



Prospect Resources

Arcadia

Globally unique lithium project

ASX: PSC

Lithium & Battery Metals Conference
Sam Hosack, Managing Director | 20 March 2019

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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.



COMPANY

- Overview

Project

- Geology and Mining
- Processing
- Infrastructure and Logistics

Market

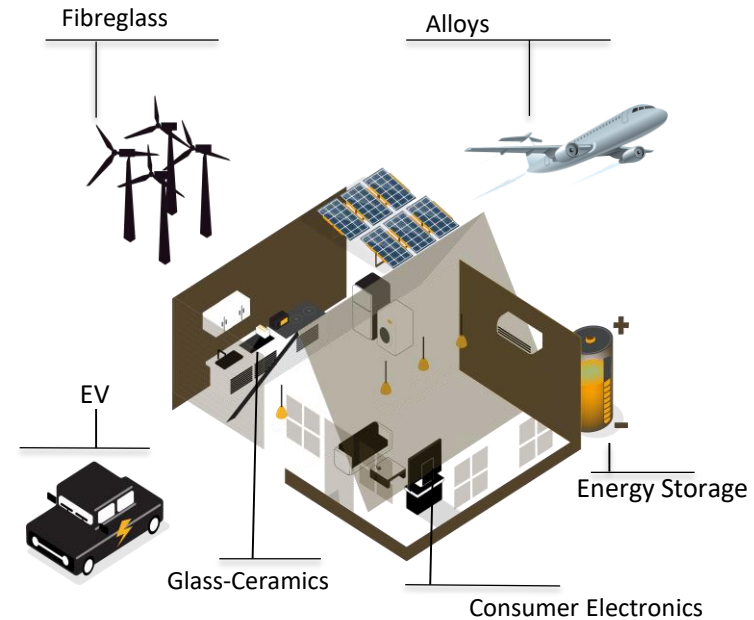
- Lithium End Users
- Lithium Supply Chain
- Lithium Market

Environment

- Zimbabwe

Activity

- Timetable





Overview

Emerging Lithium and Battery Minerals Company



Strategically Focused

- Flagship project is the 87%¹ owned Arcadia Lithium Project located on the outskirts of Harare in Zimbabwe



Globally Unique

- Only listed lithium producer that will produce both Spodumene & Petalite
- High Grade Reserve
- Positioned to be the largest Petalite producer in the world
 - Delivering a premium low iron product



Strong project economics²

- Pre-tax NPV10% of US\$533M & IRR of 45%
- LOM cash operating costs of US\$278/t concentrate, Average EBITDA of US\$109M p.a.
- US\$163M Capex, with rapid payback of 2.5 years from first production
- Cornerstone offtake partner in place for avg. 51% of petalite and 21% of spodumene production for the first 7 years



Experienced Management Team

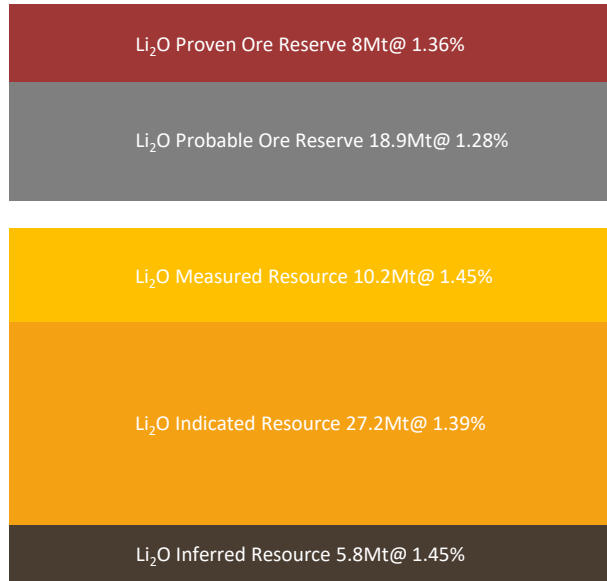
- A wealth of global lithium and mine development experience having successfully delivered large complex mine and plant projects

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 Based on information released to the ASX on the 19 November 2018 titled "Arcadia DFS confirms leading Lithium Project" and the 5th March 2019 titled "Arcadia project economics update"
Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs) & Net Present Value (NPV) is presented on a nominal basis and with a discount rate of 10%



Geology & Mining



Total Ore Reserve¹

26.9Mt @1.31% Li₂O

Total Mineral Resource²

43.2Mt @1.41% Li₂O

Conventional open pit mine

Strip ratio 3:1 (Including pre-strip)

