



Prospect Resources

A Southern African Focused
Mining Company

May 2014
ACN 124 354 329



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The information in this presentation that relates to 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 – May 2014

- ASX Code: PSC
- Shares on issue: 604 m*
- Options (1.5c ex): 142 m
- Share Placement Price : 1.0c
- Market Cap at Completion: \$6 m
- Cash: ~ \$350k

* *Post issue of shares to Continental Minerals & Directors (share placement at 1c per share) as approved by shareholders on 14 May 2014*

Top Shareholders (post to issue of the above shares and options)

- Directors & Management 99.5m (16.5% undiluted)
- Top 50 Shareholders ~ 500m shares ~ 83%

Contact Information

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



- **Build a Southern African focused mining Company**
- **Build the most competent African Mining Team available to a junior miner**
 - Use our local team's detailed knowledge of Zimbabwe and its surrounding countries to target geological regions of interest;
 - Target mine owners within those regions - many of which are personally known to our team;
- **Acquire equity interests in existing gold projects, both current producers and historic gold mines**
- **Generate early cashflows from operations**

Achievements to Date

- **We have built the team**
- **We have secured rights to 3 large scale projects in 3 separate gold districts. All projects host historic gold operations and all have multi-million ounce gold potential:**
 - Greater Farvic - exploration drilling has confirmed that the gold mineralised Prestwood Reef continues under the historic Prestwood Gold Mine
 - best intercept within the main gold reef was 9.94g/t over 1m
 - best intercept in shallower shear zone of 12.3g/t over 1m
 - Bushtick - flown airborne radiometrics in preparation for on ground exploration
 - Penhalonga - third priority

(Please refer to an announcement dated 28 April 2014 for further details of the exploration programme)

Prestwood: Drilling Confirms Gold Mineralisation



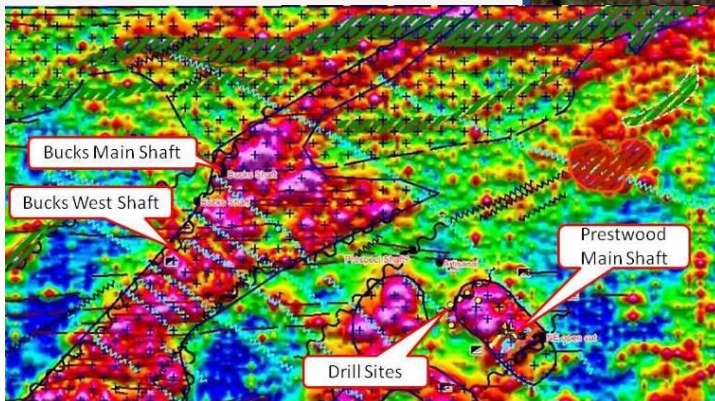
- **Maiden drill programme confirm gold mineralised Prestwood Reef continues under old workings**
 - Five of the six holes drilled have intersected the Prestwood Reef down dip of the historic mine workings, to 195m below surface.
 - Drilling confirms Prestwood Reef extends to at least 6 Level with historic workings to 4 Level
- JORC reportable assays have been received from all 6 bore holes;
 - Best intercept of the Prestwood Reef is 9.94g/t over 1m, at 153m
 - Best intercept in shallower shear zone of 12.3g/t over 1m (45m vertical)



Prestwood: Future Exploration



- Recent ground magnetics have identified multiple parallel structures adjacent to the Prestwood Mine - a number of these reefs are being mined artisanally.
- *Next drill programme (underground) to test for mineralised parallel structures*
- *Next surface drill programme to test for open pit potential*



The significance of locating mineralisation at the contact of the greenstones and monzonites cannot be overstated. Within the Gwanda Greenstone Belt, monzonite is known to host payable gold. The known monzonite extends for over 5km of strike within ground held by Prospect Resources



