



Prospect Resources

Investment Outline – Arcadia Lithium Project

September 2017

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Competent Person's Statements



- The information in this announcement that relates to Exploration Results, 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 JORC Code 2012 Edition. 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.
- The information in this announcement that relates to Mineral Resources is based on information compiled by or under the supervision of Ms Gayle Hanssen of Digital Mining Services, Harare Zimbabwe. Ms Hanssen is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Ms Hanssen is employed by DMS and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Ms Hanssen consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.
- The information in this study that relates to Ore Reserves is based on information compiled by or under the supervision of Mr David Miller, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Miller is Prospect Resources' Marketing Consultant. Mr Miller 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 JORC Code 2012 Edition. Mr Miller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- The information in this study that relates to the processing plant and infrastructure design as well as the financial analysis is based on information compiled by or under the supervision of Mr Lee W John of BioMetallurgical, Zimbabwe. Mr John is registered as a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM CP) and is Fellow with The South African Institute of Mining and Metallurgy (FSAIMM) and is registered as a Professional Engineer with the Engineering Council of South Africa (Pr. Eng. ECSA). Mr John is the Principle Engineer of BioMetallurgical and has sufficient experience which is relevant to the mineral processing project under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Mr John consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Arcadia Lithium Project Summary



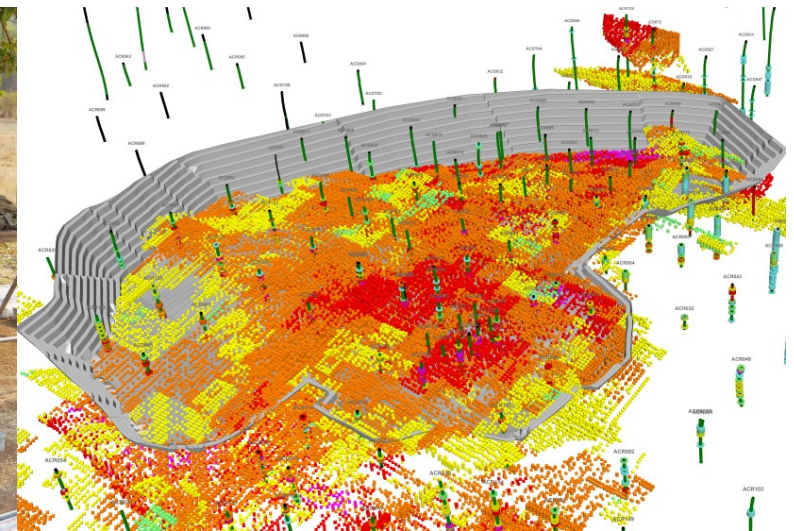
Conveniently located to Rail, Road and Power Infrastructure

Compelling Project Investment Returns

Near Term Lithium Concentrate Supply

No Committed Offtake – Various Discussions Ongoing

Pre Feasibility Study Completed, Largest JORC Hard Rock Lithium Mineral Resource in Africa, 20 Years Life Of Mine, Skilled and Experienced Management Team, Actionable Plan to Production, Mining And Investment Approvals



Prospect Resources Background



Background

- Prospect Resources Limited (ASX:PSC) is a Southern Africa focused Lithium and Gold mining and exploration company based in Perth with operations in Zimbabwe.
- Prospect's flagship project is the Arcadia Lithium Project located on the outskirts of Harare. The Arcadia Lithium Project is one of the largest hard rock lithium resources in the world.
- Near term Spodumene and Petalite production - Prospect Resources is focused and ready to commence construction work on the Arcadia Lithium Project immediately after capital raise.
- Prospect Resources has a strong and experienced management team with a track record of building and operating mining projects in Zimbabwe

Key Management

- Hugh Warner – Executive Chairman
- Duncan (Harry) Greaves – Executive Director
- Lee John – General Manager

Detailed Profiles included in **Appendix I**

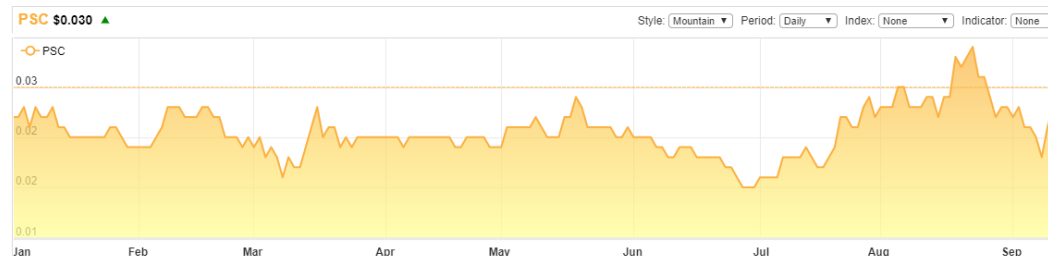
Market Data

Shares outstanding	1,594,128,296
Market Capitalisation (A\$) <small>14 Sept 17</small>	47,823,849
Current Share price (A\$) <small>14 Sept 17</small>	3.00
Shares options outstanding <small>14 Sept 17</small>	255,000,000
Cash (A\$) <small>31 July 17</small>	6,100,000
Debt <small>31 July 17</small>	-

Major Shareholders

Pershing Nominees	15.3%
BNP Paribas	9.8%
MBM Capital Partners	8.9%
Elliot Holdings Group	8.0%
Armoured Fox Capital	6.8%
Total	48.8%