Current Status

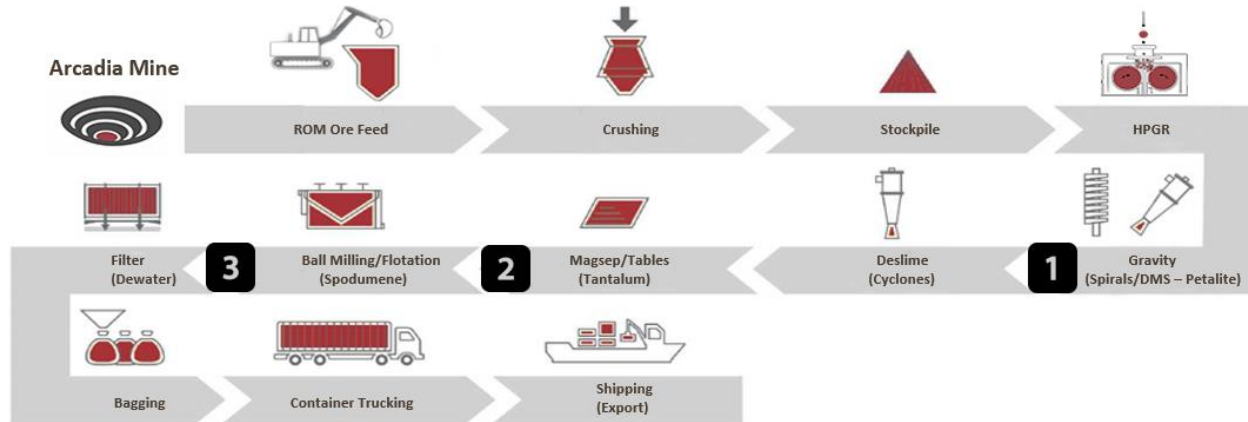
- Mining lease granted (approx. 10km²)
- Surface rights secured
- Environmental approval granted
- Site Ready to commence project development

¹Ore Reserve - As described in ASX Announcement 6 December 2017

²Mineral Resource - As described in ASX Announcement 25 October 2017

Conventional Hard Rock Processing

Strong lithium recovery, product to industry specifications



3

Spodumene Recovery
(Flotation)

Average production of 212,000 tonnes
p.a. of high grade chemical spodumene
concentrate (>6% Li₂O)



2

Tantalum Recovery
(Low/High intensity magnetic)

Average Production of 188,000 pounds
p.a. of tantalum concentrate (>25% Ta₂O₅)



1

Petalite Recovery
(Gravity)

Average Production of 216,000
tonnes p.a. of high grade, low iron
petalite concentrate (>4% Li₂O)



