16 Diamond Drill Holes Completed at the Arcadia High Grade Lithium Project with all holes intercepting visible Lithium Bearing Pegmatites

Additional Chip Samples return Excellent Results

Prospect Resources Ltd (ASX: PSC) (Prospect, the Company) is pleased to report the completion of the first 16 diamond drill holes at the Company's Arcadia high grade lithium project and the balance of the channel chip samples from the weathered faces of the 1960's Arcadia pit. An RC rig has been mobilised and is now drilling the first of the next 15 holes.

Drilling to date has covered approx. 8% of the Company's exploration area. The next 15 holes will more than double this land area.

Attached to this announcement is a summary of significant intercepts of the first 16 drill holes and a plan map of the existing drill collars and the proposed locations for 7 of the next 15 RC drill holes.

The Company is awaiting assay results for the first diamond holes.

Key points to note from the summary of drilling results:

- 1,170 metres were drilled in 16 holes, averaging almost 70m depth per hole.
- All drill holes intercepted pegmatites, hosting visible quantities of spodumene and petalite, with lesser amounts of eucryptite.
- The 16 holes drilled to date confirm the down dip extension of the Main Pegmatite exposed in the old Arcadia pit.
- The Company has identified at least 14 pegmatite layers, 4 above the Main pegmatite and 9 below.
- The two major layers; the so-called Main and Lower Pegmatite, both average 5.5m thickness and are both up to 10m in thickness in some intersections.
- Pegmatites appear to extend to the east, north and north west.
- Pegmatites are flat lying and are less that 80m below surface
- There is a thickening of the lower pegmatites to the east and seemingly down dip continuity of both pegmatites to the northwest, which form the main target areas or the Phase 2 RC drilling