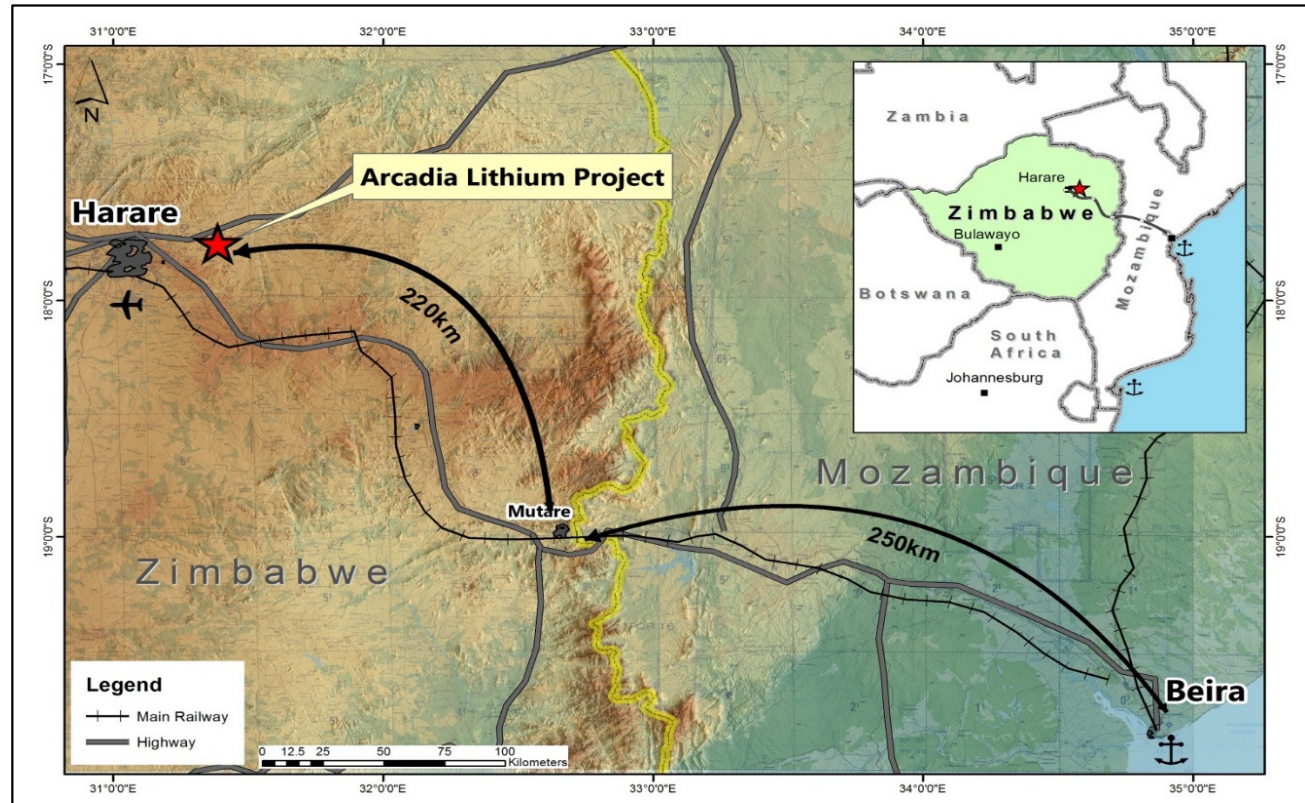
Share Price Graph YTD



Arcadia Lithium Project Location, Infrastructure and Resources



- Arcadia is conveniently located and has excellent access to infrastructure and resources:
 - approximately 35 km East of Harare
 - less than 20 km gravel road to sealed highway
 - less than 20 km from railway to Beira, 450 km away
 - less than 3 km from 33 kVA mainline power grid
 - abundant groundwater available
 - access to skilled and semi skilled labour from Harare – an easy daily commute from the capital city.
 - All the above factors contribute significantly to the economics at Arcadia
- The mine lease area covers approximately 14km² and located within an unpopulated agricultural area
- Mining and Environmental Approvals in place
- Surface rights secured by Prospect and being utilised for agriculture



Arcadia Lithium Project Milestones Delivered and Plan



Substantial Progress – from May 16

- Secured Option on Arcadia
- Exercised Option on Arcadia
- Undertook initial fundraising to undertake drilling and Pre Feasibility Study
- Mineral Resource Estimates further updated Aug 2017
- Environmental Impact Assessment Complete
- Pre Feasibility Study Complete
- Bulk and Grade Control Sampling initiated
- Surface rights secured – first maize crop being harvested

Next Steps

- Offtake & funding negotiations
- Funding
- Procurement
- Mine Pre Stripping and Site Works
- Construction Mineral Processing
- Commissioning and Production

2016		2017			
Q3	Q4	Q1	Q2	Q3	Q4
		Drilling			
	Mineral Resource Estimates				
	Scoping				
	Environmental Study and Project Approval				
		Pre feasibility study			

Significant Announcements – Arcadia Lithium Project	Date
PSC acquires option of option over Arcadia Lithium Project	12 May 2016
PSC exercises option to acquire Arcadia Lithium Project and drilling to commence 25 June 2016	14 June 2016
PSC raises A\$16M in placement	22 July 2016
PSC releases results of Scoping Study	13 December 2016
PSC announces significant Mineral Resource estimate upgrades	14 March 2017
PSC receives Environmental and Investment approvals for Arcadia	5 June 2017
PSC releases Pre Feasibility Study	3 July 2017
PSC delivers first product samples to international market	19 July 2017
PSC announces significant Mineral Resources estimate upgrade	3 August 2017
PSC initiates bulk and grade sampling at Arcadia	4 September 2017

Target Is To Have Arcadia Lithium Mine Operational within 12 Months of Fundraising Completion

Arcadia Lithium Project Highlights



Key Output/ Results

Average LCE of 26,000 tpa

75,000 tonnes spodumene
(6% Li₂O)

155,000 tonnes petalite
(4.1% Li₂O)

Life of Mine 20 years at 1.2M
tonnes plant throughput

Description	Result/ Output
Mineral Resource at 1% Li ₂ O Cutoff*	40.5 Mt @ 1.44 % Li ₂ O
Probable Ore Reserve**	15.8 Mt @ 1.34 % Li ₂ O & 125 ppm Ta ₂ O ₅
Pit Inventory and Run of Mine (RoM) Diluted Grade	23.7 Mt @ 1.34% Li ₂ O & 124 ppm Ta ₂ O ₅
Plant Throughput	1 200 000 tpa
Life of Mine (LoM)	20 years
LoM Waste Strip Ratio	2.79 t waste per tonne ore
Spodumene Production (6 % Li ₂ O) avg. LoM	75 000 tpa
Petalite Production (4.1 % Li ₂ O) avg. LoM	155 000 tpa
Total Lithium Carbonate Equivalent (LCE) avg. LoM	26 000 tpa
Tantalite contained in concentrate avg. LoM	88 000 lbs pa
Metallurgical Recovery DMS, Spirals and Flotation	71 % Li ₂ O
Metallurgical Recovery Spirals and Tables	30 % Ta ₂ O ₅