Infrastructure and Logistics

Arcadia's geographic location provides strategic advantages



Access to critical infrastructure

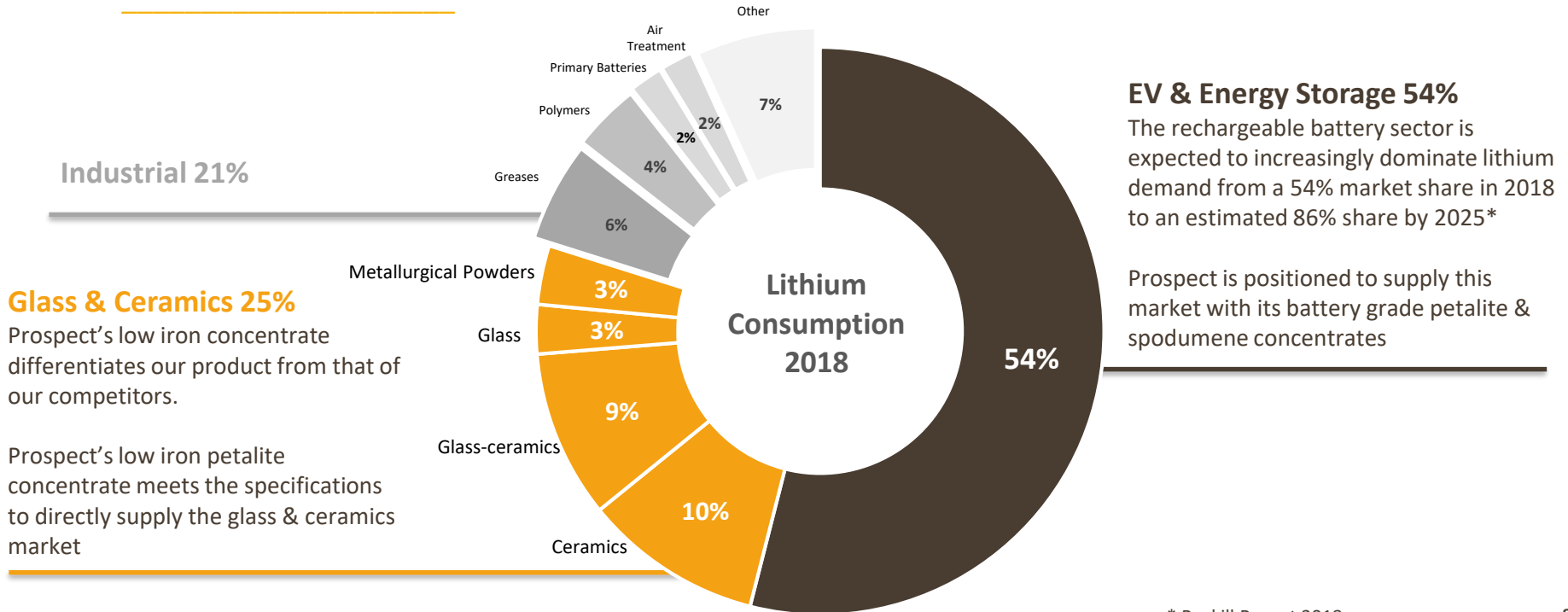
- 33KVA interconnection with secured capacity (<3km's from site)
- Surplus groundwater available
- Close proximity to skilled & semi-skilled labour (35kms from Zimbabwe's capital city, Harare)

Logistics

- Established transport and port infrastructure
- 580 km from Beira port by heavy haulage capable roads
- Access to available bulk loading facilities
- Total port throughput is approx. 1.36 million tonnes p.a.

