Prospect Resources

Record High Grade Assay Results Received at the Arcadia High Grade Lithium Project

Prospect Resources Ltd (ASX: PSC) (Prospect, the Company) is pleased to report assay results of up to 8.85% Li_2O from RC drill holes at the Company's Arcadia high grade lithium project.

Prospect now has assay results from 20 diamond drill holes and 32 RC drill holes all of which will be included in the Company's maiden JORC reportable Mineral Resource planned for release by the end of October 2016. A summary of all holes is attached.

Assay results returned a peak grade of **8.85% Li_2O.**

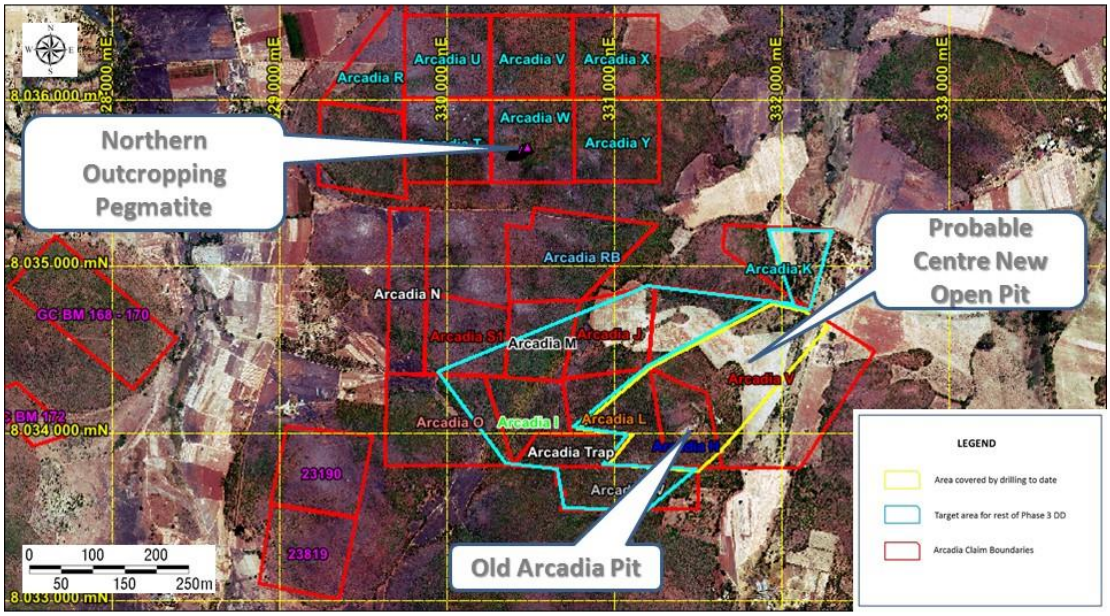
Significant intersections are summarised as (all true width):

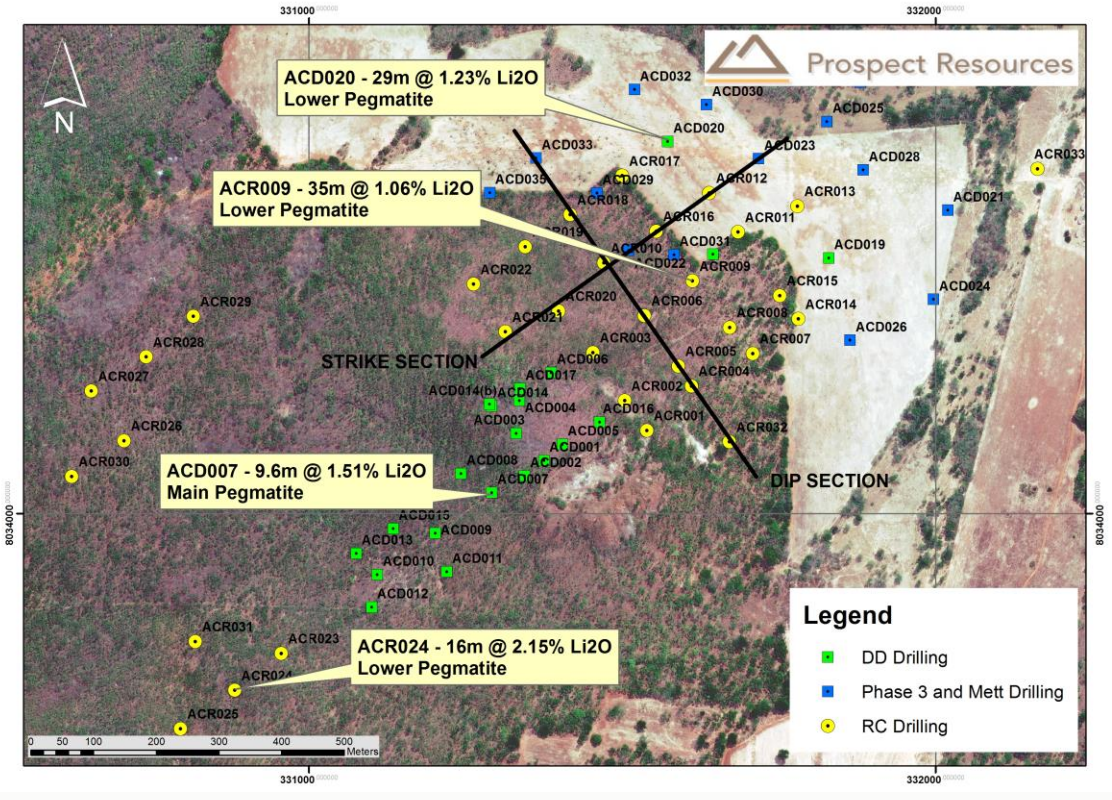
- **ACD007 – peak grade 3.56% Li_2O** with an **Average Grade of 1.56% Li_2O**
  - **9.6m @ 1.51% Li_2O** from 11m
  - **1.4m @2.18% Li_2O** from 25m
- **ACD020 – peak grade 5.30% Li_2O** with an **Average Grade** of **1.40% Li_2O**
  - **29m @ 1.23% Li_2O** from 91m
  - **4m @ 2.31% Li_2O** from 125m
- **ACR009 – peak grade 8.85% Li_2O** with an **Average Grade** of **0.96% Li_2O**
  - **35m @ 1.06% Li_2O** from 15m
- **ACR024– peak grade 4.35% Li_2O** with an **Average Grade** of **2.10% Li_2O**
- **16m @ 2.15% Li_2O** from 31m