*Based on Updated Mineral Resource Estimate published 3 August 2017

** Based on PFS published 3 July 2017 - further drilling underway to update ore reserve

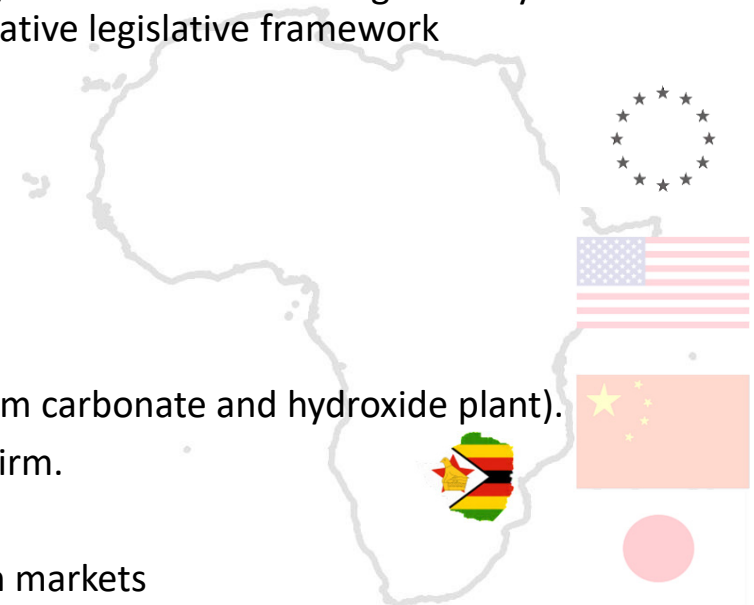


Case for Arcadia Lithium Project



Arcadia Lithium Project is an attractive partner for industry / strategic and financial investors

- Last major hard rock lithium resource in the world without contractual offtake commitments
- Globally significant JORC Code compliant hard rock lithium mineral resource and largest in Africa
- Zimbabwe is the world's 5th largest lithium producer and the country has a long and established mining industry that is supported by infrastructure, relevant skillsets and resources and an accommodative legislative framework
- The following approvals are in place to commence development at Arcadia:
 - ☑ Environmental approvals – Environmental Management Agency
 - ☑ Licenced foreign investor – Zimbabwe Investment Authority
 - ☑ Relevant mining claims owned
 - ☑ Special Economic Zone application in progress
- Significant further upside in the opportunity for a lithium chemical plant (Lithium carbonate and hydroxide plant).
 - Pre Feasibility Study already underway with leading global engineering firm.
 - This will be the first lithium chemical plant outside of Asia and Australia.
 - Geographically well placed to serve European, North American and Asian markets
 - Potentially increases investment returns by an order of magnitude as a result of the significant reduction in transport and logistics costs and multiplier effect of processing on price
- Near term supply potential – on closing of funding, target is to have the mine in production in 12 months
- Estimated supply of more than 15-20 years
- Core team is already in place and have significant Zimbabwean mine building and operational experience



Lithium Demand has Outpaced Supply



Resulting in significant increase in lithium prices

Chinese Li₂CO₃ Imports



Source: GTIS - www.gtis.com

■ 6% Li₂O Spodumene Concentrate Prices

- 2014 Greenbushes
- 2015 Greenbushes

USD390/t CIF China (est)

USD425/t CIF China (est)

■ Current Contracts

- Nov 16 Galaxy Resources 120,000t for 2017 delivery
- Apr 17 Tawana Resources 2018 & 2019 deliveries
- Jul 17 Neometals 2017 H2 deliveries
- Jul 17 Altura Mining First 3 years' production

USD905/t FOB Esperance

USD880/t FOB Esperance

USD841/t CFR China

Indexed to Li₂CO₃ prices
min **USD550/t** max **USD950/t**

Source: Various Company Announcements

Electric Vehicles (EV) - Major Driver and Accelerating



BATTERIES MARKET PICKING UP

136x

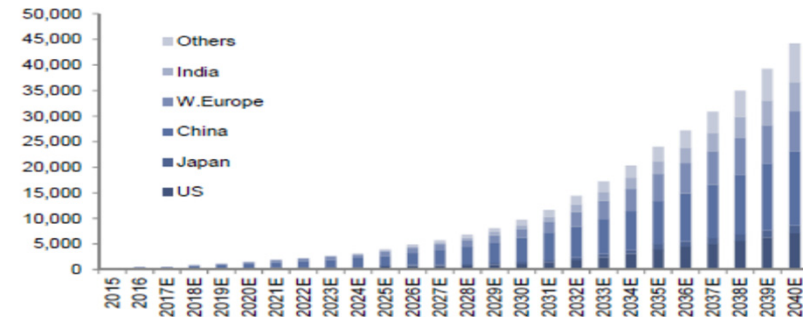
While auto battery capacity was a mere 17GWh in 2015, we estimate it will increase 136x to 2,319GWh by 2040.

LITHIUM SUPPLY/DEMAND LIKELY TO TIGHTEN

2x

Lithium price doubled from US\$5/kg in 2015 to US\$12/kg in 2017. Lithium prices is around 5-10% of battery production cost.

EV sales of main countries ('000 units)



Factors promoting EV penetration

Regulations	EU	Accelerate	French and UK authorities declared no more sales of internal combustion engines (ICE) from 2040
	China	Accelerate	NEV regulation credit can be used for corporate average fuel consumption (CAFC) regulation
	India	Accelerate	EV penetration target of 40% in 2032
	USA	On track	US\$7,500 federal EV subsidy + ZEV regulation
	Japan	On track	US\$100 subsidy per kWh battery
Products	VW	Accelerate	Launching 30 EV models by 2025. Accelerating its EV plan to meet 25% of total sales in 2025.
	Honda	Accelerate	China-dedicated EV will be launched in 2018
	Toyota	Accelerate	Set up EV division but no concrete launch schedule announced yet
	GM	On track	Bolt EV launched in December 2016 as planned
	Tesla	On track	Model 3 launched in July 2017, the company is targeting 20k/month production in December
	Nissan	On track	Leaf full model change expected in Sep 2017 as planned
Battery	All-solid-state	Accelerate	Toyota sees a 2022 launch.
	LiB NCA	On track	Tesla starts using 2170 type nickel-cobalt-aluminium-based (NCA) battery for Model3 as planned
	LiB NMC	On track	Nickel rich cathode + wet separator to become the industry standard as planned

