



Prospect Resources

Africa Down Under Conference

Company Update

ASX: PSC www.prospectresources.com.au

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Competent Persons Statement

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



- **Prospect is licenced by the Zimbabwe Investment Authority⁺ to:**
 - Own its assets; and
 - Operate within Zimbabwe
- We are compliant with all Indigenisation Ownership Laws of Zimbabwe
- All loans into Zimbabwe are approved by the Reserve Bank of Zimbabwe
- Prospect has been operating within Zimbabwe since July 2013
- **Zimbabwe Country Statistics**
 - Zimbabwe Currency: US\$
 - National Language: English
 - One of the highest levels of education and literacy in Southern Africa
 - Average Annual Inflation Rate of 1.02% between 2009-2016
 - Current Inflation Rate: -1.6%

⁺Note: Further details of the above are described in slide 14.



Corporate Snapshot

Summary – Sept 2016

ASX Code:	PSC
Shares on issue:	1.577 B
Options (0.5c ex):	65 m
Options (1.5c ex):	142 m
Trading Price :	5.1 c
Market Cap at trading Price:	~\$80 m
Cash:	~\$17 m

Top Shareholders

Top 10 Shareholders	~ 850m shares	~ 54%	Top 20 Shareholders	63%
African Based Shareholders	~ 424m shares	~ 27%	Asia Based Investors	37%

Contact Information

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

Our Capability and Ability to Execute



- Africa, more so than many continents is all about being able to execute your business plan in a timely manner.
- A company needs to have on the ground personnel (not fly-in fly-out) who can:
 - Identify transactions, quickly carry out due diligence
 - Make time acquisition decisions
 - Finance the deals
- A company needs to negotiate terms whereby all stakeholders have a meaningful interest in the asset and its success so that:
 - Our shareholders receive value;
 - Local stakeholders receive value; and
 - The local community receives value.
- After acquisition, the risk is then development risk, finance risk and speed of execution.
- When a Southern African project vendor comes to talk to Prospect, they know we will review the asset quickly and allocate the right people to job. We don't farm-out to faceless consultants.
- Prospect has the demonstrated ability to identify, acquire, finance and execute a development plan.

Timetable - Arcadia High Grade Lithium Project



Date	4 Months of Activity
12 May 2016	<ul style="list-style-type: none">• Prospect announces option to acquire the Arcadia High Grade Lithium Project (granted Mining Leases)
14 June 2016	<ul style="list-style-type: none">• Due diligence completed• Option Exercised
	<ul style="list-style-type: none">• Drilling Rig on site
	<ul style="list-style-type: none">• Equity raising of \$2,400,000
28 July 2016	<ul style="list-style-type: none">• Equity raising of A\$16,000,000
Early Aug 2016	<ul style="list-style-type: none">• 18 diamond hole programme completed & RC drilling commenced
9 Aug 2016	<ul style="list-style-type: none">• Major shareholder subscribes additional \$1,000,000
31 Aug 2016	<ul style="list-style-type: none">• 32 hole RC drill programme completed
ongoing	<ul style="list-style-type: none">• Assays being processed, mine planning & plant design• Additional mining licences granted - total 6sq kms.



