LARGE ZONED PEGMATITE IDENTIFIED, HIGH GRADE SPODUMENE CONFIRMED FROM GOOD DAYS LITHIUM PROJECT, DRILLING UNDERWAY

- **Field mapping has confirmed a large zoned pegmatite with a strike length of at least 700m and widths up to 30m**
- **Rock grab sampling of dump material have returned a peak grade of 4.5% Li_2O, and averaging 3% Li_2O**
- **All samples contain spodumene as the primary lithium bearing mineral based on XRD results.**
- **30m adit and surrounding open cast pit channel sampled, assays expected over the coming weeks.**
- **Reverse Circulation rig mobilised to site, with drilling underway.**
- **Regional geochemical surveys to be initiated to test strike and regional potential**

Prospect Resources Ltd (ASX: PSC) (the "Company") is pleased to announce results from initial field mapping and sampling completed at the Good Days Lithium Project in Zimbabwe. The Company has a two month period in which to complete its evaluation (refer to ASX Announcement 12 June 2017) of the Good Days Lithium Project.

Initial field mapping by Company geologists over the Good Days Pegmatite has identified an outcropping East-West striking zoned pegmatite that has a strike length of at least 700m and with observable widths of up to 30m. The pegmatite dips shallowly to the south with a slight plunge to the west.

Historic development work on the claims includes a single 30m adit and small open cast pit. There is also evidence of small scale hand cobbing of spodumene, lepidolite, quartz and feldspar.

A total of 13 grab samples were initially taken from old dumps containing visible spodumene with all samples returning anomalous lithium grades, with a peak grade of 4.5% Li_2O and all grab samples averaging 3% Li_2O (Table 1). Mineralogy of each sample was validated using XRD, where spodumene was identified as the primary lithium bearing mineral.

The 30m adit and small open cut areas have been channel sampled, and additional systematic outcrop sampling has been completed. Based on these encouraging results, the Company has mobilized a Reverse Circulation ("RC") rig that is expected to complete an initial 600m drilling program designed to test the downdip and validate the strike extents of the Good Days Pegmatite (Figure 1). In tandem with the drilling program, the Company plans to complete a surface soil sampling program to test strike extensions to the Good Days pegmatite and to support ongoing geological evaluation of the Project.