Extracts from Goldman Sachs Report - Electric Vehicle Boom - 7 September 2017

The Lithium Market



Lithium Demand Factors

Demand driven by:

- The electric car boom (China expected to set end date for ICE cars)
- Falling battery prices resulting in unprecedented demand for lithium-ion batteries
- Emerging energy storage market
- Traditional lithium demand markets i.e. electronics, medical, ceramics will remain supportive
- Current market players investing in more processing capacity than they have secured supply for

Lithium Supply Factors

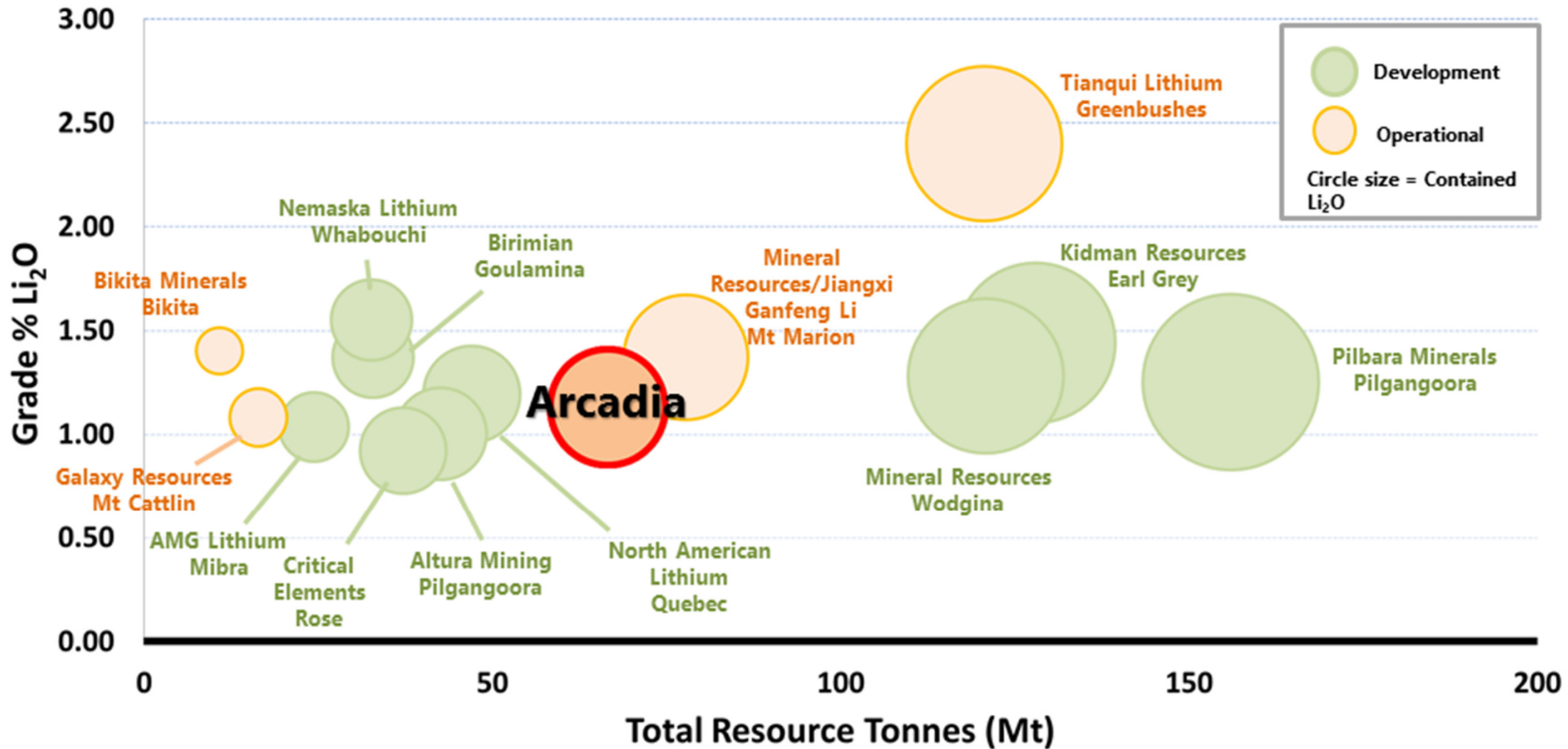
Near term supply constrained by:

- Capital intensity to commercialise brine sources of lithium
- Significant lead time for brine sources of lithium to come to production i.e. slower to respond to market conditions

Result is a significant opportunity for PSC to secure for Arcadia Lithium Project:

- Strong offtake partners
- Funding
- Long term market position

Global Hard Rock Lithium Resources



Note: Hard Rock refers to all pegmatite hosted Li deposits only. Mineral Resource estimates for Projects other than Arcadia have been sourced from Company Public Domain sources. These estimates have been prepared under differing estimation methodologies and cut offs and therefore maybe not be directly comparable. Readers should therefore treat and rely on this information accordingly

Arcadia Lithium Project High Level Investment Returns Summary



	Updated PFS Model Result (USD)
Model Output Summary:	
– Pre-Tax Net Present Value at 10%	\$319M
– Internal Rate of Return	189%
– Gross Revenue LoM	\$2.3B
– OPEX LoM	\$1.4B
– Net Cash flow	\$775M
– Payback Period	~2 years
Main Assumptions using PFS Model:	
– CAPEX Per PFS (i.e. including initial working capital) ±25%	\$52.5M
– Avg Near term Spodumene Price (\$/t) (5 years)	\$788
– Avg Long term Spodumene Price (\$/t) (thereafter)	\$600
– Avg Near term Petalite Price (\$/t) (5 years)	\$524
– Avg Long term Petalite Price (\$/t) (thereafter)	\$400

- PSC Directors have updated PFS model assumptions as a result of active engagements with various prospective offtake customers and further market information on current pricing

Dealing with Country Risk – Perception and Reality



PERCEPTIONS

Country / Civil Society Risk

- Zimbabwe is significantly more organised, developed from an infrastructure perspective and peaceful than most African countries endowed with significant mineral natural resources
- Zimbabwe has been through previous economic crises which have not resulted in widespread civil unrest

