



ASX ANNOUNCEMENT

25 February 2022

Chairman's EGM Address

Good morning ladies and gentlemen and thank you all for attending the meeting this morning. I apologise for not being able to attend in person, as COVID-19 restrictions restrict the ability for me to enter WA at this current point.

Late last year, Prospect Resources announced the proposed sale of its 87% interest in the Arcadia Lithium Project to a subsidiary of a world-class counterparty, new energy lithium-ion battery material producer, Zhejiang Huayou Cobalt Co., Limited, for approximately US\$377.8 million.

The Board believes this proposed transaction to be a highly attractive outcome for Prospect Shareholders, relative to the risks associated with developing and operating the Arcadia Lithium Project, and the Board unanimously recommends that Shareholders vote in favour of the Proposed Transaction as described in the Resolution.

The benefits of the Proposed Transaction are explained in more detail in the Explanatory Memorandum included in the Notice of Meeting.

The transaction is progressing smoothly towards completion and the Prospect team continues to work closely with its advisers, and the counterparty and its advisers in advancing the various conditions precedent to completion.

Subject to all conditions precedent being satisfied or waived, Prospect currently anticipates the transaction completing in late Q1 or Q2 2022.

The transaction is transformational for shareholders and we are very pleased that the stability in Prospect's share price over the period since the announcement has enabled many of Prospect's original shareholders to sell at a substantial capital gain.

There has also been a significant change in the composition of the share registry in this period, and we have welcomed several new institutional investors to the company.

As described in the Explanatory Memorandum, subject to completion occurring, Prospect intends to distribute the bulk of the net sale proceeds after Zimbabwe capital gains tax and transaction costs to Shareholders. Prospect currently estimates this distribution will be in the range of \$430 million to \$450 million, or between approximately \$0.92 to \$0.96 per Share on a fully diluted basis.

Prospect plans to seek a class ruling from the ATO to confirm the Australian tax treatment of this distribution, but our current expectation is that it will comprise both a capital return component and an unfranked dividend component, with the latter expected to be at least 75% of the total amount.

Payment of the Proposed Distribution is expected to be made after 30 June this year following receipt of the class ruling and receipt of any additional Shareholder approvals required.

Prospect also plans to retain a cash balance to progress other battery and electrification metal projects in Zimbabwe, and evaluate, acquire and advance new battery and electrification metal projects globally. Prospect currently estimates it will retain between \$30 million and \$60 million.

The team has already begun a project generation exercise focused on battery and electrification commodities, initially focused on Zimbabwe and other sub-Saharan African countries.

In conclusion, I would like to take this opportunity to thank my fellow Board members, employees and advisers for all their hard work and the outcomes that have achieved for shareholders.

Mark Wheatley

Non-Executive Chairman

This release was authorised by Mark Wheatley, Non-Executive Chairman

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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 asset is the Arcadia Lithium Project located on the outskirts of Harare. Arcadia possesses a world-class hard rock lithium resource and is one of the most advanced lithium projects globally.

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.