Location of Mining Projects

Arcadia Lithium

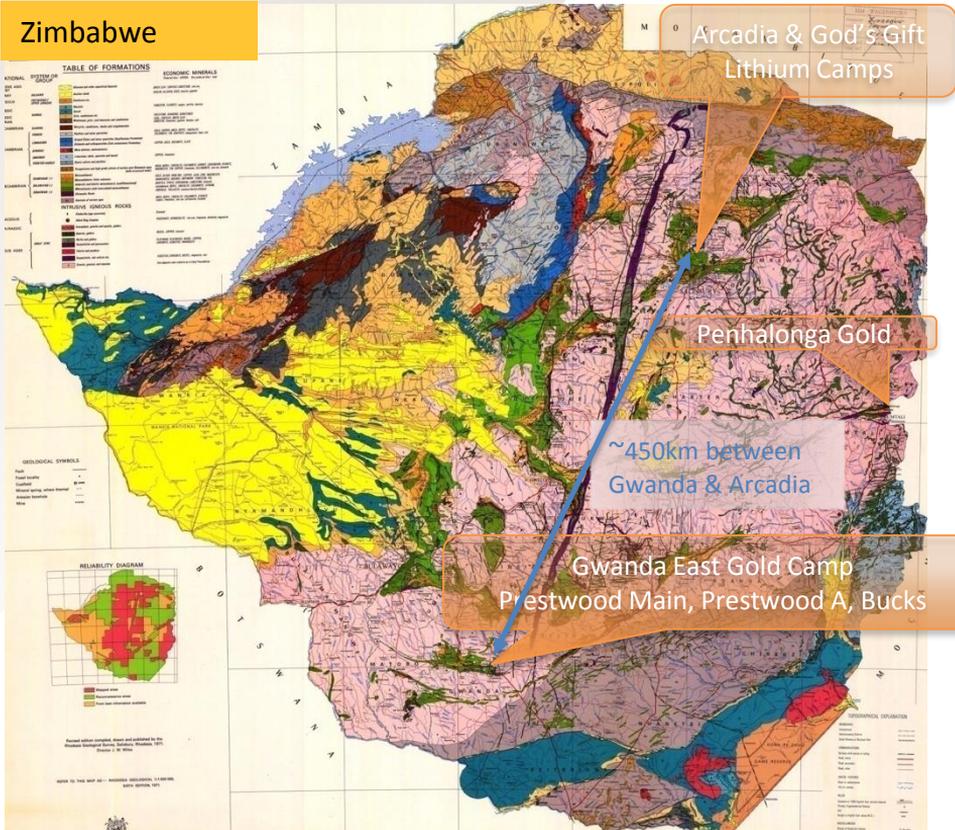
Located some 35kms east northeast of Harare

Penhalonga Gold

Located in Mutare on the Mozambique border

Gwanda East Gold

Located some 130km east south east of Bulawayo

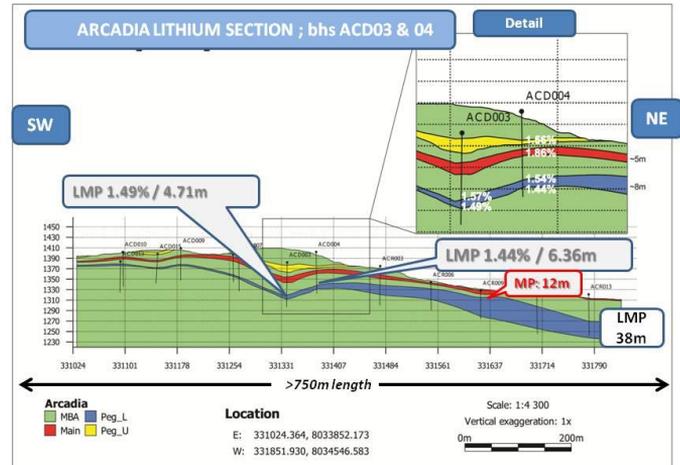


High Grade Arcadia Lithium Project



- Initial Exploration Target of 15-18Mt at 3-5% Li₂O⁺
- Arcadia Lithium Deposit lies within one of the three well known Zimbabwe lithium camps, approx. 35kms east northeast of Harare.
- **48 hole Maiden drill programme Complete** – all completed holes intercepted lithium bearing pegmatites
 - 16 diamond drill holes completed
 - 32 RC holes completed