Regulatory Risk

- Zimbabwe is looking to promote and encourage investment – particularly in capital intensive mining ventures
- PSC is compliant with all local Zimbabwe laws and regulations including:
 - Zimbabwe Investment Authority Licence which includes Indigenisation approval
 - Various mining and environmental approvals to commence mining at Arcadia Lithium Project

Macroeconomic / Operating Environment

- Government of Zimbabwe is in a fiscal challenging position which is increasing local macroeconomic instability
- Priority given to export orientated businesses such as Arcadia so significant incentives are being offered .
- Various mining houses of scale continue to operate in Zimbabwe over a range of commodities

REALITIES

- Arcadia Lithium Mine will be a significant foreign currency earner for Zimbabwe which is extremely important to the country and is actively engaging with Central Bank on various requirements for project
- Various members of the Management Team have been through previous economic crises in Zimbabwe and have financial, legal and managerial experience to deal with economic challenges in the Zimbabwean context
- The Arcadia Lithium Project can survive as an “island” if required:
 - Power can be generated off grid and the project remains financially profitable
 - Markets based on international offtake agreements thus not affected by local economic fundamentals thus value created underpinned by an international currency i.e the USD
 - The project will be a significant foreign currency earner and can thus sustain its operations in isolation to the wider economy
- Zimbabwe’s current fiscal and monetary policy approach is not sustainable over the long term and the Country needs to increase materially export earnings – exactly what Arcadia Project seeks to achieve
- Prospect Resources has partnered locals as shareholders in the Arcadia Lithium Mine Project



APPENDIX I

Profiles of Board Members, Key Management and Consultants

Profiles – Board Members



Prospect Resources board of directors, management and technical consultants have extensive experience and demonstrated capacities in the commercialisation of mineral ores in Zimbabwe and across Africa.

<p>Hugh Warner (Executive Chairman)</p>	<p>Mr Warner holds a Bachelor of Economics from the University of Western Australia. He has broad experience as a public company director, having been a director of a number of publicly listed companies involved in the mining, oil and gas, biotechnology and service industries.</p>
<p>Duncan (Harry) Greaves (Executive Director)</p>	<p>Mr Greaves holds a B.Sc (Agriculture) from University of Natal (in South Africa). He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf and Farvic gold mines in southern Zimbabwe. Mr Greaves is a well respected and well known member of the Zimbabwe mining fraternity.</p>
<p>Gerry Fahey (Non Executive Director)</p>	<p>Mr Fahey has over 35 years experience in both the international and local minerals industry. He is a specialist in mining geology, mine development and training and worked for 10 years as Chief Geologist Mining for Delta Gold where he was actively involved with the development of the Eureka, Chaka, Globe and Phoenix gold mines and the following Australian gold projects: Kanowna Belle, Golden Feather, Sunrise and Wallaby.</p>
<p>Zed Rusike (Non Executive Director)</p>	<p>Mr Rusike is a qualified accountant. He was previously the Managing Director of United Builders Merchant before being promoted to Group Managing Director for Radar Holdings Limited, a large quoted company on the Zimbabwe Stock Exchange. Mr Rusike is a former President of and current Chairman of the board of the Confederation of Zimbabwe Industries.</p>
<p>Qingjiao Yu (Non Executive Director)</p>	<p>Mr Yu has over fifteen years of experience in the Lithium-ion battery industry in China and is well known for being a key figure in the China battery technology sector. Currently, Mr Yu is Chairman and CEO of Energy Finance Net and China Battery Net. He is also the President for the China Battery Magazine, Secretary-General for ABEC BBS (Lithium electricity “Davos”) committee and also a Director of Zhongguancun Battery Industry Technology Innovation Alliance.</p>
<p>Manana Nhlanhla (Non Executive Director)</p>	<p>Ms Nhlanhla is Chairperson of Mion Limited, the parent company of Armoured Fox Capital (Pty) Ltd, one of Prospect Resources major shareholders. Mion Limited is a 100% black owned South African based diversified investment company.</p>

Profiles – Key Management



<p>Chris Hilbrands (Group CFO)</p>	<p>Mr Hilbrands has worked as CFO for a number of public companies listed on the ASX and AIM, primarily resources focused. Mr Hilbrands has been responsible for the day to day financial and administrative operations together with the statutory reporting and compliance obligations of these organizations. Mr Hilbrands has a B.Com and is a Chartered Accountant.</p>
<p>Lee John (General Manager Operations)</p>	<p>Mr John is a Minerals Processing Engineer. He has more than 25 year's experience in mining and minerals processing and more than 18 years in management roles, including COO, CEO. Lee's African experience includes operating mining projects within Congo (DRC), Mozambique, Zambia, Botswana, Kenya, Tanzania and Zimbabwe.</p>
<p>Roger Tyler (Chief Geologist)</p>	<p>Mr Tyler is a British geologist, who after almost 30 years working experience in Africa, is now Technical Director for Farvic. He has an Honours degree in Mining Geology from the Royal School of Mines and a Master of Engineering in Mineral Resource Estimation from Witwatersrand University. Roger worked for 15 years as a geologist in various African countries and later as a Senior Resource Analyst for Anglo American Corporation. Most recently however, he was Anvil Mining's DRC exploration manager and led the programme which resulted in the development of the Kinsevere mine. He is a shareholder in Farvic Consolidated Mines and Prospect Resources.</p>
<p>Gavin Stephens (Africa CFO)</p>	<p>Mr Stephens is a registered Chartered Accountant (Zimbabwe) since 1991. He has served as Financial Director to IMF Holdings (Pvt) Ltd and PPC Zimbabwe (Ltd), in each case for ten years, as well as the Business Development Director for PPC Zimbabwe Ltd for a further five years. In this capacity is was involved with exploration, project development and finance. His skill set includes strategic planning, risk management and corporate governance, as well as the financial and general management skills associated with 25 years of experience in the Zimbabwe economy.</p>
<p>Mike Kitney (Metallurgist)</p>	<p>Mr Kitney is a practising Metallurgist with over 46 years with experience in mineral processing ranging from R&D, operations management. Also lately project design, construction and commissioning. Minerals exposure includes alumina, phosphate, gold, copper, tin and lithium. In the latter case Mr Kitney has specific experience in spodumene beneficiation and downstream lithium carbonate plant design, construction and commissioning. He also holds an MSc degree in Mineral Economics.</p>

Profiles – Technical Consultants



**Mike Venter
(Consulting Geologist)**

Mr Venter is a consulting geologist with more than 23 years experience. He has generated a broad experience in the mining and exploration industry at a corporate, junior exploration and consulting capacity. He has travelled extensively, working on various projects throughout Sub Saharan and West Africa, Brazil, Canada, Europe and Asia. Mike has a BSc(Hons) in Geology and is a Fellow of the SEG.