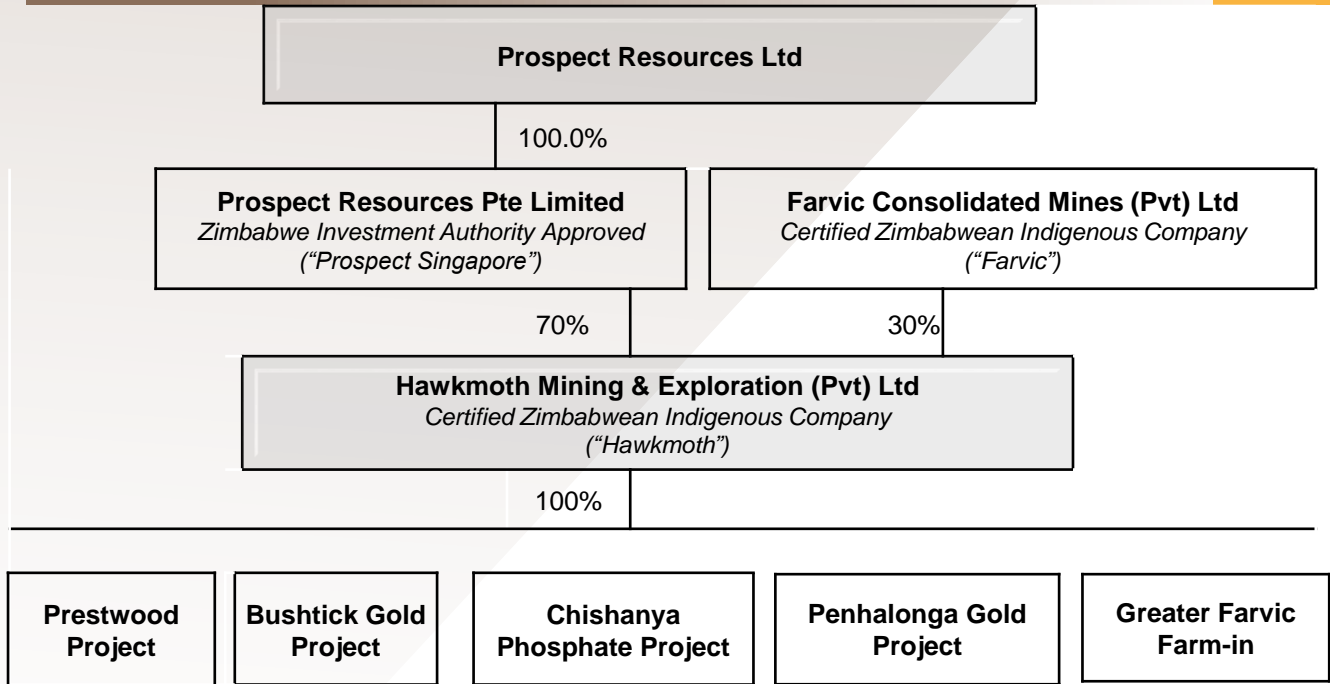
- **Duncan (Harry) Greaves (48) Executive Director** Mr Greaves is a 4th generation Zimbabwean and a resident of Zimbabwe. He holds a B.Sc (agriculture) from University of Natal. He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf, Farvic and Nicolson 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 (45) 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.
- **Zivanayi (Zed) Rusike (56) 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 (62) Non-executive** Mr Fahey has over 35 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 CSA Global Pty Ltd and Focus Minerals Ltd and a member of the Joint Ore Reserve Committee (JORC).

Senior Management & Advisors



- **Chris Rees (45) Chief Operating Officer** 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.
- **Roger Tyler, (49) Chief Geologist** He is a British geologist, who after almost 25 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 Hilbrands (35) 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.
- **Andrew Halsted (47) 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 Nicholson 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.*
- **Stuart Comline (64) (Technical Consultant to Prospect Resources and Advisor to Falcon College)** was educated at Falcon College in Zimbabwe, and has degrees in geology from the University of Natal (BSc) and Western Ontario (MSc). He was formerly general manager of exploration for JCI Ltd and more recently chairman of AfriOre a TSX listed company, until it was sold in 2007. He is currently independent director of Talon Metals, a Brazilian gold exploration company listed on the TSX.

