

Prospect Resources completes rehabilitation and mine construction at the Prestwood Gold Mine - moving into production mode

Summary

- The main shaft at the Prestwood mine has been fully rehabilitated to 4 level.
- The development drive to the NE on 4 level continues.
- 4 level sub-vertical shaft has reached the 5 level elevation with development drives in progress to the NE and SW, creating the Company's first mining blocks, which are intact up to 4 level.
- Development on 5 and 6 levels is targeting known high grade zones - greater than 9g/t gold.
- Development high grade material is currently being stockpiled for blending and toll treatment.
- The first provisional geological block model has been produced - development is being geared towards accessing the delineated high grade blocks on the Main Prestwood Reef.
- All the necessary infrastructure development has been completed on 3 and 4 levels to allow mining to begin.
- Production to commence over the coming weeks from 5 level and then 6 level.
- Rehabilitation work has also started on the Prestwood A shaft, which historically exploited a parallel structure.

- First production has been delayed due to a larger than expected clean-up of the old workings.

- Dewatering and surveying of the nearby Sally mine is ongoing.

Southern African focused exploration company Prospect Resources Limited (ASX: PSC) (Prospect, the Company) is pleased to announce that it has completed rehabilitation and mine construction at the Prestwood Gold Mine.

This work has taken longer than expected due to there being more debris in the main shaft, old drives and stopes from the mine being closed for such a long period of time and damage from artisanal miners.

Mine development is being geared towards exploiting the high-grade intercepts defined by its 2014 maiden surface drilling programme.

The 2014 maiden 6 hole - 1,281m drill programme, confirmed that the mineralised reef continues below 4 ½ level and along strike of the historic gold workings. Five of six holes drilled intersected intact Main Prestwood Reef down dip of existing workings to 195m below surface. The highlights were:

- BPC001: 9.23g/t Au over 1m, at 153m (approx. 5 level)
- BPC005: 9.94 g/t Au over 1m at 193m (approx. 6 Level)



The 2014 RC programme was successful in achieving its two main objectives:

- Proved the continuity of the historically mined Main Prestwood Reef, at economic grades along strike and down dip.
- Identified parallel zones of mineralisation, particularly at the greenstone-monzonite contact, that can be projected to near-surface, potential targets for open-pit operations.

During the Mine rehabilitation, it was discovered that old stoping was more extensive than historic reports suggested, with almost 50m of strike removed from 4 level all the way to just below the weathered zone, on ½ ('subdrive') level - A testament to the high grades of this deposit.

Shaft sinking from 4 level to 10 level on the sub-vertical shaft is progressing on schedule. The 5 level elevation has been reached and drives to the SW and NE are in progress targeting known high grade borehole intercepts (Yellow Zones). Shaft sinking is expected to be continuous.

The Prestwood Mine 3D Model is provided below.

