

June Quarterly Review of Activities

Prospect Resources Ltd (ASX: PSC) (Prospect, the Company) is pleased to report on a busy quarter of activities.

Summary of Key Announcements:

- 4 April – Option over the Moba gold project in DRC
- 7 April – Visible gold at the Company's Prestwood Gold Mine
- 4 May – Rights issue closes oversubscribed
- 12 May – Option over Arcadia High Grade Lithium Project
- 1 June – Prospect raises \$2.67m via a placement
- 14 June – Option over Arcadia High Grade Lithium Project exercised
- 14 June – Drilling to begin at Arcadia around 25 June
- 4 July – Spodumene Bearing Pegmatites announced from drilling results
- 22 July – Shareholders general meeting
- 22 July – Prospect raises \$16m via placement at 5c per share

As investors can see from the above summary, the quarter consisted of project development, project review, acquisition and fundraising.

Arcadia High Grade Lithium Project

The Company has been achieving great success with our drilling programme and subsequent to the end of the quarter a second rig was brought in to fast track the work. The first 15 diamond holes are now complete and we are awaiting assays.

Gwanda East Gold Project,

Development of the **Prestwood Main** and **Prestwood A** mines has slowed simply due to us being a small team and resources were allocated to Arcadia. We are in the process of rectifying this deficiency (now we have the financial capacity to expand our team) so that we have the dual focus of building cashflows from mining at Gwanda East and drilling up our first JORC reportable Mineral Resource at Arcadia.

We are pleased to report that we opened the **Bucks Reef West** shaft prior to 30 June and the underground inspection confirmed that this shaft is in good working order. It is planned to use this shaft as an underground portal for future exploration.

Moba

The Company has undertaken a field visit and is continuing to assess the results.

Summary of Activities Planned for the Period to 31 Dec 2016:**Arcadia High Grade Lithium Project**

- Drilling to continue until we complete our first 30 holes – 16 diamond holes completed
- Analysis of all drill core via assay, metallurgical testing and thin section analysis
- Collection of bulk samples for assay and metallurgical testing
- Development of 3-D model and inclusion of assay results
- RC rig being mobilised to drill next 15 holes to finish first 30 hole programme
- Continue mine planning and plant design for Arcadia in parallel with resource definition work

God' Gift Lithium Project

- Due diligence including: mapping, gridding, pitting, ground magnetics and diamond drilling
- Decision to purchase or relinquish

Gwanda East Gold Project

- Take diamond drill rig from Arcadia and undertake approx. 1,500m drill programme under Prestwood Main, Prestwood A and Bucks Reef.
- Continue to build production at Prestwood Main and Prestwood A
- Begin underground exploration at Bucks West

Arcadia High Grade Lithium Project

- Bring diamond drill rig back to Arcadia to continue resource definition
- Continue to develop 3-D model
- Release first JORC reportable Mineral Resource statement
- Continue mine planning and plant design for Arcadia in parallel with resource definition work

Corporate

- New website
- Representation at Africa Down Under Conference

Investors should note that the above activities may change as and when results are generated and as such they should simply be used as a guide to activities for the half year ending 31 December 2016.

The Prospect team has demonstrated its ability to achieve tremendous results, even when poorly financed. Thanks to our existing and new investors, we now have a strong balance sheet and an ability to supplement our team where needed. We intend to use these resources wisely and rapidly develop our assets. It is our corporate objective to be generating strong cashflows from Gwanda East and the Arcadia High Grade Lithium Project in 2017.

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Competent Person's Statement

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