

More High Grade Assay Results Received from RC Drilling Arcadia High Grade Lithium Project

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

All results are expected to be included in the Company's maiden JORC reportable Mineral Resource planned for release by the end of October 2016.

Assay results returned a peak grade of 3.13% Li₂O.

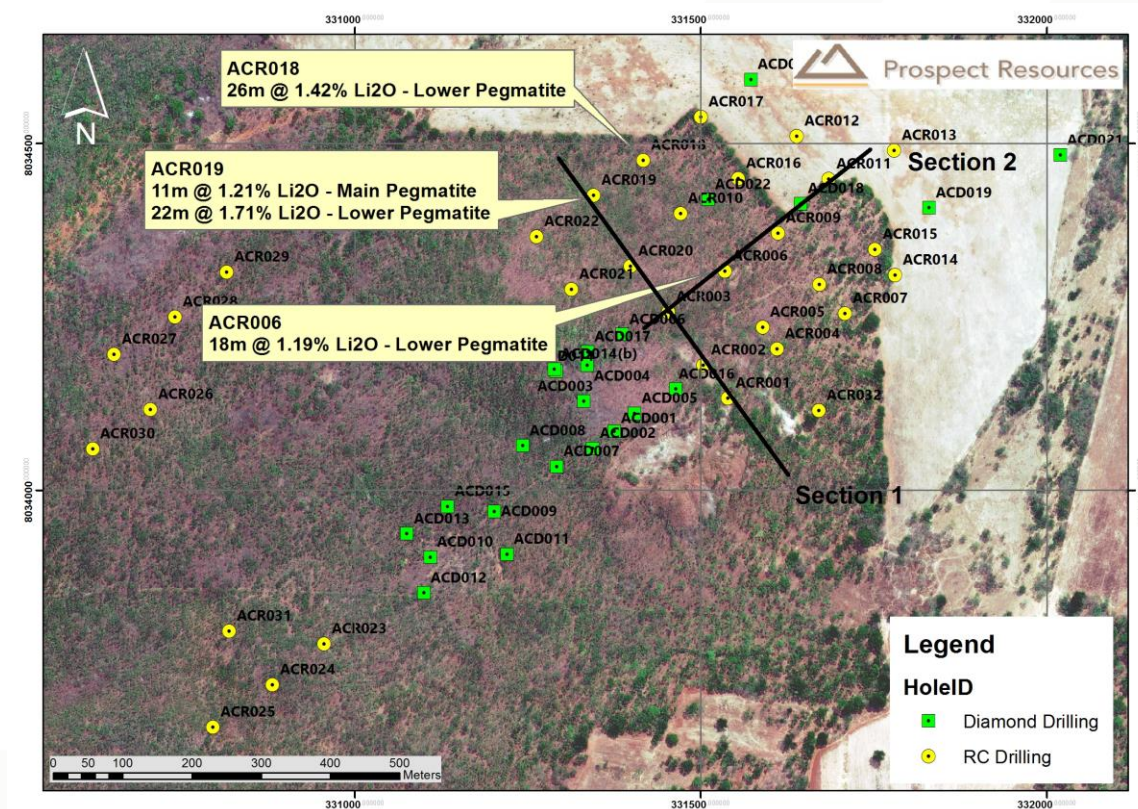
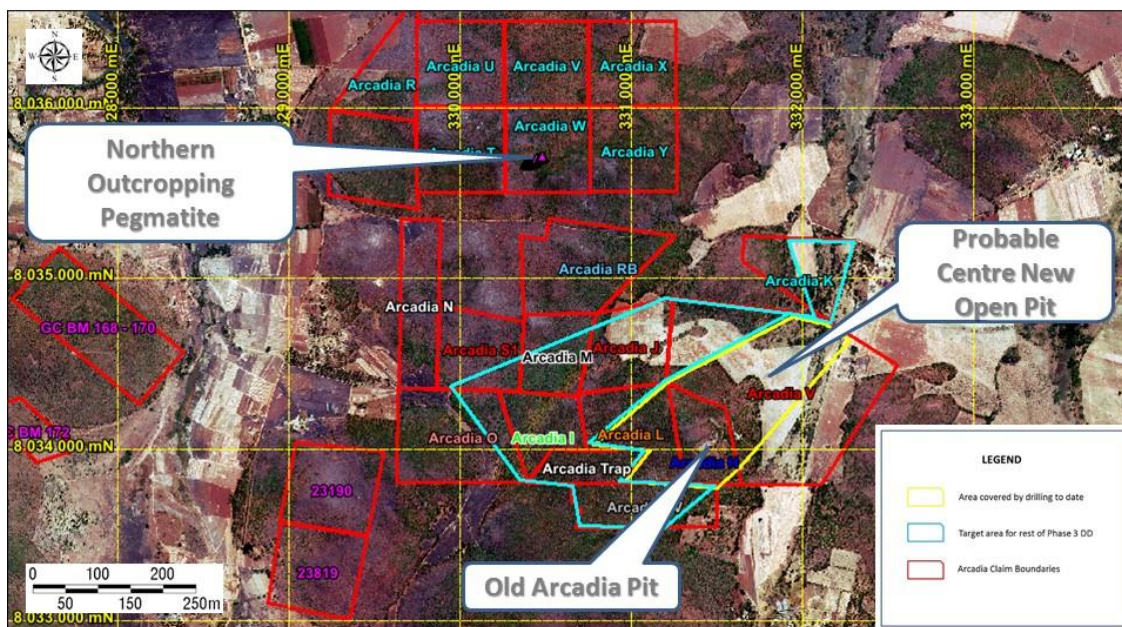
Significant intersections are summarised as (all true width):