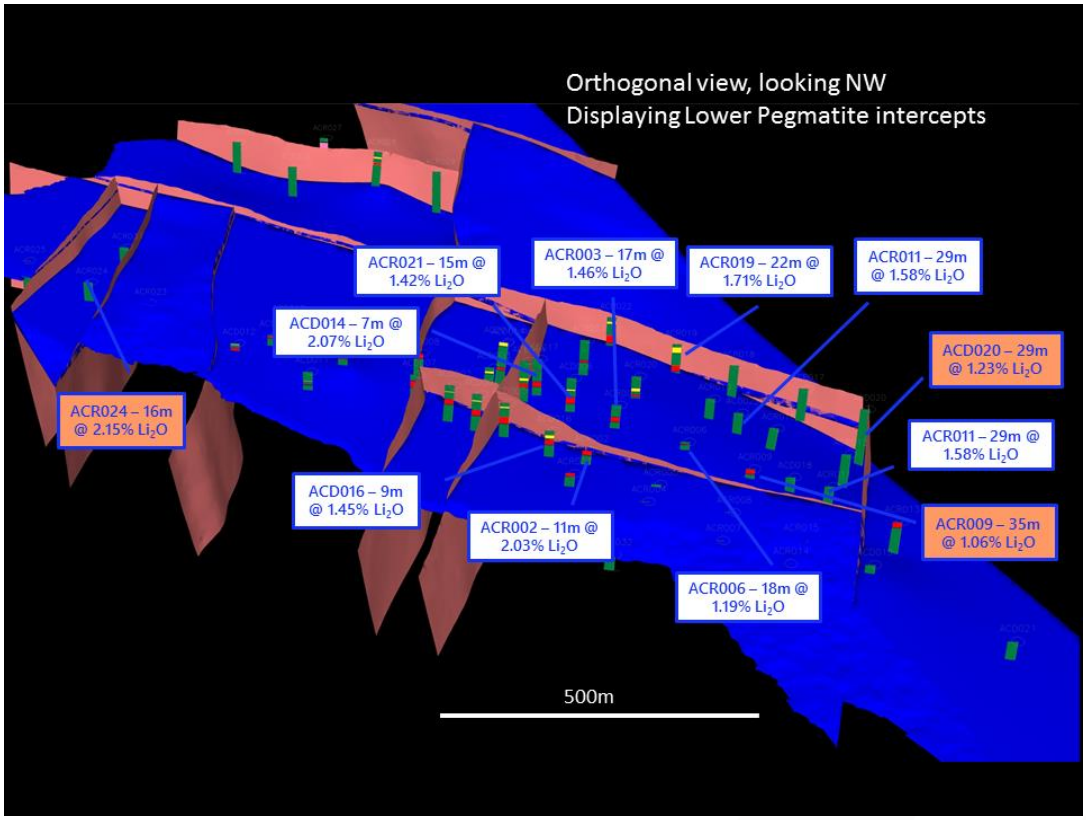
Cross sections and 3D images of the above results are below.

