



Prospect Resources

High Grade Lithium Project

High Grade Gold Projects

ASX: PSC

www.prospectresources.com.au



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Competent Persons Statement

The information in this presentation that relates to Exploration Results, Exploration Targets, 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.

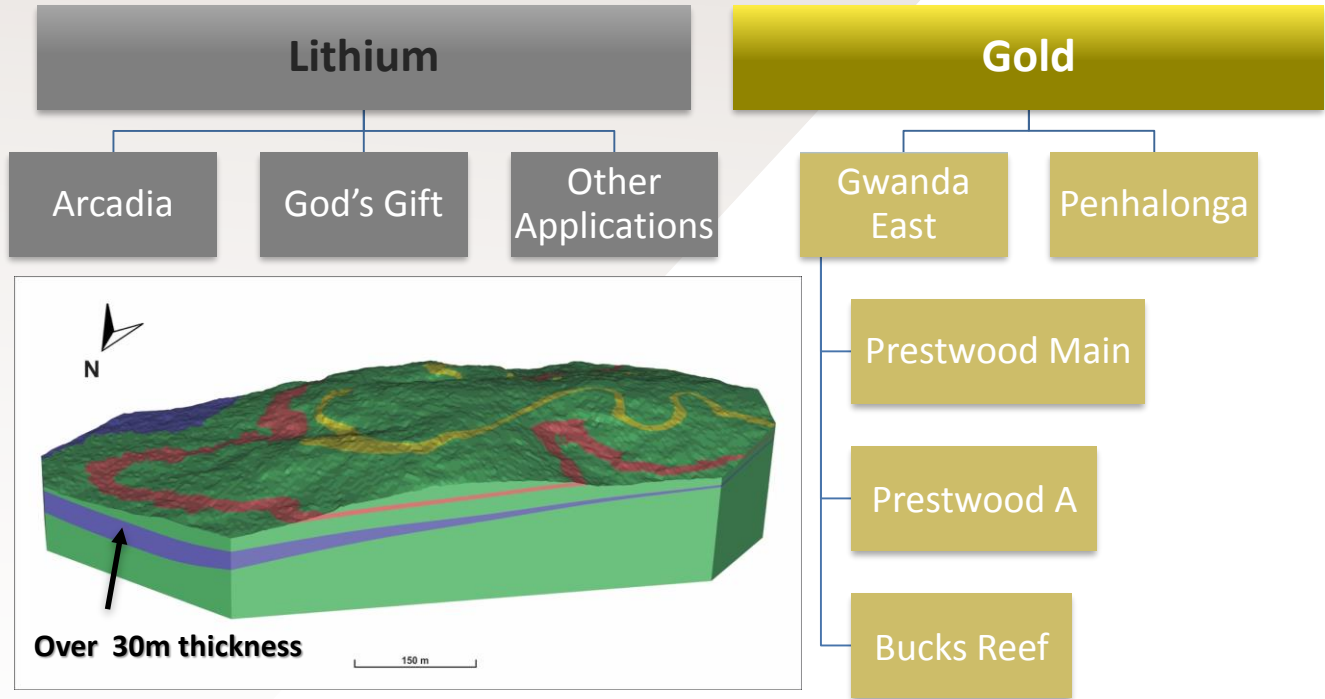
Mr Tyler has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and 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.

Option – High Grade Arcadia Lithium Deposit



- Initial Exploration Target of 15-18Mt at 3-5% Li₂O⁺
- Arcadia Lithium Deposit lies within one of the three well known Zimbabwe lithium camps, approx. 35kms east northeast of Harare.
- Intermittent production from 1954 to 1972, produced over 15,000 tonnes of mixed lithium ore.
- Two rounds of historical drilling in 1969 and 1981, confirmed that the pegmatite extends at least 1,500m along strike, with very high grades (ranging from 3.5% – 5.5% Li₂O).
- All Arcadia Lithium deposits have been the subject of previous exploration and have exhibited lithium bearing pegmatites.
- **Maiden drill programme underway – all holes have intercepted lithium bearing pegmatites**
 - **16 diamond drill holes completed and awaiting assay**
 - **15 RC holes completed and RC programme ongoing**
 - **Approx. 14 pegmatites layers. Lower pegmatite up to 45m in thickness**

