



Arcadia

A Game Changing Lithium Project

Junior Indaba

Sam Hosack, Managing Director | 5 June 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.

Prospect Resources is Rapidly Developing the Arcadia Lithium Project

**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 company that will produce both spodumene & petalite**
- + **Positioned to be the largest petalite producer in the world**
- + **Delivering a premium low iron petalite product for the Glass & Ceramics Market**

**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, US \$230/t C1 cost, with rapid payback of 2.5 years from first production**
- + **Cornerstone offtake partner in place for 34% of total production for the first 7 years**

**Experienced Team**

- + **A strong management team with a wealth of global lithium and mine development experience having successfully delivered large complex mine and plant projects**
- + **ADP / Lycopodium Engineering providing EPC services**

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"

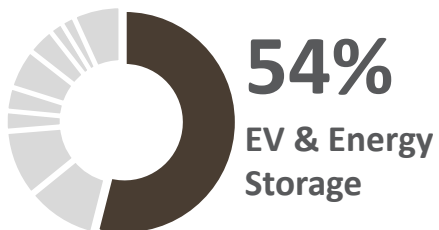
Total cash operating costs FOB (after tantalum credit, royalties and government marketing costs) & Net Present Value (NPV) is presented on a nominal basis and with a discount rate of 10%



Prospect Resources

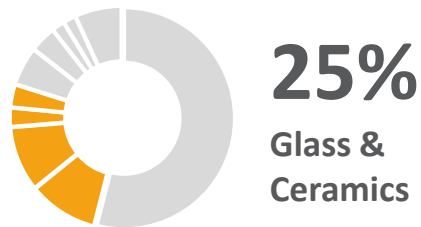
Lithium, A Strategic Mineral

Arcadia's Two Primary Products Allow Us to Target 100% of Lithium End Users



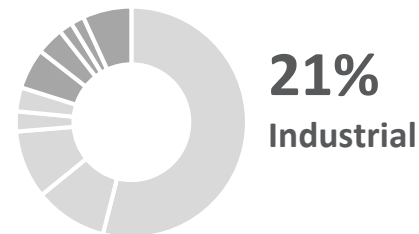
The rechargeable battery sector is expected to increasingly dominate lithium demand from a 54% market share in 2018 to an estimated 86% share by 2025.

Prospect is positioned to supply this market with its battery grade petalite & spodumene concentrates.



Prospect's low iron petalite concentrate meets the specifications to directly supply the glass & ceramics market.

Prospect's low iron concentrate differentiates our product from that of our competitors.

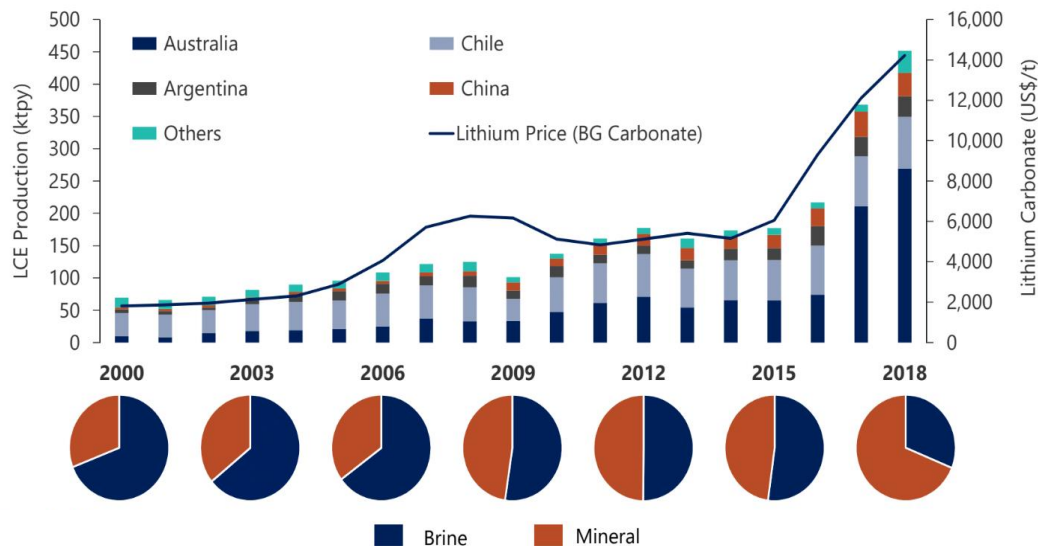


Lithium has several industrial uses through metallurgical powders, greases, alloys and more.