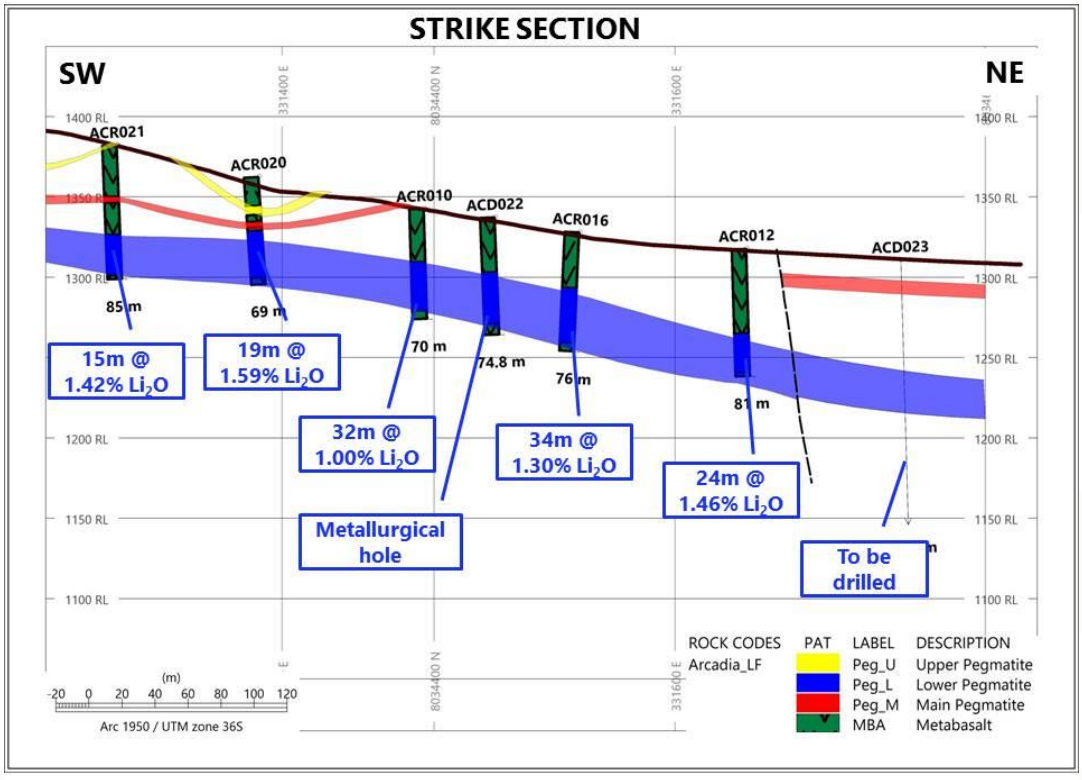
Drilling to date has covered approx. 20% of the Company's Mining Licence area. The drilled strike of the 14 horizontally stacked pegmatites extends more than 1.7km SW-NE and some 700m down dip to NW and is open along strike and down dip. The Company's ground position now covers more than **600 hectares of mining licences**. (See Claims Map below).

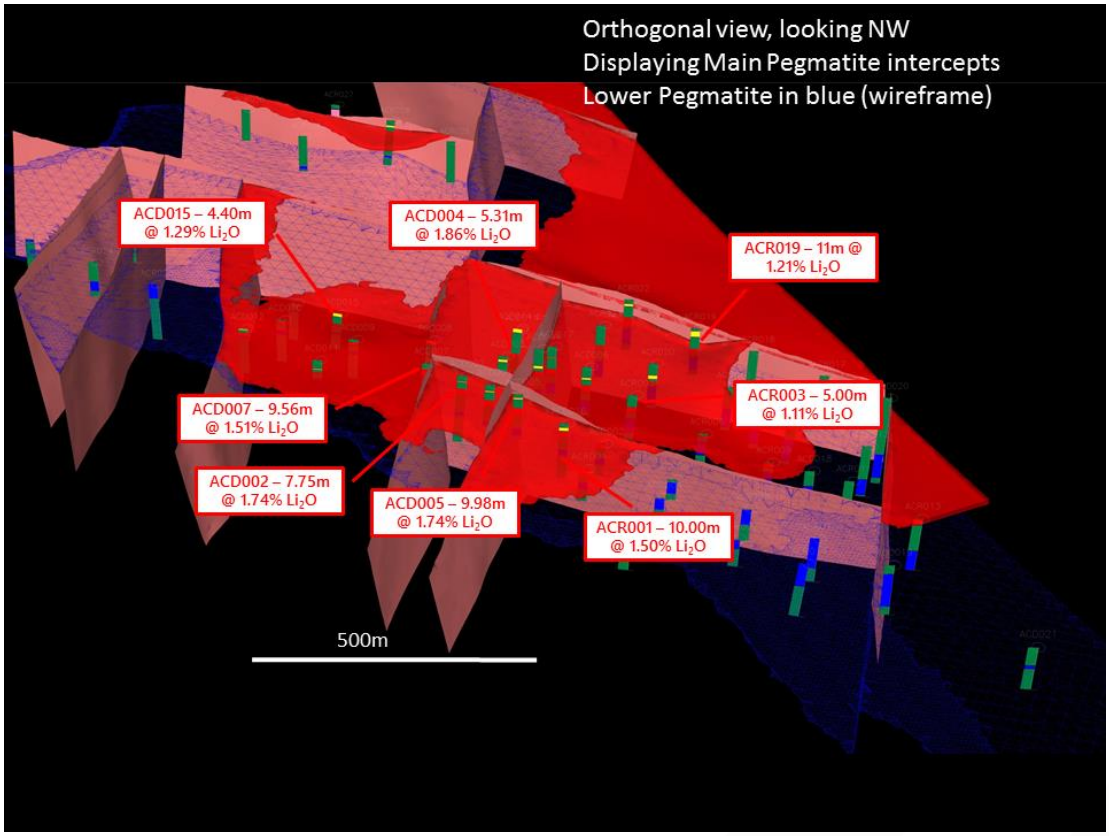
ARCADIA LITHIUM – Latest Claims & Drilling Targets October 19th