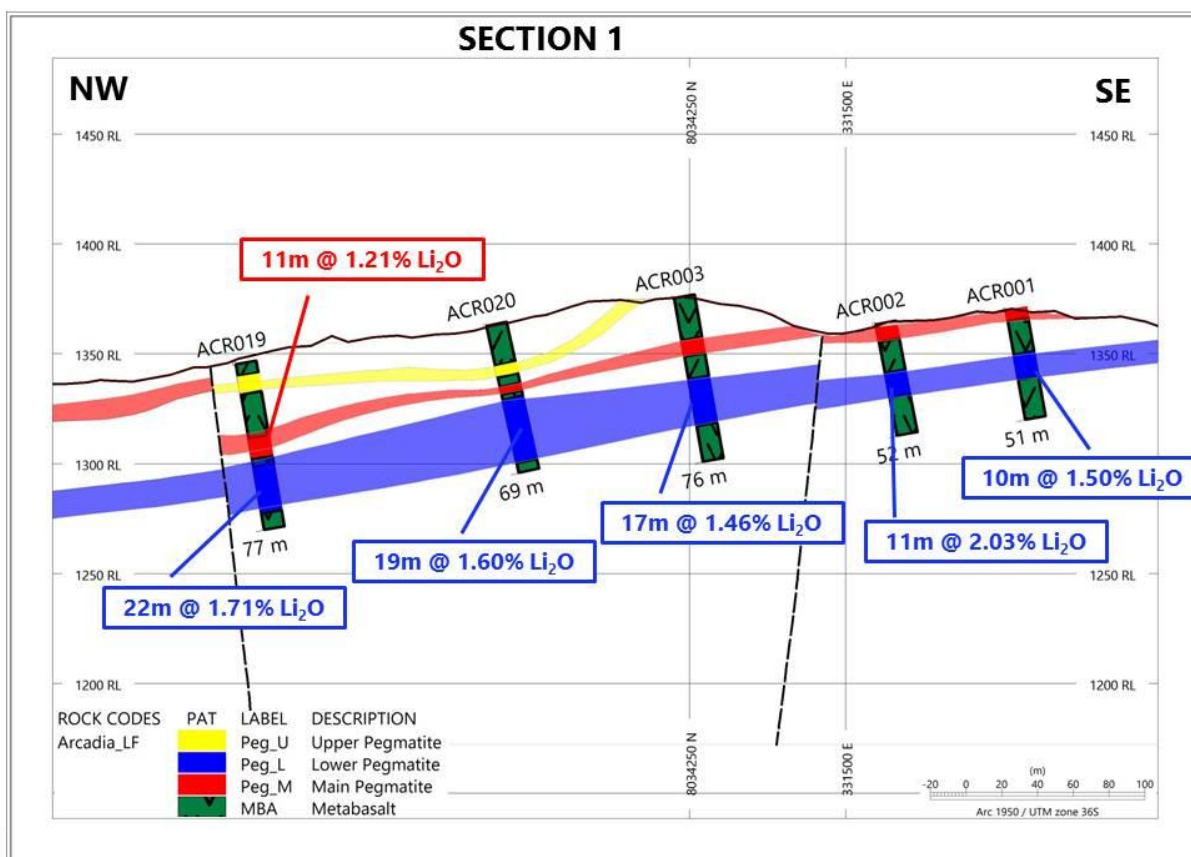
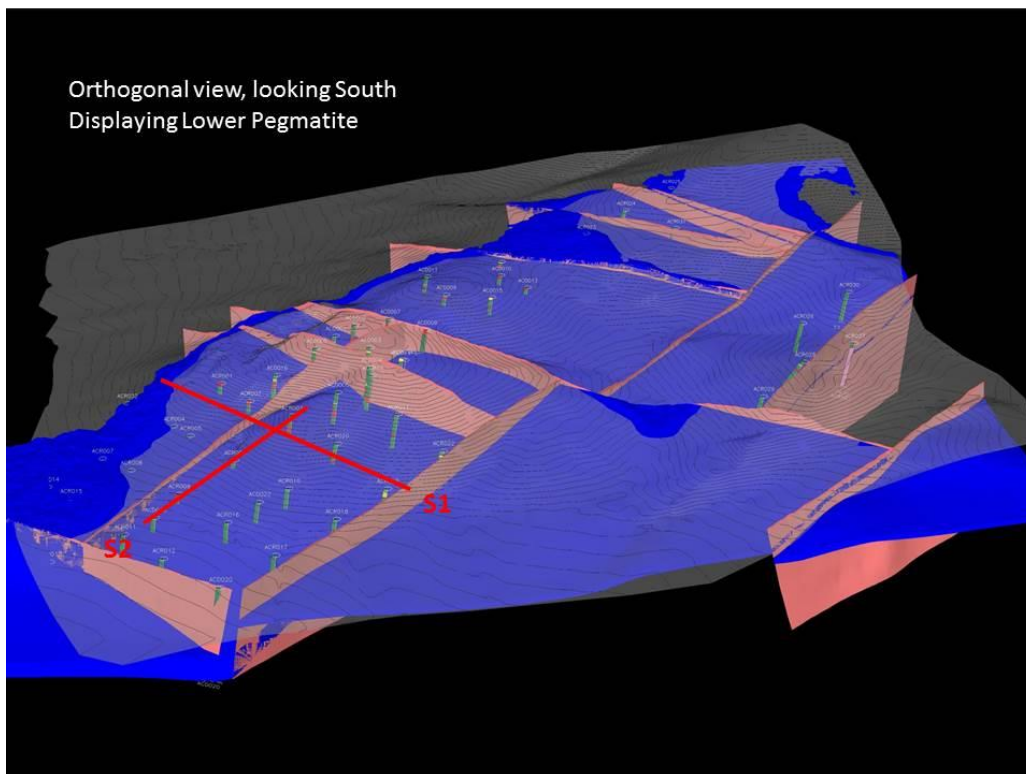
- **ACR019 – peak grade 3.13% Li₂O with an Average Grade of 1.39% Li₂O**
 - 11m @ 1.21% Li₂O from 35m
 - 22m @ 1.71% Li₂O from 48m
- **ACR018 – peak grade 2.56% Li₂O with an Average Grade of 1.42% Li₂O**
 - 26m @ 1.42% Li₂O from 51m
- **ACR006 – peak grade 2.00% Li₂O with an Average Grade of 1.14% Li₂O**
 - 18m @ 1.19% Li₂O from 19m
 - 3m @ 1.45% Li₂O from 42m
 - 3m @ 1.33% Li₂O from 47m