Corporate Structure



Notes:

- Shareholders of Farvic include: Messrs Greaves, Tyler, Halsted, Huddleston, Rusike and others
- Farvic may claw back a 21% interest in Hawkmoth, subject to certain conditions (see following slide for details).
- Acquisition of 100% of the Prestwood project is subject to a number of conditions, including ZIA approval
- Greater Farvic Farm-in: right to earn 100% is subject to meeting expenditure hurdles. Current interest is 0%



- **Greater Farvic Farm-in and Prestwood Project**

- Includes a number of historic gold mines including **Prestwood Mine** (499kg of gold at 33.1g/t), the **Sally Mine** (756kg of gold at 6.9g/t), the **Colleen Bawn Mine** (1,063kg of gold at 15.1g/t) and the **Valley Mine** (1,315kg of gold at 5g/t and 750kg of copper)
- Part of the Gwanda Greenstone Belt, all lie within 4km of the current producer Farvic Gold Mine.
- All the historic mines are open ended deposits, that were mined to around 200m depth and then closed prematurely in the 1970's due to capital shortages.
- The Prestwood Mine is considered particularly prospective as it lies in the same geological setting as the Farvic Gold Mine.
- The Company has a near contiguous claims package covering approximately 25km² of the Gwanda Greenstone Belt.

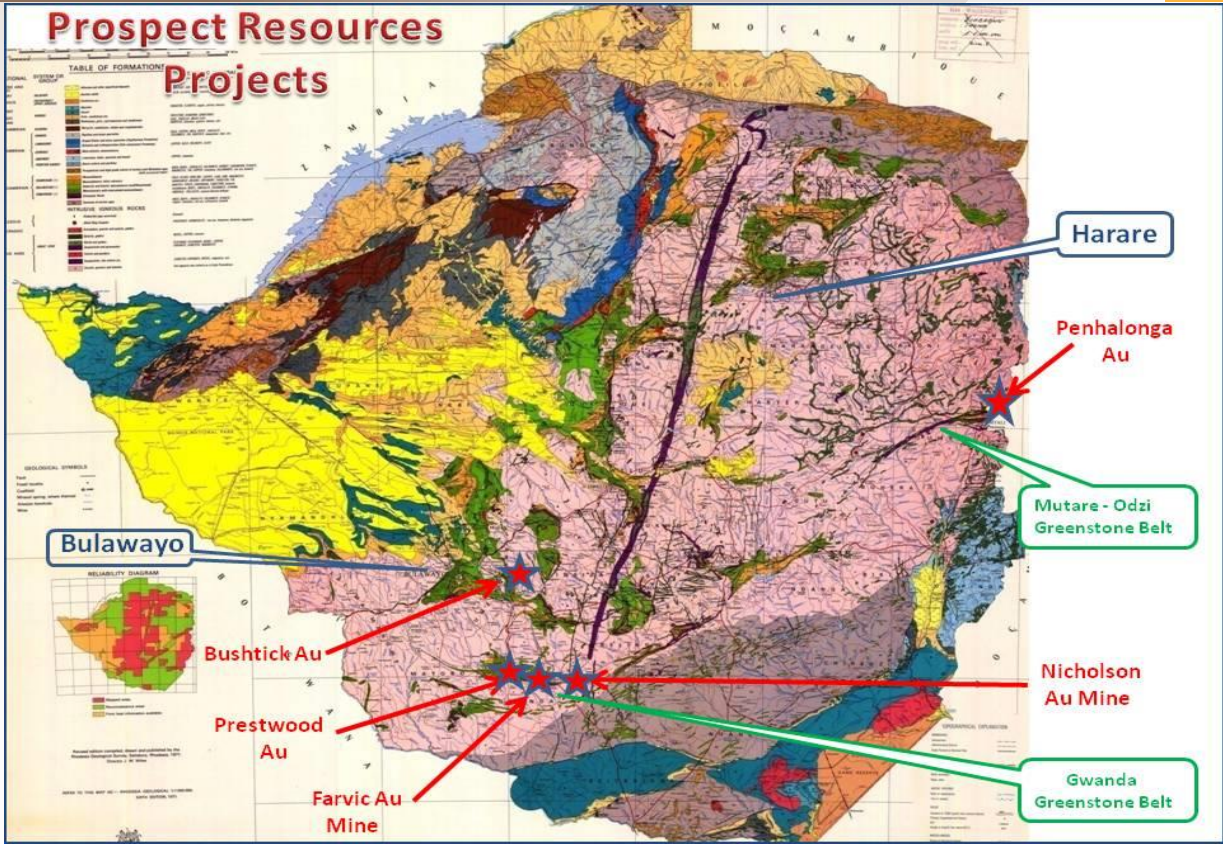
- **Acquisition Terms:**
- Prestwood Project: Conditional Purchase of 100% of the claims described as the Prestwood Project in consideration for US\$424,000, subject to certain conditions being satisfied. The Company has a 6 month exclusivity to complete the purchase in consideration for the payment of US\$24,000.
- Greater Farvic Farm-in Terms: Right to earn 100% interest by spending US\$1.5m over 24 months to earn 51% and US\$1.5m in 12 months to earn 100% and issue of 60m shares in Prospect to Continental Minerals Limited as per the previously announced Exclusivity Agreement.