These markets use lithium carbonate as the high concentration of lithium as an input into the various end products.

100% of Lithium Market End Users

Historical supply of Lithium

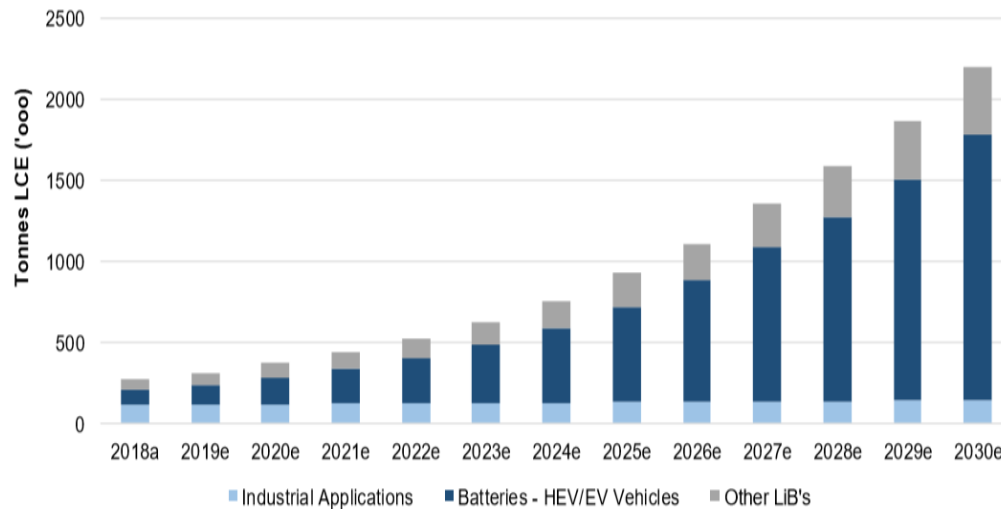


The global lithium market has historically been driven by use in the **Glass & Ceramics**, and **industrial** alloys and greases

With the **electric vehicle and energy storage revolution**, demand has significantly increased and driven further investment in lithium supply

Over time, the supply focus has moved to the mining of **hard rock over brines**

Outstanding Lithium Demand Fundamentals



Demand expected to **more than triple** over the next 6 years*

256.6kt(30.6%)

Supply Deficit for fit for purpose lithium in 2020*

By 2024, the supply deficit is expected to total the entire 2019 total risk-adjusted supply*

22% p.a. forecast annual growth until 2025*

Growth Graph sourced from
Canaccord Genuity Estimates

* Source:
Roskill presentation 2019



 Prospect Resources

Arcadia's Competitive Advantages

Africa's Flagship Lithium Project - Global Top 10 Hard Rock Lithium Asset



Mine	Hard Rock, Open Pit
Ore Reserve	26.9Mt @ 1.31% Li ₂ O
Total Mineral Resources	43.2Mt @ 1.41% Li ₂ O (1% Cut off)
Strip Ratio	3.0:1 (including pre-strip)
Products	Spodumene (6% Li ₂ O), Petalite (4% Li ₂ O)
By-product	Tantalum
Life of Mine	12 Years