* The Arcadia Lithium Deposit has been the subject of historic drilling, exploration and production HOWEVER, the Company has not undertaken a detailed exploration programme nor a drilling programme. The Exploration Target is based on previously published data (including historic exploration, past drilling and production history), all of which predates JORC 2012 and the Company's future exploration programme. The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). Further explanation can be found on page 16

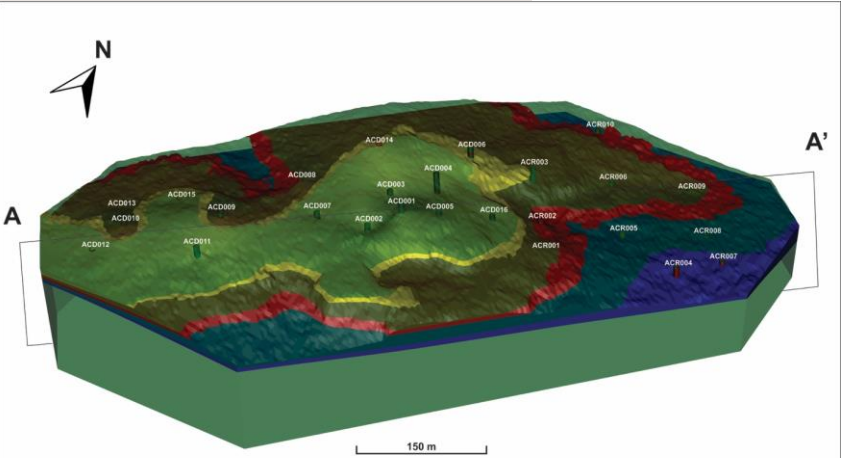


Arcadia 3D Model

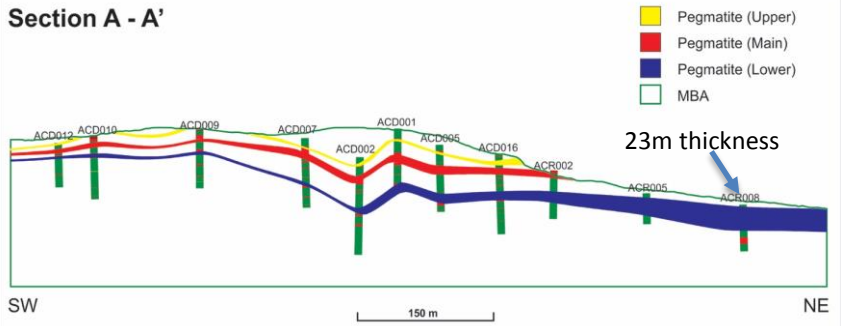


High Grade Arcadia Lithium Deposit

- **Drilling Completed:**
 - 16 Diamond holes
 - 15 RC holes
 - RC ongoing
- **Multiple stacked pegmatite layers (up to 14 layers)**
- **Based on current drilling:**
 - Main pegmatite averages 5.5m and ranges up to 10m in thickness
 - Lower pegmatite ranges up to 45m in thickness.



