

Market Update prior to Roadshow

Lithium – Arcadia Option

- **Diamond drill rig slot secured for July 2016 with Titan Drilling**
 - Minimum of 1,500m (30x 50m holes) planned for July and follow up programme (min 1,500m) planned for September 2016.
- Harare based geologist Adam Moodley (MSc UCT) appointed as head of exploration for Arcadia
- Exploration commenced and ongoing.
- Applications for additional acreage around Arcadia V licence lodged

Lithium – other projects

- Prospect's African team is reviewing a number of other lithium opportunities in Zimbabwe and in surrounding countries; notably Namibia and Mozambique that may complement the high grades of Arcadia.

Lithium - Mike Venter engaged as independent technical advisor on lithium project generation and exploration.

- Mike Venter BSc.(Hons), Pr.Sci.Nat, FSEG is a Consulting Geologist with more than 23 years' experience. He has generated a broad experience in the mining and exploration industry at a corporate, junior exploration and consulting capacity. He has travelled extensively, working on diamond, Au, Fe, Zn-Pb, Ni-Cu, PGM, U, REE, graphite, Sb, Ta/Nb/Sn/W/Li projects throughout Sub Saharan and West Africa, Brazil, Canada, Europe and Asia. His role will be to advise Prospect on its Li project generation efforts in Africa.

Gold – Gwanda East

- Development ore from Prestwood Main being stockpiled ready for processing
 - 5 Level drives being blasted and rises developed in preparation for continuous gold production. The main drive; 5 northeast is producing diluted development ore, grading at over 3g/t, with individual grades from the vein exceeding 10g/t.
- Headframe erected at Prestwood A Reef
 - old workings cleaned out, with old stopes sampled. Notable is a 20m wide pay shoot striking north-south, with an average grade in excess of 10 g/t. Development efforts will focus on accessing this block of ore, from the deepened shaft.
- Short term production plan for 3 shafts to be pulling ore with cashflows generated to propel growth in gold production and lithium exploration and development.

Arcadia Lithium Project Summary

- Arcadia Lithium Deposit lies within one of the three well known lithium camps, approx. 35kms north east of Harare, Zimbabwe.
- Initial Exploration Target of 15-18Mt at 3-5% Li₂O.⁺
- Intermittent production from 1954 to 1972, produced over 15,000 tonnes of mixed lithium ore.
- Two rounds of historical drilling in 1969 and 1981, confirmed that the pegmatite extends at least 1,500m along strike, and very high grades (ranging from 3.5% – 5.5% LiO₂).
- Tenement applications over the remainder of the Arcadia Camp, which includes the Oribi, Winston, Bing, Act and Green Mamba Pegmatite deposits have been lodged. All Arcadia Lithium deposits have been the subject of previous exploration and have exhibited lithium bearing pegmatites.

The Arcadia claims pegmatite is of the Na-Li (sodium – lithium) group, is zoned and is mainly mineralised in spodumene, eucryptite, petalite and amblygonite. In addition, tantalite and beryl have also been sporadically mined in the past. Spodumene is abundant in the east and petalite constitutes 10% to 50% of the pegmatite in the west. Petalite is an important lithium ore and is mined commercially. It is similar to spodumene but has a lower maximum grade. Eucryptite also occurs in the deposit and is very similar to spodumene, except it has a higher maximum lithium grade. This may explain why the deposit exhibits grades significantly higher than most lithium deposits in Australia.

Composite grade of the Arcadia claim is reportedly around 5% Li₂O. The high grades and large tonnage potential, given the known strike length, make this a significant project.

Location

The Arcadia Camp is situated some 35km northeast of Harare, Zimbabwe close to the Arcturus Gold mine. It is the most easterly of three well known pegmatite camps in the area that are mineralised in lithium, beryllium, tantalum and caesium.

Note⁺ The Arcadia Lithium Deposit has been the subject of historic drilling, exploration and production HOWEVER, the Company has not undertaken a detailed exploration programme nor a drilling programme. The Exploration Target is based on previously published data, all of which predates JORC 2012 and the Company's future exploration programme. The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012).

Gwanda East Gold Project Summary

- Gwanda East Gold Project consists of a number of historic gold mines, approx. 100kms south east of Bulawayo, Zimbabwe.
- Historic Gold Mines include:
 - Prestwood Main (historic production of ~16,000 oz at 33g/t)
 - Prestwood A
 - Bucks Reek Main (historic production of ~46,000 oz at 27g/t)
 - Bucks Reef East
 - Sally Gold Mine (historic production of ~24,000 oz at 7g/t)
- Major gold field within the Gwanda Greenstone Belt with monzonite intrusions controlling the distribution of high grade deposits on the contact, with little exploration and development for some 50 years.
- Gold field consists of numerous reefs: including classical near vertical high grade quartz, banded iron formation hosted and more shallow dipping shear hosted deposits. The intersection points of a number of these types are very prospective for the delineation of large bulk tonnage disseminated deposits. The Prestwood Gold Project lies within the centre of an approximate 25sq km area of these varied deposits.

Location

Gwanda East is situated some 100km southeast of Bulawayo, Zimbabwe close to the Farvic, Prince Olaf and Jessie producing gold mines. It is accessed via the Bulawayo - Beitbridge main bitumen road, and is supplied by mains power and fibre optic communications.

For further information, please contact:

Hugh Warner

Prospect Resources
Executive Chairman
Ph: +61 413 621 652

Harry Greaves

Prospect Resources
Executive Director
Ph: +263 772 144 669

Competent Person's Statement

The information in this announcement that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Roger Tyler, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and The South African Institute of Mining and Metallurgy. Mr Tyler is the Company's Senior Geologist. Mr Tyler has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tyler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.