



Prospect Resources

Africa Down Under

Arcadia Project – Sizing for the Future



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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 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 Miller 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 study that relates to the processing plant and infrastructure design as well as the financial analysis is based on information compiled by or under the supervision of Mr Lee W John of BioMetallurgical, Zimbabwe. Mr John is registered as a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM CP) and is Fellow with The South African Institute of Mining and Metallurgy (FSAIMM) and is registered as a Professional Engineer with the Engineering Council of South Africa (Pr. Eng. ECSA). Mr John is the Principle Engineer of BioMetallurgical and has sufficient experience which is relevant to the mineral processing project under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Mr John 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 – Presentation Overview



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Prospect Resources - Highlights



An African Lithium and Battery Minerals Development Company

Arcadia – A Globally Significant Hard Rock Resource

Excellent Location & Strategic Surrounding Infrastructure

Advanced Mine & Plant Development Underway

“Broke ground” in Q3 2018

- **70% ownership of the Arcadia Project**
 - a top 10 global hard rock lithium resource
- **20+ year min life – Phase 1**
 - higher tonnage scenarios being investigated
- **Strong offtake partner – Sinomine**
 - 70% of Phase 1 Spodumene and Petalite concentrate
- **Pilot plant demonstrates Lithium Carbonate potential at Arcadia**
- **Proven development team**
 - significant lithium, development and operating experience
- **Zimbabwe – “Open for Business”**
 - mining lease granted
- **Excellent access to infrastructure**
 - 35km East of Harare (capital city)
- **African footprint – strong regional potential**

Prospect Resources Corporate Information



Board of Directors

Sam Hosack – Managing Director

- Significant project development experience
- Most recently led the building of a port (coal offloading and copper loading), 230kV transmission line and a 300MW coal fired power station in Panama

Hugh Warner – Executive Chairman

Duncan (Harry) Greaves - Executive Director

Gerry Fahey - Non-Executive Director

Zed Rusike - Non-Executive Director

Mr HeNian Chen - Non Executive Director

Key Management

Mike Kitney – Chief Metallurgist

- Metallurgist involved in process design of the Greenbushes lithium mine and the build of the first foreign owned lithium carbonate plant in China.

David Miller – Mining Engineer

- Experience gained from mine and process facility expansions at the Greenbushes lithium mine.

Chris Hilbrands – Chief Financial Officer

Lee John – Acting General Manager and Consulting Metallurgist

Trevor Barnard – Project Manager progressing to General Manager

Roger Tyler – Chief Geologist

Market Data

Shares outstanding 28 August 2018	1,981,114,971
Market Capitalisation (A\$) 28 August 2018	~53m
Current Share price (A\$c) 28 August 2018	2.7
Shares options outstanding 28 August 2018	310m
Cash (A\$) 30 June 2018	16.4m

Major Shareholders at 30 June 2018

Pershing Nominees	11.7%
Sinomine	8.4%
MBM Capital Partners	7.1%
Elliot Holdings Group	6.5%
BNP Paribas	5.7%

Share Price Graph YTD



Arcadia Project Highlights Updated – Phase 1



Prospect completed a detailed update of its PFS in March 2018:*

Description	Result/ Output
Mineral Resource at 1% Li ₂ O Cutoff	43.2 Mt @ 1.41 % Li ₂ O
Ore Reserve	26.9 Mt @ 1.31 % Li ₂ O & 128 ppm Ta ₂ O ₅
Plant Throughput	1,200,000 tpa
Life of Mine (LoM)	+20 years
Spodumene Production (6% Li ₂ O) avg. LoM	96,000 tpa
Petalite Production (4.1% Li ₂ O) avg. LoM	127,000 tpa
Total Lithium Carbonate Equivalent (LCE) avg. LoM	27,000 tpa
Pre-Tax Net Present Value at 10%	\$401M

- **PFS Indicates the potential for Arcadia to become a globally significant producer**
 - Studies underway to optimise project economics and reduce technical risk.
 - Feasibility study to be updated before year end.
 - Higher production/throughput and capex outcome likely.

*As described in ASX Announcement 19 March 2018 and updated 4 April 2018

Proven Development Team



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

Trevor Barnard – Project Manager progressing to General Manager

Former country Managing Director of PPC Ltd's business in Zimbabwe and separately the DRC for numerous periods over the last 20 years.

