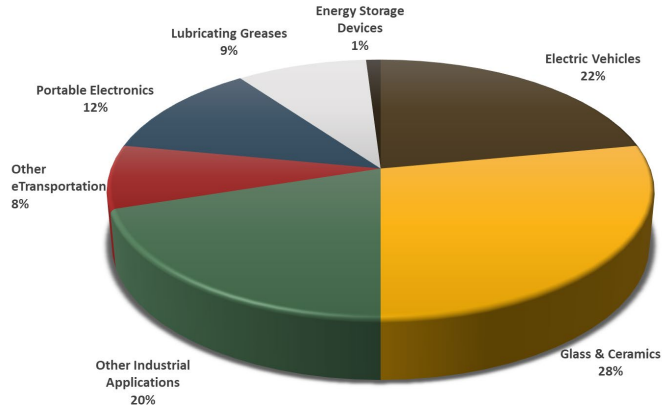
Well positioned globally in terms of size and grade



Note: Hard rock refers to all pegmatite hosted lithium deposits only. Ore reserve estimates for projects other than Arcadia have been sourced from company public domain sources. These estimates have been prepared under differing estimation methodologies and cut-off grades and therefore maybe not be directly comparable. Readers should therefore treat and rely on this information accordingly. The data is up to date as at 30 Jan 2019.

Lithium Market

Arcadia's products are suitable for multiple end use sectors

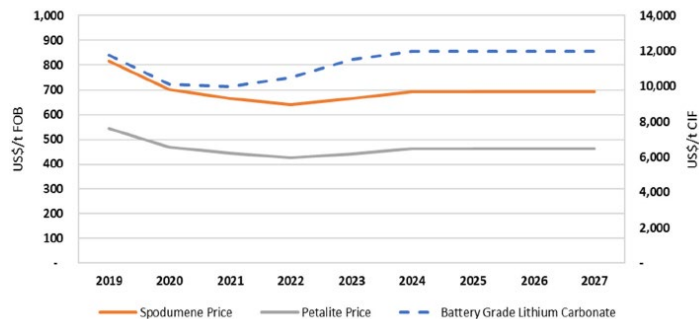


Management believe that Arcadia is one of only a handful of deposits in the world that can:

- supply low iron lithium concentrates (Petalite) to the glass and ceramics industry; and
- supply battery specification concentrates to the battery markets (Spodumene).

Many hard rock lithium mines are restricted to the chemical market primarily due to the iron content in their concentrate.

Lithium Market Outlook



Source: Prospect Resources Internal Conversion Market Analysis 2018 (based on company's own market analysis – assumes supply is expected to grow over the next 10 years to support substantial growth in emerging global lithium-ion supply chains)

- Lithium demand in 2018 was estimated to be just over 250 kt LCE, forecast to increase to about 290 kt LCE in 2019 and around 1,000 kt LCE by 2025.*
- The rechargeable battery sector is expected to increasingly dominate lithium demand from a 54% market share in 2018 to an estimated 86% share by 2025.*
- Demand for low iron lithium concentrates used as direct feed into glass, ceramics, glass ceramics and metallurgical products are also expected to continue to grow with combined lithium demand in these four sectors estimated at about 65 kt LCE in 2018.*
- Arcadia's products are suitable for both chemical conversion and as direct feed low iron concentrate feed, which provides Prospect opportunities into multiple customer channels.

*Source: Roskill

Offtake Partner

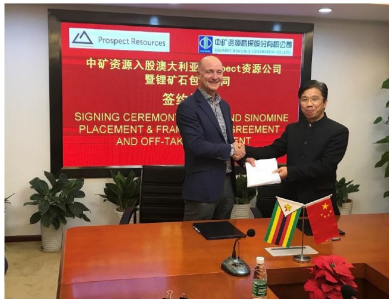
Sinomine Resource Group



中矿资源集团股份有限公司
SINOMINE RESOURCE GROUP CO., LTD.



Prospect Resources



Offtake Agreement Details

- Offtake Agreement for approx. 30% of annual production over mines first 7 year's:
 - 40,000tpa of Spodumene Concentrate (6% Li₂O); and
 - 112,000tpa of Petalite Concentrate (4% Li₂O);
- Pricing linked to Chinese sold Lithium Carbonate price.

About Sinomine

- Founded in 1999, Sinomine Resource Exploration Co., Ltd., (part of Sinomine Resources Group Co., Ltd.) was spun out from China Nonferrous Metal Mining (Group) Co., Ltd and is now a modern integrated geo-tech services company with head offices in Beijing, China. The company is listed on the Shenzhen Stock Exchange (002738) since December 2014 with a market capitalisation of ~A\$1.1Billion.
- Sinomine has the technical and financial resources to help Prospect fast track the development of Arcadia.
- Sinomine has carried out exploration and mining activities in over 20 different countries around the world including Zimbabwe, Zambia, Congo (DRC) and has subsidiaries in each of these jurisdictions.