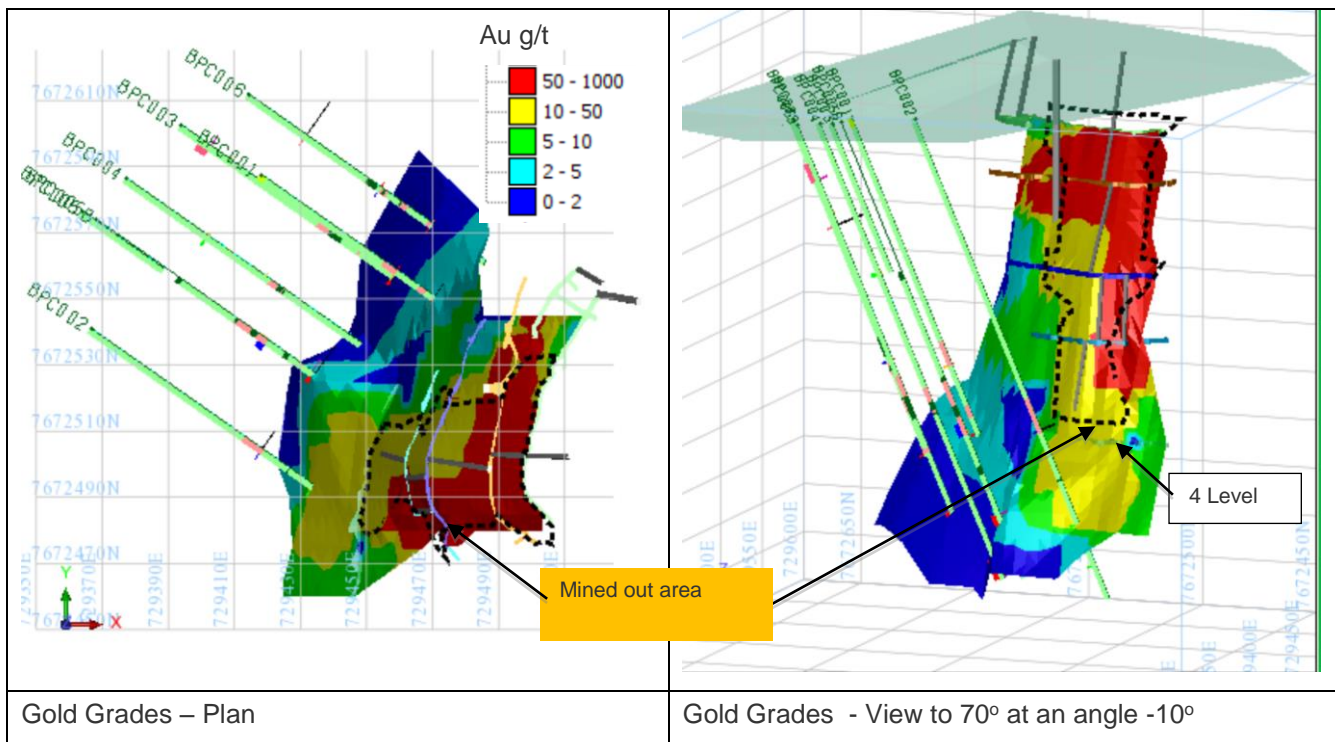


Figure 1: Grade contouring of the Main Prestwood Reef. Note that the ground below 5 level is particularly prospective.