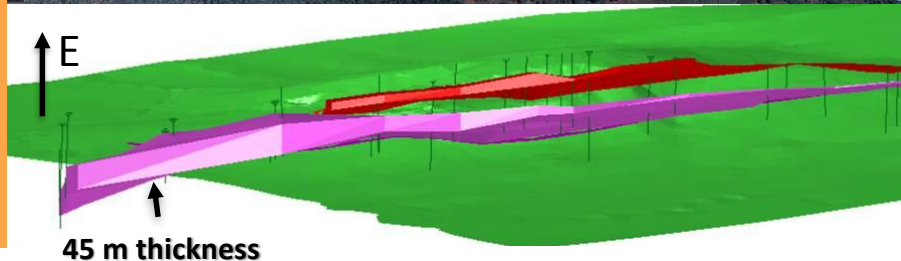
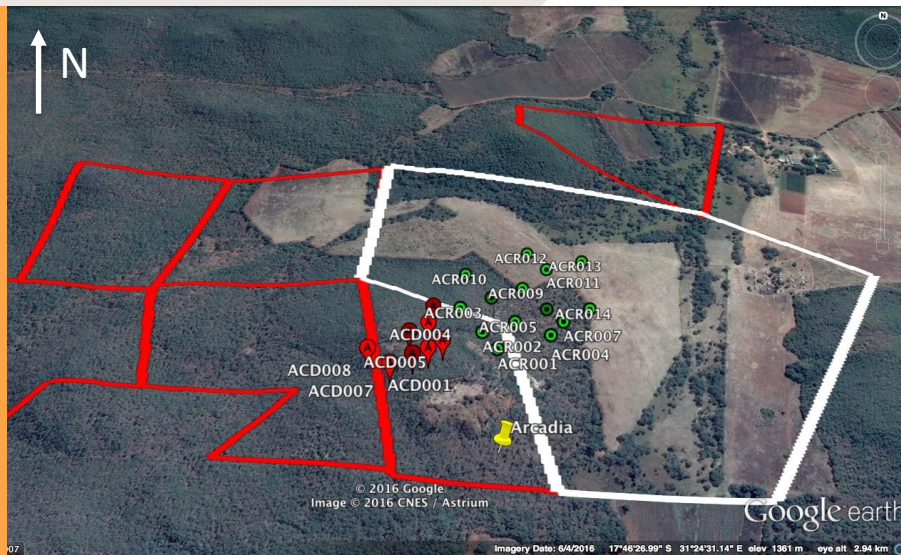
Section A - A'



High Grade Arcadia Lithium Deposit



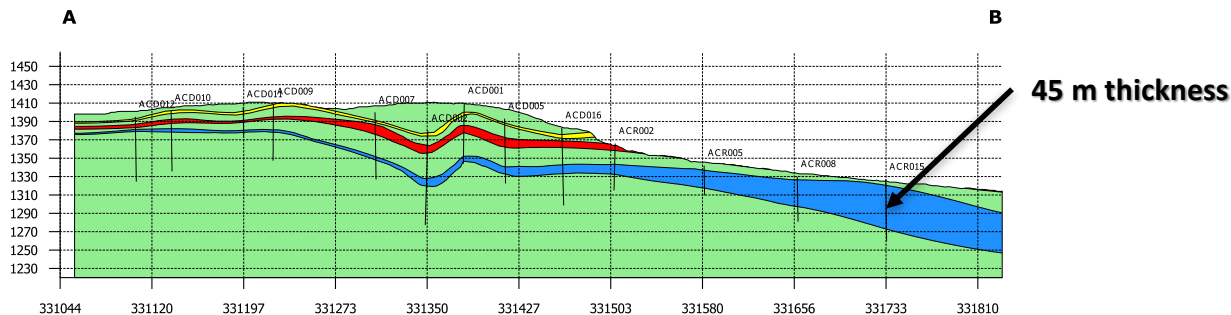
- Pegmatites drilled over 1km of strike, and 350m down dip.
- Phase 2B RC programme on-going;
 - testing down dip extension.
 - approximately 30 more holes to go.
- Potential for pegmatite zones to extend in all directions. (No boundaries to the pegmatites identified to date)



High Grade Arcadia Lithium Deposit – cross sections



Arcadia [+30.00]



Arcadia

- MBA
- Peg_L
- Main
- Peg_U

Location

E: 331043.523, 8033789.925
 W: 331830.000, 8034449.857

Scale: 1:4 100

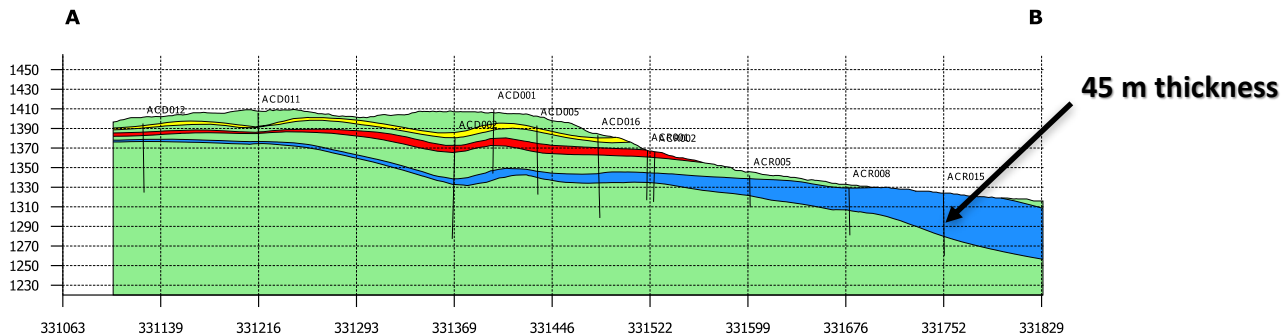
Vertical exaggeration: 1x



High Grade Arcadia Lithium Deposit – cross sections



Arcadia [+60.00]