Investment Highlights



African focused
ASX listed
Emerging Lithium
and Battery
Mineral Company



Well Positioned
Lithium Resource
in Regards 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





Contacts

Investors

Nick Rathjen

General Manager, Corporate Affairs

 nrathjen@prospectresources.com.au

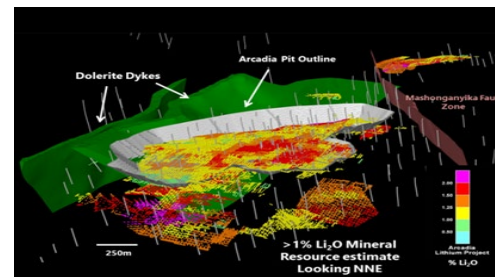
Media

 info@prospectresources.com.au

Appendix A - Arcadia Mineral Resource Estimates

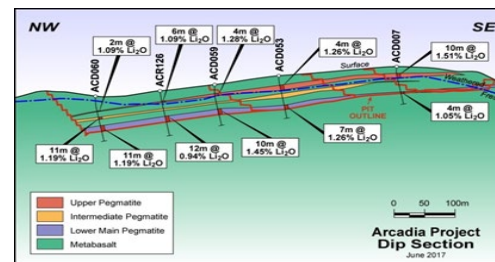
High Grade Zone - 1% Li₂O Cut-off*

Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ Mlbs
Measured	10,200,000	1.45%	132	148,100	3.0
Indicated	27,200,000	1.39%	119	378,400	7.1
Inferred	5,800,000	1.45%	97	84,000	1.2
GRAND TOTAL	43,200,000	1.41%	119	610,500	11.3



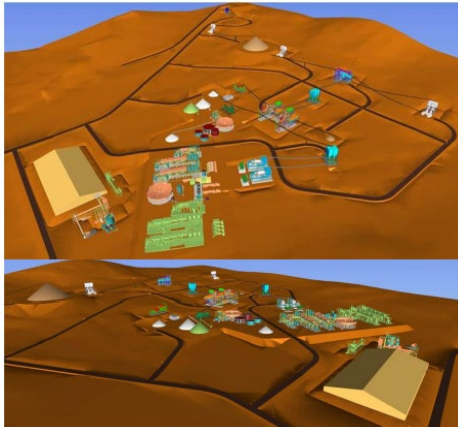
Global Resource - 0.2% Li₂O Cut-off*

Category	Tonnes Mt	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ Mlbs
Measured	15,900,000	1.17%	121	184,900	4.2
Indicated	45,400,000	1.10%	121	501,500	12.1
Inferred	11,400,000	1.06%	111	121,400	2.8
GRAND TOTAL	72,700,000	1.11%	119	807,800	19.1



* As described in ASX Announcement 6 December 2017

Appendix B - Arcadia Ore Reserve Estimate



Arcadia Lithium Project proposed plant layout

Contains ~868,000 tonnes of Lithium Carbonate Equivalent (LCE)

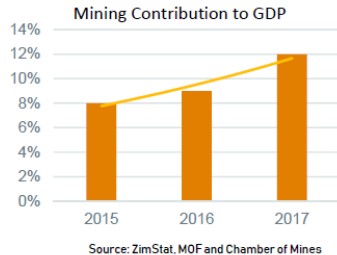
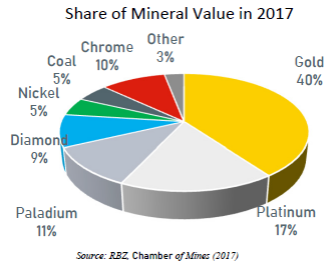
Arcadia Lithium Deposit Ore Reserve Estimate (>1% Li₂O)*

Category	Tonnes	Li ₂ O (%)	Ta ₂ O ₅ (ppm)	Li ₂ O (t)	Ta ₂ O ₅ (Mlbs)	Fe ₂ O ₃ (%)
Proved	8,000,000	1.36	128	109,000	2.2	0.93
Probable	18,900,000	1.28	127	242,000	5.3	1.25
TOTAL	26,900,000	1.31	128	351,000	7.6	1.15

* As described in ASX Announcement 6 December 2017

Appendix C - Zimbabwe

A rich history in mineral exploration and mining



- Zimbabwe has a vast mineral wealth including platinum, chrome, gold, lithium, coal, tin, copper, limestone, coalbed methane, natural gas, granite and more. *
- Zimbabwe has the 2nd largest platinum and chrome deposits in the world and is the 5th largest producer of lithium in the world. *
- Zimbabwe's mining sector has great potential for growth with the potential to attract US\$12 billion direct investment over the next five years. *
- The Government is committed to creating mutually beneficial policies and conditions for the sector's growth. Mineral export receipts of \$2.5 billion are projected for 2018, up from \$2.3 billion in 2017. *
- The mining industry contributes around 12% of gross domestic product and 68% of Zimbabwe's total export receipts. *

*Source: Terra Studio Pty Ltd