



PROSPECT COMMENCES PILOT PLANT TO PRODUCE HIGH PURITY PETALITE & SPODUMENE

- Prospect to commence flotation pilot plant to produce high purity petalite & spodumene, with long lead equipment items now secured;
- Plant to initially produce bulk samples of 500t of petalite and 120t of spodumene concentrates for customer qualification;
- Processing technology to demonstrate ability to produce high purity products at planned volumes; and
- Samples to be sent to current and potential offtake partners in H1 2021.

African lithium developer, Prospect Resources Ltd (ASX: PSC, FRA:5E8) (“**Prospect**” or “**the Company**”) is pleased to announce that it has secured long lead equipment items and are commencing the pilot plant project at the Company’s Arcadia Lithium Mine (“**Arcadia**”) to produce high purity petalite and spodumene samples.

The high purity flotation pilot plant will:

1. De-risk the flotation process by operating the optimised flow sheet;
2. Supply bulk samples of our high purity products to customers in the technical and chemical markets, to obtain product qualification and maximise market demand for Arcadia’s products;
3. Supplying samples to Uranium One Group for their own product validation purposes and their continuing due diligence on Prospect and the Arcadia Lithium Mine; and
4. Enhance all technical elements of the project execution phase.

Prospect’s Managing Director Sam Hosack said: *“Our current key focus is to operate a pilot plant to replicate the Arcadia flowsheet to produce high purity petalite and spodumene. The pilot plant delivers a number of key objectives for customers, project finance parties and investors in de-risking the Arcadia project. It is a major milestone that we have secured the long-lead purchases.”*

“Prospect has unique geology at Arcadia allowing for production of high purity products that attract premium pricing from both the technical and chemical market. The flotation process, together with the Arcadia project, offers an attractive solution for customers seeking long term, high quality and consistent supply.”

“The samples will be used for qualification processes with customers we are dealing with as well as to approach additional customers and grow market demand for Arcadia’s high purity products.”



The Pilot Plant

The design of the pilot plant is based on flotation test work done by ANZAPLAN and scaled up to a pilot plant size by the Beijing General Research Institute of Mining & Metallurgy (BGRIMM) using proven flotation technology solutions. ADP Marine and Modular (ADP) performed a process design audit on the overall plant to confirm the process design and equipment selection and sizing which is predicated on the ANZAPLAN flotation solution. The simplified block flow diagram is shown below:

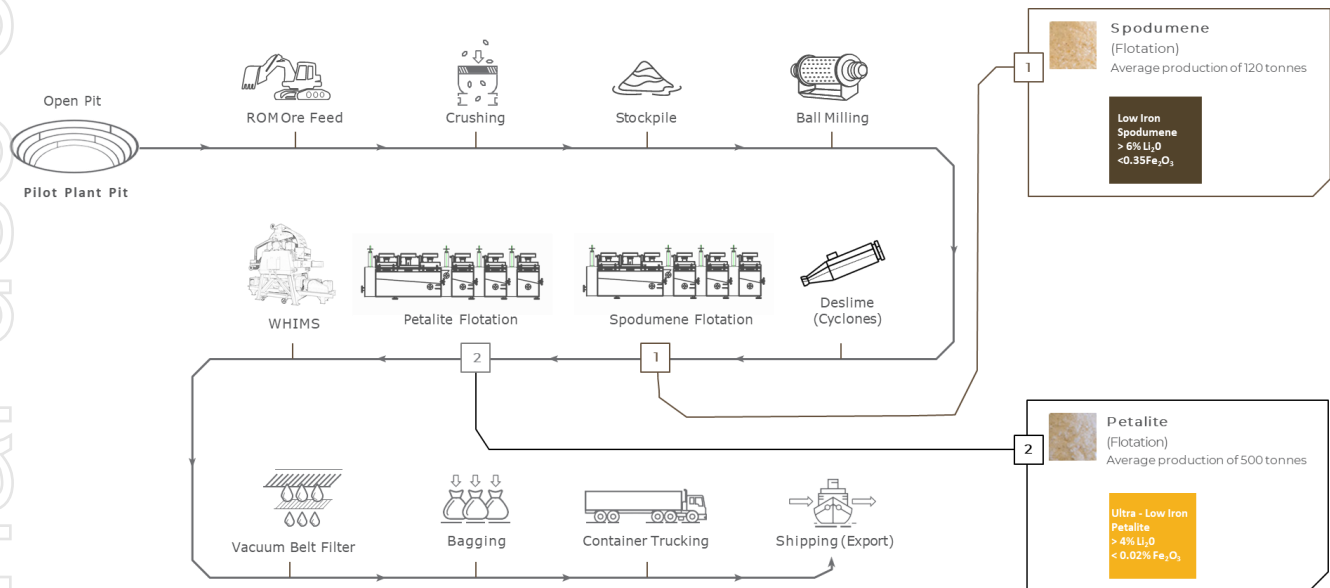


Figure 1 Block Flow Diagram

Front End Engineering and Design (FEED) will be undertaken using information gathered from the pilot plant. This will determine the phasing, scale of growth and nominal capacity of the Arcadia project. The strategy for the phasing of development will be clarified with the CAPEX estimates from FEED.