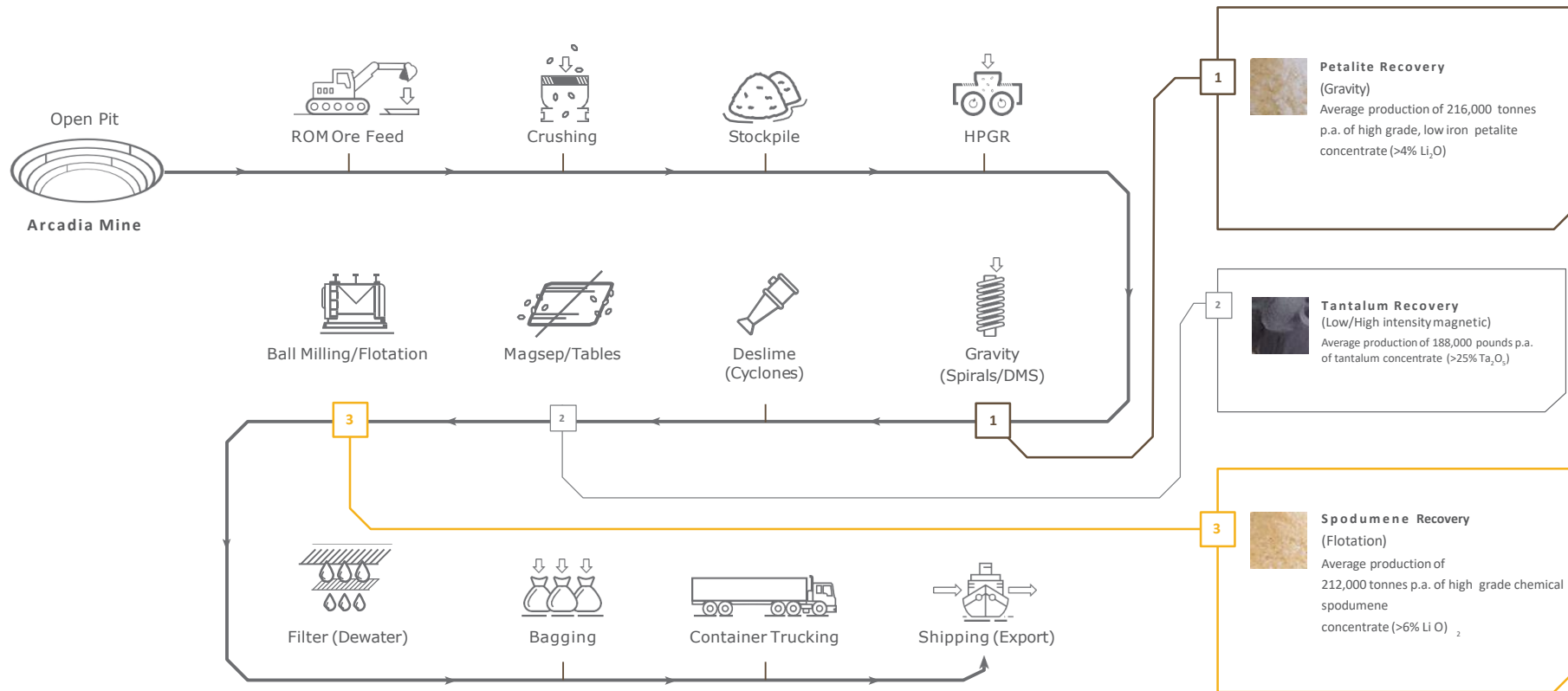
Site ready to commence project development

- Mining lease granted (approx. 10km²)
- Environmental approval granted
- Surface rights secured

Further expansion

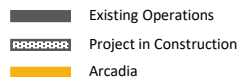
- Potential to expand life of mine through further exploration activities within 15km radius

