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PROSPECT COMMENCES COMMISSIONING OF BATTERY GRADE LITHIUM CARBONATE PILOT PLANT

Highlights:

- **Commissioning commences at Prospect Resources' battery grade lithium carbonate pilot plant in Kwekwe, Zimbabwe**
- **Small scale production of Battery grade >99.5% lithium carbonate continues in Prospect Resources' laboratory, Kwekwe, Zimbabwe**
- **Ramp up to full pilot production rate of over 100 kg per month of battery grade lithium carbonate expected during Q2 2018**

Prospect Resources has established a laboratory complex in the Kwekwe area which is now fully functional and supporting the laboratory scale and pilot scale production of lithium carbonate.

The laboratory achievements to date include:

- Recruitment and training of a team of assayers, chemists and engineers;
- Developed an in-house capacity for metallurgical test work including flotation and leaching test work;
- Full implementation of a laboratory scale lithium carbonate production process to demonstrate the amenability and viability of converting Arcadia 4% Li_2O Petalite concentrates into battery grade lithium carbonate.

The company is delighted to announce these results, which demonstrate the success of the programme. In response to these results, Mr Hugh Warner (Chairman) had the following to say: "This is a significant achievement for both Prospect Resources and Zimbabwe. Producing high grade battery quality lithium carbonate that exceeds industry norms bodes well for the ultimate company goal of a large scale lithium carbonate facility in-country. This entire process has been designed and built in-country using local skills and services further demonstrating the business friendly environment that Zimbabwe is rapidly becoming."

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Figure 1 – Atomic Absorption Spectrometer for various elemental analyses

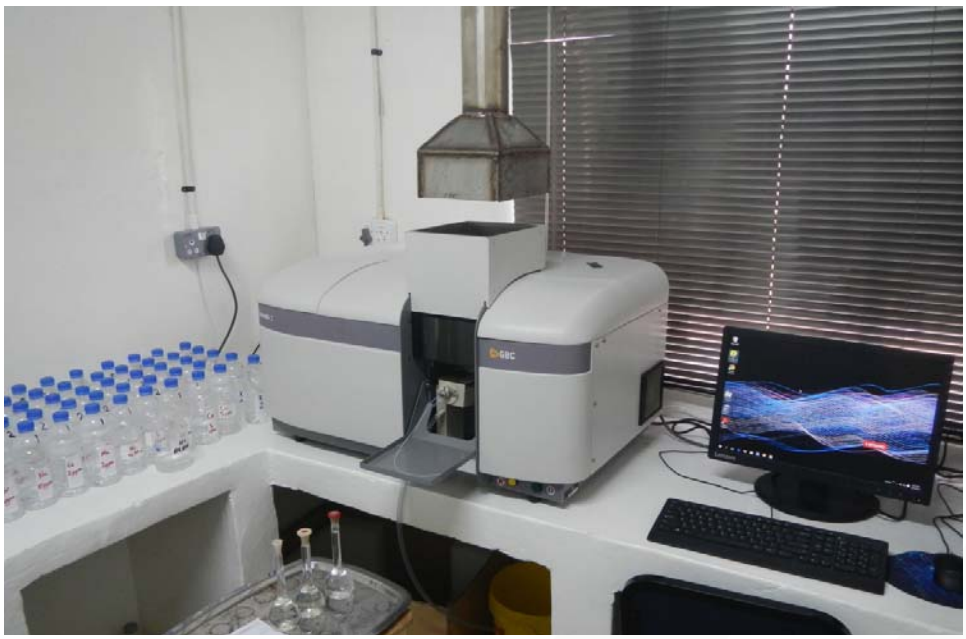

Figure 2 – Pilot Scale Decrepitated Petalite (100 kg per day)

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Figure 3 – Pilot Scale Crushing (100 kg per day decrepitated petalite)

Figure 4 – Decrepitation Furnace (100kg per day at 1080C)

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Figure 5 – Solution Evaporators producing sodium sulphate, lithium sulphate and lithium bicarbonate

Figure 6 – Lithium carbonate handling, drying and bagging room (+5 kg per day)

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Competent Person's Statement

The information in this announcement that relates to the production of lithium carbonate and the process plant design is based on information compiled by or under the supervision of Mr Lee W John, General Manager. 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 also the Principle Engineer of BioMetallurgical and has sufficient experience which is relevant to the project under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. 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.