Entrance to Adit - Good Days

Stockpiled spodumene

Figure 1 - Good Days Lithium Project - Initial Drilling Plan

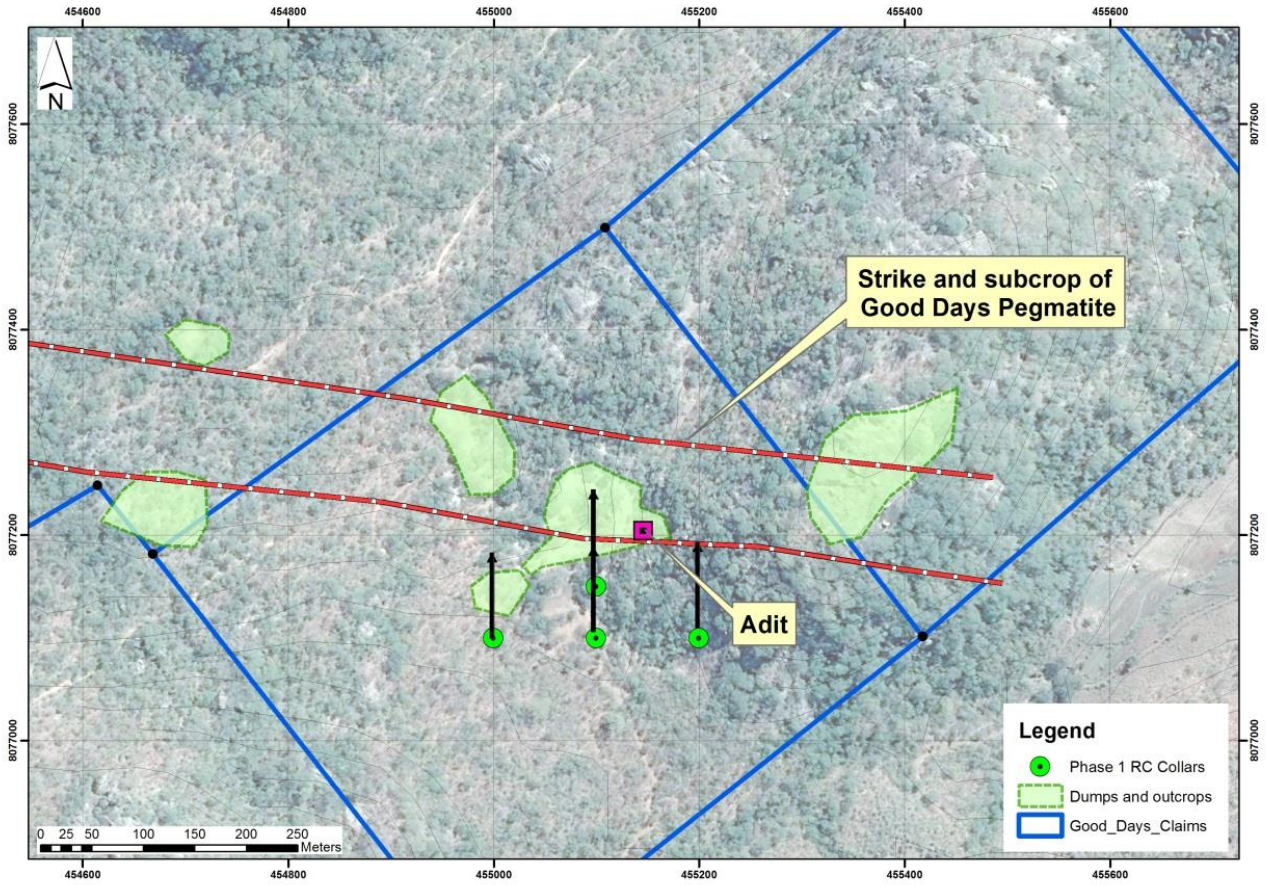


Table 1 – Rock grab results and mineralogy from dump material – Good Days Pegmatite

Sample_ID	Albite	Actinolite	Muscovite	Microcline	Spodumene	Schorl	Quartz	Totals	Li_2O %
GD002	14.22	1.40	0.00	2.06	44.33	0.00	37.99	100	3.56
GD003	15.42	1.63	0.00	0.00	48.94	0.00	34.01	100	3.93
GD004	13.61	0.00	4.38		45.70	0.00	36.30	100	3.67
GD005	28.19	0.00	38.41	4.85	18.18	0.00	10.36	100	1.46
GD007	8.43	0.00	3.88	1.49	50.13	0.00	36.07	100	4.03
GD008	28.80	0.00	41.71	6.68	20.55	0.00	2.27	100	1.65
GD009	8.80	0.00	0.00	26.69	36.59	0.00	27.92	100	2.94
GD010	8.80	0.00	10.41	19.71	17.56	0.00	43.53	100	1.41
GD011	10.12	0.00	1.05	28.23	35.74	0.00	24.85	100	2.87
GD013	10.12	0.00	2.94	0.30	47.82	0.00	38.82	100	3.84
GD014	4.22	0.00	1.12	0.00	56.29	0.00	38.37	100	4.52
GD015	15.30	0.00	2.75	0.50	41.10	0.00	40.35	100	3.30
GD016	25.06	1.28	25.28	0.00	21.36	0.88	26.13	100	1.72
Averages	***14.70***	***0.33***	***10.15***	***7.54***	***37.25***	***0.07***	***30.54***	***100.00***	***2.99***

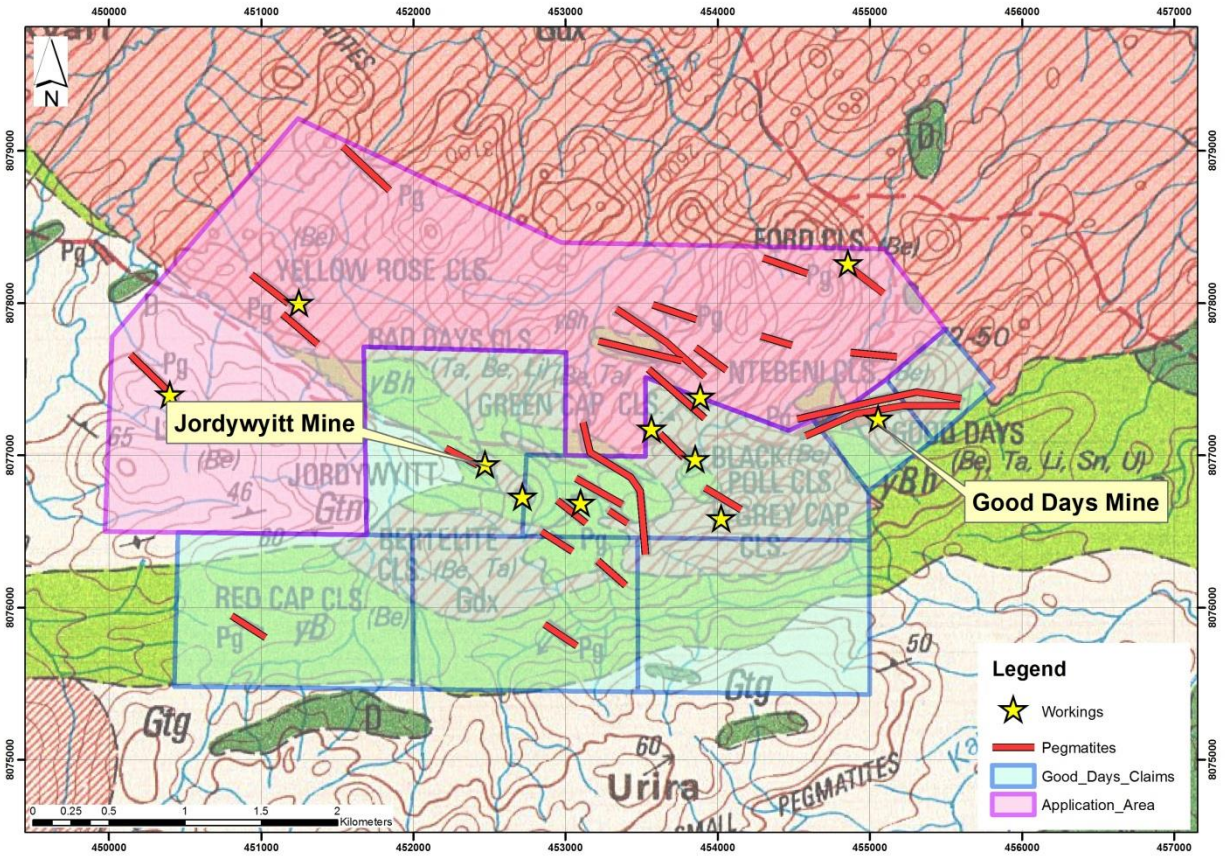
Chairman of Prospect, Mr Hugh Warner had the following to say following release of these initial results:

"Our geological team has done remarkably well to be able to quickly assess and confirm the potential at Good Days following these very encouraging results. As we speak a drilling rig is collaring at Good Days and I am looking forward to initial results from our field team as this short program continues. So far the results confirm the high quality spodumene present at Good Days, and this drilling program is expected to provide us with sufficient data to make a decision regarding the exercise of our option to acquire Good Days"

PROJECT OVERVIEW & GEOLOGY

The Good Days lithium project is located approximately 30km east of the town of Mutoka in north eastern Zimbabwe and some 160km from the capital city, Harare. The project area consists of a swarm of Lithium-Caesium-Tantalum ("LCT") type pegmatites that either intrude a regional granodiorite dome or are situated close to its contact, penetrating the mixed rocks of the Budjga Dome suite as well as the rocks of the Makaha Greenstone Belt. Numerous small historical workings and excavations are located along several pegmatites, most notably at the Good Days Mine and JordyWhytt Mines where spodumene, beryl, tantalite, columbite, cassiterite and lepidolite was produced (Figure 2).

Figure 2 – Local Geology of Good Days Li Project



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Competent Person Declaration

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of by Mr Roger Tyler, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy (AUSIMM) and The South African Institute of Mining and Metallurgy (SAIMM). 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. 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	• *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.*	• At the Good Days Project, grab sampling of the old ore stockpiles was undertaken. Sixteen x 3kg grab samples collected • Samples collected randomly • Samples transported to Zimlabs laboratory where they were crushed and pulverized to produce a 30g charge and then dispatched by courier to ALS Johannesburg. All samples analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after four acid digestion. • Quantitative XRD was undertaken on a split of the same samples analysed ay ALS. Analyses were undertaken by FT Geolabs. Results were normalized using an iterative process, in conjunction with the assays.
Drilling techniques	• *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).*	• N/A
Drill sample recovery	• *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.*	• N/A
Logging	• *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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Standard Prospect Resources geological codes were used for detailed geological logging, using different logging parameters for texture, structures, alteration, mineralisation, lithology and weathering.

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The laboratory undertakes repeat analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• All samples analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after four acid digestion at ALS Johannesburg. Spodumene and other mineralogy determined by XRD at FT Geolabs in Centurion. • To be advised
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Site regularly inspected by senior geological staff.. • Logging and assay data captured electronically on excel spreadsheet
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• No Mineral Resource estimate has been carried out. • All measurements have collected by hand held GPS in UTM Zone 36 South(ARC 1950) values.
Data spacing and	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the*	• Randomly collected from ore stockpile.

Criteria	JORC Code explanation	Commentary
distribution	*degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• N/A grab samples
Sample security	• *The measures taken to ensure sample security.*	• Samples are placed in sealed bags to prevent movement and mixing. Minimal preparation was done on site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• To be advised.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	• BM claim 33908 and 33909 held by JV partner Barrington Resources. • No environmental or land title issues. • Rural farmland - fallow
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No detailed record for any exploration, but the area was mapped in some detail by the Zimbabwean Geological Survey in 1980. (Bulletin no 89)
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Li-Cs-Ta (“LCT”) pegmatite, with spodumene, lepidolite, petalite and addition to disseminated tantalite and beryl.
Drill hole Information	• *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:*	

Criteria	JORC Code explanation	Commentary
	○ *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 explain why this is the case.*	
Data aggregation methods	• *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.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• N/A •
Diagrams	• *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.*	• Maps are attached and cross sections will be created
Balanced reporting	• *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.*	• The Company believes that all results have been reported and comply with balanced reporting.
Other	• *Other exploration data, if meaningful and material, should be reported*	• Channel sampling also carried out at the adjacent dormant pit.

Criteria	JORC Code explanation	Commentary
substantive exploration data	*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.*	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. • Results will be published shortly.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill and extension drilling is being planned for Q3 2017