Conventional Hard Rock Processing



Economic Potential of One of the World's Leading Lithium Projects

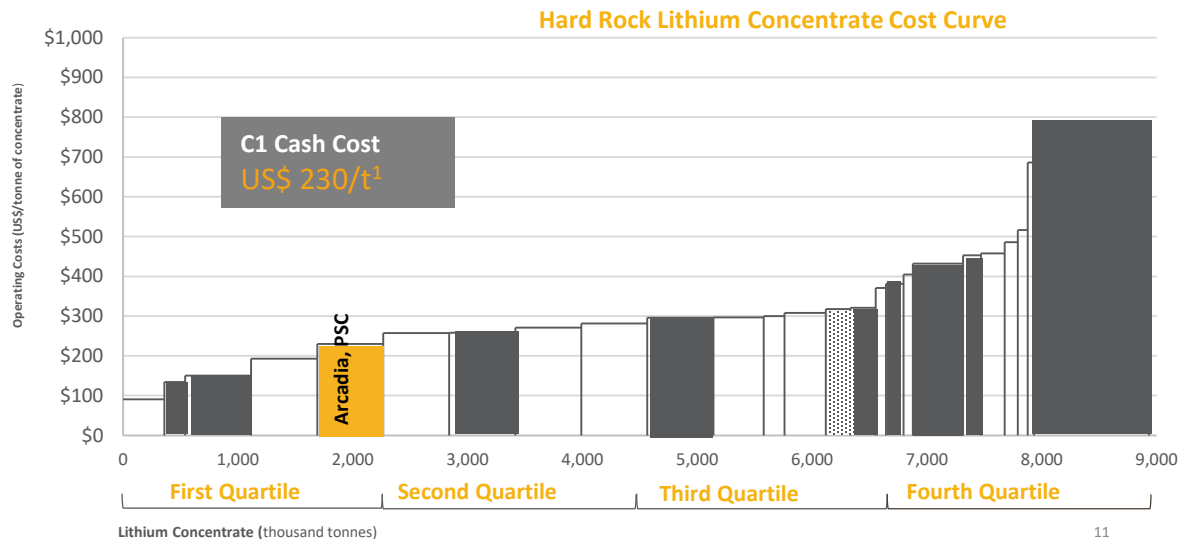
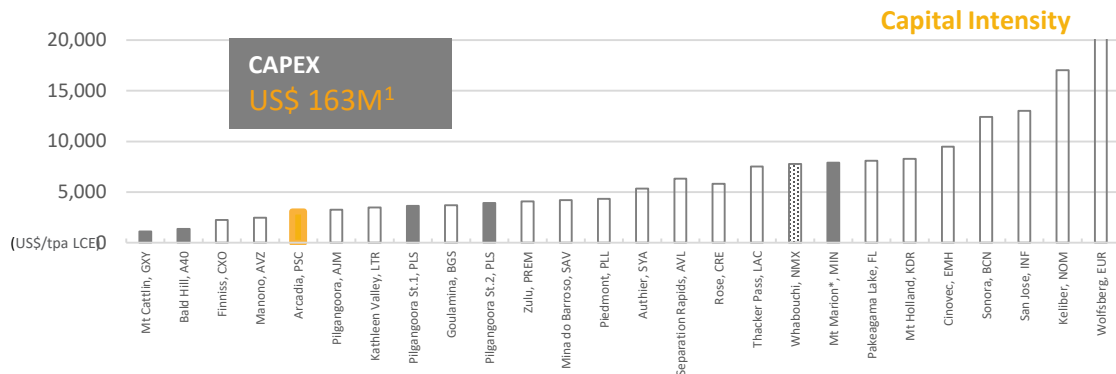
Low
Capital
Intensity



Continuously
Improving Project
Economics Through
Optimisation

Capex / Opex cost curve sourced from Terra Studio

Lowest
Quartile
OPEX



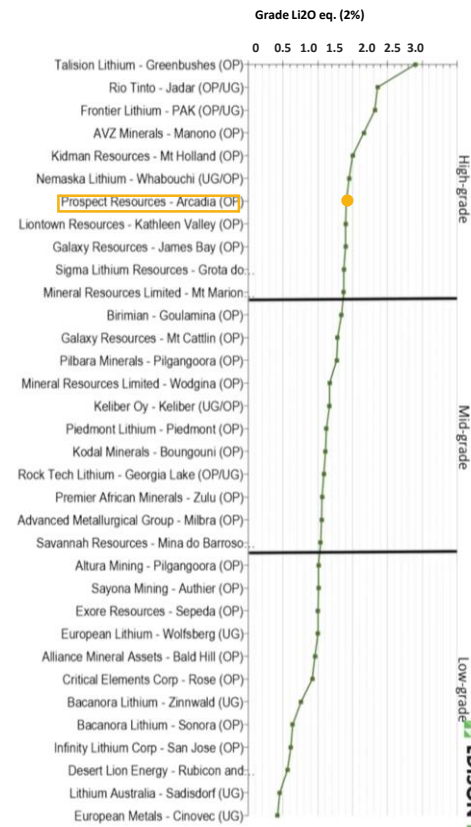
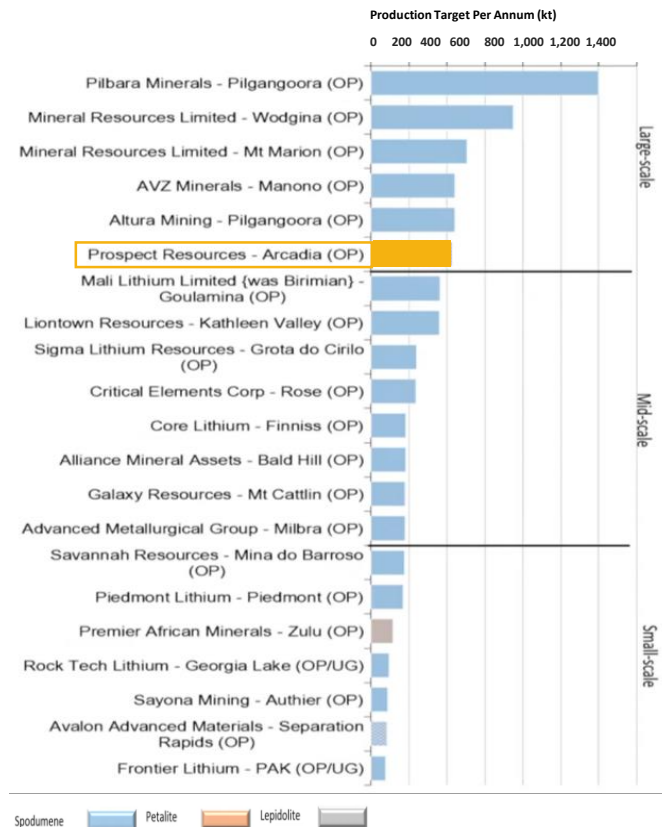
Positioned in the Large-scale and High Grade Category for Global Lithium Hard Rock Assets