DRA – Consulting Engineer

DRA is a highly successful and credible diversified global engineering, project delivery and operations management group, with an impressive +30-year track record.

Lee John – Acting General Manager and Consulting Metallurgist

Responsible for designing, developing and managing mines and plants in many countries in Africa and Asia including DRC, Zambia, and Zimbabwe for small and multinational clients. Leading the development of Lithium Carbonate to commercial scale.

Nixon Mugwadhi – Mine Manager

Substantial and diverse mine planning, and mine management background that complements a very rounded leadership style.

Gavin Stephens – Country Manager

Key member of the executive team that was responsible for building a new cement grinding plant in Zimbabwe. Applicable experience in exploration, mining and manufacturing management.

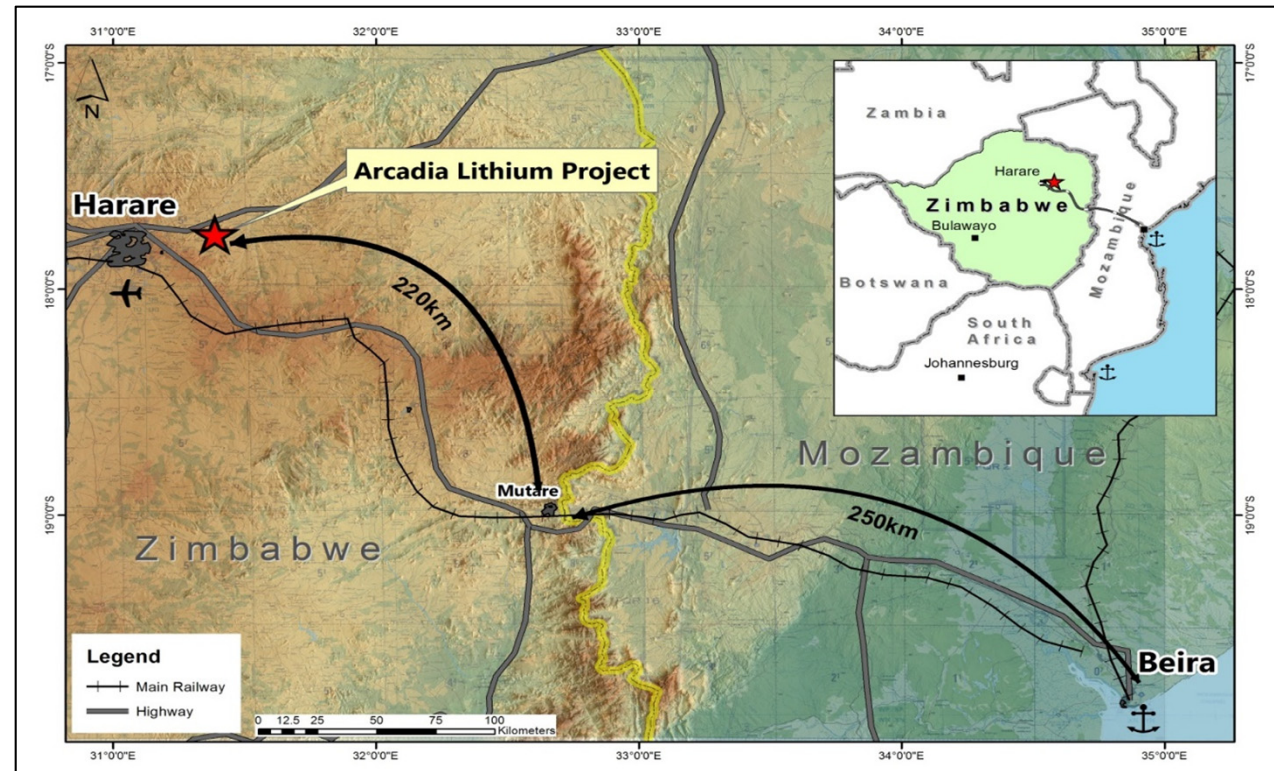
Iain Sheasby – Finance Manager - Arcadia

A chartered accountant who has held senior finance and commercial roles in Australia and Zimbabwe primarily in the manufacturing, heavy industry and mining sectors.