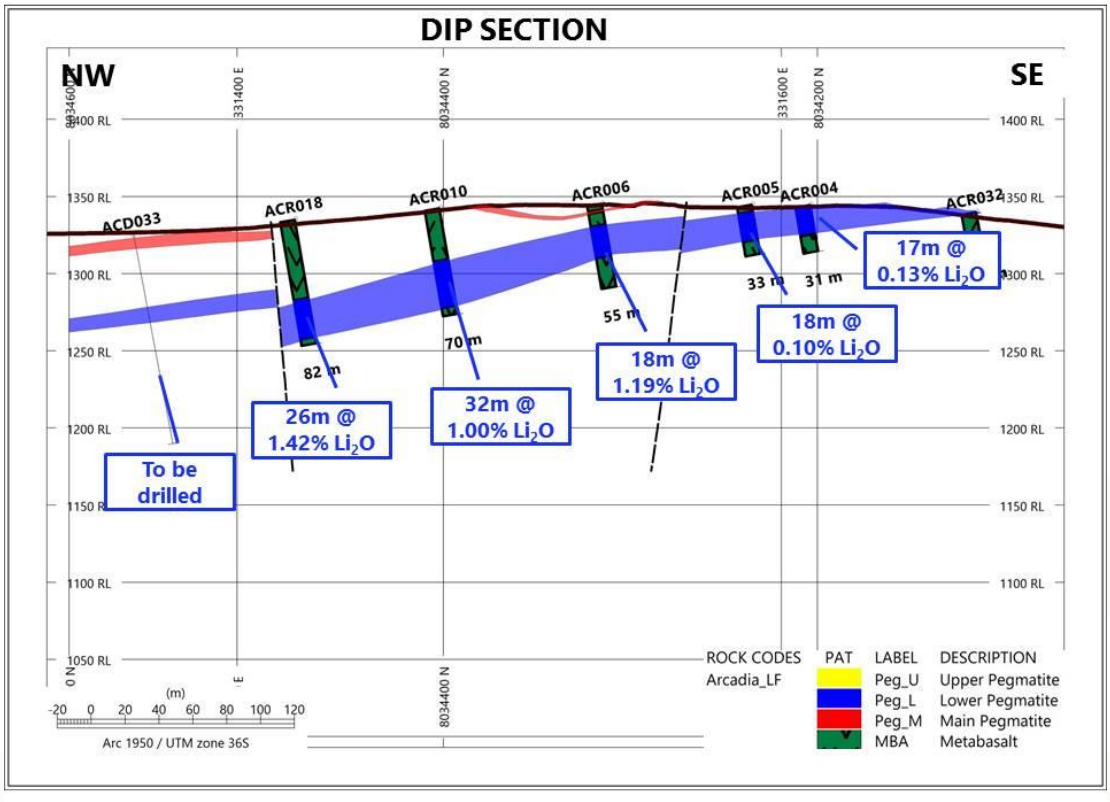





Orthogonal view, looking NW
Displaying Lower Pegmatite intercepts
ACR021 – 15m @ 1.42% Li2O
ACR003 – 17m @ 1.46% Li2O
ACR019 – 22m @ 1.71% Li2O
ACR011 – 29m @ 1.58% Li2O
ACD014 – 7m @ 2.07% Li2O
ACD020 – 29m @ 1.23% Li2O
ACR024 – 16m @ 2.15% Li2O
ACR011 – 29m @ 1.58% Li2O
ACD016 – 9m @ 1.45% Li2O
ACR002 – 11m @ 2.03% Li2O
ACR009 – 35m @ 1.06% Li2O
ACR006 – 18m @ 1.19% Li2O
500m


