

Arcadia Lithium Project

| Updated Definitive Feasibility Study

February 2020



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Prospect confirms that for the purposes of Listing Rule 5.19.2, all material assumptions underpinning the information continue to apply and have not materially changed

Competent Person's Statements

The Company confirms it is not aware of any new information or data that materially affects the information included in the Arcadia Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 25 October 2017.

The Company confirms it is not aware of any new information or data that materially affects the information included in the Arcadia Ore Reserve Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its reserve announcement made on 20 November 2019.

Leading Africa in the battery minerals revolution

Strategically Focused

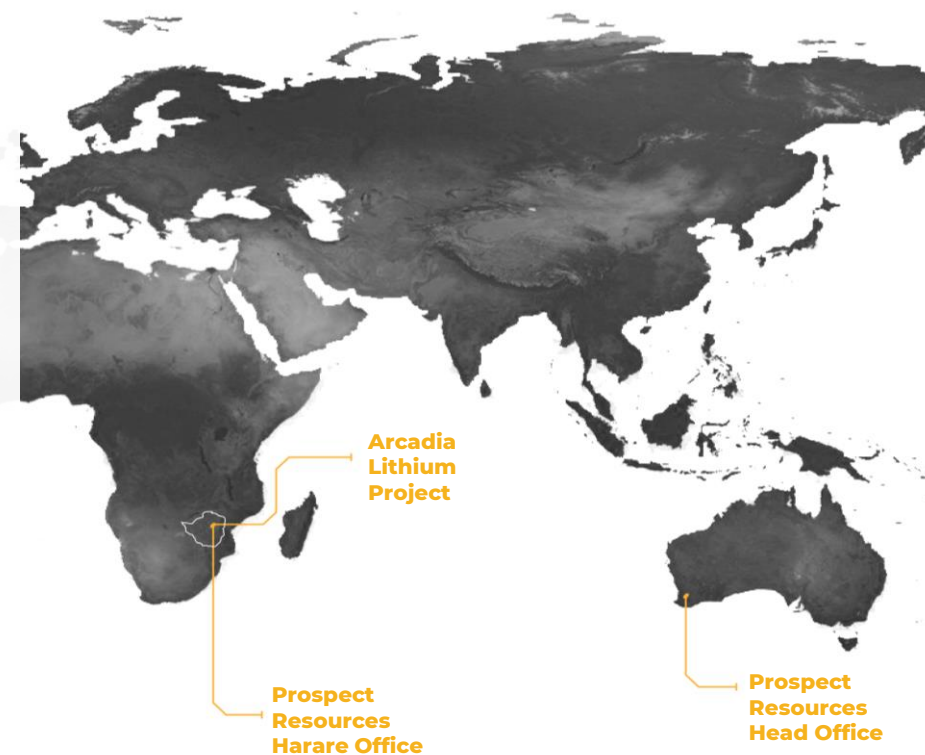
- + Listed on the Australian (ASX: PSC) and Frankfurt (FRA: 5E8) exchanges
- + Battery minerals company with a focus on lithium in and around Zimbabwe
- + Flagship project is the 87%¹ owned Arcadia Lithium Project located in Zimbabwe

Globally Unique

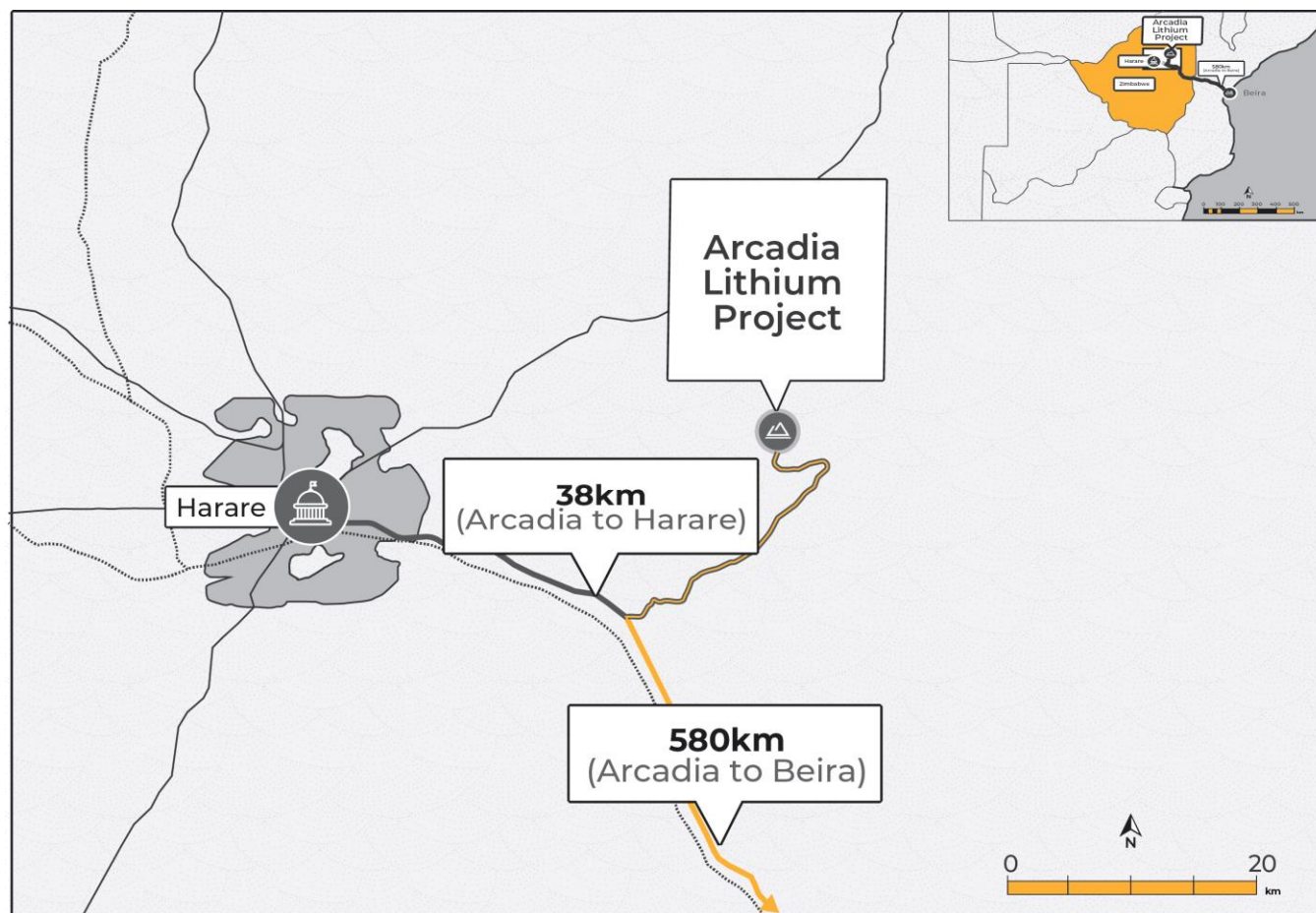
- + Africa's most advanced lithium project
- + Only listed company to produce low iron spodumene and ultra-low iron petalite concentrates
- + A leading player in the lithium industry with low cost production and stability of supply into both chemical and glass & ceramics markets
- + Offtake agreement and equity investment from Shenzhen Stock Exchange listed lithium chemical converter Sinomine Resources Group (002738.SZ)

