



PROSPECT SIGNS PETALITE OFFTAKE AGREEMENT WITH SIBELCO

- Prospect signs offtake agreement with Belgium-based Sibelco N.V for ultra-low iron petalite production from the Arcadia Lithium Project
- Arcadia to be the world's largest ultra-low iron petalite supplier
- Seven-year term for up to 700,000 dry metric tonnes (dmt)

African lithium developer, Prospect Resources Ltd (ASX: PSC, FRA:5E8) ("**Prospect**" or "**the Company**") is pleased to announce that it has secured a new long-term offtake partner for its Arcadia Lithium Project ("**Arcadia**"). Following on from the Memorandum of Understanding announced on the 15 April 2020, Prospect has now entered into an offtake agreement with Sibelco N.V ("**Sibelco**"), a global leader in industrial minerals.

The seven-year agreement is for up to 100,000 dmt per annum of high quality, ultra-low iron petalite concentrate ("**Product**"), resulting in a total of up to 700,000 dmt over the lifetime of the contract. The pricing formula for the agreement is linked to the end customer sales contracts with minimum pricing provisions. 100% of the Company's 2019 DFS petalite production for the first seven years is now covered by offtake agreements.

Prospect's Managing Director, Sam Hosack said *"I am pleased to announce that we have signed an offtake agreement with Sibelco for Arcadia's premium ultra-low iron petalite. Sibelco is the largest distributor of ultra-low iron petalite in Europe and possibly the world and we believe that this is the largest ultra-low iron petalite offtake agreement ever signed. Sibelco is a global industrial minerals business, with annual turnover of some €3.5 billion. Once in production, Prospect is expected to be the largest ultra-low iron petalite producer in the world."*

**Key Terms of the Sibelco Offtake Agreement:**

- **Term:** 7 years from declaration of commercial production
- **Annual Supply:** Up to 100,000 dmt per annum of ultra-low iron petalite concentrate
- **Specification:** 4.1% Li₂O, 0.05% Fe₂O₃ ultra-low iron petalite concentrate
- **Annual Meetings:** The parties will annually agree binding delivery quantities, pricing and end-customer contract terms for the following year
- **Pricing:** Parties to share end-customer sales receipts in agreed proportions after recovery of their respective costs
- **Payment:** Irrevocable letter of credit
- **Termination rights:** Prospect may terminate the contract if Sibelco does not purchase at least 10,000 tonnes of Product in each of two successive quarters for any reason other than that the global market price for petalite is below an agreed price level. Sibelco may terminate the contract if Prospect does not meet the agreed production levels of Product for two successive quarters

About Sibelco

Sibelco is a global industrial minerals solutions company. Sibelco was founded in 1872, initially supplying silica sand from deposits in Flanders to Belgium's major glass producers. Sibelco is a privately owned family business, generating revenues over €3.5 billion, operating 174 production sites in more than 30 countries and with a team of over 8,500 people. Sibelco's main products are silica, high purity quartz and speciality minerals such as petalite. <https://www.sibelco.com/>

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 petalite and spodumene concentrates.

**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.