STRIKE SECTION
SW
NE
ACR021
ACR020
ACR010
ACD022
ACR016
ACR012
ACD023
85 m
69 m
70 m
74.8 m
76 m
81 m
15m @ 1.42% Li2O
19m @ 1.59% Li2O
32m @ 1.00% Li2O
34m @ 1.30% Li2O
24m @ 1.46% Li2O
Metallurgical hole
To be drilled
1400 RL
1350 RL
1300 RL
1250 RL
1200 RL
1150 RL
1100 RL
ROCK CODES PAT LABEL DESCRIPTION
Arcadia_LF
Peg_U Upper Pegmatite
Peg_L Lower Pegmatite
Peg_M Main Pegmatite
MBA Metabasalt
Arc 1950 / UTM zone 36S


Orthogonal view, looking NW
Displaying Main Pegmatite intercepts
Lower Pegmatite in blue (wireframe)
ACD015 – 4.40m @ 1.29% Li2O
ACD004 – 5.31m @ 1.86% Li2O
ACR019 – 11m @ 1.21% Li2O
ACD007 – 9.56m @ 1.51% Li2O
ACR003 – 5.00m @ 1.11% Li2O
ACD002 – 7.75m @ 1.74% Li2O
ACD005 – 9.98m @ 1.74% Li2O
ACR001 – 10.00m @ 1.50% Li2O
500m


DIP SECTION
NW
SE
ACD033
ACR018
ACR010
ACR006
ACR005
ACR004
ACR032
82 m
70 m
55 m
33 m
31 m
26m @ 1.42% Li2O
32m @ 1.00% Li2O
18m @ 1.19% Li2O
18m @ 0.10% Li2O
17m @ 0.13% Li2O
To be drilled
1400 RL
1350 RL
1300 RL
1250 RL
1200 RL
1150 RL
1100 RL
1050 RL
ROCK CODES
Arcadia_LF
PAT
LABEL
DESCRIPTION
Peg_U
Upper Pegmatite
Peg_L
Lower Pegmatite
Peg_M
Main Pegmatite
MBA
Metabasalt
Arc 1950 / UTM zone 36S

Previously reported high grade lithium intercepts include: Peak grade of 4.35% Li_2O. Significant intersections (all true width):

- **ACR001 – Average Grade 0.99% Li_2O**
  - peak grade 2.51% Li_2O
  - **10m @ 1.5% Li_2O** from 19
- **ACR002 – Average Grade 1.56% Li_2O**
  - peak grade 4.35% Li_2O
  - **11m @ 2.03% Li_2O** from 24m
- **ACR003 – Average Grade 1.33% Li_2O**
  - peak grade 2.47% Li_2O
  - 3m @ 3.05% Li_2O from 19m
  - **17m @ 1.46% Li_2O** from 42m
  - 2m @ 2.07% Li_2O from 64m
- **ACR006 – Average Grade 1.14% Li_2O**
  - Peak grade 2.00% Li2O,
  - **18m @ 1.19%** from 19m
  - 3m @ 1.45% from 42m
  - 3m @ 1.33% from 47m
- **ACR010 – Average Grade 1.23% Li_2O**
  - peak grade 2.63% Li_2O
  - **32m @ 1.00% Li_2O** from 33m
- **ACR011 – Average Grade 1.56% Li_2O**
  - peak grade 3.50% Li_2O
  - 6m @ 1.46% Li_2O from 32m
- **ACR019 –Average Grade 1.39% Li_2O**
  - peak grade 3.13% Li_2O
  - **11m @ 1.21% Li_2O** from 35m
  - **22m @ 1.71% Li_2O** from 48m
- **ACR018 –Average Grade 1.42% Li_2O**
  - peak grade 2.56% Li_2O
  - **26m @ 1.42% Li_2O** from 51m
  - 29m @ 1.58% Li2O from 41m
- **ACR012 – Average Grade 1.46% Li_2O**
  - peak grade 4.31% Li_2O
  - **24m @ 1.46% Li_2O** from 54m
- **ACR018 – Average Grade 1.42% Li_2O**
  - peak grade 2.56% Li2O
    26m @ 1.42% Li_2O from 51m.
- **ACR019 - Average Grade 1.39% Li_2O**
  - peak grade 3.13% Li2O,
  - 8m @ 0.8% from 6m
  - 11m @ 1.21% from 35m
  - **22m @ 1.71%** from 48m
- **ACR020 – Average Grade 1.51% Li_2O**
  - peak grade 2.57% Li_2O
  - 2m @ 1.49% Li_2O from 22m
  - 5m @ 1.76% Li_2O from 35m
  - **19m @ 1.60% Li_2O** from 43m
- **ACR021 – Average Grade 1.29% Li_2O**
  - peak grade 2.43% Li_2O
  - 4m @ 1.21% Li_2O from 33m
  - **15m @ 1.42% Li_2O** from 66m
- **ACR006 –Average Grade 1.14% Li_2O**
  - peak grade 2.00% Li_2O
  - **18m @ 1.19% Li_2O** from 19m
  - 3m @ 1.45% Li_2O from 42m
  - 3m @ 1.33% Li_2O from 47m

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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.