- **Bushtick Project - Old Workings & Exploration**
 - Historic underground production of 15,000kg of gold (~470,000oz) at 5.4g/t cut-off
 - Mine closed due to lack of water in 1950's
 - Part of the Bulawayo Greenstone Belt
- **Penhalonga Project – Old Workings & Exploration**
 - Shear and vein hosted gold deposits along the southern side of the Penhalonga Valley (~3.6km strike)
 - Mine closed in 1943 due to collapse of main shaft (183,000 oz produced)
- **Chisanya Phosphate Project**
 - Un-exploited phosphate deposit within the Chisanya Carbonatite, South East Zimbabwe.
 - One of 5 known phosphate bearing carbonatites in the country



Location of Acquisitions



Greater Farvic – Historic Production

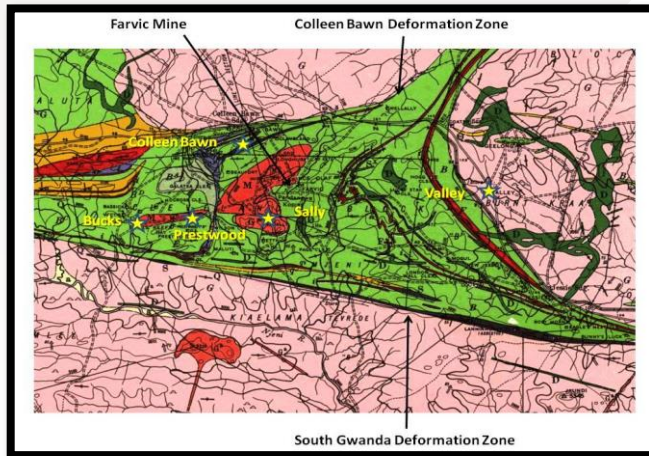


- ***Prestwood Mine*** (499kg of gold at 33.1g/t),
 - Multiple veins in greenstones along monzonite contact, similar to Farvic.
 - Reef open ended down dip below 250m
- ***Sally Mine*** (756kg of gold at 6.9g/t),
 - Wide quartz stockwork (up to 4m) dipping north in granodiorite.
- ***Colleen Bawn Mine*** (1,063kg of gold at 15.1g/t)
 - Quartz reef in greenstone close to monzonite and thrust limestone contacts.
 - Historically sulphide rich, refractory ore caused recovery problems which can now be addressed with fine grinding.
- ***Valley Mine*** (1,315kg of gold at 5g/t and 750kg of copper)
 - Shallow dipping quartz vein stockwork with disseminated sulphides associated with copper in a felsic intrusion within normally barren country rock gneisses.
 - Historically flooding caused premature end to mining.
- **Other Smaller but prospective old mines include; Bye & Bye, Act, Beaufort, Wilson, Ettrick**