34% of Prospect's annual average production over the first 7 years is **under offtake** with Sinomine, and its subsidiary Dongpeng, China's largest petalite chemical converter :

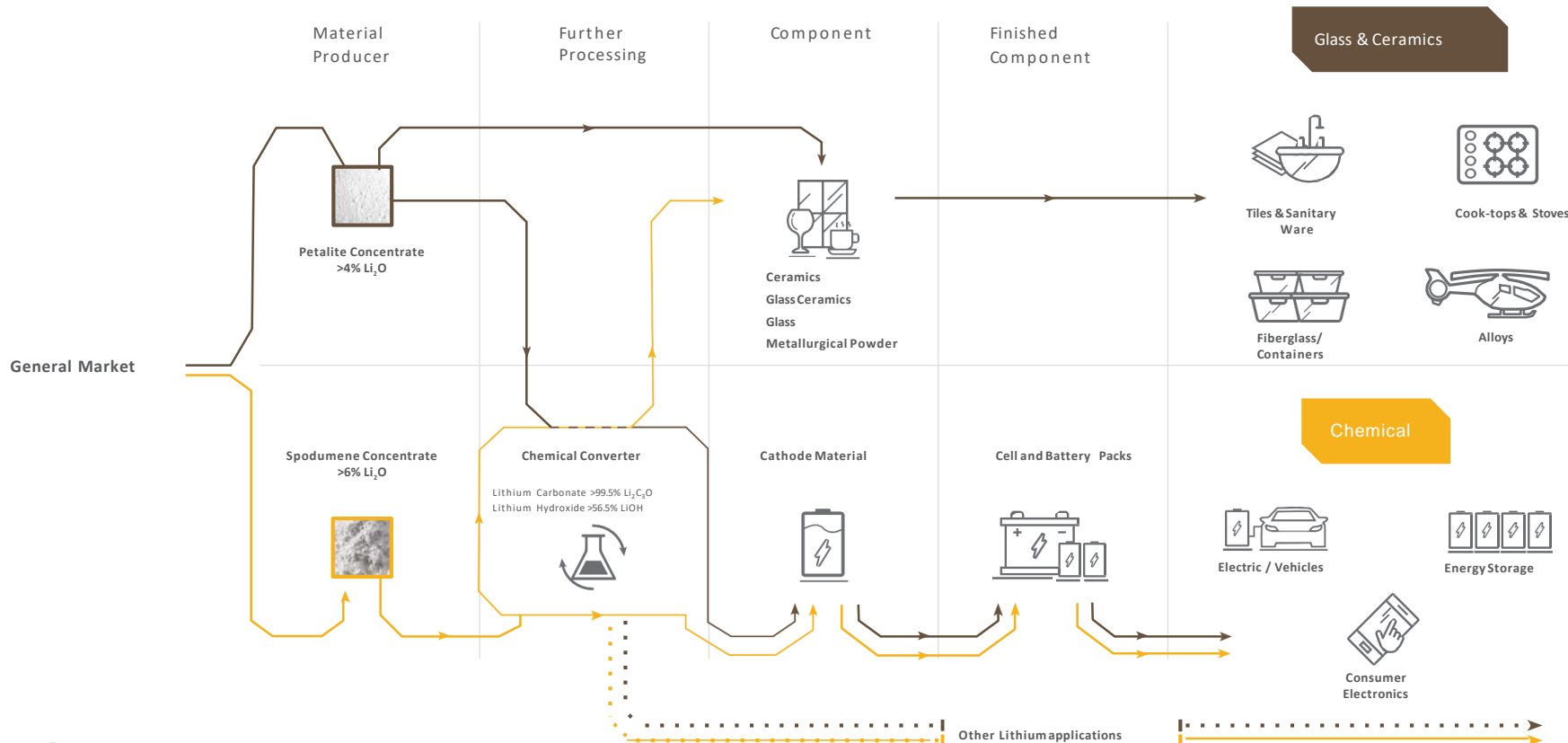
- 40,000 t.p.a of Spodumene Concentrate (6% Li₂O); and
- 112,000 t.p.a of Petalite Concentrate (4% Li₂O)