Experienced Team

- + A strong management team with a wealth of experience across African, lithium and project development, having successfully delivered large, complex mine and plant projects globally
- + Tier 1 EPCM partner - ADP / Lycopodium Engineering



Arcadia, a game changing lithium project



- **7th largest global hard rock lithium asset**
- **Fully permitted to commence production**
- **Strong project economics to drive returns for shareholders**
- **Diversified markets across Europe, North America and North Asia**
- **Close proximity to a skilled labour force and established infrastructure**
- **Operating in an established mining jurisdiction with over 100 years of mining history**



Arcadia Lithium Project: Updated DFS



Prospect Resources

Significantly improved project economics

- **Average Annual EBITDA (First 5 years) US\$168M**
- **CAPEX US\$162M, including EPCM cost provision & 14% contingency¹**
- **Pre-tax NPV₁₀ US\$710M²**

Page 7**Optimised reserve estimate and extended life of mine**

- **7th Largest Global Hard Rock Lithium Asset**
- **Ore Reserve 37.4Mt @ 1.22% Li₂O and 121ppm Ta₂O₅**
- **Life of mine extended to 15.5 Years**

Page 11**Exceptional growth opportunities**

- **The global demand for lithium is driven by EV growth**
- **Market is in deficit by 2021³**
- **Supply into the stable glass & ceramics and the growing EV / battery market**

Page 13**Africa's most advanced lithium project**

- **DFS completed**
- **Fully permitted**
- **Pathway to funding**

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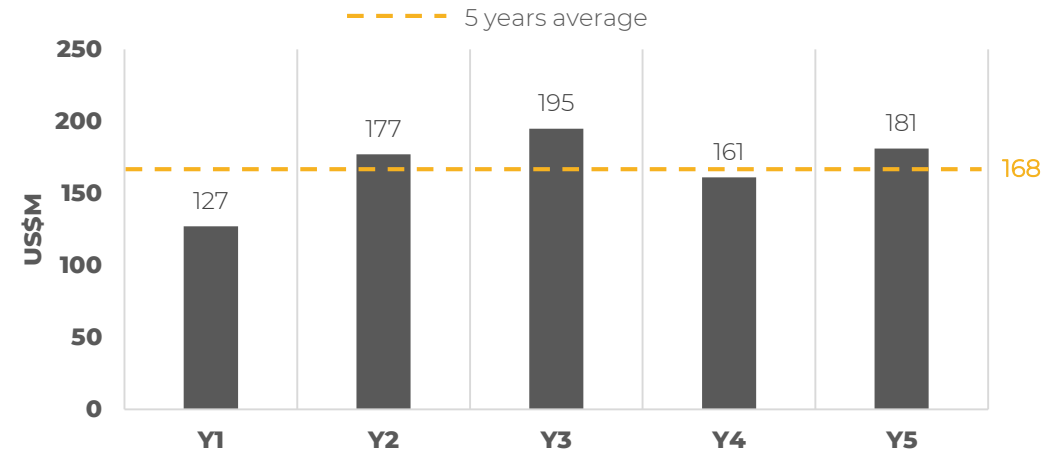
¹ Contingency includes EAA (Estimate Accuracy Allowance)

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

³ Benchmark Minerals Intelligence .