Summary of RC Holes

Hole	From (m)	To (m)	Thickness (m)	Li_2O Grade %	Total Hole Depth	Geology Summary
ACR001	19.00	29.00	**10.0**	***1.50***	51	***Main Pegmatite.***
ACR002	24.00	35.00	**11.00**	***2.03***	52	***Main Pegmatite***
ACR003	19.00	22.00	**3.00**	***3.05***	76	***Upper Pegmatite Band***
&	23.00	28.00	**5.00**	***1.11***		***Main Pegmatite***
&	42.00	59.00	**17.00**	***1.46***		***Lower Main Pegmatite***
&	64.00	66.00	**2.00**	***2.07***	76	***Lower Pegmatite band 6***
ACR004	2.00	19.00	**17.00**	***0.13***	37	***Lower Main Pegmatite***
ACR005	5.00	23.00	**18.00**	***0.10***	23	***Lower Main Pegmatite***
ACR006	19.00	37.00	**18.00**	***1.19***	55	***Lower Main Pegmatite Band***
&	42.00	45.00	**3.00**	***1.43***		***Lower Pegmatite band 7***
&	47.50	50.00	**3.00**	***1.33***	55	***Lower Pegmatite Band 8***
ACR007	2.00	15.00	**13.00**	***0.03***		***Lower Main Pegmatite***
&	27.00	30.00	**3.00**	***0.69***	43	***Lower Pegmatite Band 7***
ACR008	2.00	25.00	**23.00**	***0.07***	40	***Lower Main Pegmatite***
ACR009	15.00	52.00	**35.00**	***1.06***	55	***Lower Main Pegmatite***
ACR010	33.00	65.00	**32.00**	***100***	70	***Lower Pegmatite Band 2***
ACR011	32.00	36.00	**6.00**	***1.46***	76	***Lower Pegmatite Band 4***
&	41.00	70.00	**29.00**	***1.58***	76	***Lower Pegmatite Band***
ACR012	54.00	78.00	**24.00**	***1.46***	81	***Main Pegmatite***
ACR013	0.00	11.00	**11.00**	***0.64***	81	***Main Pegmatite***
&	25.00	30.00	**5.00**	***1.04***		***Lower Pegmatite Band 4***
&	54.00	78.00	**30.00**	***0.62***	81	***Lower Main Pegmatite***
ACR014	0.00	35.00	**35.00**	***0.03***	82	***Lower Main Pegmatite***
&	38.96	44.00	**9.00**	***0.92***	82	***Lower Pegmatite Band 7***
ACR015	0.00	46.00	**46.00**	***0.07***	68	***Lower Main Pegmatite***
ACR016	36.00	70.00	**34.00**	***1.30***	76	***Lower Main Pegmatite***
ACR017					53	***Hole abandoned: major water fissures***
ACR018	51.00	77.00	**26.00**	***1.42***	82	***Lower Main Pegmatite***
ACR019	6.00	14.00	**8.00**	***0.80***	77	***Upper Pegmatite Band 1***
&	35.00	46.00	**11.00**	***1.21***		***Main Pegmatite***
&	48.00	70.00	**22.00**	***1.71***	77	***Lower Main Pegmatite***
ACR020	22.00	24.00	**2.00**	***1.49***	69	***Upper Pegmatite Band 1***
&	29.00	32.00	**3.00**	***0.83***		***Main Pegmatite***
&	35.00	40.00	**5.00**	***1.76***		***Lower Pegmatite Band 1***
&	43.00	64.00	**19.00**	***1.59***	69	***Lower Main Pegmatite***
ACR021	33.00	37.00	**4.00**	***1.21***	85	***Main Pegmatite***