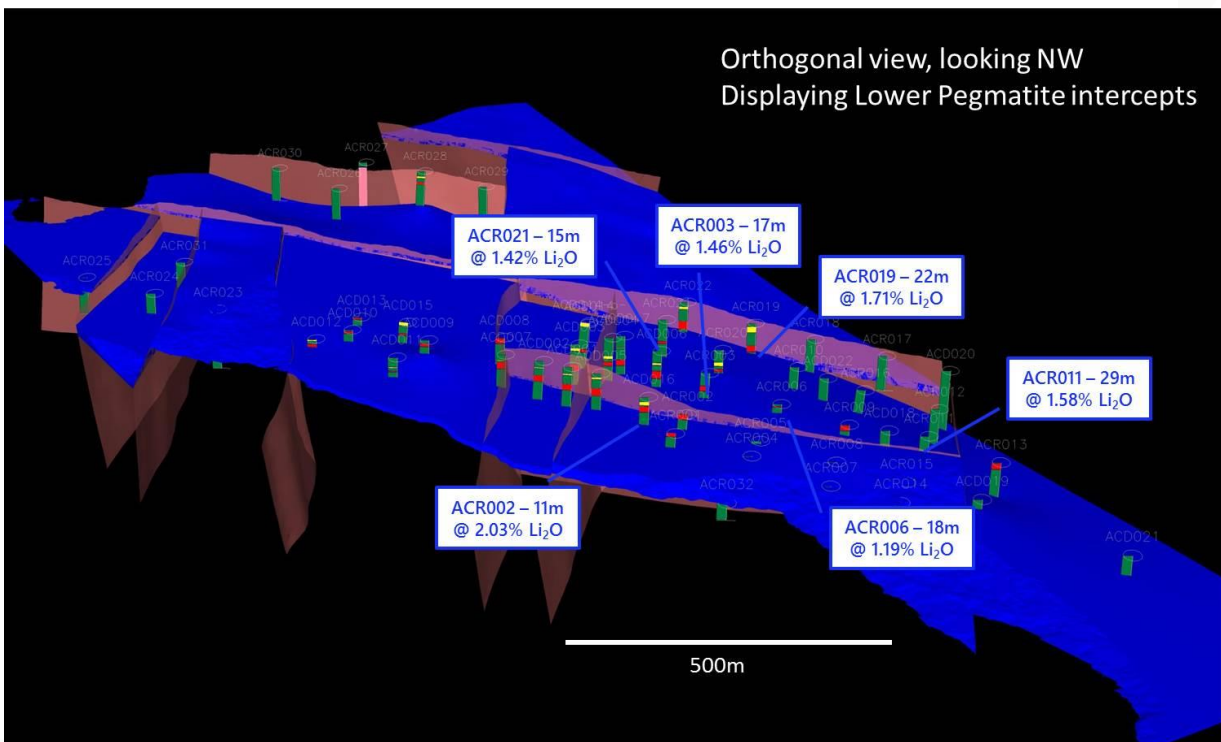
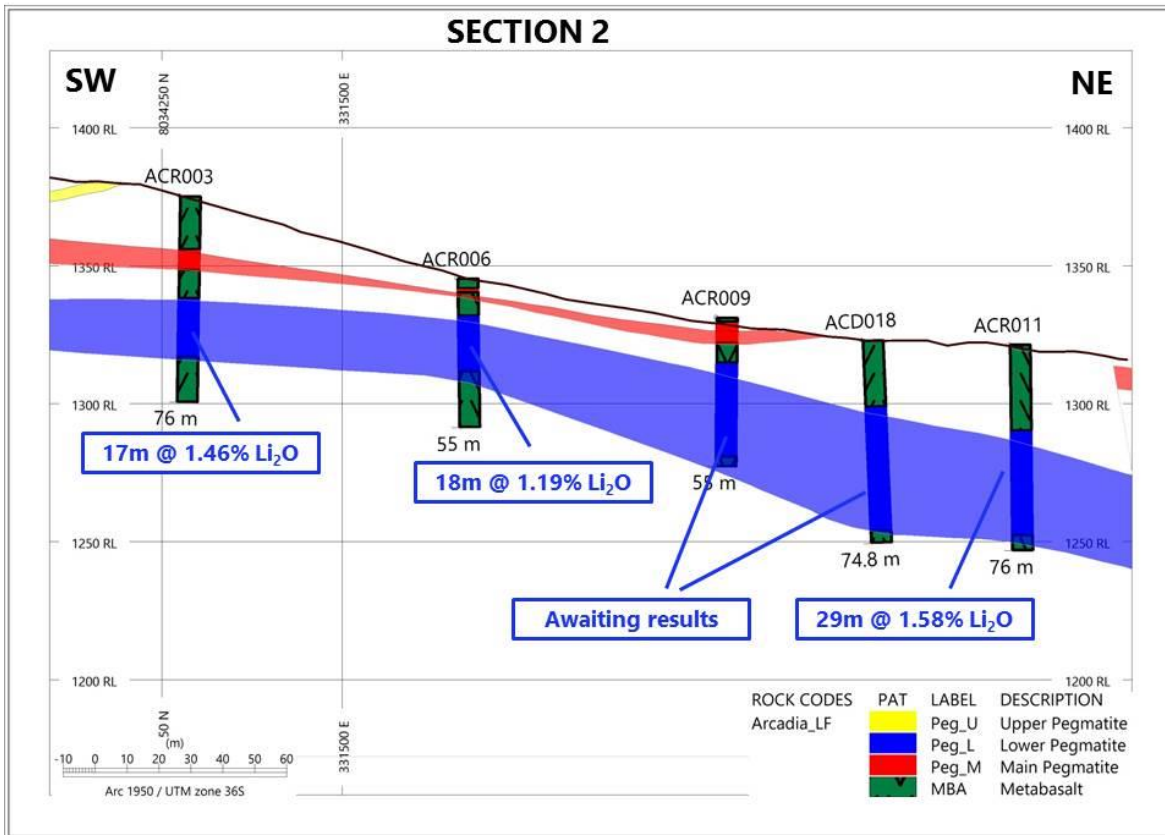
Drilling to date has covered approx. 20% of the Company's Mining Licence area. The drilled strike of the 14 horizontally stacked pegmatites extends more than 1.7km SW-NE and some 700m down dip to NW and is open along strike and down dip. The Company's ground position now covers more than **600 hectares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