A tier one project delivering strong returns

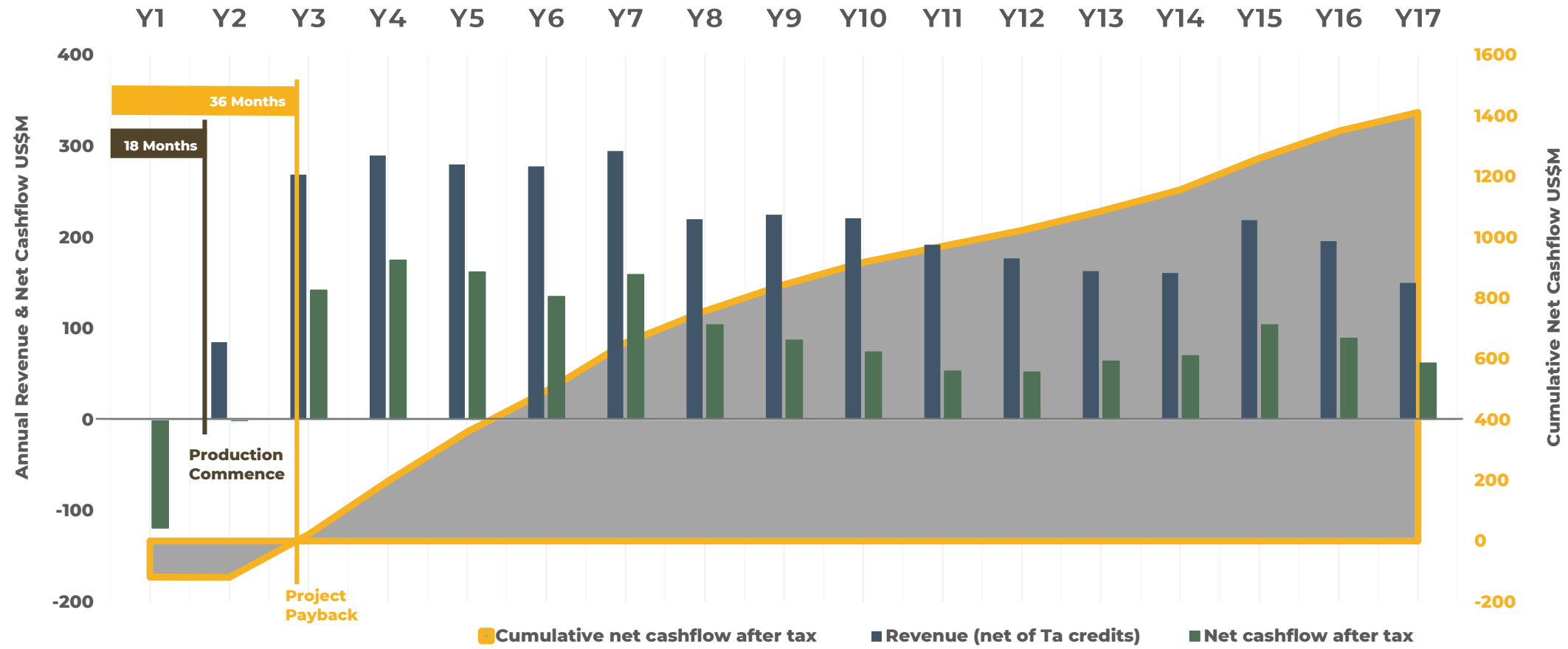
Updated DFS Nov 2019¹	Change ²
Average Annual EBITDA (first 5 years) US\$168M	99% increase (Previously US\$84M)
CAPEX US\$162M	2% decrease (previously US\$165M)
NPV₁₀ pre-tax US\$710M	39% increase (Previously US\$511M)
IRR pre-tax 71%	27% increase (previously 44%)
Payback Period 18 months	12 months shorter (previously 2.5 years)

Annual EBITDA (First 5 Years)**Further enhanced project financial positions**

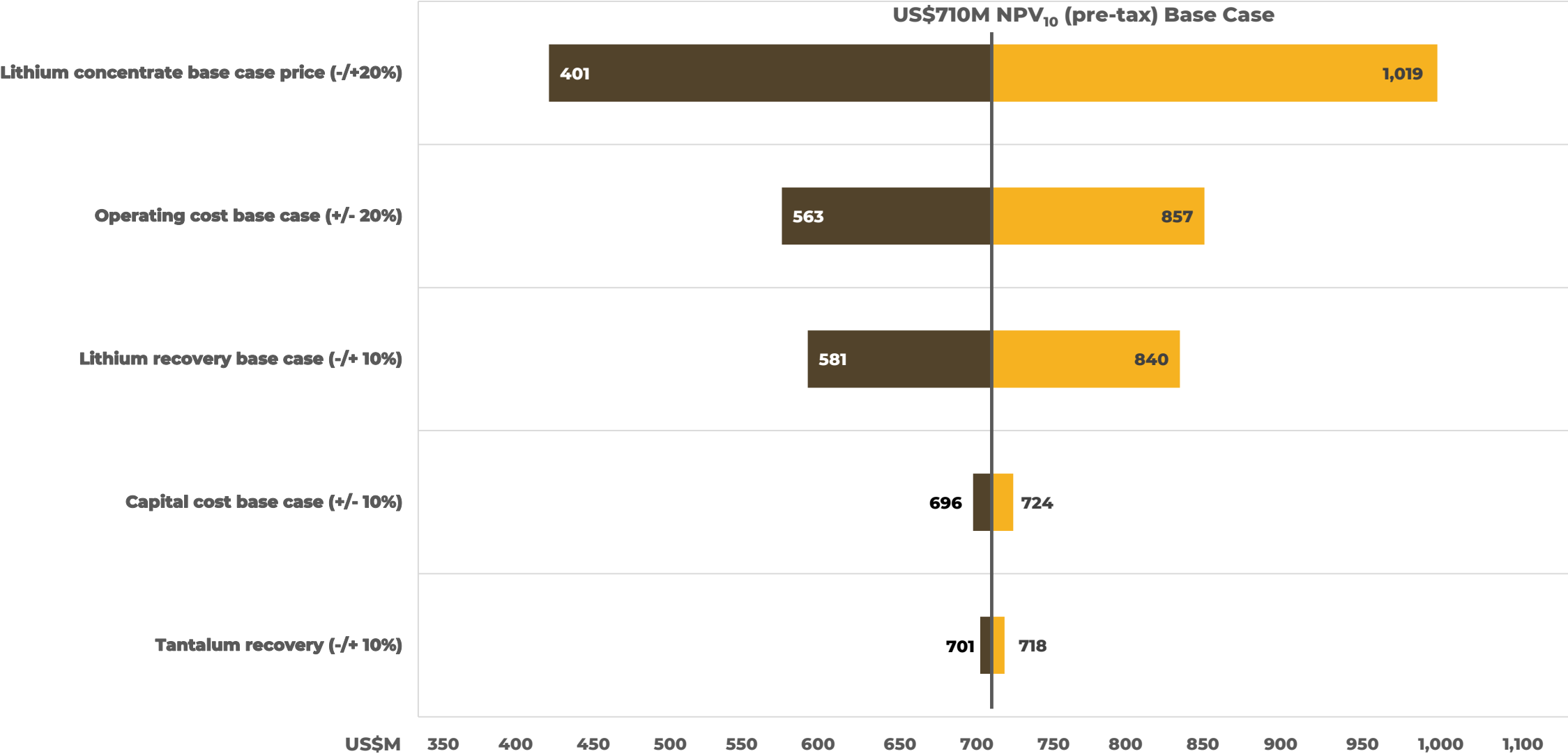
- **Outstanding debt servicing capability and operating performance**
- **Strong increase in profitability in the first 5 years of production compared to the maiden 2018 DFS**