**David Miller
(Mining Engineer)**

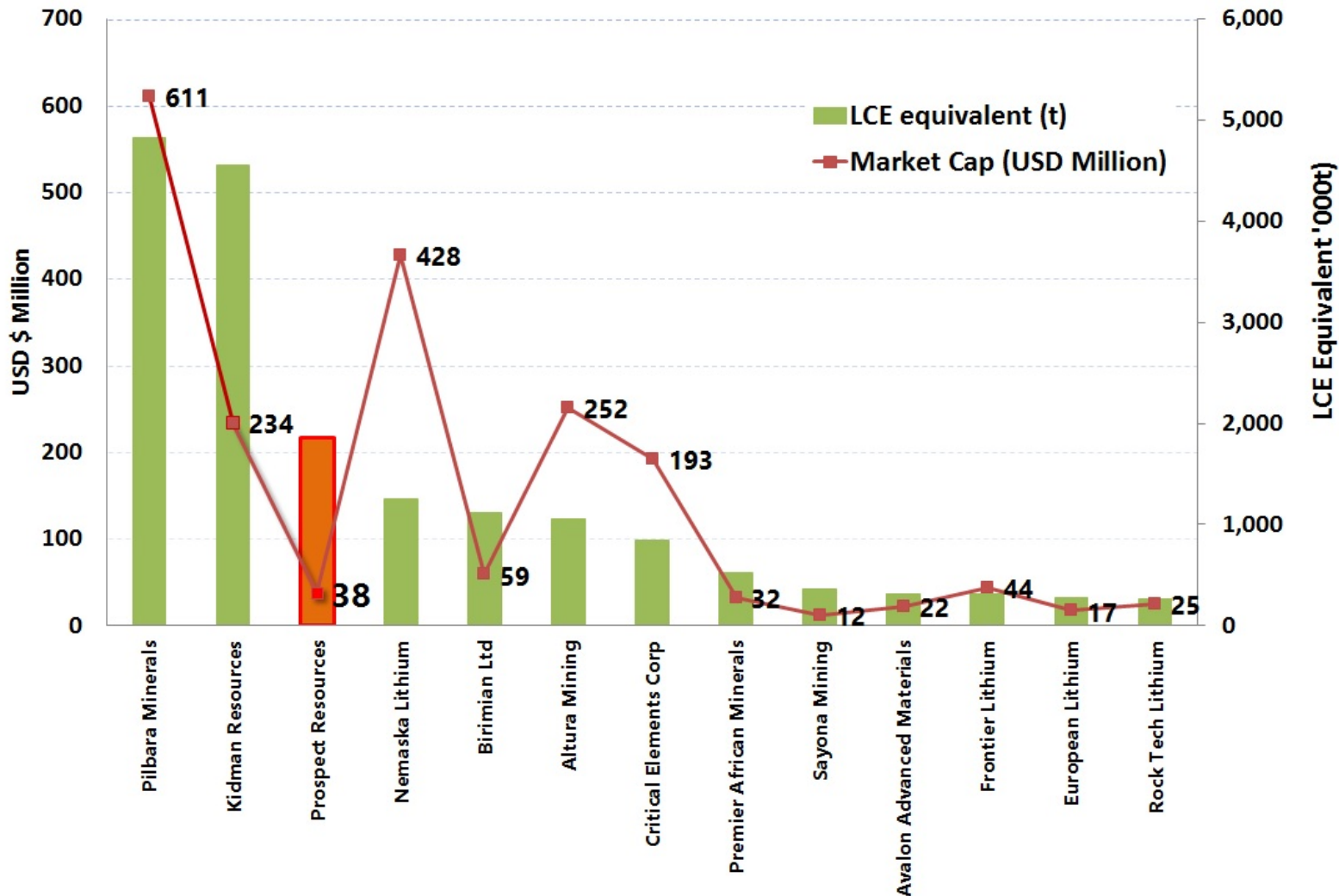
Mr Miller is a mining engineer with 33 years' experience in the mineral resource industry. In the last ten years he has held in a number of senior business development roles including the assessment, development and product marketing of lithium, tin and tantalum projects.



APPENDIX II

High Level Analysis Hardrock Lithium Resources vs Market Capitalisation

Global Hard Rock Lithium Resources



- Arcadia contains over 1.85 Mt of Lithium Carbonate Equivalent (LCE)
- Appears undervalued when compared to its peers, as shown by market capitalisation.

Note: LCE estimates for Projects other than Arcadia have been sourced from Company Public Domain sources. These estimates have been prepared under differing estimation methodologies and cut offs and therefore maybe not be directly comparable. Readers should therefore treat and rely on this information accordingly Market Cap data as of 14 Sep 2017