Arcadia

- MBA
- Peg_L
- Main
- Peg_U

Location

E: 331062.807, 8033766.943
 W: 331830.000, 8034410.695

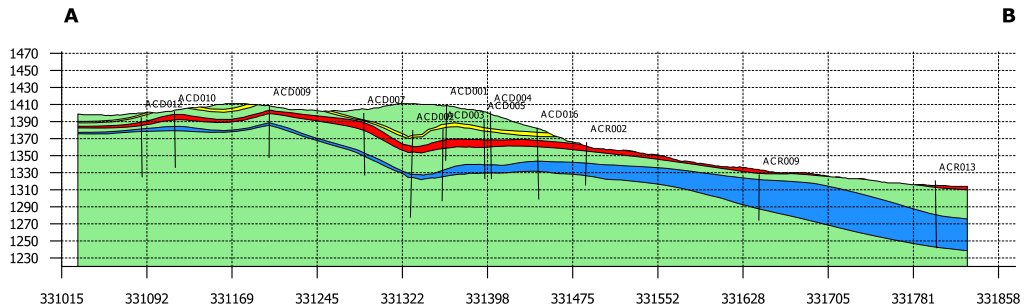
Scale: 1:4 100

Vertical exaggeration: 1x





Arcadia [0.00]



Arcadia

- MBA
- Peg_L
- Main
- Peg_U

Location

E: 331015.434, 8033805.517

W: 331873.778, 8034525.753

Scale: 1:4 600

Vertical exaggeration: 1x





- **Diamond drill rig programme to continue (diamond drill and RC)**
 - Define Indicated and Inferred resource
- Infill drill programme to follow to define indicated and measured resource
- **Scoping study to be completed by end of 2016**
 - Metallurgical testing, Process studies, Resource modelling
- Ongoing regional exploration programme





Prestwood Main

- First Gold Production announced in April 2016
- 5 Level drives being blasted and raises developed
- **South West and North East faces** running at **5g/t and 3.5g/t** respectively
- **Raises 2 and 3 on 5 level** are running at **6.8g/t and 7.5g/t** respectively
- Shaft sinking ongoing

Prestwood A

- Shaft sinking ongoing in pay zone, grading 5g/t

Bucks West

- Exploration hoist established
- Underground exploration ongoing
- Regional Diamond Drill Programme
- 1,500m drill programme ongoing

West Nicholson Plant – under soft option

- Plant up and running. Throughput milling capacity of 150 tonnes/day and 200 tonnes/day CIP

Gold Ramp-up taking longer than planned do to allocation of human resources to Arcadia Lithium Project



Corporate Snapshot

Summary – Aug 2016

ASX Code:	PSC
Shares on issue:	1.577 B
Options (0.5c ex):	65 m
Options (1.5c ex):	142 m
Trading Price :	5.5 c
Market Cap at trading Price:	~\$87 m
Cash:	~\$17.5 m

Top Shareholders

Top 10 Shareholders	~ 850m shares	~ 54%	Top 20 Shareholders	63%
African Based Shareholders	~ 424m shares	~ 27%	Asia Based Investors	37%

Contact Information

Hugh Warner	hugh@anglopacific.com.au	+61 413 621 652
Harry Greaves	harry@zimbabwemining.com	+263 772 144 669

Exec Management & Board of Directors



Harry Greaves - Executive Director Mr Greaves is a 4th generation Zimbabwean and a resident of Zimbabwe. He holds a B.Sc (agriculture) from University of Natal. He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf, Farvic and Nicolson gold mines in southern Zimbabwe all of which he brought back into production over the last 10 years including the design and construction of two milling facilities. He was also the driving force behind the acquisition of the Penhalonga Gold Project and the Bushtick Gold Project. He is a well respected and well known member of the Zimbabwe mining fraternity. *He is a shareholder in Farvic Consolidated Mines and Prospect Resources.*

Hugh Warner - Executive Chairman Mr Warner is an Australian resident and holds a B.Econ from the University of Western Australia. He has been a director of numerous companies listed on the ASX and AIM, primarily focused on the resources industry.