Arcadia Lithium - Project Location & Infrastructure



- **Zimbabwe under its new Government is “Open for Business”**
 - Significant support from all relevant government departments
 - Mining lease granted (approx. 14km²)
 - Surface rights secured
 - Environmental Approvals in place
- **Arcadia has excellent access to strategic infrastructure**
 - Approximately 35 km East of Harare, providing convenient access to skilled and semi-skilled labour
 - Less than 20 km of gravel road to sealed highway, which goes on 450km to Beira
 - Grid power close by and soon to be connected to site (20MVA supply – sufficient for the lithium chemicals plant)
 - Abundant groundwater available



Current Project Status



Significant work has been undertaken by the Prospect Resources team in order to reduce the time-to-market.

Mine

- JR Goddard appointed as bulk earth moving construction contractor, and mining contractor.
- Felling and grubbing complete in mine and TSF complete, top soil removal commenced.
- Mining contractors camp 40% complete, with site established with services.

Process / Plant Design

- DRA Global performing full engineering services and detailed design.
 - Robust piloting and met testing program implemented.
 - DMS, Flotation and Spirals Test work undertaken in both Johannesburg and Perth.
 - **Conventional technology and equipment** selected for final flow sheet and process design.
 - Firm pricing secured for 80% of equipment, to provide basis for control budget estimate.

Infrastructure and process Plant Construction

- Bulk Earthworks commencing in September, civils and concrete to follow in Q42018

Current Project Status



Significant work has been undertaken by the Prospect Resources team in order to reduce the time-to-market.