APPENDIX III

Arcadia Mineral Ore Reserve & Resources Estimation

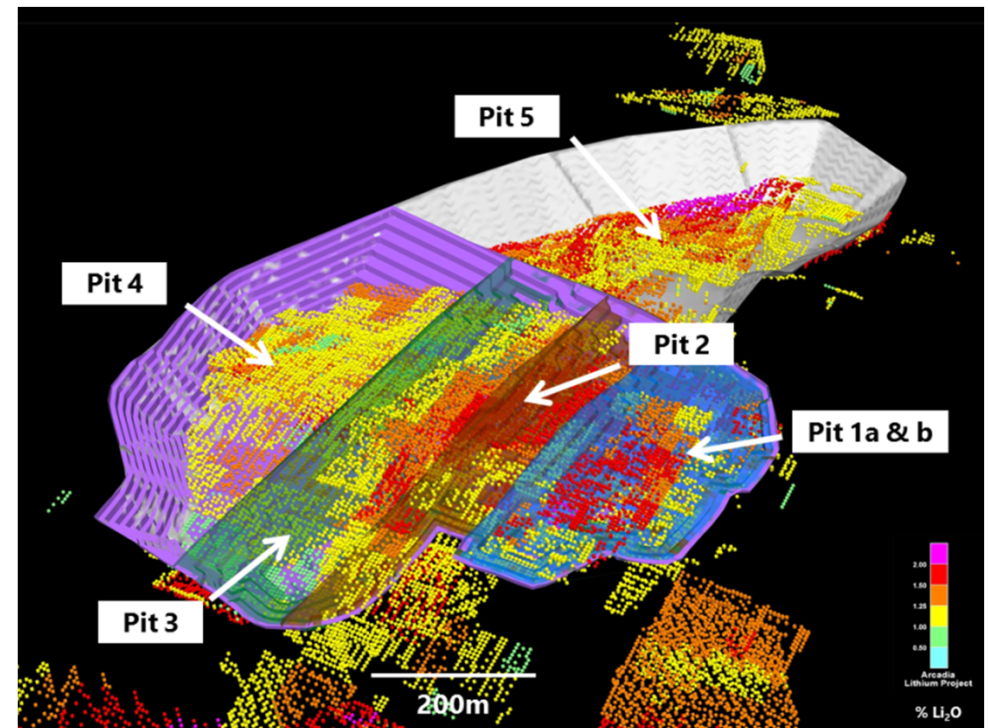


Arcadia Ore Reserve Estimates

Arcadia Lithium Deposit Ore Reserve Estimate (>1% Li₂O)*

Category	Tonnes (Mt)	Li ₂ O (%)	Ta ₂ O ₅ (ppm)	Li ₂ O (t)	Ta ₂ O ₅ Mlbs	Fe ₂ O ₃ (%)
Proven	0	0	0	0	0	0
Probable	15.8	1.34	125	212,000	4.3	1.02
TOTAL	15.8	1.34	125	212,000	4.3	1.02

- Ore Reserve represents the first 15 years of production
- Contains 525,000 tonnes of Lithium Carbonate Equivalent (LCE)
- Ore Reserve estimates currently being updated and optimised



*As described in ASX Announcement 3 July 2017

Arcadia Mineral Resource Estimates

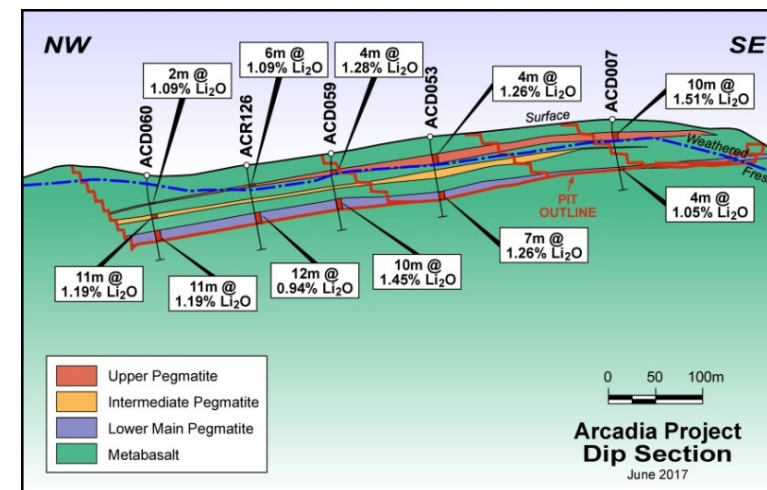
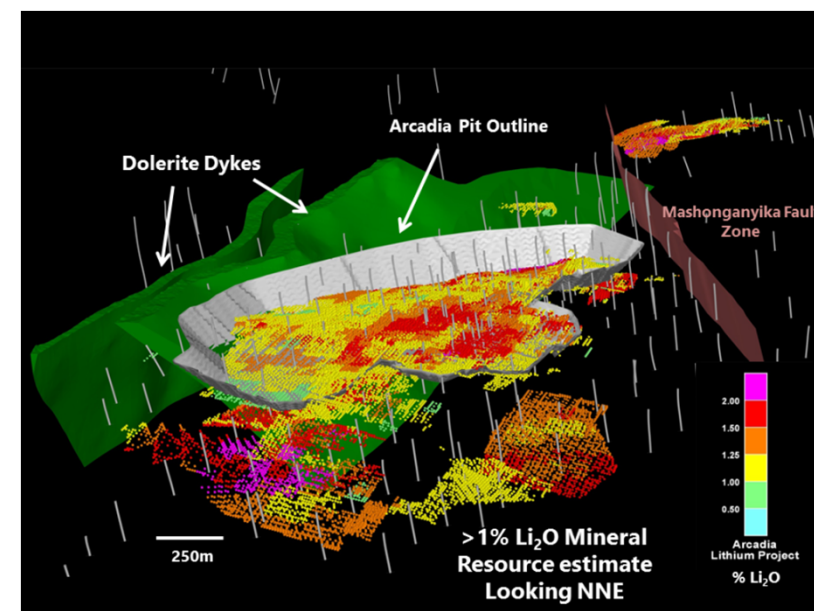


High Grade Zone - 1% Li ₂ O Cut-off*					
Category	Tonnes Mt	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ Mlbs
Measured	6.2	1.48%	132	92,400	1.8
Indicated	22.3	1.36%	117	303,700	5.8
Inferred	12.0	1.56%	117	186,600	3.0
GRAND TOTAL	40.5	1.44%	119	582,700	10.6

Global Resource - 0.2% Li ₂ O Cut-off*					
Category	Tonnes Mt	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ Mlbs
Measured	10.2	1.16%	134	117,700	2.8
Indicated	37.8	1.07%	118	404,600	9.4
Inferred	18.6	1.25%	109	232,700	5.0
GRAND TOTAL	66.6	1.13%	117	755,000	17.2

*As described in ASX Announcement 3 August 2017

Over 1,850,000 tonnes of Lithium Carbonate Equivalent (LCE)