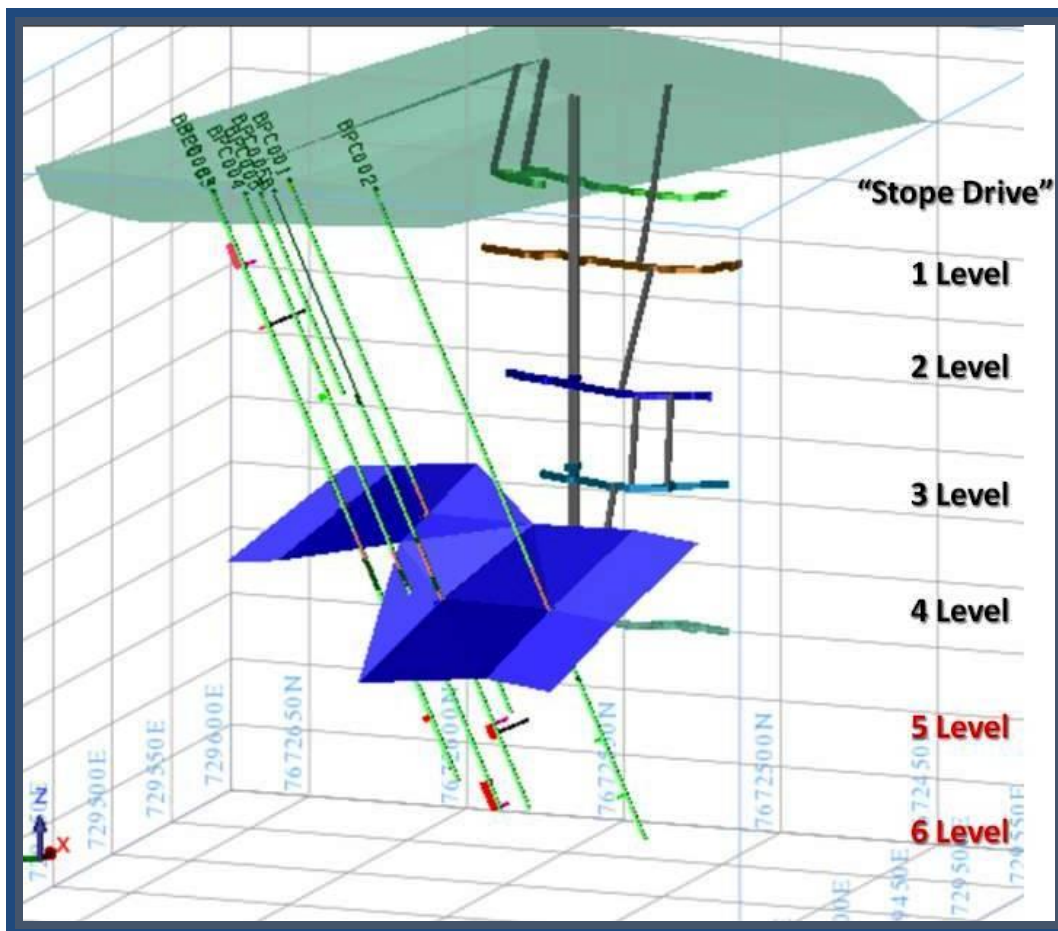


Figure 2: Isometric Geological Model, looking north northeast with the mineralised monzonite contact shown in blue. This zone is an immediate target for underground diamond drilling from 3 and 4 levels.

Production & Production Assumptions

The Company intends to continue to shaft sink to the 10 level and extend the drives NE and SW and develop further mining blocks after commencement of production in the coming weeks.

The Company has toll treating access to both the Farvic Gold Mine and Reduction facility (5kms distance) and also the West Nicholson Gold Reduction Plant (25kms distance).

Expected production assumptions are as follows:

- Gold Price: US\$1,200/oz
- The current known strike is approx. 50 m per level
- Average stope widths of approximately 1 m
- Levels are 30 m apart (vertical distance)
- Tonnage available for stoping per level of 3,800t at a head grade of 6.0 g/t
- Initial mining rate of 40 t/day from this Prestwood main shaft (shaft hoist capacity of 100t/day)
- Estimated average monthly production from the Prestwood shaft is 190 oz



The Company plans to mine 3 levels per year from the Prestwood Main Shaft, with additional tonnage being brought online throughout 2016 and 2017 from the nearby Prestwood A, Bucks Reef and Sally mines. The known mines are likely to produce approximately 200t/day by mid-2017. This production rate can be fast tracked with additional working capital.

The Directors are aware that the Company is behind schedule on bringing Prestwood Gold Mine into production due to the greater than expected tonnage of surface material that had migrated into the main shaft and the drives from surface. The team is working three shifts, 24hrs a day, every day of the month to rectify this as soon as possible.

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Competent Person's Statement

The information in this announcement that relates to 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.



Background Information

About the Prestwood Gold Mine

The historic Prestwood Gold Mine is located approximately 112km south east of Bulawayo in Zimbabwe, and historically produced approximately 499kg of gold (approx. 16,000oz) at 33.1g/t. It is situated within an almost contiguous block of claims covering approximately 25km² of the gold bearing Gwanda Greenstone Belt. These claims cover more than nine historic gold mines.

The mine consists of multiple veins in greenstones at or close to the monzonite contact. The Company is of the view that it is particularly prospective as it lies in the same geological setting as the nearby Farvic Gold Mine, located 4km to the east. The significance of mineralisation being intersected at the contact of the greenstones and monzonites cannot be overstated. This mineralisation style is very subtle, supported by the fact there is no surface expression at all at the Farvic Mine. The known monzonite extends for over 5km of strike, within ground held by Prospect.

