



LOW COST, HIGH QUALITY LITHIUM



Prospect Resources

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ASX:PSC FRA:5E8

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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.

Investment Highlights

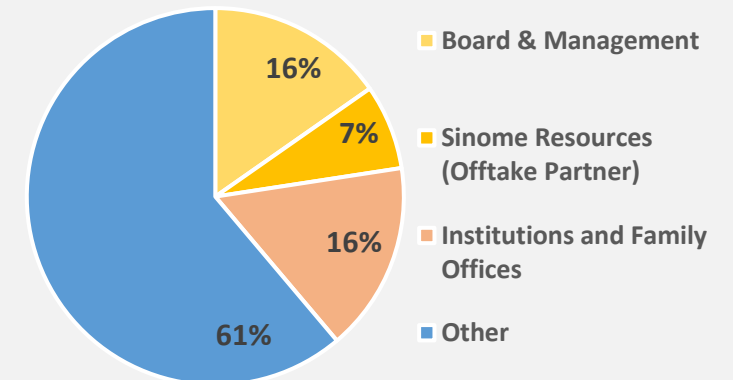
- 1 7th largest hard rock lithium asset globally – with DFS and fully permitted
- 2 Binding offtake agreements secured for up to 72% of production for the first 7 years
- 3 Pilot plant launching H1 2021, scaling up with a low capex model supported by cashflow
- 4 Management is invested. 16% ownership including \$572k invested in May 2020

Corporate Summary

Equity Listings	ASX: PSC FRA: 5E8
Shares Outstanding (7/10/20)	286m
Shares (F/D)	290m
Share Price (7/10/20)	A\$0.175
Market Capitalisation (7/10/20)	A\$50m
Cash (30/06/20)	A\$1.7m

Top Shareholders

	%
Lord of the Seven Hills Holding FZE	11.32
Citicorp Nominees Pty Ltd	10.65
Sinomine International Exploration	7.29
Hugh Warner (Chairman)	7.15
MBM Capital Partners	4.94
BNP Paribas Nominees	3.63
Armoured Fox Capital	3.24
HSBC Custody Nominees	3.00



Africa's most advanced lithium project

- **DFS completed**
- **Fully permitted**
- **Offtake secured**
- **Pathway to ramping up production**

Tier 1, low cost deposit with a Long Life of Mine

- **7th Largest Global Hard Rock Lithium Asset**
- **Mineral Resource 72.7Mt @1.11% Li₂O and 119ppm Ta₂O₅**
- **Ore Reserve 37.4Mt @ 1.22% Li₂O and 121ppm Ta₂O₅**
- **Operating cost in the lowest quartile at US\$344/t**
- **15.5 Year Life of Mine**

Strong project economics

- **Average Annual EBITDA (First 5 years) US\$168M**
- **CAPEX US\$162M, including EPCM cost provision & 14% contingency¹**
- **Pre-tax IRR of 71%**
- **Pre-tax NPV₁₀ US\$710M²**