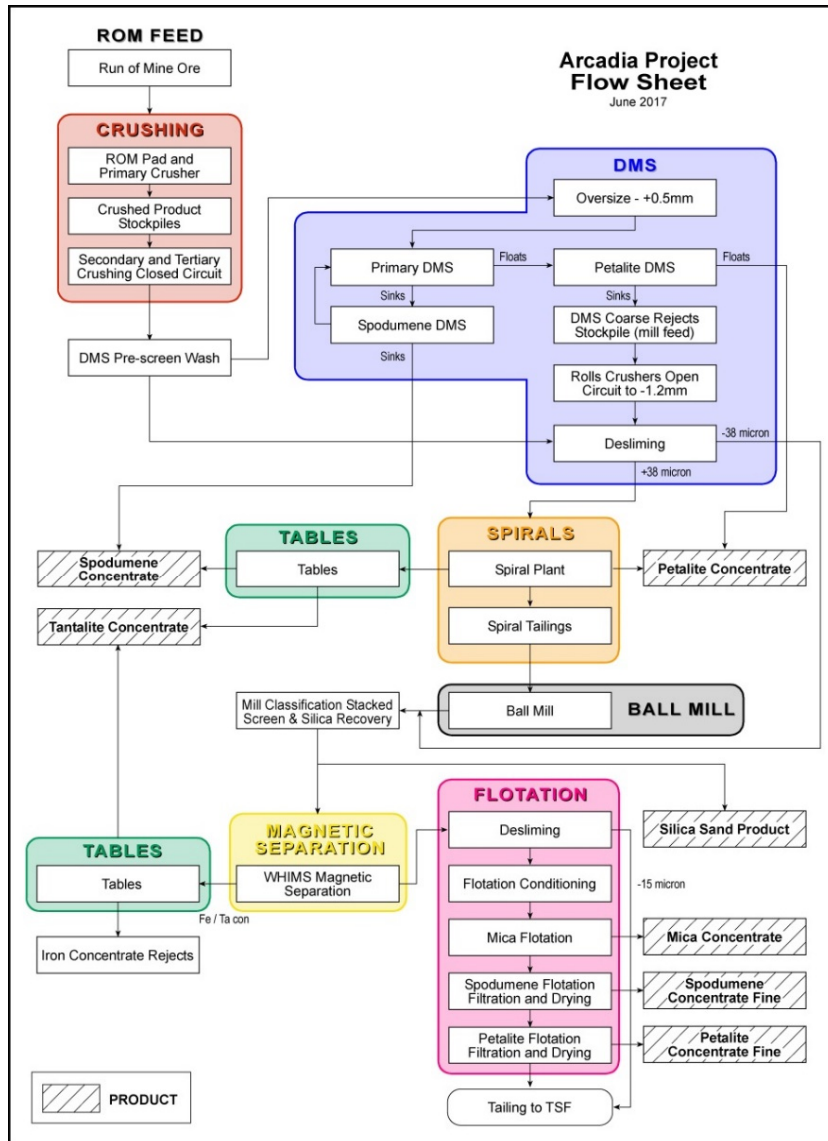




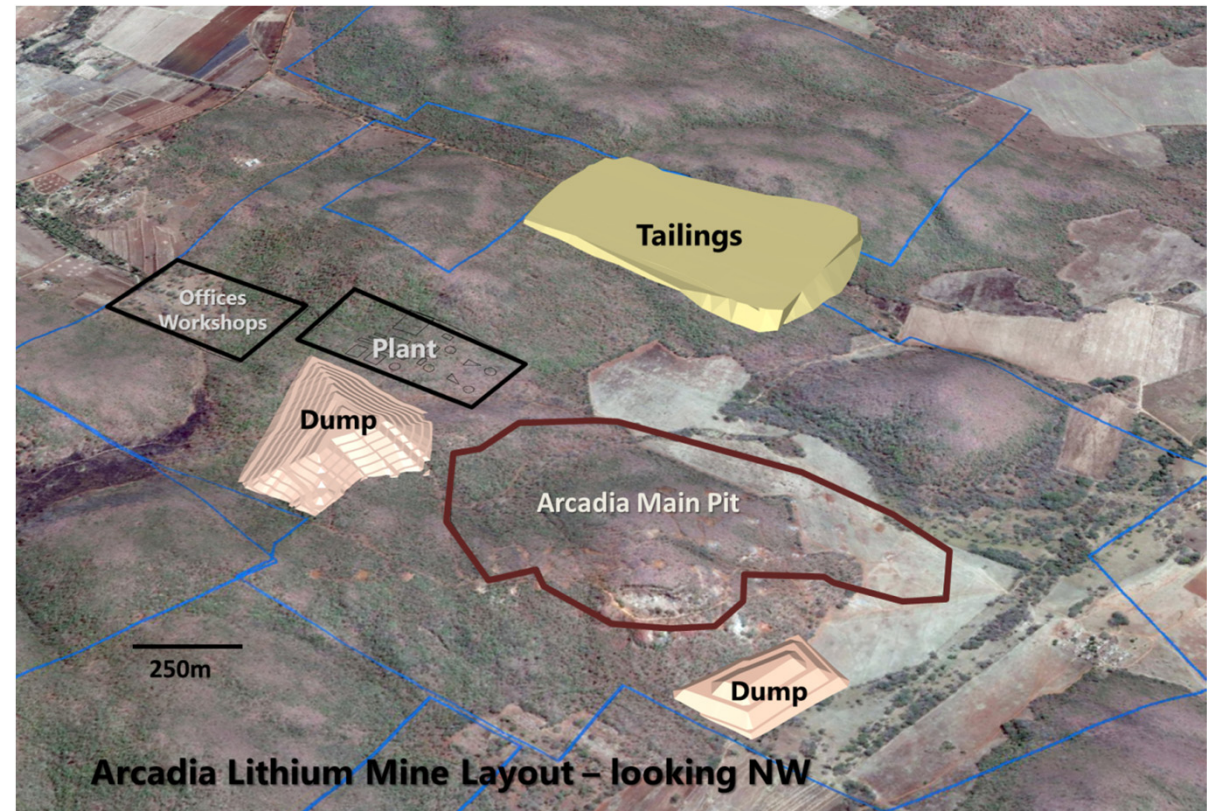
APPENDIX IV

Arcadia Lithium Mine – Processing and Logistics

Arcadia Lithium Project - Processing & Logistics



- Extensive metallurgical testwork completed
- Total recoveries 71%, process optimisation continues
- Simple open pit, and short haul to communiton and process plant
- Sufficient ground and surface water with grid power <3km away





For further information, please contact



Hugh Warner
Prospect Resources
Executive Chairman
Mobile: +61 413621652

Harry Greaves
Prospect Resources
Executive Director
Mobile: +263 772144669

www.prospectresources.com.au