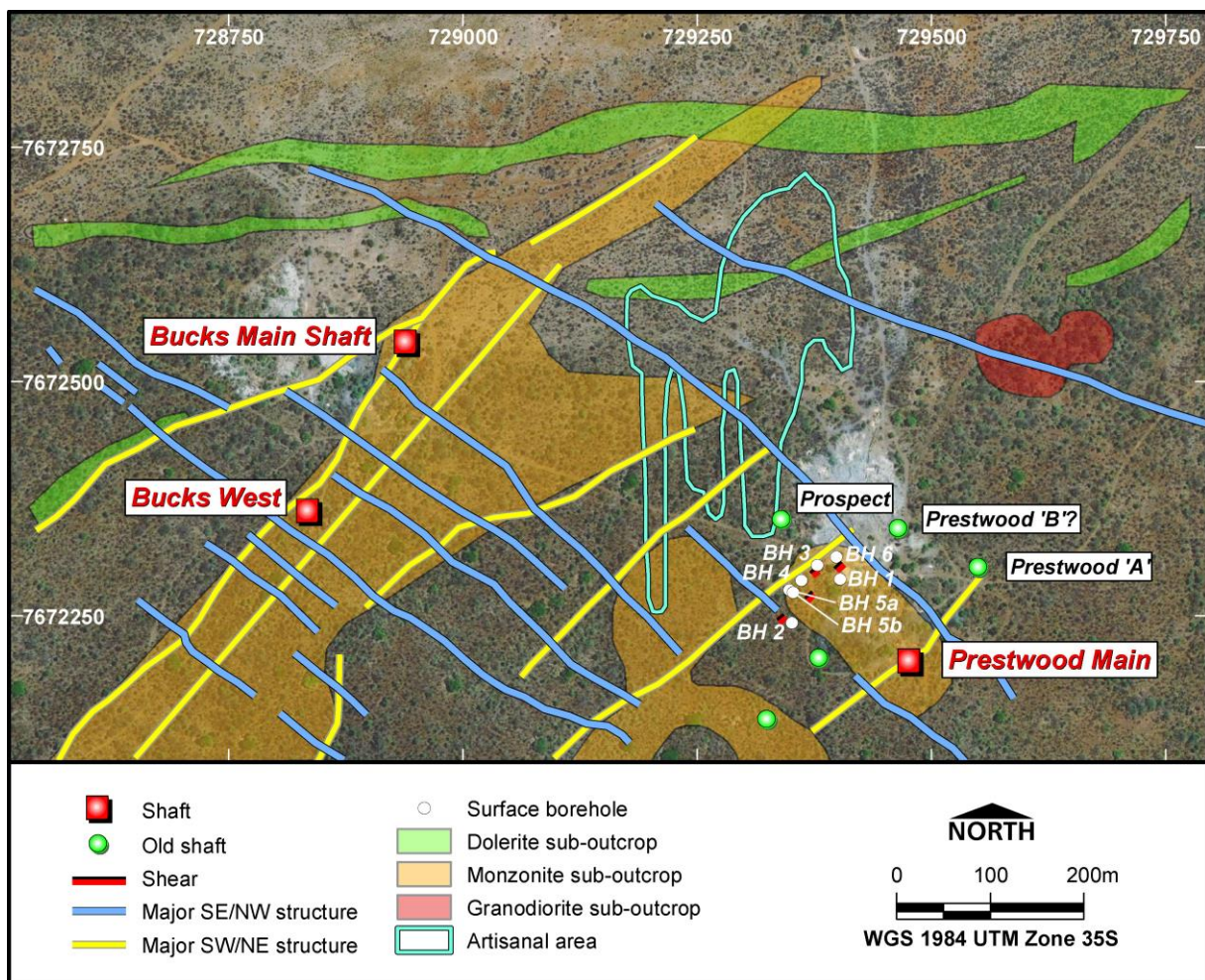


Figure 3: Prestwood Grid Plan projected over Quick Bird Satellite.