Exposure to both high growth EV market & stable glass ceramic market

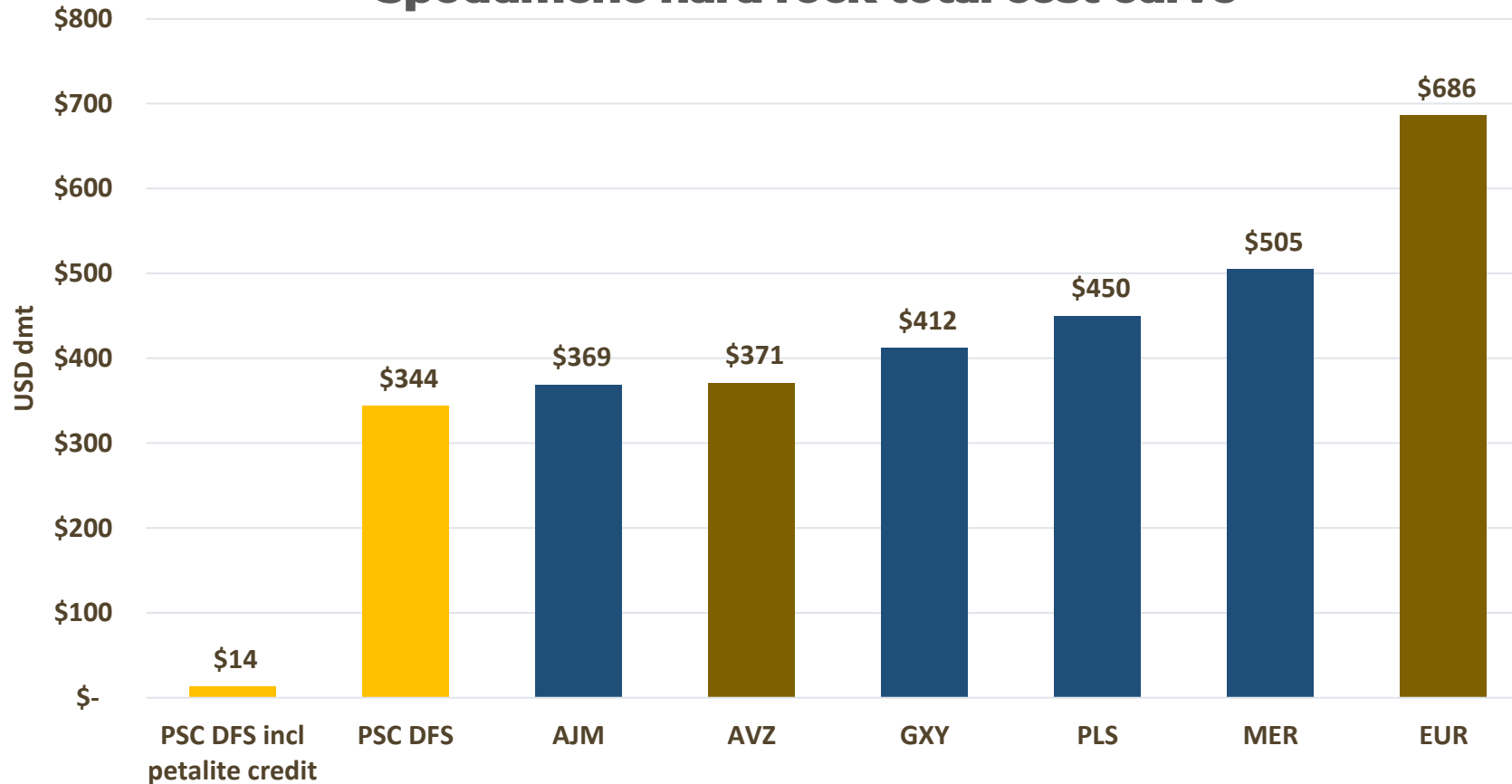
- **The global demand for lithium is driven by EV growth**
- **Market is in deficit by 2021**
- **Supply into the stable glass & ceramics and the growing EV / battery market**

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%.

Competitive cost of production throughout the lithium cycle

Spodumene hard rock total cost curve



Arcadia is positioned to be the lowest quartile spodumene producer:

- Upper quartile ore head grade
- Lowest quartile strip ratio, open cut
- Lowest quartile capital intensity

