

High Grade Li₂O Results returned from Channel Chip Sampling at Arcadia Pit

Highlights

- Results from the first phase of channel chip sampling (207 samples) from the weathered faces of 1960's Arcadia pit are positive:
 - **6 samples return > 4% Li₂O**
 - **22 samples return > 3% Li₂O**
 - **74 samples return > 2% Li₂O**
 - **Peak grade is 4.37% Li₂O**

A total of 375 samples were collected with results of the final 168 samples still to be received.

The samples were collected from one to two metre intervals in continuous traverses on the central eastern side of the historic Arcadia pit face.

Assaying was done by multi element ICP and over limits on lithium analysed by LiOG63 analysis.

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Competent Person's Statement

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

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> At the Arcadia Project, diamond drilling was undertaken with the current drill holes being collared with HQ size single tube core (63.5mm). Core will be split with a rock saw. The drill core sampling intervals were lithologically controlled, the maximum sampling interval was 1m and the minimum sampling interval was 0.25m. Standards, blanks and field duplicates will be inserted into the sample shipment (5% of total sample number) Samples will be shipped to Zimlabs laboratory where they will be crushed and pulverized to produce a 30g charge and then dispatched by courier to ALS Johannesburg. All samples will be analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after peroxide fusion.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Single tube Diamond Drill Core. Initially HQ3 to account for weathered nature of the country rock.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Downhole distances provided by the driller were correlated with measured lengths of the core provided. RQD, core loss or gain was measured and recorded by summing of the lengths of the core recovered, measuring only those pieces of core that are 10cm or more in length. Sample recovery in diamond drill holes was very good, with the exception of core from the top 3m weathered metabasalts. Prospect utilized HQ drilling to minimize the core loss in the weathered zones

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Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Core was marked and logged in detail with records kept of the total length and of any core loss. • Standard Prospect Resources geological codes were used for detailed geological logging, using different logging parameters for texture, structures, alteration, mineralisation, lithology and weathering. Core was photographed (wet and dry) in natural light and each photo run labeled.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • The drill core will be first cut into half along the cutting line, and then the lower half of the core will be cut into two quarters. One quarter core will be submitted for laboratory analysis and the other quarter retained for polished thin section production and the half drill core retained for possible met test work and reference. • Quality control will be provided by insertion of standards, duplicates and blanks. (5% of total) • The laboratory undertake repeat analysis.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • All samples will be analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after peroxide fusion. • To be advised •
Verification of sampling and	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> 	<ul style="list-style-type: none"> • Core inspected by more than one staff member, and external parties, including Geological Survey, and independent

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assaying	<ul style="list-style-type: none"> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<p>consultants.</p> <ul style="list-style-type: none"> No holes have been twinned to date. Though twinning is taking place on historically drilled holes (from 1970s) Logging and assay data captured electronically on excel spreadsheet
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> No Mineral Resource estimate has been carried out. The first drill hole was completed with down-hole surveyed using a Azimuth Point System (APS) Single Shot survey method down-hole instrument at a minimum of every 50m and measured relative to magnetic North. These measurements have been converted from magnetic to UTM Zone 35 South values. No significant hole deviation is evident in plan or section
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Drill holes are planned to be drilled at an average of 50m intervals along strike. This is sufficient to establish geological and grade continuity, Further infill drilling is planned to take place as a second campaign to infill this to 25m where possible using RC drilling.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Mineralised structures are flat lying pegmatites and drilling was planned in a straightforward manner to intersect these structures without bias.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Samples will be placed in sealed bags to prevent movement and mixing. Minimal preparation was done on site.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> To be advised.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

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Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Arcadia V claim, held by JV partner Paul Chimbodza. No environmental or land title issues. Rural farmland - fallow 																												
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Two rounds of historical drilling were done. Three EXT holes were drilled in 1969 at site of current pit. These logs are available, and the lithologies observed are consistent with that seen by Prospect Resources' drilling. The sites of at least 10 NQ sized boreholes have also been identified in the field. The detailed records of this programme have been lost. But the work done in the 1970's was recorded by the Geological Survey in their 1989 bulletin, where historical estimates of 18mt at up to 5% Li were recorded. 																												
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Na-Li pegmatite, with spodumene, eucryptite, petalite and amblygonite. In addition to disseminated tantalite and beryl. 																												
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly 	<table border="1"> <thead> <tr> <th>BH_ID</th> <th>UTM_East</th> <th>UTM_North</th> <th>RL</th> <th>Azimuth</th> <th>Dip</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>ACD001</td> <td>331,335</td> <td>8,034,080</td> <td>1410m</td> <td>135</td> <td>80</td> <td>67m</td> </tr> <tr> <td>ACD002</td> <td>331,340</td> <td>8,034,065</td> <td>1415m</td> <td>135</td> <td>80</td> <td>Drilling</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	BH_ID	UTM_East	UTM_North	RL	Azimuth	Dip	Depth	ACD001	331,335	8,034,080	1410m	135	80	67m	ACD002	331,340	8,034,065	1415m	135	80	Drilling							
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	<i>explain why this is the case.</i>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum e truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Borehole intersections were reported using downhole weighted averaging methods. No maximum or minimum grade truncations were used. The mineralisation is well constrained in pegmatites and quartz veins.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> The first drilled to intersect the shallow dipping pegmatite veins. All drill holes were drilled with an azimuth of 135°. The dip of all the holes is -80°. The first hole intersected the main pegmatite as planned.
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> The Company believes that all results have been reported and comply with balanced reporting.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> Channel sampling also carried out at the adjacent dormant pit, that was mined in the '70s. Geological mapping and grab sampling was undertaken on a surveyed grid, down-dip and along strike of the pit.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> 	<ul style="list-style-type: none"> Infill and extension drilling is being planned for Q3 2016

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	<ul style="list-style-type: none"><li data-bbox="344 209 1196 296">• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	