ACD005 Box 5: Main Pegmatite

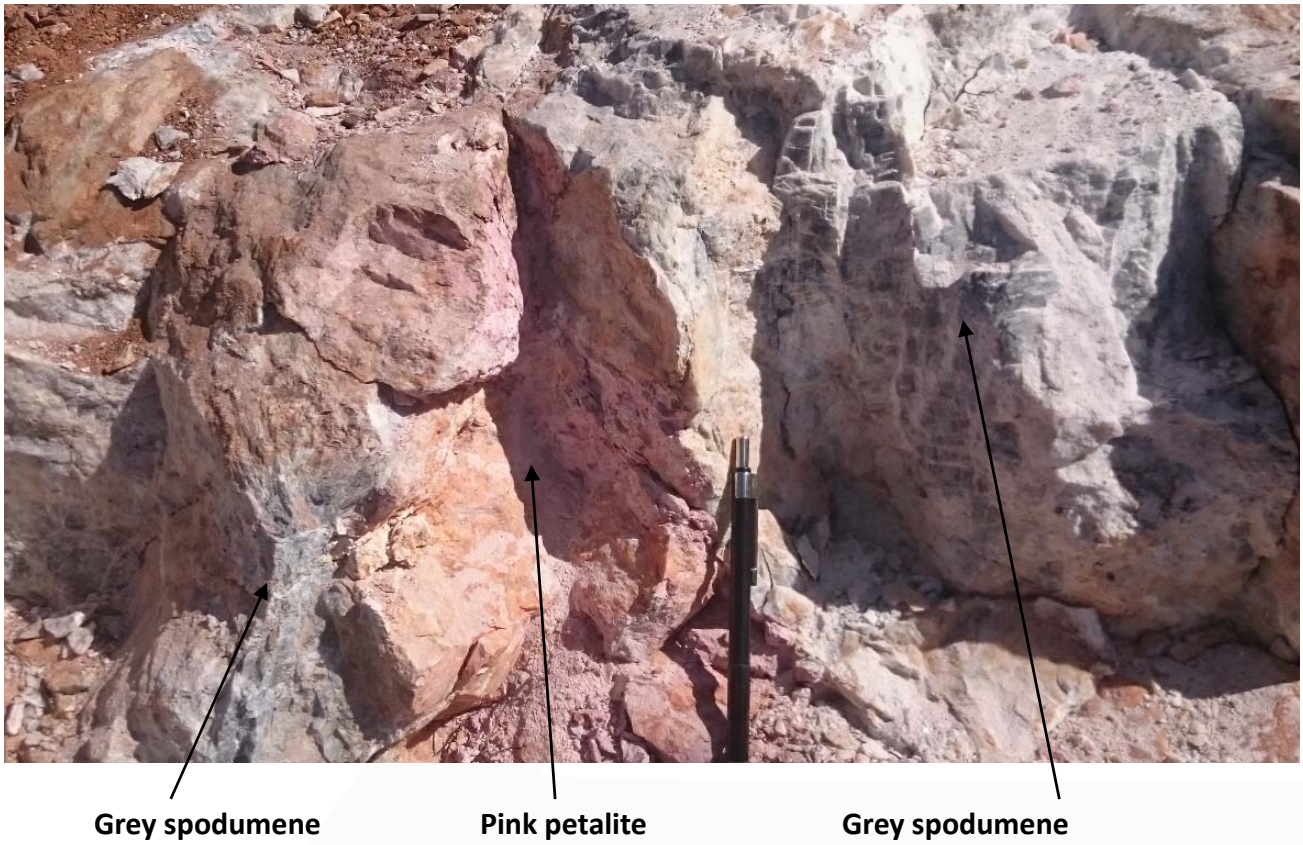
Additional Chip Sample Results

Results from additional chip sampling from the weathered faces of historic test pits and surrounding outcrops are positive:

- **6 samples return > 4% Li_2O**
- **28 samples return > 3% Li_2O**
- **95 samples return > 2% Li_2O**
- **Peak grade is 4.37% Li_2O**

The samples were collected from one to two metre intervals in continuous traverses on the central eastern side of the weathered face of the Arcadia pit and during survey traverses of the claims area.

Assaying was done by multi element ICP and over limits on lithium analysed by LiOG63 analysis.