Pricing linked to Chinese sold Lithium Carbonate price.

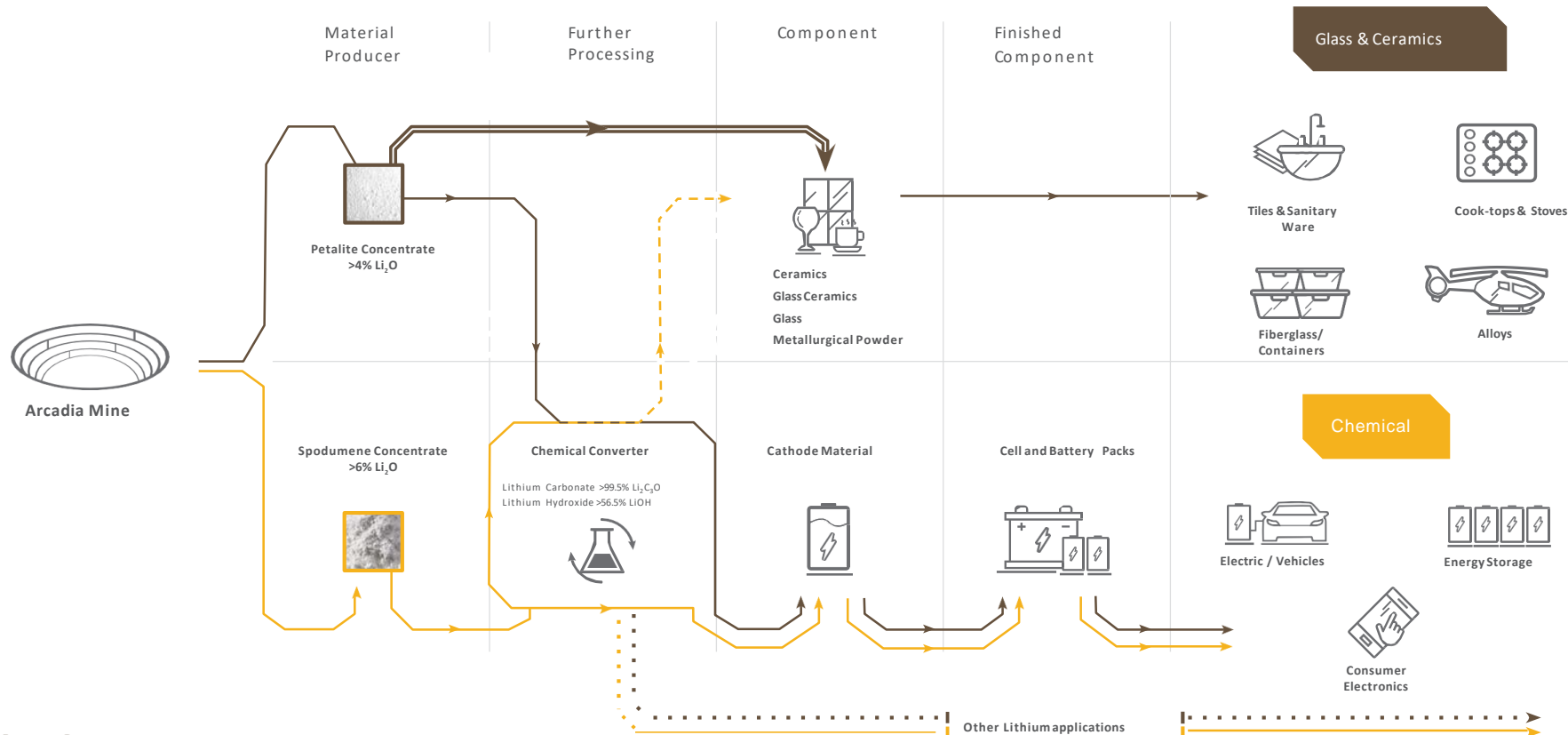
Source:
Edison Group Research



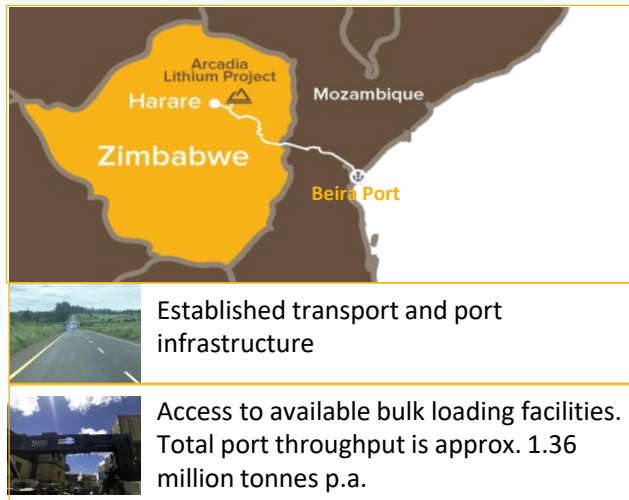
Current Lithium Supply Chain



Prospect's Market Diversification Advantage



Established Infrastructure



35km from Zimbabwe's capital city, Harare, close proximity to skilled & semi-skilled labour

580km from Beira port by heavy haulage capable roads

33KV interconnection with secured 20MVA capacity (15km from site)

Surplus process water available



Supportive Government



- Achieved National Project status

- Secured Special Economic Zone status

- Presidential opening of Arcadia at ground-breaking ceremony

- **1 of 3 projects** in the mining sector to be included in a Rapid Results Initiative

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Additional Information

Board of Directors



Hugh Warner
Executive Chairman

A capital markets professional with 25+ years' with listed mining and oil and gas companies.



Sam Hosack
Managing Director

A third generation Zimbabwean with over 15 years' experience in mining and infrastructure project development.

