

## Prospect raises \$2.67m in heavily oversubscribed Placement

### Highlights

- Prospect raises \$2.67m via the issue of 191m shares at 1.4c per share.
- DJ Carmichael Pty Limited acted as Corporate Advisor & Lead Manager to the Placement.
- Proceeds of the placement to be used to:
  - fast track drilling at the Arcadia Lithium deposit, approx. 35kms north east of Harare;
  - accelerate gold production at the Gwanda East gold camp, south east of Bulawayo; and
  - supplement general working capital.
- Prospect has secured 2 diamond drill rigs, both of which are in country and being prepared for mobilisation.

Prospect Resources Limited (**ASX: PSC**) ("**Prospect**" or the "**Company**") is pleased to announce the completion of a heavily oversubscribed placement of 191m shares at an issue price of 1.4c per share to institutional and sophisticated investors, to raise \$2.67m (before costs).

DJ Carmichael Pty Limited has acted as Corporate Advisor & Lead Manager to the issue which is scheduled to settle in full on Monday the 6 June 2016.

The Company is now working towards fast tracking its exploration initiatives via the commencement of the drilling campaign and will keep the market informed in relation to these developments.

Chairman Hugh Warner commented, "The strong demand from this capital raising is an endorsement for PSC and the quality of its project portfolio. We are excited to commence the exploration program with a healthy balance sheet with a view to creating value for PSC and its shareholders".

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### 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% Li<sub>2</sub>O.<sup>+</sup>
- 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% Li<sub>2</sub>O).
- Tenement applications over the remainder of the Arcadia Camp 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 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.

#### 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% Li<sub>2</sub>O
- The coarse grained pegmatite yielded up to 3.77% Li<sub>2</sub>O
- There occurs a second lithium bearing pegmatite below the quarry and in fine greissen footwall.

Note<sup>+</sup> The Arcadia Lithium Deposit has been the subject of historic drilling, exploration and production. 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).

### *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% Li<sub>2</sub>O<sup>+</sup>.**

### **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.

### **Details of the Arcadia 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 Camp in consideration of US\$10,000. A further US\$40,000 is payable on exercise of the option – which will be exercised over the coming weeks. 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.

Note\* The Arcadia Lithium Deposit has been the subject of historic drilling, exploration and production. 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)
- First gold produced from Prestwood Main.
- Development of drives and stopes is ongoing in preparation for steady state production from the Prestwood Main Shaft commencing in June.
- Prestwood A shaft is open, headframe constructed, site works and civils continuing in preparation of this second shaft being brought into production.
- Exploration headframe is being erected on Bucks Reef.
- 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.

### Competent Person's Statement

The information in this announcement that relates to Exploration Results, Exploration Targets, 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.