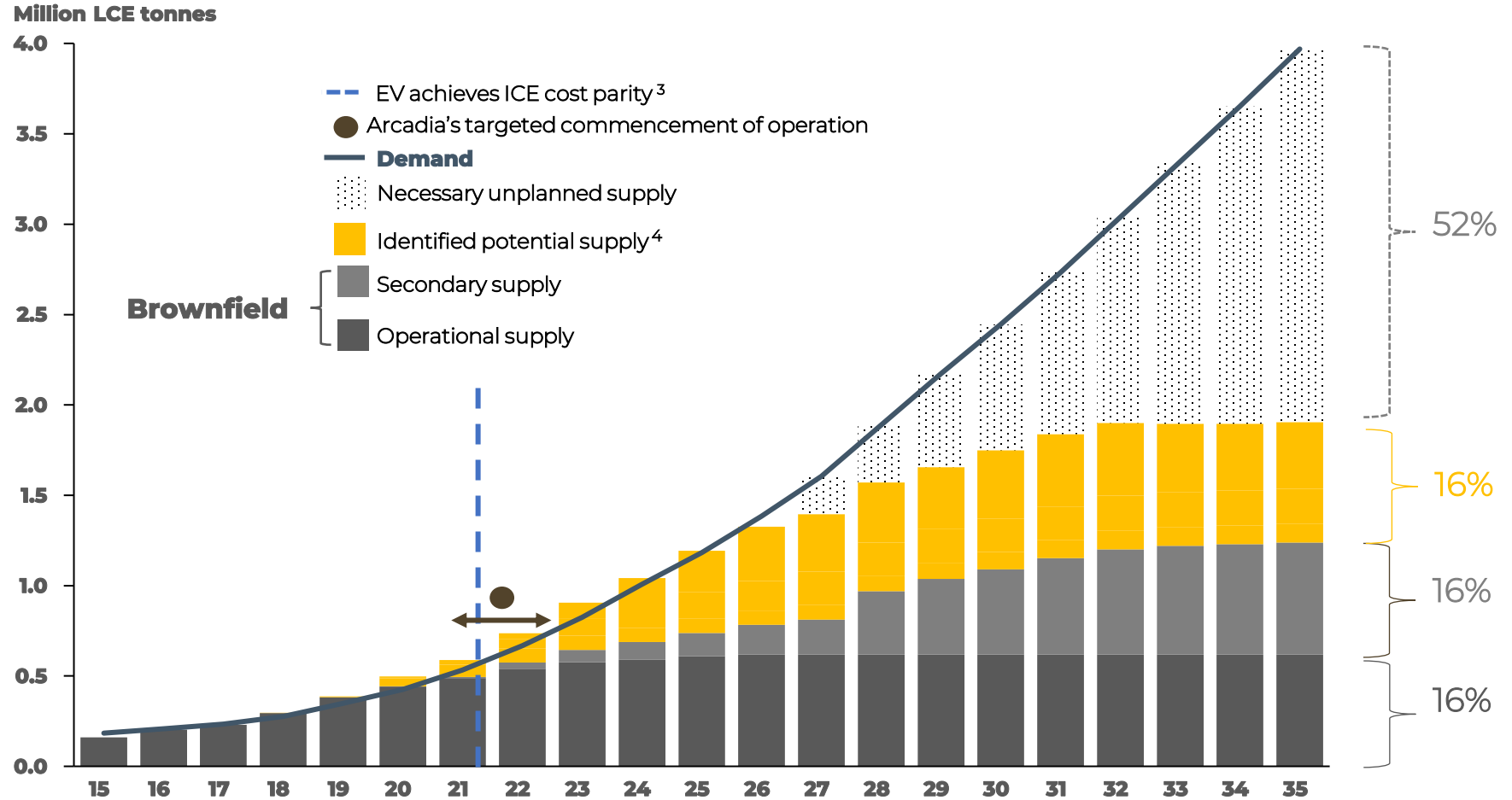
DFS pricing excludes the potential upside on:

- Petalite flotation recovery
- technical grade spodumene (significantly higher sales prices vs chemical grade spodumene)

Without further investment, 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



Offtake Agreements in place with Tier One customers

Existing Offtake Agreements

Up to 72% of production under
offtake for the first 7 years



- 7 year term for up to 100,000tpa of a 4% petalite concentrate
- World’s largest known ultra-low iron petalite offtake agreement
- Sibelco’s has been processing petalite for over 40 years
- 7 year offtake agreement for:
 - 40,000tpa of 6% spodumene concentrate;
 - 112,000tpa of 4% petalite concentrate; and
 - US\$10m pre-payment
- A\$10m equity investment in Prospect Resources