It is planned that FEED will be completed in H1 2021, which will include a period of operational observation. Any modifications, improvements or enhancements identified during the piloting phase will be adequately incorporated into the FEED study.

Prospect will utilise its existing shed facility to house the pilot plant, with the plant to be fed by readily available ore that was blasted for previous bulk metallurgical testwork programs, ensuring capital and operational expenditure are kept to minimal levels. A number of the key equipment items such as milling and crushing have been sourced in country, further simplifying the execution plan.

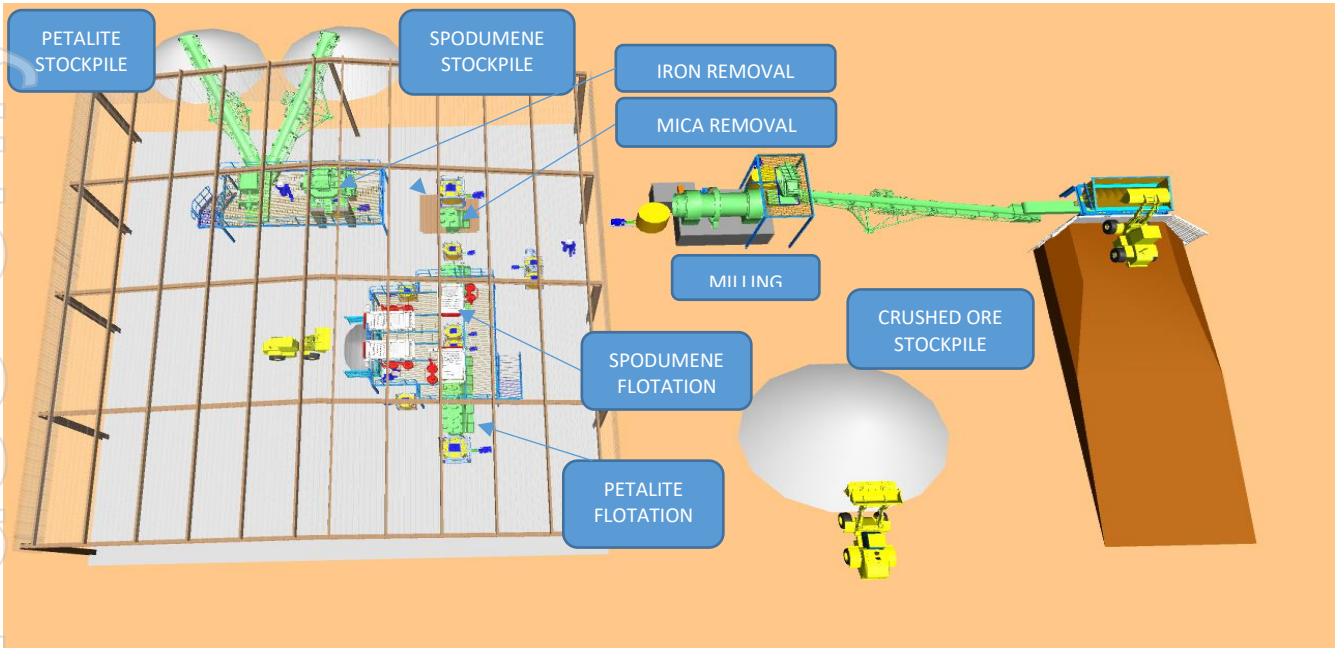


Figure 2: Pilot Plant Layout

The implementation schedule meets the criteria of first production of on-spec product in H1 2021. The main risk to achieving this schedule is the delivery of the long lead items that drive the critical path and are able to delay the commissioning. The key long lead items are the flotation cells, which have now been secured by leading flotation cell supplier BGRIMM mitigating that risk.



Figure 3: BGRIMM flotation cell model and size for pilot plant

This release was authorised by Mr Sam Hosack, Managing Director of Prospect Resources Ltd.

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About Prospect Resources Limited (ASX:PSC, FRA:5E8)

Prospect Resources Limited (ASX:PSC, FRA:5E8) is an ASX listed lithium company based in Perth with operations in Zimbabwe. Prospect's flagship project is the Arcadia Lithium Project located on the outskirts of Harare in Zimbabwe. The Arcadia Lithium Project represents a globally significant hard rock lithium resource and is being rapidly developed by Prospect's experienced team, focusing on near term production of high purity petalite and spodumene concentrates. Arcadia is one of the most advanced lithium projects globally, with a Definitive Feasibility Study, Offtake Partners secured and a clear pathway to production.

About Lithium

Lithium is a soft silvery-white metal which is highly reactive and does not occur in nature in its elemental form. In nature it occurs as compounds within hard rock deposits (such as Arcadia) and salt brines. Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. Lithium has the highest electrochemical potential of all metals, a key property in its role in lithium-ion batteries.

Caution Regarding Forward-Looking Information

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are in United States currency, unless otherwise stated.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.