Greater Farvic – Development Strategy



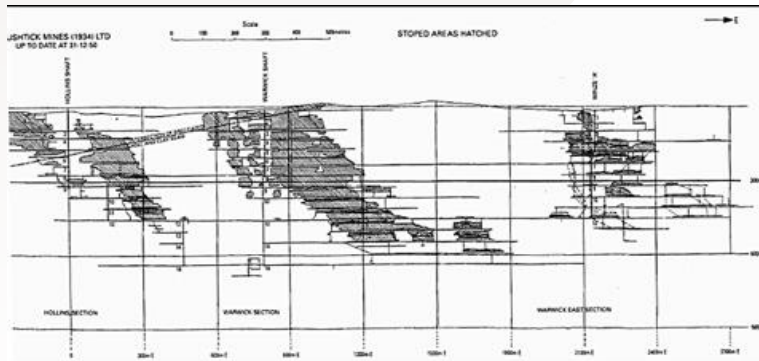
- **Prestwood Mine**
 - Shaft Rehabilitation underway.
 - Once complete underground drilling for parallel reefs planned for Q3.
 - Ground magnetic survey completed.
 - RC drilling programme confirms gold mineralised Prestwood Reef continues under historic workings. Best intercept 9.94g/t over 1m
- **Sally, Valley & Colleen Bawn**
 - All under tribute to local small scale miners.
 - Technical, logistical and HSE support provided by Farvic Mine.



Bushtick Project – Historic Production



- Historic production was from four shafts; down to 12 level ; approx 300m depth; 470,000oz Au, at 5.4 g/t cut-off, to 1950
- High cut-off grade, resulted in preferential mining of 4 high grade shoots.
- Not subject to artisanal mining
- The Prospect team re-entered the Warwick East Shaft down to 2 level in March 2013 using existing head frame and lifting infrastructure - all in good order
- Further levels will be accessed once levels are de-watered



Bushtick Project - Exploration Potential



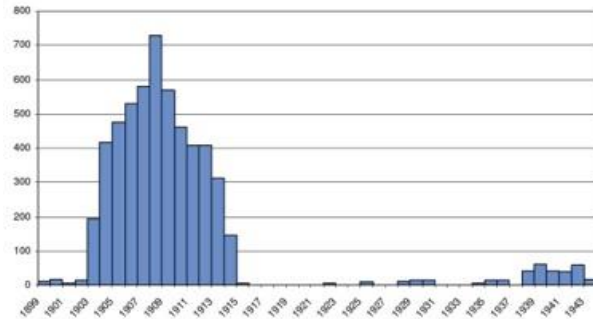
- Bulawayo Greenstone Belt, SW of Bulawayo is highly prospective ground. Vein and shear hosted high grade gold deposits.
- Potential open cut, along Bushtick Shear, recent grab sampling indicates 2 – 3g/t material in altered country rock schists.
- Exploration targets also include splay structures off the main Bushtick Fault/ Reef Zone.
- Target gold zones in the old workings left behind because of the 5g/t cut-off



Penhalonga Project - Background



- Historic Production – 185,000 Oz produced from 1895 – 1943 from 2 main shafts & numerous adits within talc-schist zone.
- Geological Setting - *“In terms of production, the host Mutare Greenstone Belt at 122kg Au/km² is one of the richest belts within Zimbabwe”*. The E- W belt trends into Mozambique.
- Current artisanal grades – 10g/t ; 1- 2 kg monthly production.
- Potential - open cut on oxides. Only 750 m strike tested to date. Sulphide zone open down dip beyond 1km depth.



Penhalonga Project - Exploration



- Deep hole drilling by RTZ in 1962 confirmed eastward strike extent and that reefs were open down dip.
- Adit Sampling by Casmyr/New Dawn in 2000 indicated high grade zones $>10\text{g/t}$, in old '60's prospect adits.
- Magnetic survey by ZMI in 2009, defined 100m wide shear zone, striking at least 1.5km.
- 2,400m scope drilling by ZMI indicated $>0.5\text{mt}$ @ 2.2g/t . to 30m depth. (Oxide – transition zone)





- 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.



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