

Fund Raising increased to \$16m

Highlights

- Prospect has raised \$16m, subject to shareholder approval, on the following basis:
 - Prospect has received cleared funds for \$14m to be raised via the issue of 280m shares at 5c per share; and
 - Prospect has received firm commitments from clients of DJ Carmichael Pty Limited for an additional \$2m to be raised via the issue of 40m shares at 5c per share.
- Placing price of 5c is at a significant premium to the 20 day VWAP of 3.6c (calculated up to 19 July 2016, source: IRESS).
- Proceeds of the placement to be used to:
 - fast track drilling at the Arcadia Lithium deposit, approx. 35kms north east of Harare;
 - accelerate mine design, plant design and feasibility studies for the Arcadia Lithium deposit;
 - enable the Company to order long lead time items of plant for the Arcadia Lithium deposit;
 - fast track exploration at the God's Gift Lithium deposit;
 - accelerate gold production at the Gwanda East gold camp, south east of Bulawayo;
 - provide the Company with capacity to make additional strategic acquisitions, particularly within the lithium, graphite and cobalt sectors; and
 - supplement general working capital.

Prospect Resources Limited (**ASX: PSC**) ("**Prospect**" or the "**Company**") is pleased to announce the receipt of share applications for 280m shares to be issued at 5c per share to overseas (Chinese) sophisticated investors, to raise \$14m (before costs) and an additional \$2m to be raised via the issue of 40m shares at 5c per share, to be settled via DVP ("**Placement**").

At the upcoming extraordinary general meeting to be held on Friday, 22 July 2016 ("**EGM**"), the Company will be seeking shareholder approval to reset its placement capacity under ASX Listing Rules 7.1 and 7.1A, and also seek shareholder approval to issue up to 250m shares to sophisticated investors at an issue price of no less than 3 cents (**Noting that these shares will be issued at 5c per share**). In the event that shareholder approval is obtained for these resolutions, they will be relied upon to issue the shares pursuant to the Placement. Accordingly, completion of the Placement is conditional upon shareholder approval being obtained for resolutions 1 and 2 at the EGM.

Subject to the receipt of the necessary shareholder approvals at the general meeting on Friday, 22 July 2016, to provide the Company with the necessary capacity to complete the placement, the Company expects to issue the shares for the \$14m portion of the Placement on or shortly after 22 July 2016, with DVP settlement of the \$2m portion of the Placement to occur on Wednesday 27 July 2016.

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