Manana Nhlanhla - Non-executive Manana is Chairperson of Mion Limited the parent company of Armoured Fox Capital (Pty) Ltd, one of the Company's largest shareholders. Mion Limited is a 100% black owned, South African based, investment company with investments in the Maritime, Gaming, Energy, Industrial, Engineering industries and general listed entities.

Zivanayi (Zed) Rusike - Non-executive (*current Chairman of Hawkmoth*) Mr Rusike is a qualified accountant and a resident of Zimbabwe. He was Managing Director of United Builders Merchants before being promoted to Group MD for Radar Holdings Limited, a large quoted company on The Zimbabwe Stock Exchange. He retired from the Radar Group of companies to pursue his personal interests and sits on the boards of Cairns Holdings, TSL Limited, Dulux Paints Limited and Halsted Brothers (Pvt) Limited amongst others. Zed is a former President of and current Chairman of the board of The Confederation of Zimbabwe Industries. *He is a shareholder in Farvic Consolidated Mines and Prospect Resources.*

Gerry Fahey - Non-executive Mr Fahey has 40 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 in Zimbabwe and the following Australian gold projects: Kanowna Belle, Golden Feather, Sunrise and Wallaby. Gerry is currently a Director of Focus Minerals Ltd and Principal Mining Geologist at CSA Global Pty Ltd and a former member of the Joint Ore Reserve Committee (JORC).



Roger Tyler - Chief Geologist He 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 new Kinsevere mine. He is a shareholder in Farvic Consolidated Mines and Prospect Resources.

Chris Rees - Chief Engineer Chris Rees is a Zimbabwean based Project Manager and Engineer with experience of building and operating mines in the Southern African region, especially Zimbabwe. He has worked with large corporates like IAMGold, New Dawn Mining and Pretoria Portland Cement. He holds a BSc Eng from Natal University. He was the principal engineer behind the design, procurement and construction of the Farvic Gold Mine Expansion in 2012, the Nicholson Gold Mine in 2011, the Farvic Gold Mine in 2010 and African Chrome Fields plant in 2009.

Chris Hilbrands - Chief Financial Officer Chris has worked as Chief Financial Officer for a number of public companies listed on the ASX and AIM, primarily resources focused. He has been responsible for the day to day financial and administrative operations together with the statutory reporting and compliance obligations of these organisations. He has a B.Com and is a Chartered Accountant.

Mike Venter – Technical Consultant to the Board Mike 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 diamond, Au, Fe, Zn-Pb, Ni-Cu, PGM, U, REE, graphite, Sb, Ta/Nb/Sn/W/Li projects throughout Sub Saharan and West Africa, Brazil, Canada, Europe and Asia. His role will be to advise Prospect on its Li project generation efforts in Africa

Andrew Halsted - Advisor to the Board Andrew is a fourth generation Zimbabwean, who was educated at Michaelhouse and returned to Zimbabwe having qualified as a Chartered Accountant in Australia. Since 1992, he has managed his family owned trading business, Halsted Brothers (Pvt) Ltd. In 2002, Andrew was a founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf, Farvic and Nicolson gold mines in southern Zimbabwe. In 2003, he established Titan Drilling, a company which provides exploration drilling services in Zimbabwe, Mozambique, Zambia and the Democratic Republic of Congo. *He is a shareholder in Farvic Consolidated Mines and Prospect Resources.*