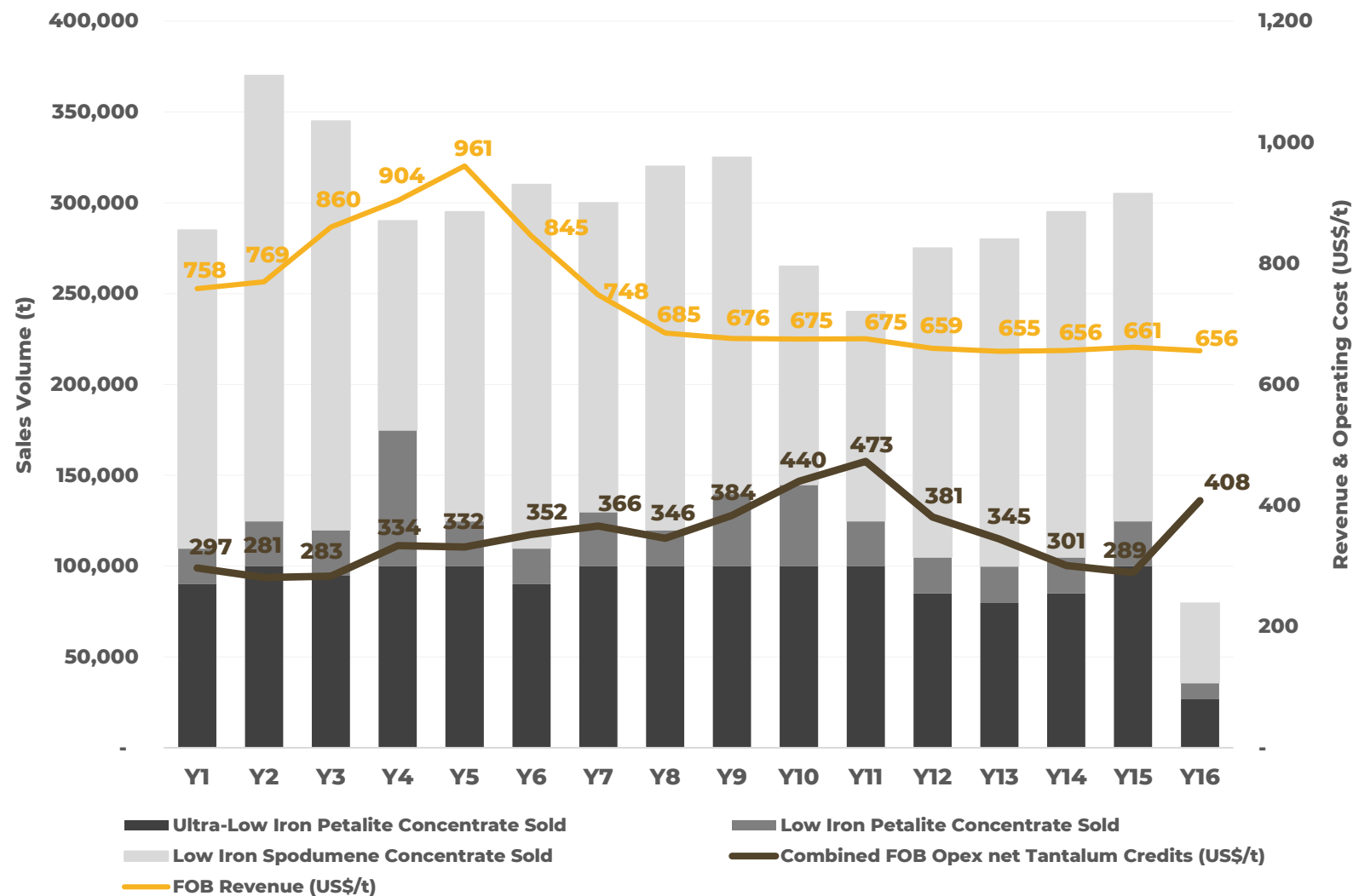
Strong cashflow delivering rapid payback

US\$M Revenue and Net Cashflow (After Tax)



