



Prospect Resources Ltd (PSC.ASX)

First scale, now met impresses vs neighbours

Event:

- Initial Nyungu Central met results.

Investment Highlights:

- Up to 33% Cu concentrate grade.** PSC reported its initial met results on Nyungu Central fresh sulfide ore, which we compare with data sourced from production and technical reports both from First Quantum (FQ) and Barrick. A P₈₀ 250µm primary grind, with rougher and two-stage cleaner flotation yielded copper concentrate with very high grade of 33% Cu vs typical industry standards of 24-27%, and those of nearby Zambian mines FQ's Kansanshi and Sentinel (both 24%) and Barrick's Lumwana (27.7%).
- Optionality on high recoveries.** At 33% Cu concentrate grade, Nyungu Central Cu recovery is 90.1%, better than Sentinel's 88% achieved in 2024 and 86% in 1Q 2025, and in-line with Kansanshi's 91% in 2024 and 88% in 1Q 2025. However, Nyungu Central recovery rises to a superior 96.2% - even surpassing Lumwana's 94.8% - when producing a more standard concentrate grade of 24.6%. This provides optionality on finding an optimal sweet-spot on the grade-recovery curve.
- Coarse grind also attractive – lower costs.** Primary grind range of P₈₀ 150-250µm was examined with 250µm preferred given Cu recovery was still high (98.7%) at this stage. This is better than the 212µm for both Kansanshi and Sentinel (*source: FQ Technical Reports*) while below that of Lumwana's 300µm. A coarse grind has positive implications for low energy consumption, and both low opex and capex.
- No deleterious elements, TGC dealt with.** Besides the concentrate being high-grade, we understand it does not have deleterious elements such as arsenic to a level that would attract penalties. While the ore possesses high total graphitic carbon (TGC) of up to 4.8%, it can be distinctive of some Zambian ore - for example Sentinel. However, PSC's use of depressant, as FQ does, reduced TGC in the concentrate to very low levels.
- A positive first step for potential partnering with FQ.** FQ were obviously attracted to the scale of the Mumbeshi's project Exploration Target. One of FQ's desires is to potentially source feed for its Sentinel mill that can accrete value. This means the supplement ore needs to perform metallurgically. PSC's initial results show Nyungu Central can be better in terms of primary grind, concentrate grade, and recovery. We expect FQ will keenly follow the progress of further met work, both on Nyungu Central and other Mumbeshi deposits such as Kabikupa.

Earnings and Valuation:

- We maintain our **\$0.33/share valuation for PSC**, based on peer blended resource/exploration target comparison.

Recommendation:

- Our **Buy** and **12-month price target of \$0.33** are unchanged, based on valuation. Catalysts include 1) Phase 2 drill results 2) Further Met results; 3) Resource upgrade; and 4) Scoping study.

Disclosures

The analyst owns 60,400 PSC shares. Foster Stockbroking, staff, and Cranport own <1% of PSC shares on issue, and 4,000,000 PSC options exercise \$0.20 and expiry 9 August 2027.

Foster Stockbroking earned fees as Joint Lead Manager to the \$8M placement of PSC shares at \$0.10 in August 2024

Recommendation	Buy
Previous	Buy
Risk	High
Price Target	\$0.33
Previous	\$0.33
Share price (A\$)	\$0.135
ASX code	PSC
52 week low-high	\$0.07-0.21
Valuation - (A\$/share)	\$ 0.330
Methodology	peer resource/ET multiple comp.

Capital structure

Shares on Issue (M)	674
Market cap (A\$M)	91
Performance rights (M)	8
Options (M)	61
Net cash (debt) (A\$M)	24
Diluted EV (A\$M)	76
Ave daily volume ('000)	741

Substantial shareholders

Citicorp Nominees	24.4%
FQMA Holdings (First Quantum)	15.0%
Eagle Eye Asset Holdings Pte Ltd	13.0%
HSBC Custody Nominees	9.6%

Board

Mark Wheatley	Non-Executive Chairman
Sam Hosack	Managing Director
Ian Goldberg	Executive Director
Gerry Fahey	Non-Executive Director
Gaurav Gupta	Non-Executive Director

Share price graph



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**Prospect Resources (PSC)**

Full Year Ended 30 June

Profit and Loss A\$M	2024a	2025e	2026e	2027e
Revenue	0	0	0	0
Operating costs adj.	7	9	9	9
EBITDA adj.	-7	-9	-9	-9
D&A	0	0	0	0
EBIT adj.	-7	-9	-9	-10
Net Interest exp / (income)	0	0	-1	0
PBT adj.	-7	-9	-9	-9
Tax exp / (benefit) adj.	0	0	0	0
NPAT pre minorities adj.	-7	-9	-9	-9
Minorities adj.	0	-1	-1	-1
NPAT adj.	-7	-8	-8	-8
NPAT reported	-7	-8	-8	-8
EPS diluted adj. (\$)	-0.01	-0.01	-0.01	-0.01

Cashflow A\$M	2024a	2025e	2026e	2027e
EBITDA adj.	-7	-9	-9	-9
Change in WC	0	-1	0	0
Net interest	1	0	1	0
Tax underlying	0	0	0	0
Share based expense	1	1	1	1
Other	-1	-1	-1	-1
Operating Cashflow	-6	-9	-8	-9
Purchase of PP&E	-1	-1	-1	-1
Acquisitions	-8	0	0	0
Capitalised expenses	-2	0	0	0
Investments	-1	0	0	0
Asset sale	0	10	0	0
Investing Cashflow	-12	9	-1	-1
Equity issue	0	24	0	10
Debt proceeds	0	0	0	0
Debt repayments	0	0	0	0
Dividend paid	0	0	0	0
Other	0	0	0	0
Financing cash flow	0	24	0	10
Net cash flows	-18	25	-9	1

Balance Sheet A\$M	2024a	2025e	2026e	2027e
Cash	8	33	24	25
Receivables	0	0	0	0
Inventories	0	0	0	0
PPE	1	1	1	2
Capitalised expl'n	14	6	6	6
Intangibles	0	0	0	0
Other	4	4	4	4
Total Assets	27	44	35	37
Accounts payable	1	0	0	0
Provisions	0	0	0	0
Debt	0	0	0	0
Other	0	2	3	3
Total Liabilities	1	2	3	3
Capital & reserves	59	83	83	93
Retained earnings	-33	-42	-51	-60
Equity attrib.	26	41	33	34
Minorities	0	0	0	0
Equity total	26	41	33	34

Company Valuation

Segment	A\$M	A\$/share
Copper - Mumbesghi JORC Resource	61	\$0.09
Copper - Mumbesghi Exploration Target	124	\$0.18
Lithium - Step Aisde	10	\$0.01
Net cash	24	\$0.04
Total	219	\$0.33

Shares now M **674**

Capital structure

	M
Ordinary shares	674
Performance rights	8
Options	61
Fully diluted	742

Source: Company; Foster Stockbroking estimates.

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Specific disclosure: The analyst owns 60,400 PSC shares at the time of this report. Diligent care has been taken by the analyst to maintain honesty and fairness in writing the report and making the recommendation.

Specific disclosure: Foster Stockbroking earned fees as Joint Lead Manager to the \$8M placement of PSC shares at \$0.10 in August 2024.

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Review disclosure: The report was authored by the analyst named on the front page of the report and was reviewed and checked by Hazmy Hazin, Research Analyst.

Disclosure review. All the disclosures in the report have been reviewed and checked by Keith Quinn, Compliance.