Borehole BPC001 (Figure 3) proved the continuity of the reef, beyond the existing 4 Level workings to the northeast, and BPC003 to BPC006 inclusive demonstrated the down dip continuity of the reef to at

least 6 Level (195m vertical depth). BPC002 intersected shear hosted mineralisation, which is likely to have been affected by the SE-NW trending shear zone interpreted by geophysics. The monzonite sub-outcrop is shown in light brown. The Main Prestwood Reef appears to be hosted in north northeast – south southwest faults, which are splays to the major northeast-southwest structures.

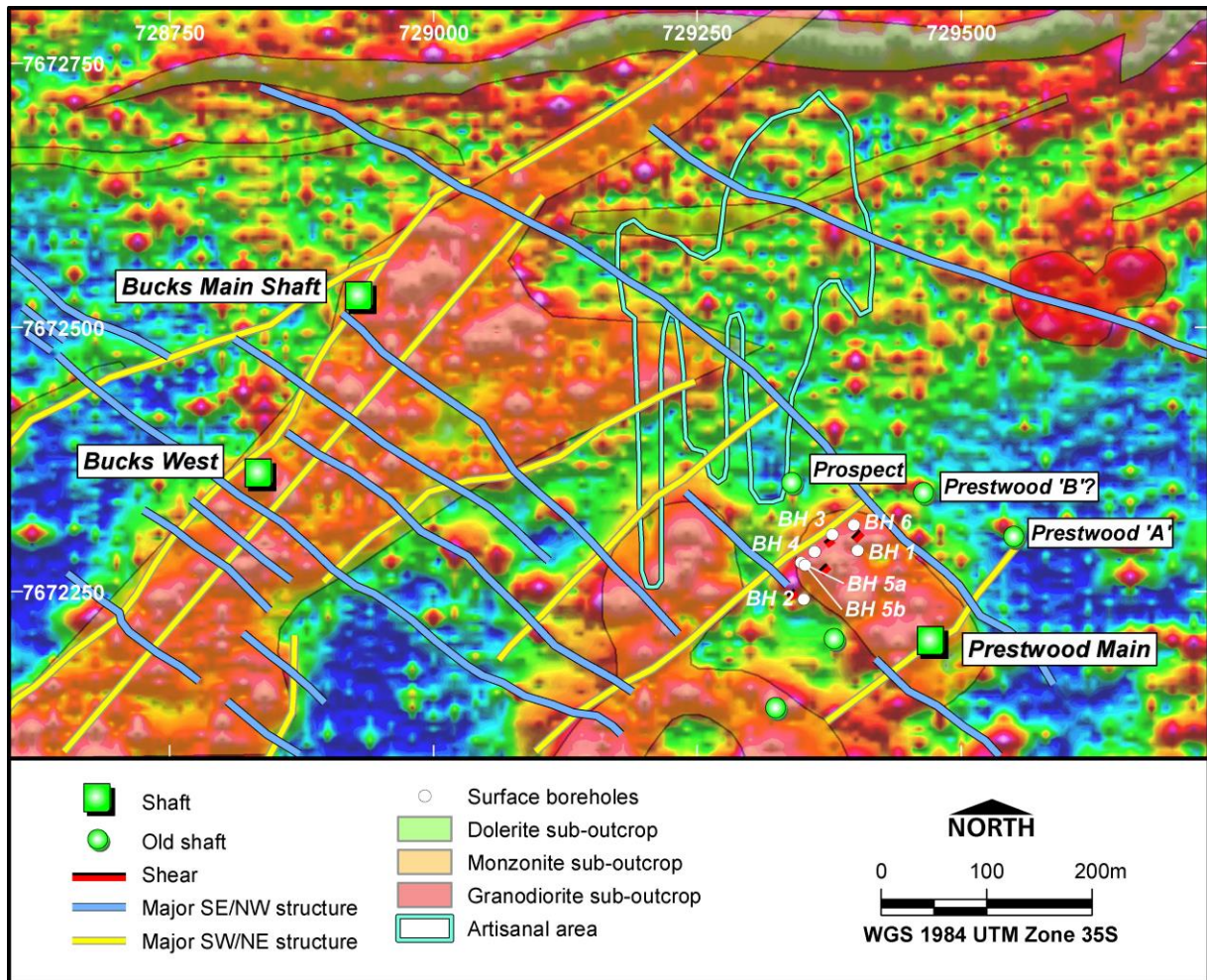


Figure 4: Geological Interpretation Projected over Magnetic Image (Analytical Signal).