Robust project economics – conservative assumptions



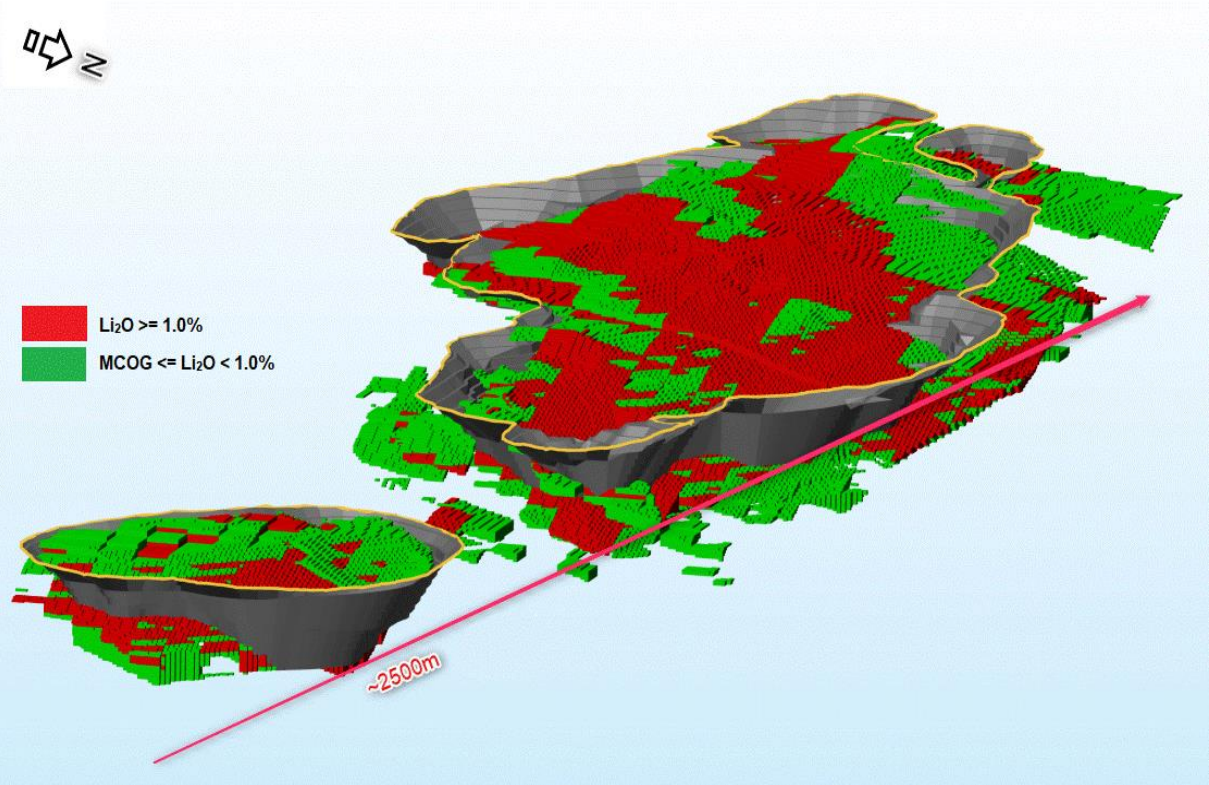
**Life of Mine operating costs:**

Spodumene	US\$268/t
Petalite Low Iron	US\$428/t
Petalite Ultra-Low Iron	US\$458/t

Healthy operating margin

64% (first 5 years average)

Target annual production of 100,000t of premium priced ultra-low iron petalite to meet customer demand

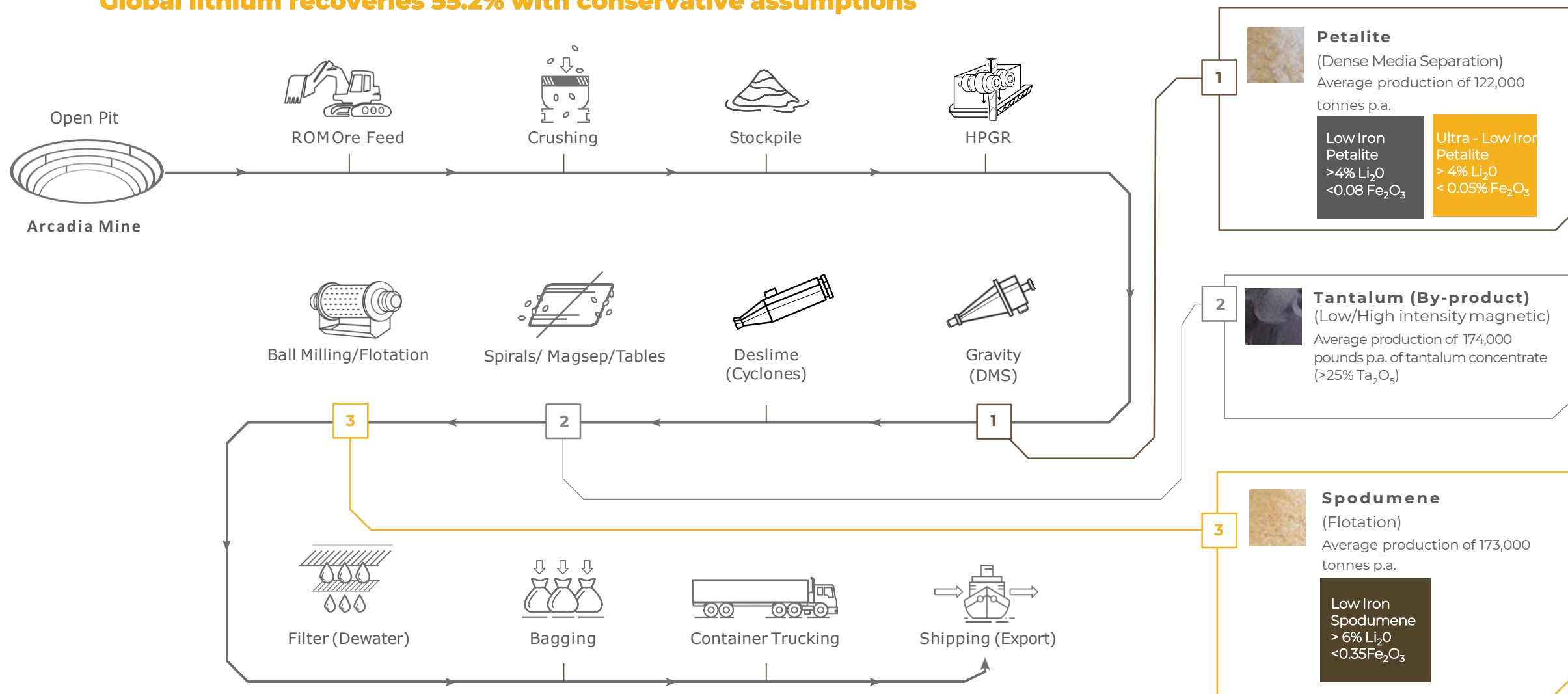


Ore Reserve Nov 2019

Category	Tonnes (Mt)	Li ₂ O (%)	Ta ₂ O ₅ (ppm)	Li ₂ O (kt)	Contained Ta ₂ O ₅ (Mlbs)
Proved	11.3	1.28%	114	144	2.8
Probable	26.1	1.20%	124	314	7.2
TOTAL	37.4	1.22%	121	457	10.0