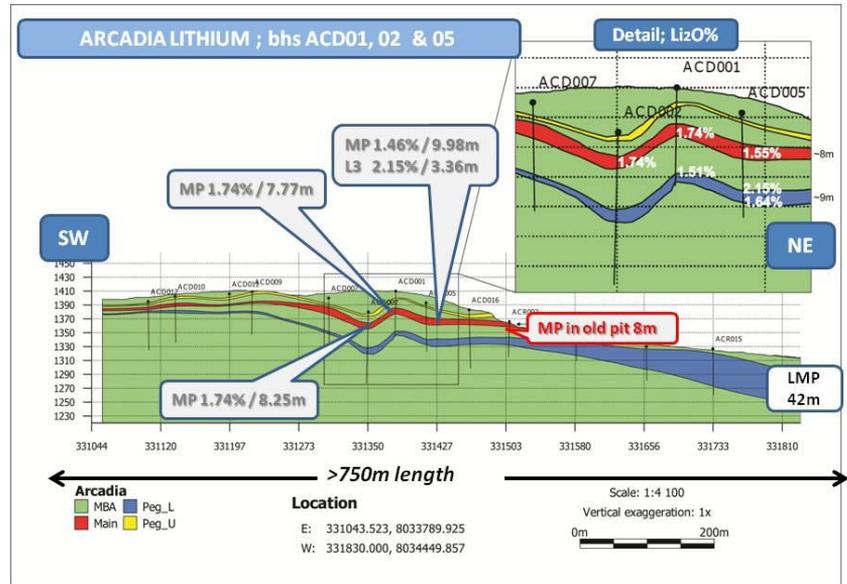
+ The Exploration Target is based on previously published data, all of which predates JORC 2012 and the Company's future exploration programme. The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). Further explanation can be found on page 16.



High Grade Arcadia Lithium Project



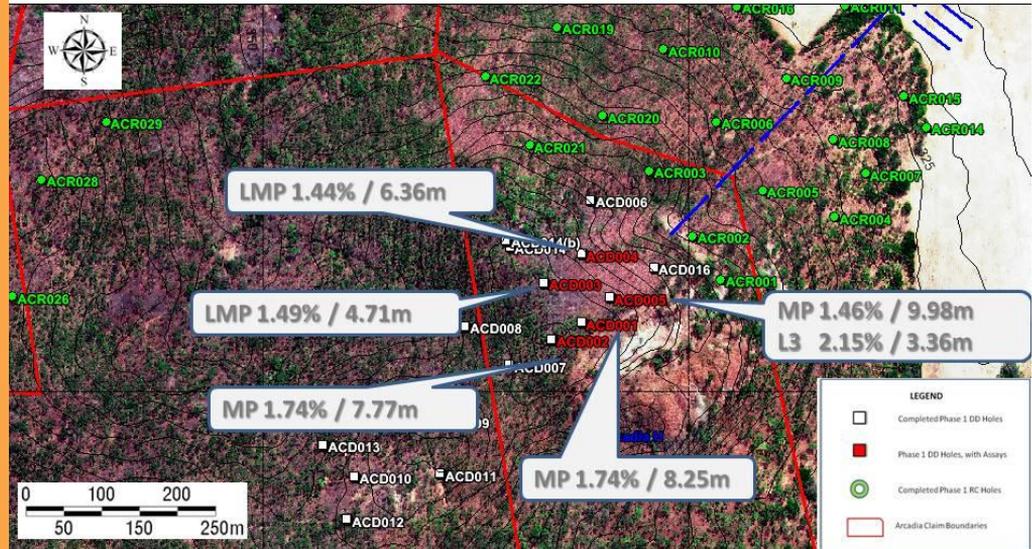
- **First Drill Programme Completed:**
 - 16 Diamond holes
 - 32 RC holes
- **Multiple stacked pegmatite layers (up to 14 layers)**
- **Main pegmatite averages 5.5m and ranges up to 10m in thickness**
- **Lower pegmatite ranges up to 45m in thickness.**





- **Assay Results**
- Metallurgical testing, Process studies, Resource modelling
- **Infill drill programme to define indicated and measured resource**
- Ongoing regional exploration programme
- **Scoping study to be completed by end of 2016**

ARCADIA LITHIUM DRILL GRID – August 29th





Prestwood Main

- First Gold Production announced in April 2016
- 5 Level drives being blasted and raises developed

Prestwood A

- Shaft sinking ongoing in pay zone, grading 5g/t
- Diamond Drilling confirms:
 - **71.6g/t over 30cm** or (**21.2g/t over 105cm** for mining width)
 - **16.7g/t over 20cm**

Bucks West

- Exploration hoist established
- Diamond Drilling confirms:
 - **10.1g/t over 95cm**
 - **5.10g/t over 41cm**

Gold Ramp-up taking longer than planned due to the allocation of human resources to Arcadia Lithium Project

Exec Management & Board of Directors



Harry Greaves - 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 and Farvic gold mines in Gwanda, 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 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 - 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.

