

## Prospect raises \$14m in Placement

### Highlights

- Prospect has received commitments for \$14m to be raised via the issue of 280m shares at 5c per share, subject to shareholder approval.
- Placing price of 5c is at a significant premium to the 20 day VWAP of 3.6c (calculated up to 19 July 2016, source: IRESS).
- Proceeds of the placement to be used to:
  - fast track drilling at the Arcadia Lithium deposit, approx. 35kms north east of Harare;
  - accelerate mine design, plant design and feasibility studies for the Arcadia Lithium deposit;
  - enable the Company to order long lead time items of plant for the Arcadia Lithium deposit;
  - fast track exploration at the God's Gift Lithium deposit;
  - accelerate gold production at the Gwanda East gold camp, south east of Bulawayo;
  - provide the Company with capacity to make additional strategic acquisitions, particularly within the lithium, graphite and cobalt sectors; and
  - supplement general working capital.

Prospect Resources Limited (**ASX: PSC**) ("**Prospect**" or the "**Company**") is pleased to announce the receipt of share applications for 280m shares to be issued at 5c per share to overseas (Chinese) sophisticated investors, to raise \$14m (before costs) ("**Placement**").

At the upcoming extraordinary general meeting to be held on Friday, 22 July 2016 ("**EGM**"), the Company will be seeking shareholder approval to reset its placement capacity under ASX Listing Rules 7.1 and 7.1A, and also seek shareholder approval to issue up to 250m shares to sophisticated investors at an issue price of no less than 3 cents. In the event that shareholder approval is obtained for these resolutions, they will be relied upon to issue the shares pursuant to the Placement. Accordingly, completion of the Placement is conditional upon shareholder approval being obtained for resolutions 1 and 2 at the EGM.

Exploration at the Company's Arcadia Lithium deposit is progressing 24hrs per day with two diamond rigs operating. The Company has been providing regular updates on drilling progress at Arcadia and it expects to continue to do so.

Subject to the receipt of the necessary shareholder approvals at the EGM on Friday, 22 July 2016, to provide the Company with the necessary capacity to complete the placement, the Company expects to issue the shares on or shortly after 22 July 2016.

Chairman Hugh Warner commented, "The strong demand from Chinese sophisticated investors, including those within the lithium battery production cycle, is a positive endorsement for PSC, its African based management team and directors and of course the quality of our project portfolio. We are looking forward to developing strong relationships with our future end users and to be able to fast track the development of our assets with a strong balance sheet."

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