- Ore Reserve increase **39%**
- Extended life of mine to **15.5 years**
- Low strip ratio of **3.2:1** (waste:ore)
- Reduced risks associated with grade control and orebody knowledge, with **30%** of Reserve in the proved category

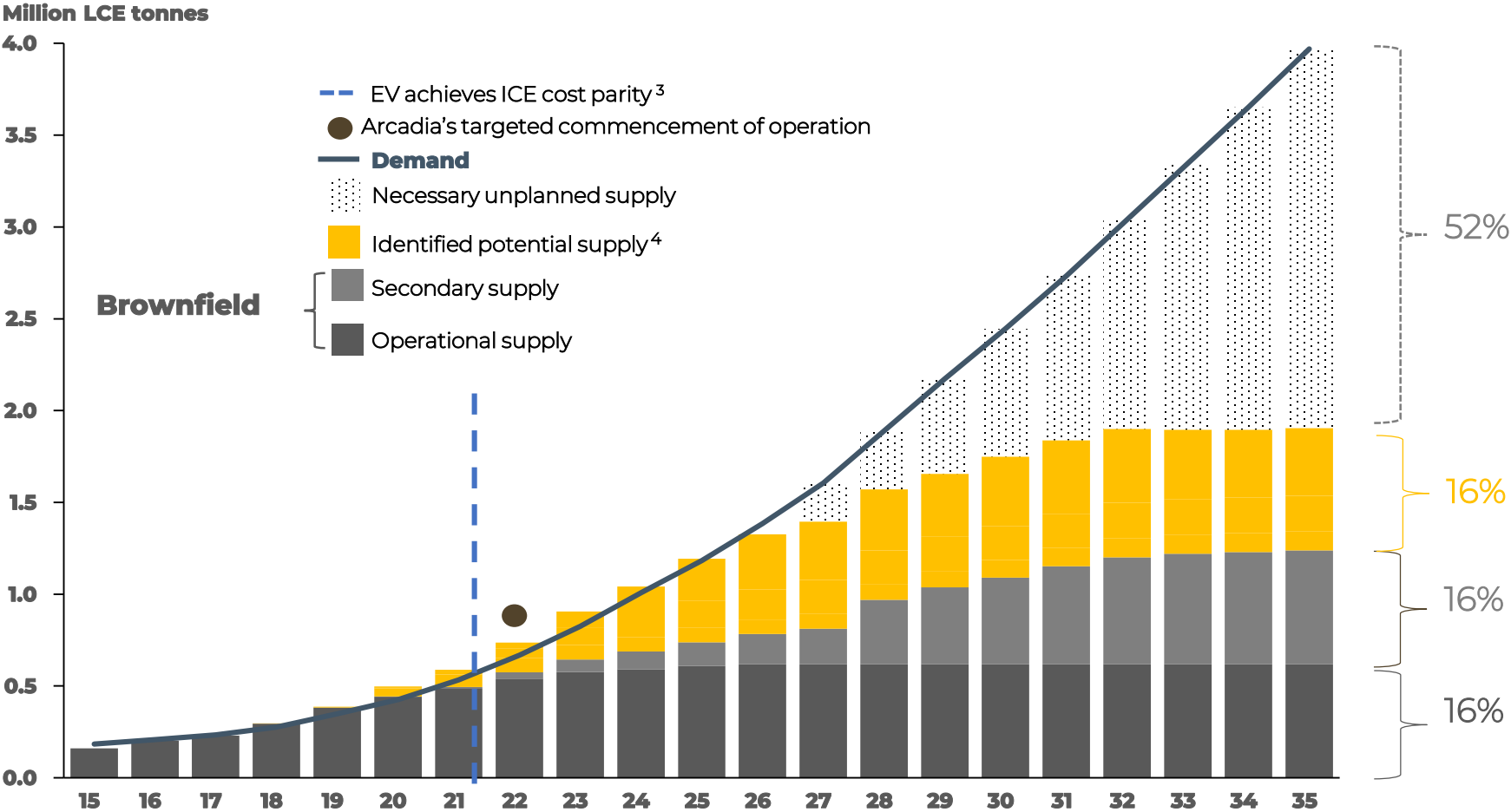
Global lithium recoveries 55.2% with conservative assumptions



Without further project financing, the market is in deficit **by 2021**

Shortage of long term supply¹

- Existing operational supply only in place to meet demand to 2021
- For additional producers to meet the demands of the market in 2022, development would have had to commence in 2019²
- Therefore without further investment in new projects there will be a supply shortage by 2022 where EV growth will accelerate as they reach cost parity with ICE vehicles