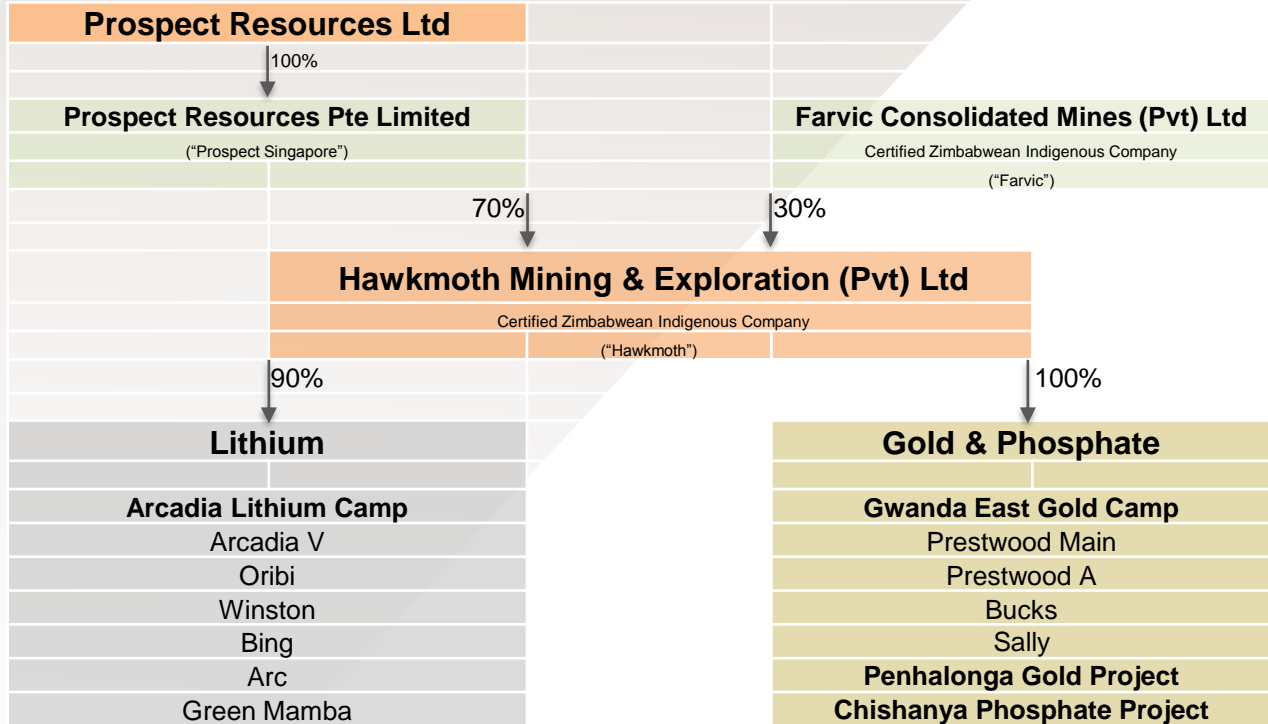
Zimbabwe Indigenization Approvals



Zimbabwe Investment Authority has approved the Company's application to own a 70% equity interest in Hawkmoth (via Prospect Singapore) with the following conditions:

- The Company funds all exploration costs and upon commencement of production, funds development costs
- Funding to be arranged via secured loans to the subsidiaries carrying a commercial rate interest having regard to operating risks of the company
- All loans have priority for repayment in front of any payments of dividends
- After repayment of all loan funds, dividends may be payable
- Farvic has the right to claw back a 21% equity interest in Hawkmoth via the purchase of shares from Prospect Singapore. Funds to be used for the purchase must be from dividend payments from Hawkmoth and the valuation per share shall be 'market value' or a valuation calculated as 5xEBIT (whichever is the higher).
- *Background:* Under the laws of Zimbabwe, all operating companies must be either 51% owned by indigenous parties or have the capability to be 51% owned.

Corporate Structure



Notes:

- Shareholders of Farvic include: Messrs Greaves, Tyler, Halsted, Rusike and others
- Farvic may claw back a 21% interest in Hawkmoth, subject to certain conditions (see slide 14 for details).



