

Acquisition of option over very high grade Arcadia Lithium Deposit.

Highlights

- Arcadia Lithium Deposit lies within one of the three well known lithium camps, approx. 35kms north east of Harare.
- Initial Exploration Target of 15-18Mt at 3-5% Li₂O.⁺
- 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).
- 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.

Prospect Resources Limited (**ASX: PSC**) (**Prospect** or the **Company**) is pleased to announce the signing of an option agreement on the Arcadia V lithium claims and applications covering the Arcadia Camp, northeast of Harare.

The Arcadia Lithium Deposit

The pegmatite is exposed in a 100m long pit on a steep hill slope and has 3 to 10 metre thickness; it is flat dipping at 3°-5°NW and significantly is known to extend for at least 1,500m along strike.

The Arcadia claims pegmatite is of the Na-Li (sodium – lithium) group, is zoned and is mainly mineralised in spodumene, eucryptite, petalite and amblygonite. 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.

Historical Mineral Production

Zimbabwe has always been a recognised as a global player in the production of lithium with the bulk of the production having come from Bikita Mine. At its peak production, Zimbabwe has been the 5th largest lithium producer in the world.

The Arcadia Camp has recorded production as shown in Table 1 below.

Mine	Years	Production	Remarks
Arcadia	1954	10.4t	Prismatic beryl – Na-Li pegmatite
	1966	23.6t	Eucryptite
	1966	+120t	Petalite
	1967-1968	7,039t	Mixed lithium ore
	1966-1972	7,723t	Petalite
	1972	37t	Feldspar
Arc	1953	3.74t	Beryl from a weathered Na-Li pegmatite
Bing	1953-1956	12.31t	Beryl from Na-Li pegmatite -0.1kg/t tantalite recovery
Green Mamba	1962	0.07t	Beryl
	1971-1972	14t	Beryl
Winston	1953-1954	11,233t	Lepidolite from a predominantly broad lithium rich pegmatite.
	1965-1967		

Previous Exploration.

Two drilling programmes have been undertaken in the claims area, with one campaign done in the late 1960s and a more recent one done in 1981.

Late 1960s drilling

Three EX-size drill holes were drilled in the pit to expose the pegmatite extent to the north, with a further two holes sunk in the quarry floor in the footwall of the main pegmatite and one hole sunk in the western strike extension. Core recovery was reportedly poor at 50%.

Conclusions from 1961 drilling:

- . The fine grained greissen beneath the main quarry contains up to 1.61% Li₂O
- . The coarse grained pegmatite yielded up to 3.77% Li₂O
- . There occurs a second lithium bearing pegmatite below the quarry and in fine greissen footwall.

Drilling Campaign done in 1981 & Exploration Target

An extensive drilling programme was referred to in Geological Survey Bulletin No.94 in 1991 including the publication of a reserve (non JORC compliant). **Based on the Company's review of existing publicly available information (including historic exploration, past drilling and production history), Prospect believes that the potential exists for an Exploration Target of 15-18 million tonnes with grades ranging from 3-5% Li₂O.**

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Details of the Option Agreement

The Company has acquired a 2 month option to acquire, via its 70% owned Zimbabwe subsidiary Hawkmoth Mining & Investment (Pvt) Ltd, a 90% interest in the Arcadia V claim and the mineral claim applications comprising the Arcadia Camp in consideration of US\$10,000. A further US\$40,000 is payable on exercise of the option. After exercise of the option, the Company has 48 months to make a decision to mine and will free carry the vendor until a decision to mine is made by Prospect.

Exploration & Development programme

An aggressive exploration programme is planned over the coming months in order to develop a Mineral Resource with the intention to then carry out mining feasibility studies. The proposed exploration programme will include detailed mapping, channel sampling and possibly drilling to confirm previous drill data. Given the shallow nature of the deposit and its proximity to infrastructure, the Company is planning a rapid development programme.

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.

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