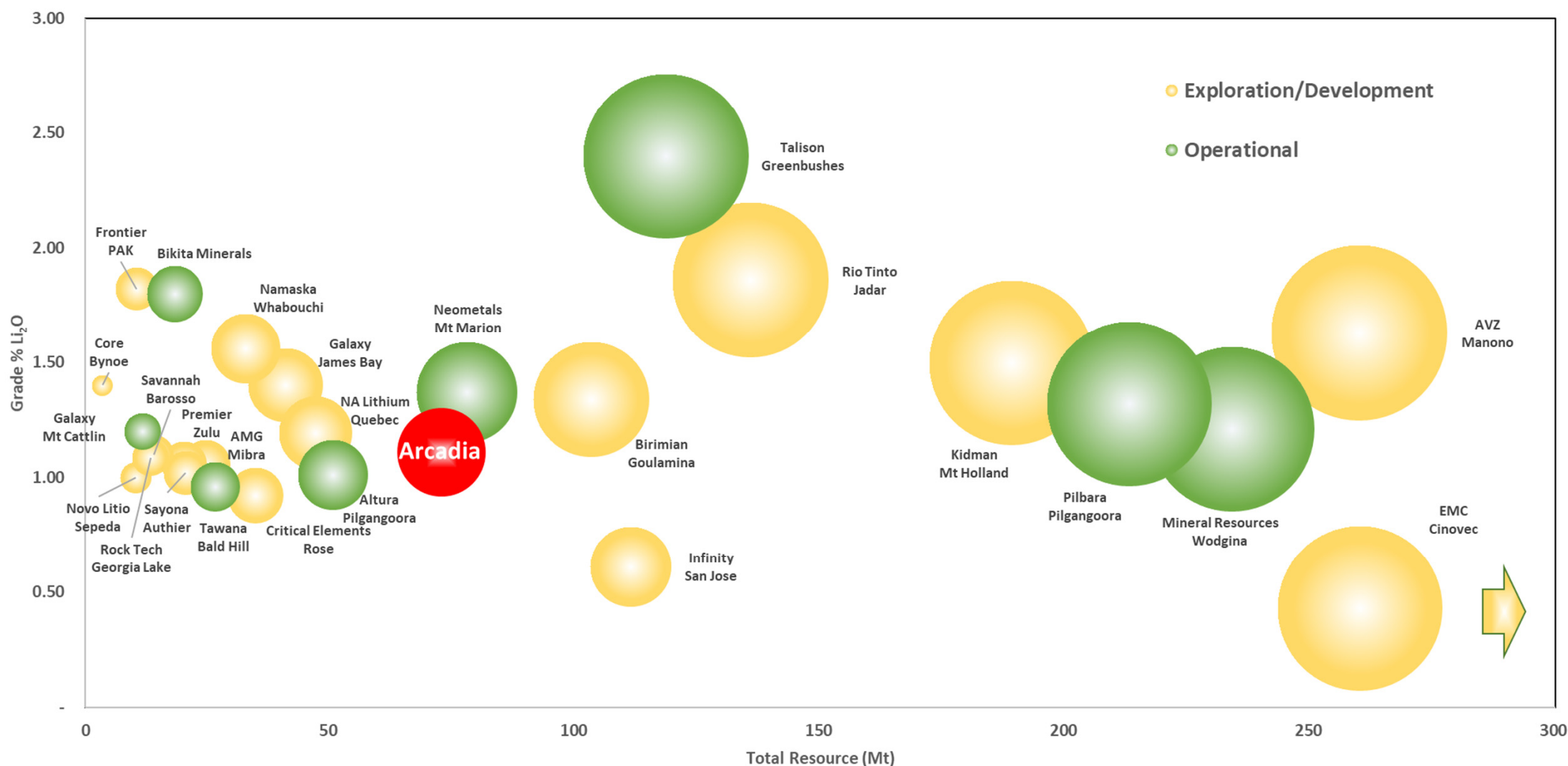
Market

- Offtake secured for 70% of Phase 1 production with Sinomine (Spodumene and Petalite concentrate)
Offtake renegotiated in April 2018 to take back control of build and finance timetable
 - Improved pricing formula realised
 - Placement of A\$10M at 6c per share
 - Contractual prepayment of US\$10M upon installation of the ball mill
- Possibility of additional product well received by current and potential customers

Logistics

- Detailed discussions progressing with various logistics providers to take concentrate from Arcadia site to Beira Port
 - Firm quotation received from the largest provider of road transport in the region to Beira Port

Global Hard Rock Lithium Resources – Supply



Note: Hard Rock refers to all pegmatite hosted Li deposits only. Mineral Resource 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 offs and therefore maybe not be directly comparable. Readers should therefore treat and rely on this information accordingly. The data is correct as at 27 August 2018.

Prospect Resources – Sizing for the Future



Prospect's priority is the development and success of the Arcadia project, which will allow the Company to drive growth in other areas.

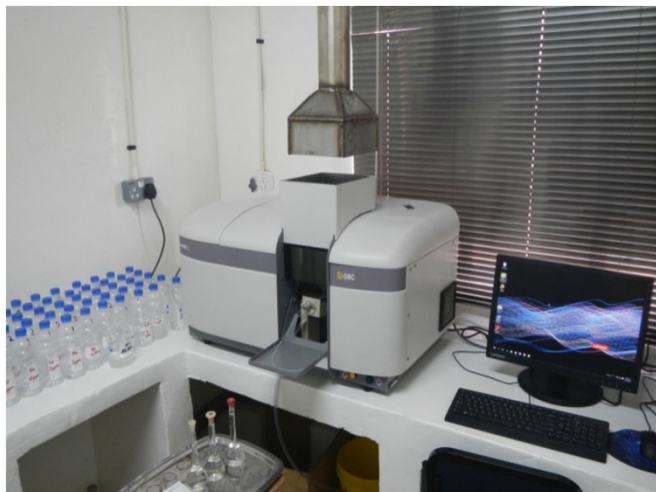
- **Arcadia Project**

- Prospect has world class regional exploration ability, this is now matched by development capability.
- Arcadia is the cornerstone asset that Prospect will use as basis to develop further assets, in a bid to capture a significant share of the lithium concentrate and battery grade mineral market.
- Ability to validate new resource potential - established pilot plant for proof of concept petalite and spodumene concentrates, demonstrated Lithium Carbonate potential at Arcadia
 - Battery grade lithium carbonate, >99.5% produced from Arcadia petalite
 - Currently producing 100kg per month and developing feasibility data
 - Our work to date has indicated that the real potential of the Arcadia deposit is unlocked via a higher tonnage scenario.