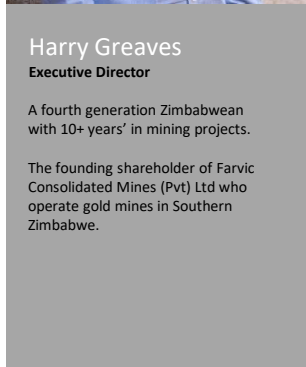
Spent 12 years at First Quantum Minerals Ltd, where he recently project managed the building of a port and coal-fired power station.



Zed Rusike
Non-Executive Director

A qualified accountant and resident of Zimbabwe.

Director of Cairns Holdings, TSL Limited, Dulux Paints Limited and Halsted Brothers (Pvt) Limited.



Harry Greaves
Executive Director

A fourth generation Zimbabwean with 10+ years' in mining projects.

The founding shareholder of Farvic Consolidated Mines (Pvt) Ltd who operate gold mines in Southern Zimbabwe.



Gerry Fahey
Non-Executive Director

A specialist in mining geology, mine development and training with over 40 years' experience in the minerals industry.

Director of Focus Minerals Ltd, formerly a Director of CSA Global Pty Ltd, and member of the Joint Ore Reserve Committee (JORC).



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.



Zed Rusike
Non-Executive Director

A qualified accountant and resident of Zimbabwe.

Director of Cairns Holdings, TSL Limited, Dulux Paints Limited and Halsted Brothers (Pvt) Limited.