The magnetic high areas represent monzonite at or just under the surface (dark red /purple in Figure 4). The northern third of the area is also thought to be underlain by monzonite, covered with thicker residual soils. The SW-NE shearing which hosts the Bucks, Prestwood and Prestwood B deposits is readily apparent. The more subtle SE-NW direction is also thought to have significance for deposit location.

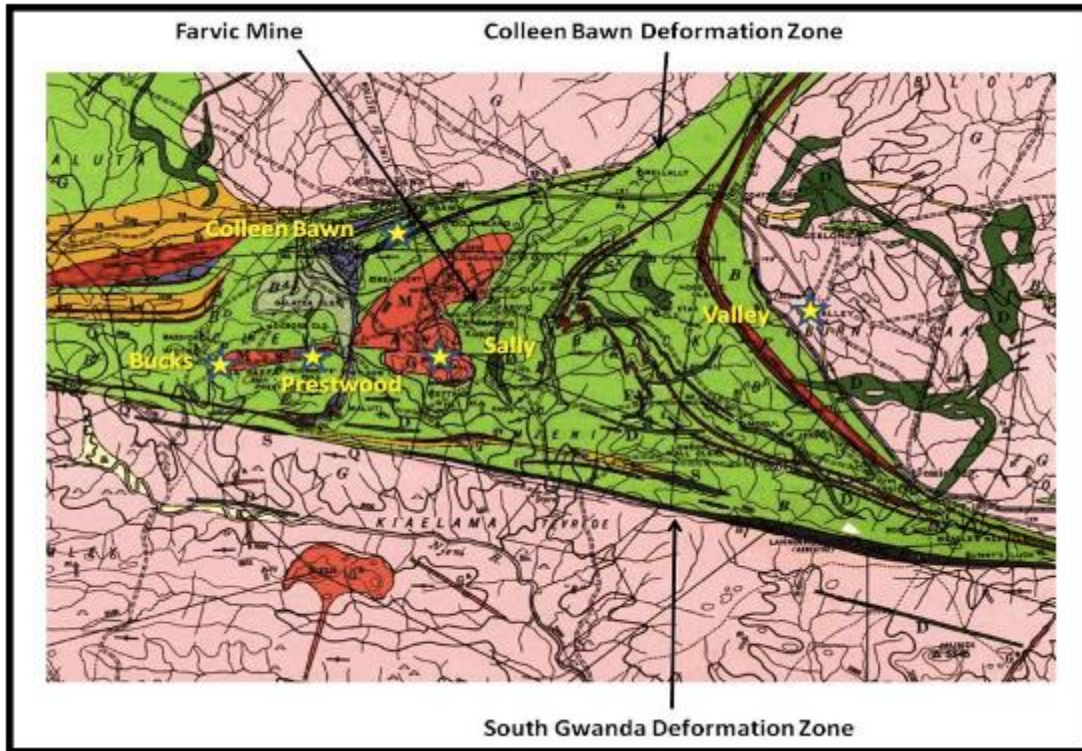


Figure 5: Positions of Current and Former Producers in the Gwanda Greenstone Belt.

A number of the mines lie at the contact zone of the monzonite intrusions and greenstones, which forms a highly prospective rheological contrast zone. The known strike extent of the monzonites is almost 6km.