Location of Mining Projects

Arcadia Lithium

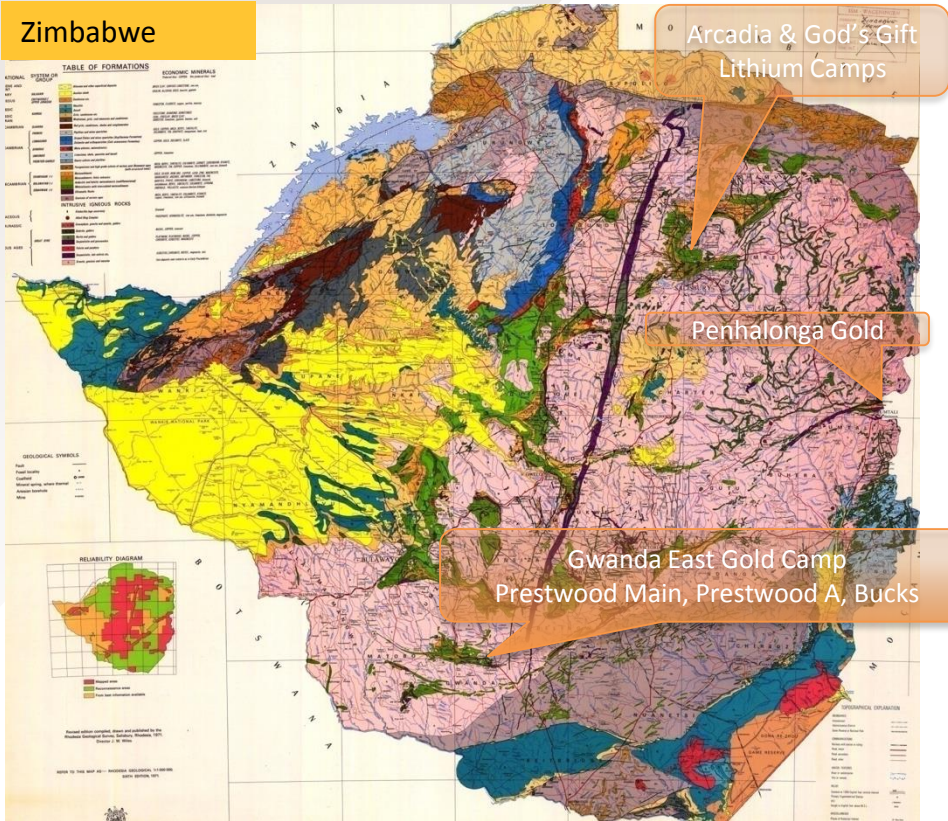
Located some 35kms east northeast of Harare

Penhalonga Gold

Located in Matare on the Mozambique border

Gwanda East Gold

Located some 130km east south east of Bulawayo



Previously announced Information relating to Arcadia Lithium Deposit Exploration Target



The Arcadia pegmatite is exposed in a 100m long pit on a steep hill slope and has 3 to 10 metre thickness; it is flat dipping at 3°-5°NW and significantly is known to extend for at least 1,500m along strike.

The Arcadia claims pegmatite is of the Na-Li (sodium – lithium) group, is zoned and is mainly mineralised in spodumene, eucryptite, petalite and amblygonite. Spodumene is abundant in the east and petalite constitutes 10% to 50% of the pegmatite in the west. Petalite is an important lithium ore and is mined commercially. It is similar to spodumene but has a lower maximum grade. Eucryptite also occurs in the deposit and is very similar to spodumene, except it has a higher maximum lithium grade. This may explain why the deposit exhibits grades significantly higher than most lithium deposits in Australia.

Composite grade of the Arcadia claim is reportedly around 5% Li₂O. The high grades and large tonnage potential, given the known strike length, make this a significant project.

The Arcadia Camp is situated some 35km east northeast of Harare, Zimbabwe close to the Arcturus Gold mine. It is the most easterly of three well known pegmatite camps in the area that are mineralised in lithium, beryllium, tantalum and caesium.

Two drilling programmes have been undertaken in the claims area, with one campaign done in the late 1960s and a more recent one done in 1981.

Three EX-size drill holes were drilled in the pit to expose the pegmatite extent to the north, with a further two holes sunk in the quarry floor in the footwall of the main pegmatite and one hole sunk in the western strike extension. Core recovery was reportedly poor at 50%.

Conclusions from 1961 drilling: the fine grained greissen beneath the main quarry contains up to 1.61% Li₂O; the coarse grained pegmatite yielded up to 3.77% Li₂O; and there occurs a second lithium bearing pegmatite below the quarry and in fine greissen footwall.

An extensive drilling programme was referred to in Geological Survey Bulletin No.94 in 1991 including the publication of a reserve (non JORC compliant). Based on the Company's review of existing publicly available information (including historic exploration, past drilling and production history), Prospect believes that the potential exists for an Exploration Target of 15-18 million tonnes with grades ranging from 3-5% Li₂O.*

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