LCE= Lithium Carbonate Equivalent

¹ Simplification of Benchmark Mineral Intelligence long-term forecast

² Assuming development and ramp up phase of 24 months

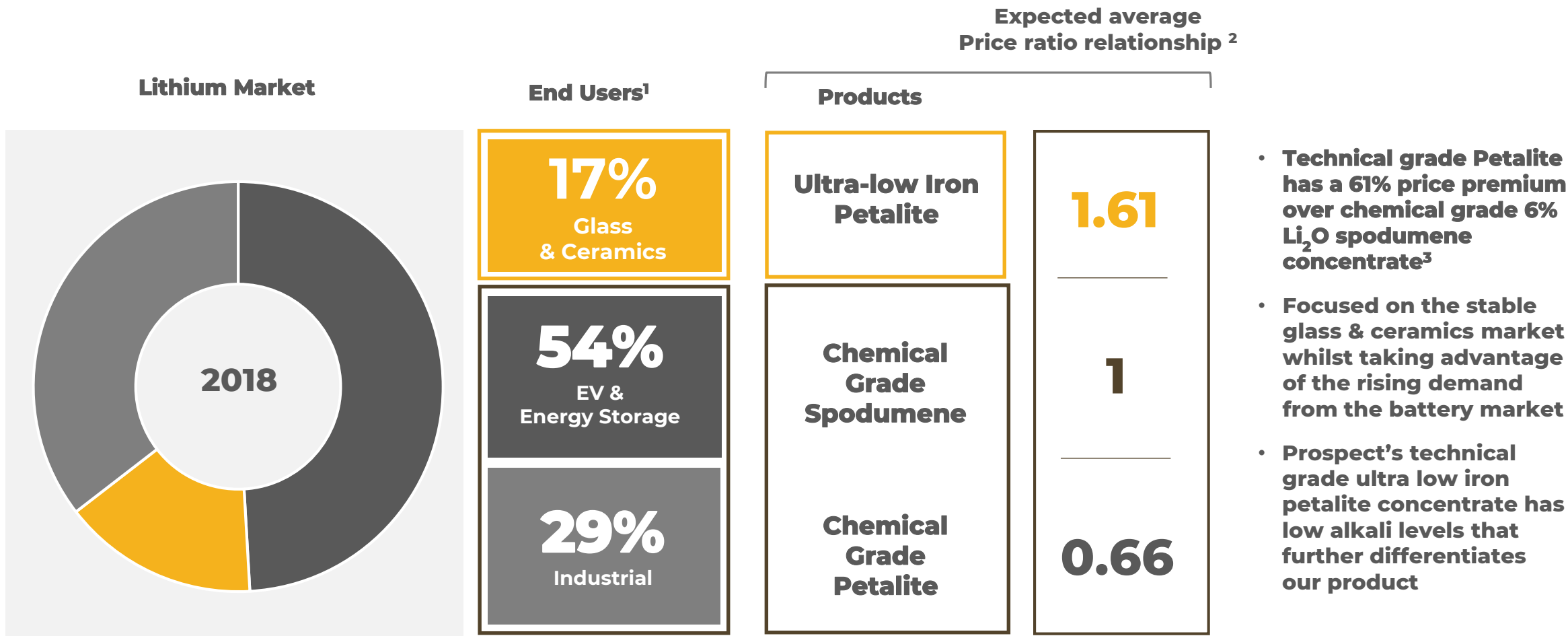
³ Bernstein

⁴ Identified potential supply is a collection of Benchmark Minerals Intelligence's highly probable, probable and possible supply categories

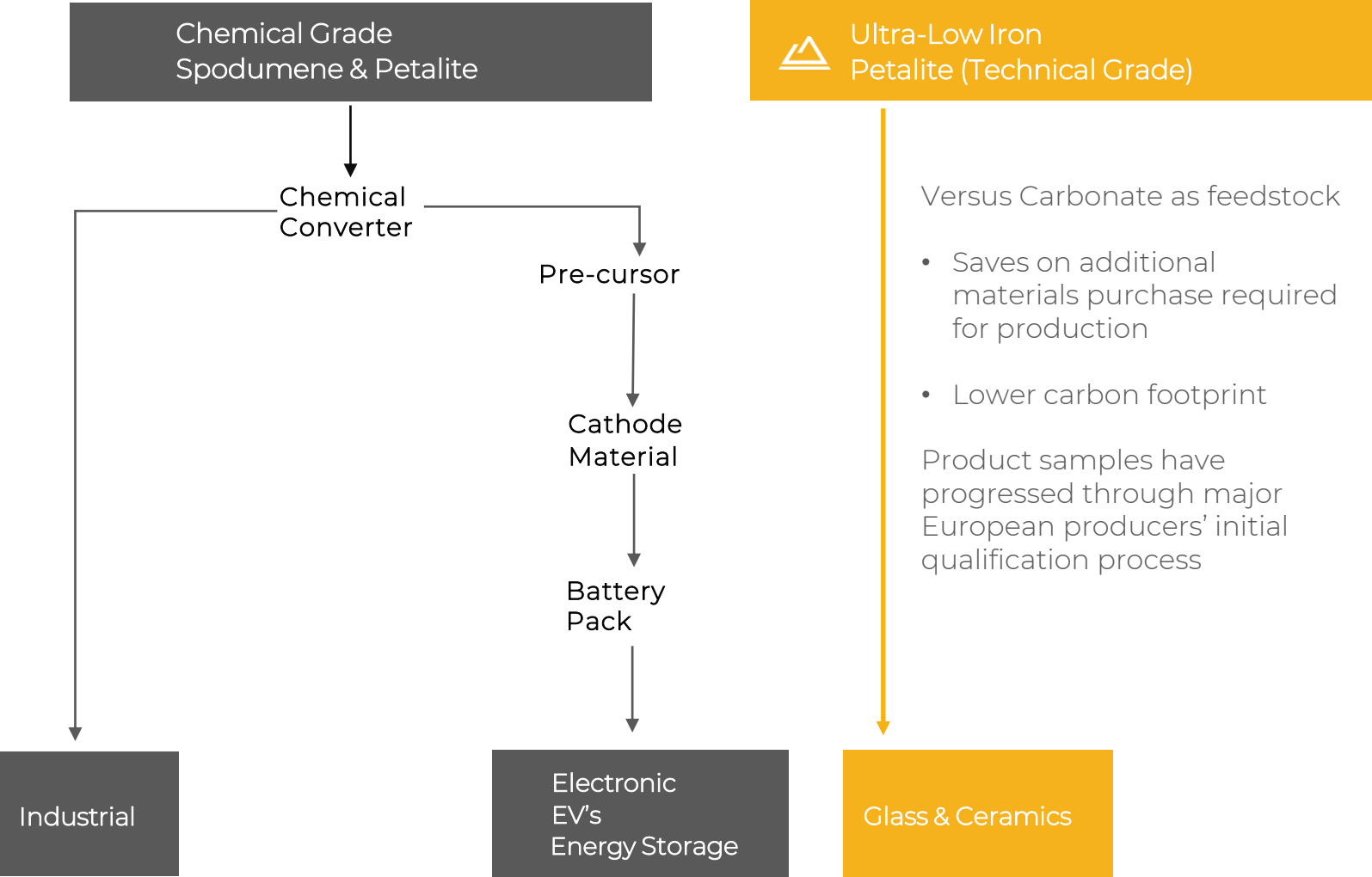
- **Petalite is a lithium aluminium phyllosilicate mineral with chemical formula $\text{LiAlSi}_4\text{O}_{10}$ and occurs in lithium bearing pegmatites.**
- **Petalite is unique for its thermal properties; as it has a very low rate of thermal expansion, making it a valuable addition across the glass & ceramics industry.**
- **Arcadia's ultra-low iron petalite is a key raw material for the production of:**
 - **Glass Ceramics (cooktops)**
 - **Ceramics (Porcelain enamel, sanitary ware, ceramic tiles & dinnerware)**
 - **Glass (electronically tintable glass)**
 - **Fibreglass**
- **The glass and ceramics industry is the second largest market after the rechargeable batteries industry and is mature, with producers such as Saint-Gobain, Schott AG and many more using petalite in their products.**
- **Ultra-low iron petalite is unique as it is suitable for white and transparent products due to its low iron content. It does not present the frothing problems generally associated with spodumene.**