&	42.00	44.00	**2.00**	***1.19***		***Lower Pegmatite Band 2***
&	66.00	81.00	**15.00**	***1.42***	85	***Lower Main Pegmatite***
ACR022	30.00	33.00	**3.00**	***0.83***	83	***Main Pegmatite***
&	35.00	79.00	**38.00**	***0.45***	83	***Lower Main Pegmatite***
ACR023	0.00	22.00	**22.00**	***0.90***	89	***Lower Main Pegmatite***
ACR024	31.00	47.00	**16.00**	***2.15***	55	***Lower Main Pegmatite***
ACR025	0	-	-	-	55	***Only thin pegmatites – sterilization dril***
ACR026	51.00	56.00	**5.00**	***0.49***	60	***Lower Main Pegmatite – sterilization dril***
ACR027	-	-	-	-	74	***Only thin pegmatites – sterilization dril***
ACR028	18.00	21.00	**3.00**	***0.46***	70	***Lower Main Pegmatite – sterilization dril***
ACR029	33.00	37.00	**3.00**	***0.26***	70	***Lower Pegmatite – sterilization dril***
ACR030	50.00	52.00	**2.00**	**0.43**	53	***Lower Pegmatite – sterilization dril***
ACR031	0.00	5.00	**5.00**	**0.32**	61	***Main Pegmatite – sterilization dril***
ACR032	0.00	4.00	**4.00**	***0.1***	24	***Main Pegmatite – sterilization dril***
ACR033	-	-	-	-	24	***No intercepts – sterilization drill***
CUT-OFF FOR MAIDEN JORC REPORTABLE MINERAL RESOURCE						

Summary of DD Holes

Hole	From (m)	To (m)	Thickness (m)	Li_2O Grade %	Total Hole Depth	Geology Summary
ACD001	25.40	33.64	*8.24*	***1.74***		***Main Pegmatite.***
&	36.60	39.25	*2.65*	***1.51***	***67.1***	***Lower Pegmatite band 1***
ACD002	21.70	29.45	*7.75*	***1.74***		***Main Pegmatite***
&	56.60	59.57	*2.87*	***0.97***		***Lower Main Pegmatite***
&	71.72	74.00	*2.28*	***1.35***	***104***	***Lower Pegmatite band 7***
ACD003	30.58	43.43	*12.85*	***0.61***		***Main Pegmatite***
&	56.52	57.57	*1.05*	***1.57***		**Lower Pegmatite band 4**
&	66.75	71.53	*4.78*	***1.49***	***86.7***	***Lower Main Pegmatite***
ACD004	29.00	30.40	*1.40*	***1.56***		***Upper Pegmatite 2***
&	36.07	41.38	*5.31*	***1.86***		***Main Pegmatite***
&	56.60	62.35	*1.53*	***1.54***		***Lower Pegmatite band 5***
&	64.68	71.04	*6.36*	***1.44***	***80.7***	***Lower Main Pegmatite***
ACD005	28.00	32.08	*9.98*	***1.46***		***Main Pegmatite***
&	53.45	57.36	*3.91*	***2.15***		***Lower Pegmatite band 3***
&	59.60	64.94	*5.34*	***1.64***	***71.6***	***Lower Main Pegmatite***
ACD006	31.00	48.98	*17.98*	***0.74***		***Main Pegmatite***
&	56.00	65.77	*9.77*	***1.43***	***77.7***	***Lower Pegmatite band 4.***

ACD007	10.94	20.50	*9.56*	***1.51***		***Main Pegmatite***
&	24.96	26.33	*1.37*	***2.18***		***Lower Pegmatite Band 1***
&	49.13	53.00	*3.87*	***1.05***	***74.3***	***Lower Main Pegmatite***
ACD008	1.30	8.75	*7.45*	***0.33***		***Main Pegmatite***
&	39.93	42.69	*2.76*	***1.36***	***53.6***	***Lower Main Pegmatite***
ACD009	5.79	11.85	*6.06*	***0.53***		***Main Pegmatite***
&	20.7	23.7	*3.00*	***1.53***	***62.6***	***Lower Main Pegmatite***
ACD010	21.12	23.37	*2.25*	***1.79***	***67.3***	***Lower Pegmatite Band 2***
ACD011	20.00	21.00	*1.00*	***0.49***	***32.7***	***Main Pegmatite***
ACD012	8.34	11.71	*3.37*	***0.86***	***72.0***	***Main Pegmatite***
ACD013	2.00	3.57	*1.57*	***1.01***	***60.0***	***Main Pegmatite***
ACD014	33.00	34.75	*1.75*	***1.31***		***Upper Pegmatite 1***
&	38.96	44.00	*5.04*	***1.48***		***Main Pegmatite***
&	58.50	60.00	*1.50*	***1.64***		***Lower Pegmatite Band 4***
&	68.00	75.16	*7.16*	***2.07***	***86.7***	***Lower Main Pegmatite***
ACD015	1.10	5.50	*4.40*	***1.29***		***Upper Pegmatite 1***
&	17.81	19.92	*2.04*	***1.52***		***Main Pegmatite***
ACD016	9.53	11.85	*2.32*	***1.34***		***Upper Pegmatite 1***
&	14.50	21.76	*7.26*	***1.11***		***Main Pegmatite***
&	41.40	50.00	*9.13*	***1.45***	85.0	***Lower Main Pegmatite***
ACD017						***No assay – drilled for Met Testing***
ACD018						***No assay – drilled for Met Testing***
ACD019	14.51	64.36	*49.85*	***0.3***	77.7	***Lower Main Pegmatite***
ACD020	91.38	120.4	*29.02*	***1.23***		***Lower Main Pegmatite***
&	125.2	129.37	*4.17*	***2.31***	139.4	***Lower Pegmatite Band 7***
CUT-OFF FOR MAIDEN JORC REPORTABLE MINERAL RESOURCE						