The Company now has 3 diamond drill rigs and 2 RC drill rigs on site. These rigs are carrying out scout drilling, metallurgical test work drilling, infill drilling and sterilization drilling to determine the best location for mine process plant and tailings storage facilities.

ARCADIA LITHIUM – Latest Claims & Drilling Targets October 19th







Previously reported high grade lithium intercepts include: Peak grade of 4.35% Li₂O. Significant intersections (all true width):

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

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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 Significant Intercepts – RC Holes

Hole	Thickness of Pegmatite	From (m)	To (m)	Li ₂ O Grade	Total Depth of Hole	Assay Results or Geology/ Comments
ACR001	10	19	29	1.5%	51	Received
ACR002	11	24	35	2.03%	52	Received
ACR003	3	19	22	3.05%	76	Received
&	5	23	28	1.11%		Received
&	17	42	59	1.46%		Received
&	2	64	66	2.07%		Received
ACR004	17	2	19	0.13%	37	Received
ACR005	18	5	23	0.1%	31	Received
ACR006	18	19	37	1.19%	55	Received
&	3	42	45	1.45%		Received
&	3	47	50	1.33%		Received
ACR007	13	2	15	0.03%	43	Received
&	3	27	30	0.69%		Received
ACR008	23	2	25	0.07%	50	Received
ACR009	34	17	51	pending	55	Lower Main Pegmatite, spodumene & petalite
ACR010	32	33	65	1.0%	70	Received
ACR011	6	32	36	1.46%	76	Received
&	29	41	70	1.58%		Received
ACR012	24	54	78	1.46%	81	Received
ACR013	11	0	11	0.64%	81	Received
&	5	25	30	1.04%		Received
&	30	54	78	0.62%		Received
ACR014	31	1	28	pending	82	Lower Main Pegmatite, spodumene
ACR015	39	0	39	pending	68	Lower Main Pegmatite, spodumene
ACR016	34	36	70	pending	76	Lower Main Pegmatite, petalite
ACR017				pending	53	Hole Abandoned in basalt- water fissures
ACR018	26	51	77	1.42%	82	Received
ACR019	11	35	46	1.21%	77	Received
&	22	48	70	1.71%		Received

ACR020	2	22	24	1.49%	69	Received
&	5	35	40	1.76%		Received
&	19	43	62	1.60%		Received
ACR021	4	33	37	1.21%	85	Received
&	15	66	81	1.42%		Received
ACR022	26	47	73	pending	82.5	3 Bands Lower Main Pegmatite, spodumene & petalite
ACR023	22	0	22	pending	89	Lower Main Pegmatite, spodumene & petalite
ACR024	22	0	22	pending	55	Lower Main Pegmatite, spodumene & petalite
ACR025	3	2	5	pending	55	Main Pegmatite
ACR026	5	51	56	0.49%	60	Sterilization Drill
ACR027	0	-	-	-	74	Sterilization Drill
ACR028	3	18	21	0.46%	70	Sterilization Drill
ACR029	3	33	36	0.26%	70	Sterilization Drill
ACR030	2	50	52	0.43%	53	Sterilization Drill
ACR031	5	0	5	0.32%	61	Sterilization Drill
ACR032	4	0	4	0.1%	24	Sterilization Drill
ACR033	0	-	-	-	24	Sterilization Drill

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate 	<ul style="list-style-type: none"> 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
	<p>Mineral Resource estimation, mining studies and metallurgical studies.</p> <ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<p>content, lithologies, texture, structure, induration, alteration, oxidation and mineralisation were recorded.</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> • 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
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Mineralised structures are flat lying pegmatites and drilling was planned in a straightforward manner to intersect these structures without bias.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples will be placed in sealed bags to prevent movement and mixing. Minimal preparation was done on site.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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.)

Criteria	JORC Code explanation	Commentary																												
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 																												
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> 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. 																												
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Na-Li pegmatite, with spodumene, eucryptite petalite and minor lepidolite. In addition to disseminated tantalite and beryl. 																												
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<table border="1"> <thead> <tr> <th>Bhs</th> <th>Eastings</th> <th>Northings</th> <th>RL</th> <th>Azimuth</th> <th>Dip</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>ACR006</td> <td>331,533</td> <td>8,034,314</td> <td>1,344</td> <td>148</td> <td>-80</td> <td>55</td> </tr> <tr> <td>ACR018</td> <td>331,417</td> <td>8,034,476</td> <td>1,360</td> <td>135</td> <td>-80</td> <td>82</td> </tr> <tr> <td>ACR019</td> <td>331,346</td> <td>8,034,425</td> <td>1,342</td> <td>128</td> <td>-80</td> <td>77</td> </tr> </tbody> </table>	Bhs	Eastings	Northings	RL	Azimuth	Dip	Depth	ACR006	331,533	8,034,314	1,344	148	-80	55	ACR018	331,417	8,034,476	1,360	135	-80	82	ACR019	331,346	8,034,425	1,342	128	-80	77
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Data aggregation methods	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Maps are attached and cross sections are being created
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Company believes that all results have been reported and comply with balanced reporting.
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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, 	<ul style="list-style-type: none"> 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.	