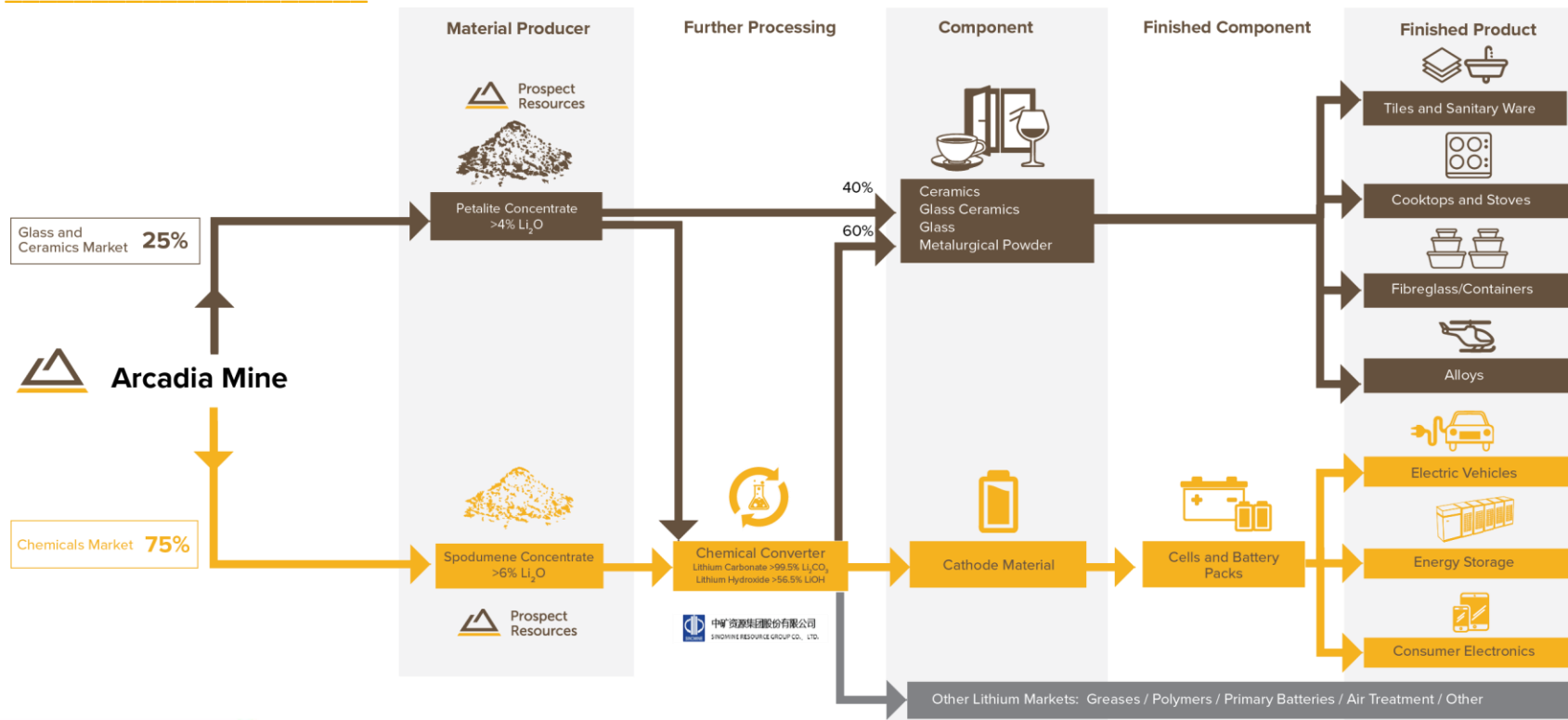
Lithium Market End Users

Arcadia's products are suitable for multiple end use industries



Lithium Supply Chain

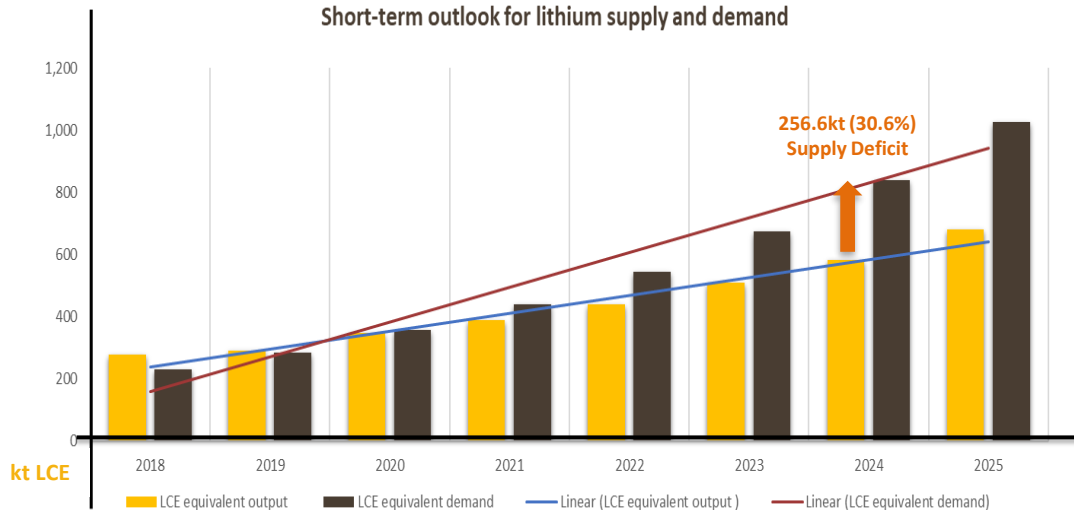
Diversified premium products gaining exposure to both mature and growing markets



Lithium Market

Supply and Demand

Short-term outlook for lithium supply and demand



Roskill Lithium Report 2018

- Lithium Demand is expected to grow at 22% p.a. until 2025. (This equates to demand more than tripling over the next 6 years)
- The supply/demand for fit-for-purpose lithium is expected to move into deficit in 2020.
- By 2024, the supply deficit is expected to total the 2019 total risk-adjusted supply

Zimbabwe's Economic Recovery

Established mining jurisdiction and supportive government



New government that is “Open for business”

Government support in place:

- US\$10m Export Finance Facility from Reserve Bank of Zimbabwe
- Achieved National Project status
- Secured Special Economic Zone status
- Presidential opening of Arcadia at groundbreaking ceremony