- **African footprint – strong regional potential**

- Good Days (Lithium – Zimbabwe)
- Malemba Nkulu (Lithium & Copper/Cobalt– DRC)
- Other opportunities presented are evaluated with strict discipline
 - focus on high impact potential with low holding costs

Lithium Carbonate Pilot Plant Process



Atomic Absorption Spectrometer for various elemental analyses



Petalite post decrepitation at processed at >100 kg per day



Acid mixing and baking process



Evaporator condensers – for lithium salt concentration



Chiller units for the evaporation / condensation process



Evaporators and crystallisers (under vacuum)



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APPENDIX I

Arcadia Mineral Ore Reserve & Resources Estimation

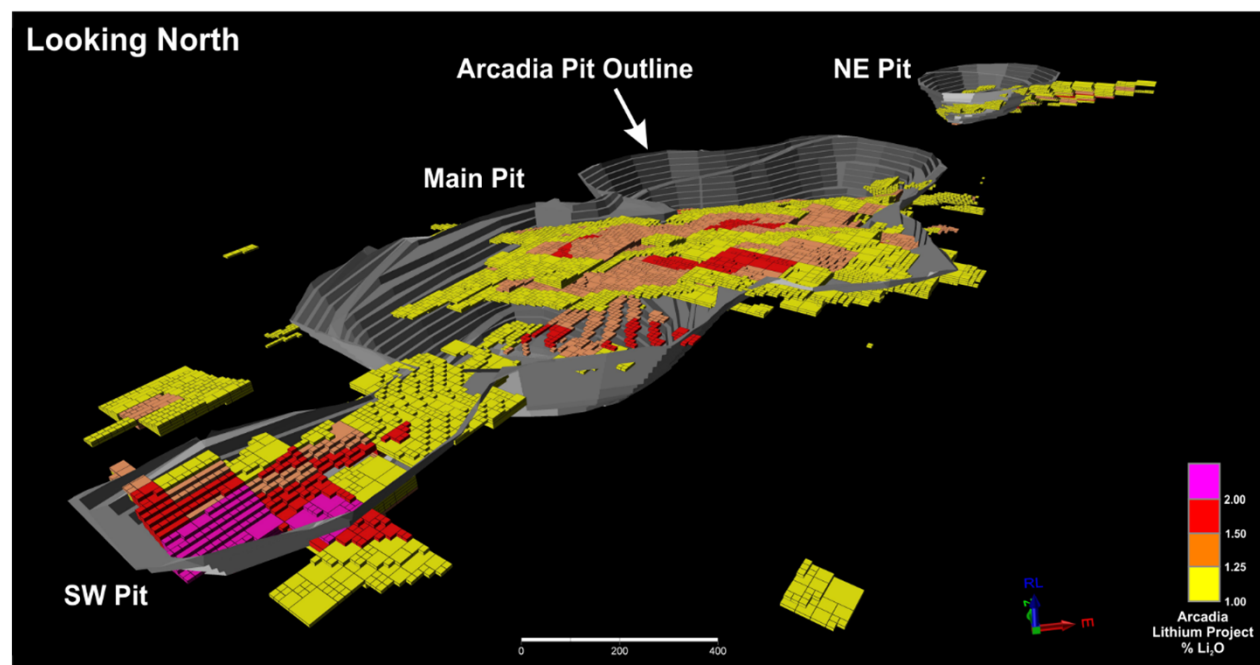
Arcadia Ore Reserve



Arcadia Lithium Deposit Ore Reserve Estimate*

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

- Ore Reserve represents more than 20 years of production (Phase 1)
- Contains ~868,000 tonnes of Lithium Carbonate Equivalent (LCE)
- Pit design and optimisation completed
- Simple opencast mine approach with strip ratio of 3.1:1