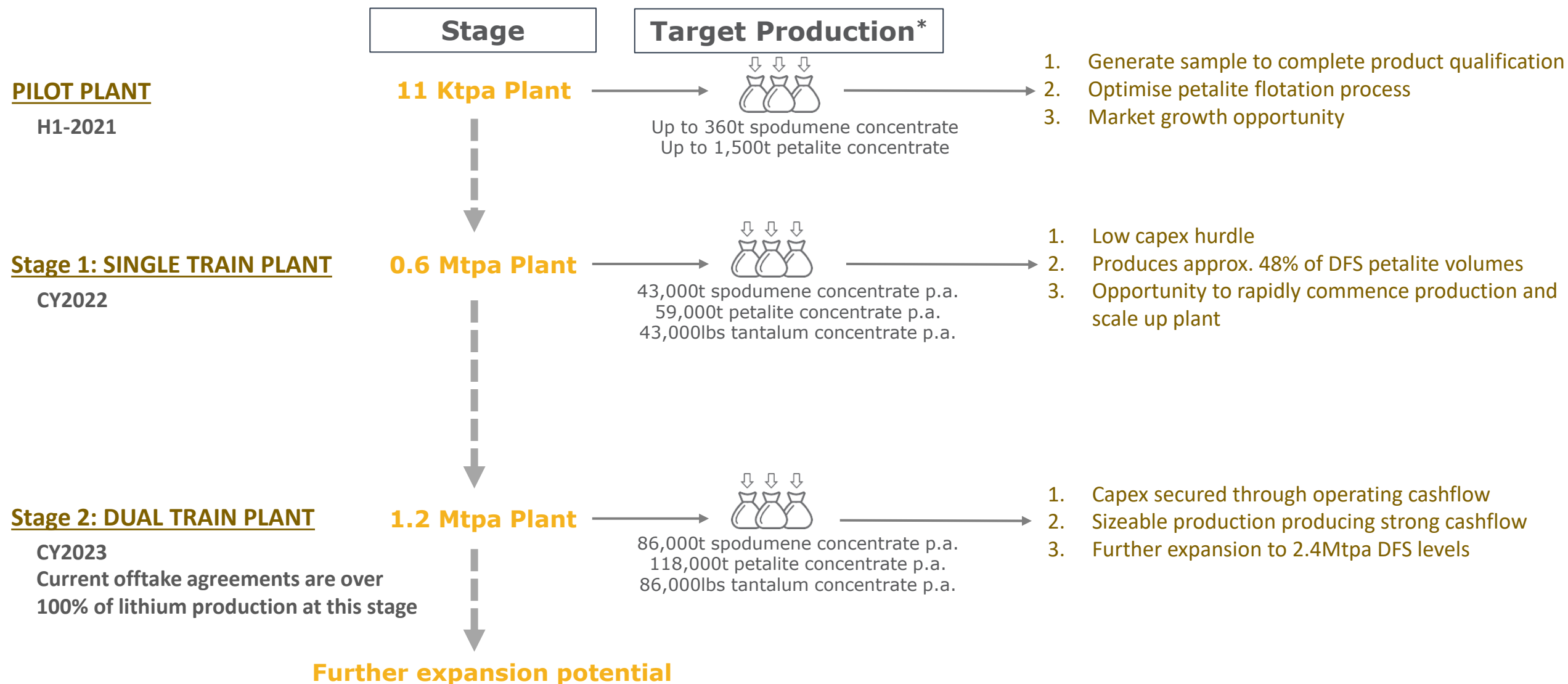


Interest for the balance of production

- Memorandum of Understanding (“MOU”) with Uranium One
- Uranium One to complete due diligence on the Company and its Arcadia Lithium Mine; and subject to satisfactory due diligence, negotiate:
 - Equity investment terms in Prospect or its subsidiaries; and
 - Offtake terms for at least 51% of the Company’s future lithium production.



Technology presenting an opportunity for staged ramp-up



Pathway to production in a supply constrained market

- Arcadia petalite passes secondary qualification stage
- Appointment of Renaissance Capital for dealings with Uranium One
- Petalite flotation almost doubles recovery²
- Offtake Agreement signed with Sibelco for petalite³
- Secure funding and commence development of pilot plant to produce both ultra-low iron spodumene and petalite flotation products
- Potential sale of non-core assets
- Arcadia – Stage 1 Construction finance
- Arcadia – Final Investment Decision
- Arcadia – Commence construction

2016 to 2019

- Prospect acquired 70% interest in Arcadia
- JORC compliant mineral resource
- Offtake Agreement signed with Sinomine
- Prospect increased ownership in the Arcadia project to 87%¹
- Arcadia granted mining license and environmental approval
- Arcadia petalite passes initial qualification process
- Arcadia 2.4Mtpa DFS confirming robust economics
- Signs debt mandate with Afreximbank

2020

H1-2021

- Production of high purity samples to complete final qualification process with glass & ceramics customers
- Pilot plant to generate process improvements
- Complete FEED with the inclusion of petalite floatation technology
- Continue project finance discussions

H2-2021

2022-2023

- Arcadia – Production
- Stage 1 production designed for offtake partners, with small capex and rapid development
- Generate operating cashflows
- Staged expansion in line with cashflow

¹ Subject to Completion

² <https://www.prospectresources.com.au/sites/default/files/asx-announcements/6987702.pdf>

³ <https://www.prospectresources.com.au/sites/default/files/asx-announcements/6991485.pdf>



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