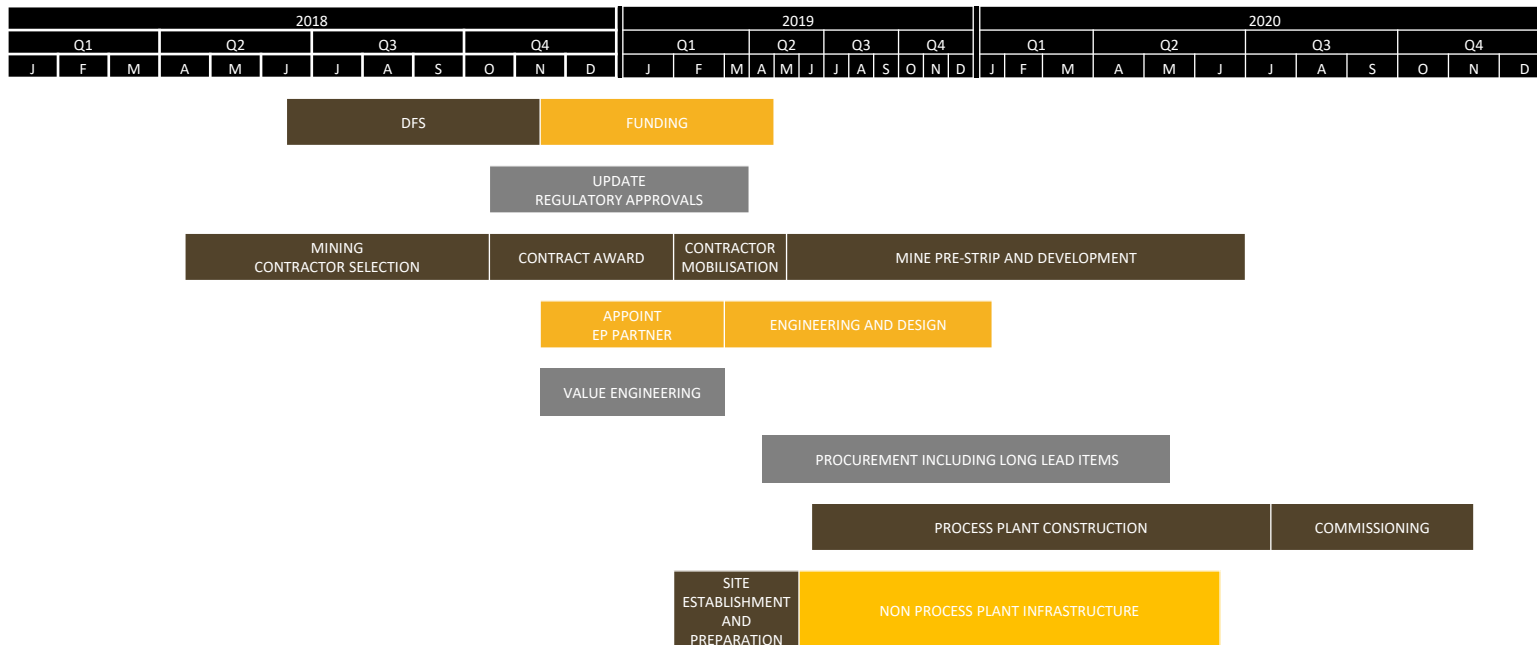
Zimbabwe is currently the 5th largest producer of lithium globally, with Zimbabwe's total mining industry currently exporting over US\$2.4B p.a.¹

Fiscal and monetary policy reforms position Zimbabwe for economic recovery, underpinned by foreign investment

¹ Terra Studio Pty Ltd, Zimbabwe – The State of the Mining Industry

Project Implementation

Path forward to financing, development and production





Investment Highlights

Positioned to lead the next generation of Lithium producers

NPV

US\$533M AU\$750M

ORE RESERVE

26.9Mt @1.31% Li₂O

MINERAL RESOURCE

43.2Mt @1.41% Li₂O

LOW OPERATING COST

US\$278/t AU\$392/t

MINE LIFE

12 Years

AVERAGE ANNUAL EBITDA

US\$109M AU\$153M

Currency conversion used AU\$1.00 = US\$0.71

Based on information released to the ASX on the 19 November 2018 titled "Arcadia DFS confirms leading Lithium Project" and the 5th March 2019 titled "Arcadia project economics update"
Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs) & Net Present Value (NPV) is presented on a nominal basis and with a discount rate of 10%



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Investors

Nick Rathjen
General Manager, Corporate Affairs
nrathjen@prospectresources.com.au

Media

info@prospectresources.com.au



Appendix A - Prospect Resources Overview

Corporate Summary

Market Data

Shares Outstanding	2,046m
Market Capitalisation (A\$) @19/03/2019	35m
Current Share Price	1.7c
Share Options Outstanding	160m
Cash (A\$)(as 31/12/18)	8.1m
Debt	Nil