*As described in ASX Announcement 6 December 2017

Arcadia Mineral Resource Estimates



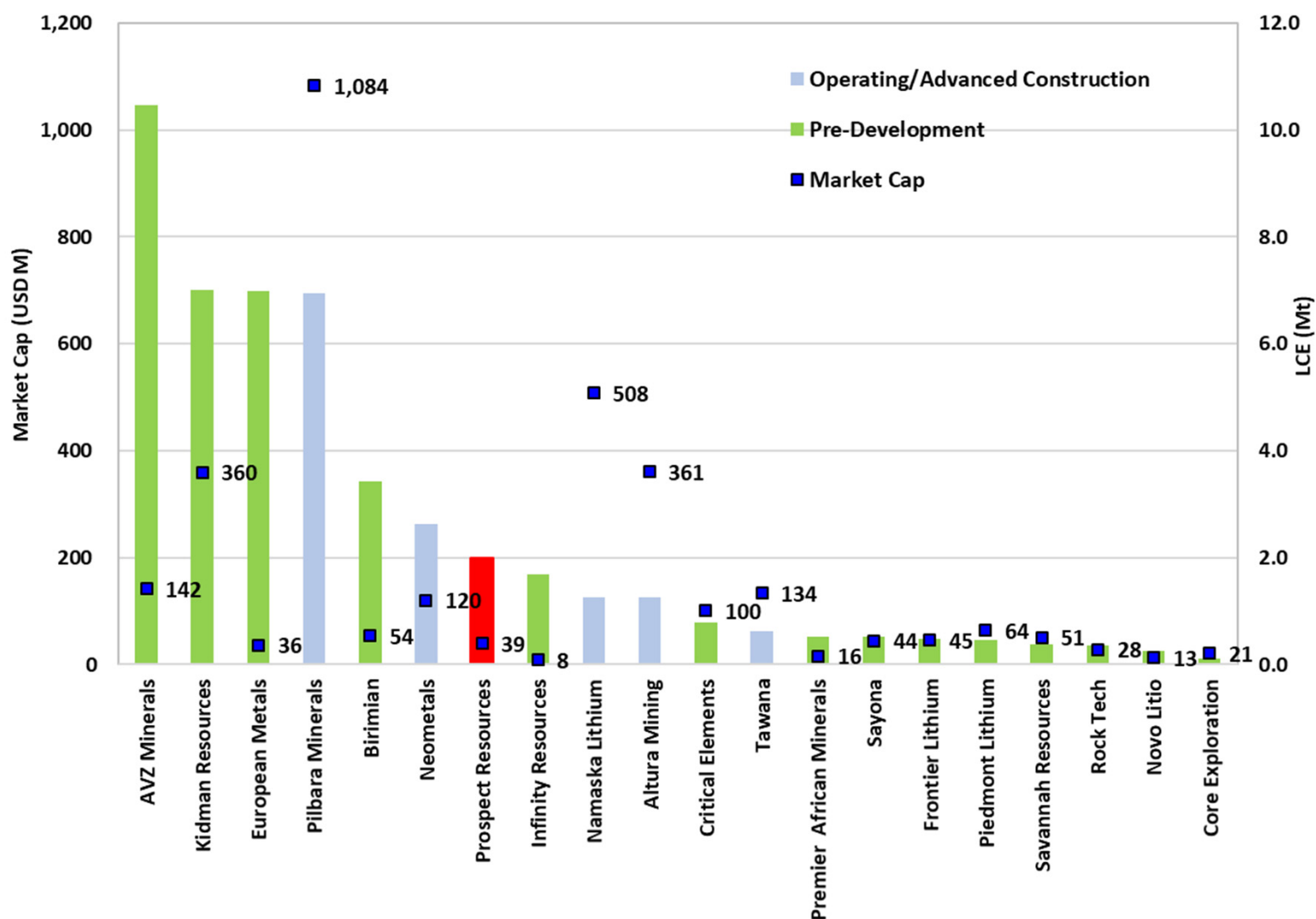
High Grade Zone - 1% Li ₂ O Cut-off*					
Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ Mlbs
Measured	10,200,000	1.45%	132	148,100	3.0
Indicated	27,200,000	1.39%	119	378,400	7.1
Inferred	5,800,000	1.45%	97	84,000	1.2
GRAND TOTAL	43,200,000	1.41%	119	610,500	11.3

Global Resource - 0.2% Li ₂ O 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

Approximately 2,000,000 tonnes of Lithium Carbonate Equivalent (LCE)

Global Hard Rock Lithium Resources



- Arcadia contains over 2 Mt of Lithium Carbonate Equivalent (LCE)
- Shows significant rerating of projects when construction commences
- Prospect appears undervalued when compared to its peers, as shown by market capitalisation – potential catalyst for rerating when project moves into construction

Notes: LCE 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 offs and therefore maybe not be directly comparable. Readers should therefore treat and rely on this information accordingly Market Cap data as of 27 August 2018.