Manana Nhlanhla - Non-executive Manana is Chairperson of Mion Limited the parent company of Armoured Fox Capital (Pty) Ltd, one of the Company's largest shareholders. Mion Limited is a 100% black owned, South African based, investment company with investments in the Maritime, Gaming, Energy, Industrial, Engineering industries and general listed entities.

Zivanayi (Zed) Rusike - 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 - Non-executive Mr Fahey has 40 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 Focus Minerals Ltd and Principal Mining Geologist at CSA Global Pty Ltd and a former member of the Joint Ore Reserve Committee (JORC).



Roger Tyler - Chief Geologist He is a British geologist, who after almost 30 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 Rees - Chief Engineer 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.

Chris Hilbrands - 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.

Mike Venter – Technical Consultant to the Board Mike is a Consulting Geologist with more than 23 years experience. He has generated a broad experience in the mining and exploration industry at a corporate, junior exploration and consulting capacity. He has travelled extensively, working on diamond, Au, Fe, Zn-Pb, Ni-Cu, PGM, U, REE, graphite, Sb, Ta/Nb/Sn/W/Li projects throughout Sub Saharan and West Africa, Brazil, Canada, Europe and Asia. His role will be to advise Prospect on its Li project generation efforts in Africa

Andrew Halsted - 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 and Farvic gold mines in Gwanda, 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.*

Zimbabwe Indigenization Approvals



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.

Corporate Structure



Notes:

- Shareholders of Farvic include: Messrs Greaves, Tyler, Halsted, Rusike and others
- Farvic may claw back a 21% interest in Hawkmoth, subject to certain conditions (see slide 14 for details).

Previously announced Information relating to Arcadia Lithium Deposit Exploration Target



The Arcadia pegmatite is exposed in a 100m long pit on a steep hill slope and has 3 to 10 metre thickness; it is flat dipping at 3°-5°NW and significantly is known to extend for at least 1,500m along strike.

The Arcadia claims pegmatite is of the Na-Li (sodium – lithium) group, is zoned and is mainly mineralised in spodumene, eucryptite, petalite and amblygonite. Spodumene is abundant in the east and petalite constitutes 10% to 50% of the pegmatite in the west. Petalite is an important lithium ore and is mined commercially. It is similar to spodumene but has a lower maximum grade. Eucryptite also occurs in the deposit and is very similar to spodumene, except it has a higher maximum lithium grade. This may explain why the deposit exhibits grades significantly higher than most lithium deposits in Australia.

Composite grade of the Arcadia claim is reportedly around 5% Li₂O. The high grades and large tonnage potential, given the known strike length, make this a significant project.

The Arcadia Camp is situated some 35km east northeast of Harare, Zimbabwe close to the Arcturus Gold mine. It is the most easterly of three well known pegmatite camps in the area that are mineralised in lithium, beryllium, tantalum and caesium.

Two drilling programmes have been undertaken in the claims area, with one campaign done in the late 1960s and a more recent one done in 1981.

Three EX-size drill holes were drilled in the pit to expose the pegmatite extent to the north, with a further two holes sunk in the quarry floor in the footwall of the main pegmatite and one hole sunk in the western strike extension. Core recovery was reportedly poor at 50%.

Conclusions from 1961 drilling: the fine grained greissen beneath the main quarry contains up to 1.61% Li₂O; the coarse grained pegmatite yielded up to 3.77% Li₂O; and there occurs a second lithium bearing pegmatite below the quarry and in fine greissen footwall.

An extensive drilling programme was referred to in Geological Survey Bulletin No.94 in 1991 including the publication of a reserve (non JORC compliant). Based on the Company's review of existing publicly available information (including historic exploration, past drilling and production history), Prospect believes that the potential exists for an Exploration Target of 15-18 million tonnes with grades ranging from 3-5% Li₂O.*

* The Arcadia Lithium Deposit has been the subject of historic drilling, exploration and production however, the Company has not undertaken a detailed exploration programme nor a drilling programme. The Exploration Target is based on previously published data, all of which predates JORC 2012 and the Company's future exploration programme. The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC.



Prospect Resources

Prospect Resources Limited | ACN 124 354 329

Suite 6, 245 Churchill Ave. Subiaco WA 6008

Phone: +61 8 9217 3300 | www.prospectresources.com.au