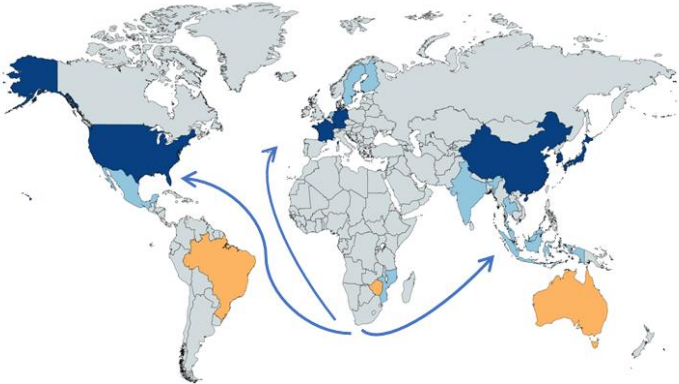
Arcadia's products penetrate 100% of lithium end users



Continuity and security of supply to a ‘supply constrained’ market

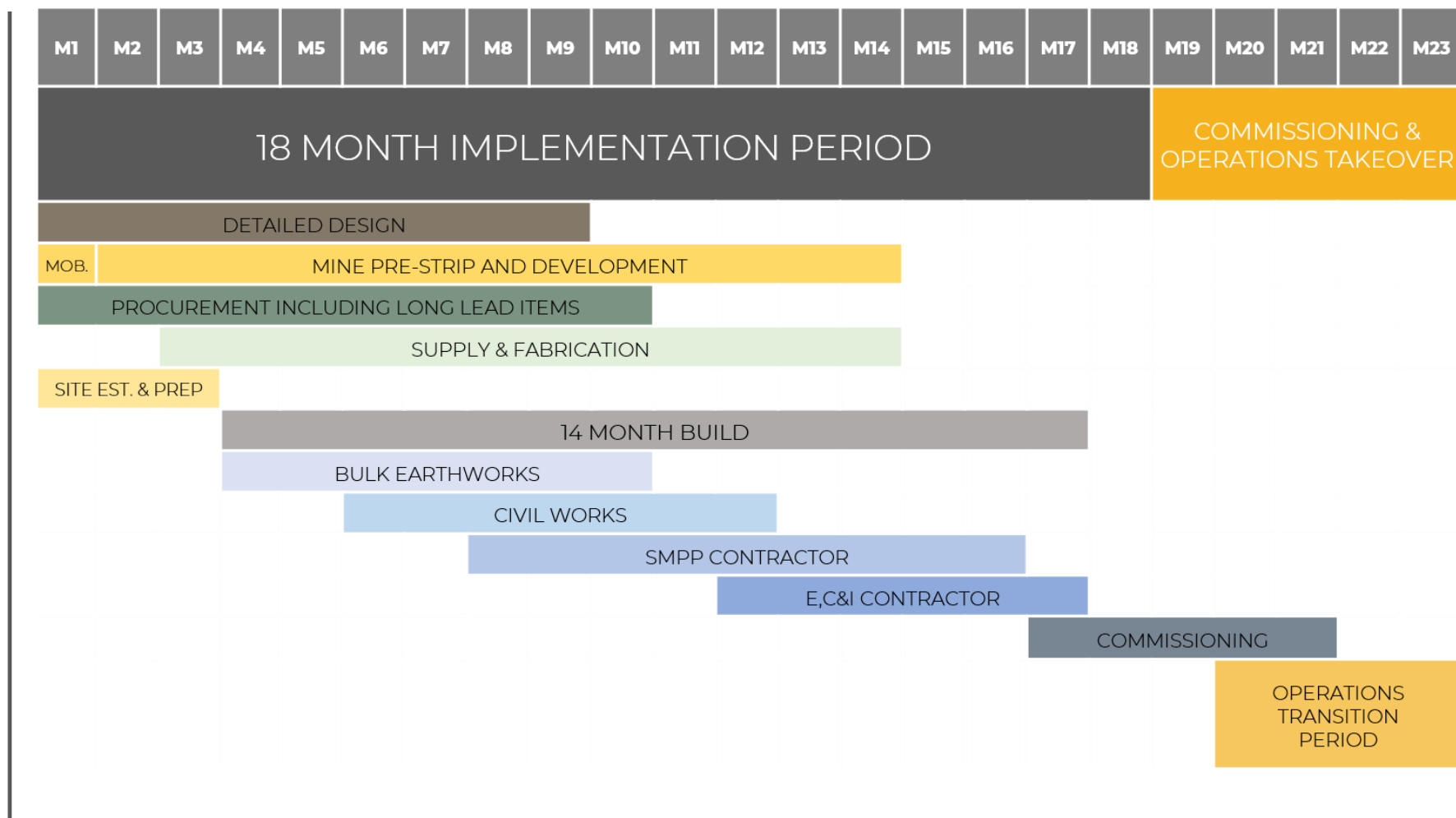


- **One of two ultra-low iron petalite suppliers in the world**
- **One of three suppliers able to go directly into the glass & ceramics market with a lithium concentrate product**



Path forward to becoming a lithium industry leader

Financial Close



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