Top Shareholders *

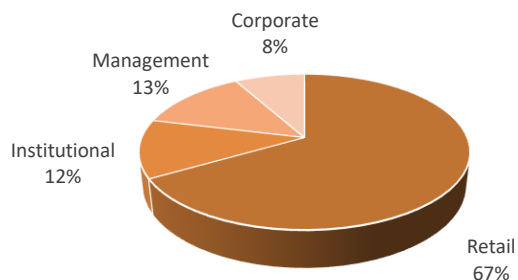
	%
Citicorp Nominees	13.08
Sinomine International Exploration	8.15
Mr Hugh Warner & Ms Dianne Warner	7.02
MBM Capital Partners	6.90
BNP Paribas Nominees	5.87
Armoured Fox Capital	4.86
HSBC Custody Nominees	3.28

* As at 28 February 2019

Share Price Graph



Shareholder Composition*



Market Announcements

2019

- 05 Mar Arcadia project economics update
- 28 Feb Arcadia approved for Special Economic Zone status
- 04 Feb Prospect Corporate Presentation - 2019
- 01 Feb Quarterly Cashflow Report
- 01 Feb Quarterly Activities Report

2018

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

Appendix B - Board of Directors



Hugh Warner B.Eco
Executive Chairman

- Mr Warner is a capital markets professional with 25+ yrs with listed mining and oil and gas companies
- Holds a B.Eco 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.
- 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 with 10+ yrs in mining project acquisition, exploration, development and production
- The founding shareholder of Farvic Consolidated Mines (Pvt) Ltd who operate gold mines in Southern Zimbabwe



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

- Mr Fahey is a specialist in mining geology, mine development and training with over 40 years' experience in minerals industry
- 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.
- 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

Appendix C - Arcadia DFS Financial Evaluation ¹

Outcomes from the Definitive Feasibility Study position the company to move 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	%	67.9
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	US\$/t conc	285
Capital Costs (carried to positive cash flow)	US\$M	165
Sustaining Capital	US\$/t conc	29
Life of mine spodumene concentrate price	US\$/t	689
Life of mine petalite concentrate price	US\$/t	457

Financial Summary	Units	Value
Average Annual Free Cashflow from operations (pre-tax)	US\$M	104
Average Annual Free Cashflow from operations (post tax)	US\$M	90
Life of Mine Revenue (excl. Ta credits)	US\$M	2,934
EBITDA average annual	US\$M	106
Pre-Tax NPV ²	US\$M	511
Pre-Tax IRR	%	44
Post-Tax NPV ²	US\$M	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%

Appendix D - LoM Financials and Capital Expenditure¹

Strong lithium and tantalum recovery to industry specifications

Life of Mine Financials		US\$M	Capital Costs Summary		US\$M
Life of Mine Revenue (excl. Ta credits)		2,934	Mine development cost		5.00
Operating costs		(1,303)	Mining working capital		2.6
Capital Expenditure			Process Plant		112.8
Capital Costs (carried to positive cash flow)		(165)	TSF		6.6
Sustaining		(29)	Infrastructure including mining		16.1
Selling Costs (including Royalty)		(244)	Engineering and services		11.1
Corporate Tax		(126)	Owners cost operations		9.6
Life of Mine Project Free Cash		1,087	First fill		1.4
			Total (Direct and indirect Costs including Contingency)		165.2

¹ Released to the ASX on the 19 November 2018 titled "Arcadia DFS confirms leading Lithium Project"

Appendix E – Offtake Partner

Sinomine Resource Group



中矿资源集团股份有限公司

SINOMINE RESOURCE GROUP CO., LTD.



Offtake Agreement Details

- Offtake Agreement for approx. 30% of annual production over mines first 7 year's:
 - 40,000tpa of Spodumene Concentrate (6% Li₂O) or approx. 19% of the LOM average annual production; and
 - 112,000tpa of Petalite Concentrate (4% Li₂O) or approx. 52% of the LOM average annual production
- 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.

Appendix F – Ore Reserve and Mineral Resource

Arcadia Lithium Deposit Ore Reserve Estimate¹

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

Arcadia JORC Mineral Resources Statement- 0.2% Li₂O Cut-off²

Category	Tonnes	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

Arcadia JORC Mineral Resources Statement- 1% Li₂O Cut-off²

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

¹Ore Reserve - As described in ASX Announcement 6 December 2017

²Mineral Resource - As described in ASX Announcement 25 October 2017