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 Arcadia Project, the samples were percussion chips generated from a Smith Capital rig, using a double tube reverse circulation technique.* • *3kg Samples were collected every metre in triplicate, in addition to a smaller sample retained for reference and logging.* • *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 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,*
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).*	• *Double tube, 5" reverse circulation. A trailer mounted Smith Capital double tube RC rig was used with a 25 bar (Inergsoll Rand) 2013 compressor. 3m rods were used, and the hole air blasted to allow sample recovery via a cyclone every 1m.*
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.*	• *Chip samples were bagged directly from the cyclone, and immediately weighed, then riffle split.* • *Material seems largely homogenous, and no relationship has been detected between grain size and assayed grade.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• *Chip samples have been geologically logged at 1m intervals, with data recorded in spreadsheet format using standardized codes. Sample weight, moisture*

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	*content, lithologies, texture, structure, induration, alteration, oxidation and mineralisation were recorded.* • *The work is undertaken according Prospect Resources' standard procedures and practices, overseen by the CP. Prospect Resources believes that the level of detail and quality of the work is appropriate to support the current and any future exploration.*
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.*	• *Samples were bagged straight from the cyclone. Typically 12 – 18 kg of sample were produced per metre.* • *The dry samples were split using a 3-stage riffle splitter. With three, 3kg samples being collected per 1m interval. Excess material was dumped in a landfill,* • *Field duplicates were produced every 20th sample.* • *The 3kg samples were crushed and milled (90%, pass-75u) at the Farvic Laboratory. Lab duplicates, blanks and standard material (produced and AMIS) were inserted in identical packets to the samples, one per 20 normal samples. This was done under the supervision of a qualified geologist.*
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 will be analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after four acid disolution, and HCL leach at ALS*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• *Prospect Resources' Chief geologist has almost 30 years experience and was on site during most of the drilling and sample pre-preparation. The significant intersections were also shown to Geological Survey staff.*

Criteria	JORC Code explanation	Commentary
	• *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.*	• *All hard copies of data are retained at the Prospect Resource Exploration offices, attached to the Farvic Mine. All electronic data resides in Excel format on the office desktop, with back-ups retained on hard-drives in a safe, and in Access in a data cloud* • *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, and subsequently Access database.*
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.* • *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	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• *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*
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.*	• *Mineralised structures are flat lying pegmatites and drilling was planned in a straightforward manner to intersect these structures without bias.*
Sample security	• *The measures taken to ensure sample security.*	• *Samples will be 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.*	• *Dr Michael Cronwright is continually auditing sampling practices.*

Section 2 Reporting of Exploration Results

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

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>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.</td><td>Arcadia V, Arcadia H and Arcadia L claims, held by Examix investments, JV between Prospect Resources and local partner Paul Chimbodza.
No environmental or land title issues.
Rural farmland - fallow</td></tr>
<tr><td>Exploration done by other parties</td><td>Acknowledgment and appraisal of exploration by other parties.</td><td>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.</td></tr>
<tr><td>Geology</td><td>Deposit type, geological setting and style of mineralisation.</td><td>Na-Li pegmatite, with spodumene, eucryptite petalite and minor lepidolite. In addition to disseminated tantalite and beryl.</td></tr>
<tr><td>Drill hole Information</td><td>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:
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.</td><td>
<table>
<tr><th>Bhs</th><th>Eastings</th><th>Northings</th><th>RL</th><th>Azimuth</th><th>Dip</th><th>Depth</th></tr>
<tr><td>ACR009</td><td>331,615</td><td>8,034,365</td><td>1,328</td><td>155</td><td>-79</td><td>55</td></tr>
<tr><td>ACR024</td><td>330,878</td><td>8,033,719</td><td>1,419</td><td>150</td><td>-77</td><td>55</td></tr>
<tr><td>ACD007</td><td>331,290</td><td>8,034,030</td><td>1,404</td><td>135</td><td>-80</td><td>74.3</td></tr>
<tr><td>ACD020</td><td>331,573</td><td>8,034,592</td><td>1,319</td><td>133</td><td>79</td><td>139.40</td></tr>
</table>
</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
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.*	• *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.*
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').*	• *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.*
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 are being 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 substantive exploration data	• *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.*	• *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.*
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,*	• *Infill and extension drilling is being planned for Q3 2016*

Criteria	JORC Code explanation	Commentary
	including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	