

Update to \$10m Share Placement

On 31 January 2018, Prospect announced that it had raised \$10m via the issue of new shares at 6c per share, with settlement proposed for Monday 5 February 2018. An Appendix 3B was issued on Tuesday 6 February 2018, confirming the allotment of shares under this placement.

On Monday 5 February 2018 and Tuesday 6 February 2018, the ASX 200 dropped some 4.71%, as did most major markets around the world. These global market corrections caused a significant drop in the share price of Prospect Resources. As a consequence, the Directors have determined to re-price the subscription price of the \$10m placement to 5c per share via a pro-rata issue of 35 million new shares to the places. Further details to be provided in the Appendix 3B. This share issue will be done utilising the Company's existing capacity pursuant to Listing Rule 7.1.

The Board considers that at the current stage of the Company's development, wherein the Company is intending to build Africa's largest lithium mine and one of the first new mines in Zimbabwe for some 20 years, a supportive shareholder base is paramount to the Company's plans in the future. For this reason, the Directors believe that the re-pricing is in the best interests of all shareholders. The Board notes that the dilutionary effect of the repricing is less than 2% of the capital of the Company.

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