Management Team



Chris Hilbrands
Chief Financial Officer

Mr Hilbrands has worked as Chief Financial Officer for a number of public companies listed on the ASX and AIM, primarily resources focused.



Mike Kitney
Consultant, Metallurgy, Process Design

Mr Kitney is a practising metallurgist with over 46 years' experience in mineral processing.

Mr Kitney has specific experience in spodumene beneficiation and downstream lithium carbonate plant design, construction and commissioning.



Roger Tyler
Chief Geologist

Mr Tyler has worked for over 33 years' as a geologist and resource analyst in numerous African countries.

Prior to the Arcadia discovery, his most significant achievement was leading the programme which resulted in the development of the new Kinsevere mine in DRC.

Trevor Barnard
General Manager

Mr Barnard has held numerous senior leadership roles over the last 20 years', most recently being the country Managing Director of PPC Ltd's business in Zimbabwe and the DRC.



Nick Rathjen
General Manager,
Corporate Affairs

Mr. Rathjen is an Australian capital markets executive with more than 8 years' experience in investor relations, stockbroking and banking.



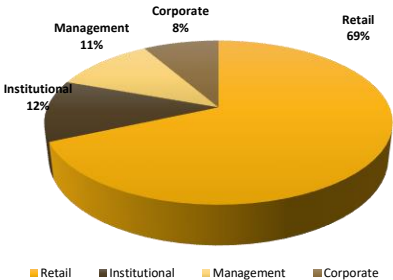
Nixon Mugwadhi
Mine Manager

Mr Mugwadhi has a substantial mine planning, and mine management background with over 20 years' experience in mining engineering in Africa (Zimbabwe, Zambia, D. R. Congo).



Corporate Summary

ASX Code	PSC
Shares Outstanding	2,046m
Market Capitalisation @30/05/2019	A\$ 35m
Current Share Price	1.7c
Cash (31/03/19)	A\$3.0m



* As at 30 April 2019

Top Shareholders *	%
Citicorp Nominees	12.94
Sinomine International Exploration	8.15
MBM Capital Partners	6.90
BNP Paribas Nominees	5.55
Armoured Fox Capital	4.86
HSBC Custody Nominees	3.29
Mr Hugh Warner & Ms Dianne Warner	3.24



Arcadia DFS Financial Evaluation ¹

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

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

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

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%

³ Released to the ASX on the 19 November 2018 titled "Arcadia DFS confirms leading Lithium Project"

Ore Reserve and Mineral Resource

Arcadia Lithium Deposit Ore Reserve Estimate ¹					
Category	Tonnes	Li ₂ O (%)	Ta ₂ O ₅ (ppm)	Li ₂ O (t)	
Proven	8,000,000	1.36%	128	109,000	
Probable	18,900,000	1.28%	127	242,000	
TOTAL	26,900,000	1.31%	128	351,000	

Arcadia JORC Mineral Resources Statement- 1% Li ₂ O Cut-off ²					
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

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

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

Synopsis, Arcadia Lithium Project

2016 In June 2016, Prospect acquired a 70% interest in Arcadia.

In 2017, Arcadia was granted National Project Status by the Zimbabwe government.

2017 Significant mineral resources upgrades at the high grade Arcadia lithium deposit was announced.

PFS confirms the technical and financial viability of the Arcadia lithium project to be a significant producer of spodumene, petalite and tantalite concentrates.

Environmental approval was granted in March 2018.

Mining license followed in August 2018.

2018 In October 2018, Prospect acquired a further 17% in Arcadia, increasing ownership in the project to 87%¹.

In November 2018, Prospect announced completion of a Definitive Feasibility Study into the 2.4Mtpa development of the Arcadia Project. The results confirm the Project's strong financial and geological merits, positioning the company to be a leading producer of lithium concentrates.

In November 2018, groundbreaking ceremony for Arcadia Lithium Project officially opened by His Excellency, The President, Mr E.D. Mnangagwa and Vice-President Constantino Chiwenga.

2019 Special Economic Zone declared over the entire project area in February 2019, which affords PSC significant operating concessions, particularly the right to operate exclusively in foreign currency.

Value engineering completed on 5th March delivers significant enhancements to project economics at Arcadia.

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