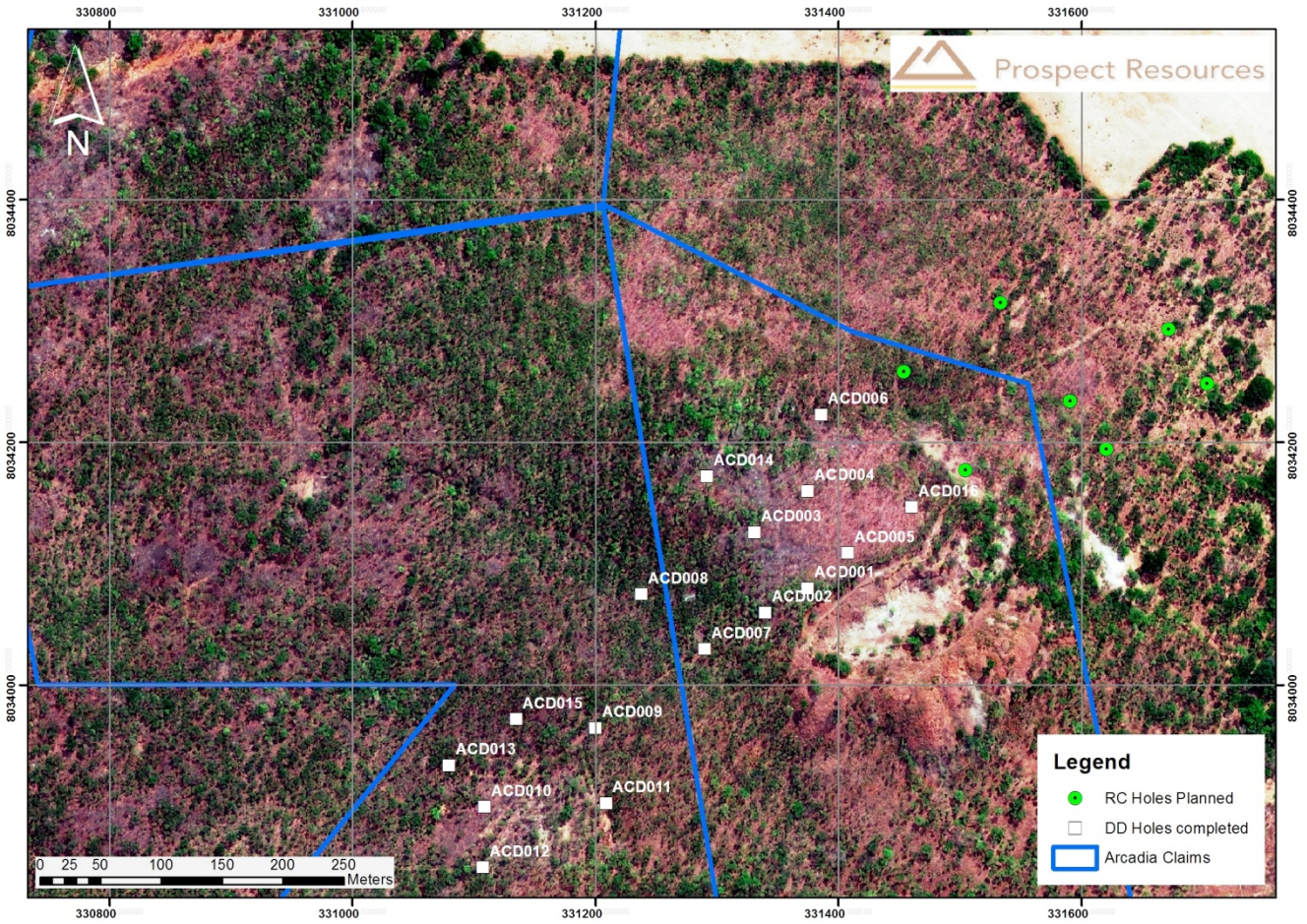


Summary of Significant Intercepts

Hole	From (m)	To (m)	Thickness (m)	Geology
ACD001	10.65	11.90	***1.25***	***U1*** (Upper Pegmatite band 1)
ACD001	25.40	33.64	***8.24***	***Main*** Pegmatite. Spodumene, petalite
ACD001	36.60	39.25	***2.65***	***L1*** (Lower Pegmatite band 1). Spodumene
ACD001	58.33	61.87	***3.54***	***L4*** (Lower Pegmatite band 4). Spodumene
ACD002	21.70	29.45	7.75	***Main*** Pegmatite. Spodumene, petalite
ACD002	56.70	59.57	2.87	***L5*** (Lower Pegmatite band 5). Well Mineralised
ACD002	60.70	62.63	1.93	***L6*** (Lower Pegmatite band 6)
ACD002	71.72	74.00	2.28	***L7*** (Lower Pegmatite band 7).Spodume & petalite.
ACD003	30.58	32.78	***2.20***	***M1 Main*** Pegmatite. Spodumene, petalite
ACD003	34.39	39.69	***5.30***	***M2 Main*** Pegmatite. Spodumene, petalite, layering, Be
ACD003	56.52	57.57	***1.05***	***L4*** (Lower Pegmatite band 4). Some spodumene
ACD003	60.34	62.25	***1.91***	***L5*** (Lower Pegmatite band 5). Spodumene, petalite & eucryptite,
ACD003	66.75	71.53	***4.78***	***L6*** (Lower Pegmatite band 6). Coarse spodumene
ACD004	27.50	31.21	***3.71***	***U2*** (Upper Pegmatite band 2). Some petalite
ACD004	36.06	41.60	***5.54***	***Main*** Pegmatite. Spodumene, petalite, layering, Be
ACD004	46.86	48.07	***1.21***	***L2*** (Lower Pegmatite band 2). Some spodumene, some tantalite
ACD004	56.60	58.13	***1.53***	***L5*** (Lower Pegmatite band 5). Spodumene, petalite & eucryptite,
ACD004	60.95	62.25	***1.30***	***L7*** (Lower Pegmatite band 7). Mod spodumene & traces petalite
ACD004	64.73	71.03	***6.30***	***L8*** (Lower Pegmatite band 8). Coarse spodumene, some petalite
ACD004	75.11	76.49	***1.38***	***L9*** (Lower Pegmatite band 9). Coarse spodumene, some petalite
ACD005	6.50	8.28	***1.78***	***U2*** (Upper Pegmatite band 2). Some spodumene; weathered
ACD005	22.13	32.08	***9.95***	***Main*** Pegmatite. Spodumene, petalite layering, possible lepidolite, Be
ACD005	53.45	57.36	***3.91***	***L3*** (Lower Pegmatite band 3). Some spodumene
ACD005	59.60	64.94	***5.34***	***L4*** (Lower Pegmatite band 4). Spodumene, petalite & eucryptite layers
ACD006	6.63	8.65	***2.02***	***U2*** (Upper Pegmatite band 2). Some spodumene
ACD006	18.28	20.60	***2.32***	***U1*** Pegmatite. Some spodumene & tantalite
ACD006	30.00	34.32	***4.32***	***Main*** Pegmatite. Spodumene, Be
ACD006	36.75	38.63	***1.88***	***Main*** Pegmatite. Spodumene, petalite, Be
ACD006	39.10	40.51	***1.41***	***Main*** Pegmatite. Spodumene, Be
ACD006	53.89	55.07	***1.18***	***L3*** (Lower Pegmatite band 3). Some spodumene and molybdenum
ACD006	56.00	65.77	***9.77***	***L4 (Lower Pegmatite band 3).*** *Coarse spodumene, petalite layering*
ACD006	68.25	71.25	***3.00***	***L5*** (Lower Pegmatite band 5). Spodumene, petalite & eucryptite

Hole	From (m)	To (m)	Thickness (m)	Geology
ACD007	10.93	20.60	***9.67***	***Main*** Pegmatite. Spodumene, eucryptite, no petalite
ACD007	24.95	26.35	***1.40***	***L1*** (Lower Pegmatite band 1). Spodumene, tantalite
ACD007	31.45	32.55	***1.10***	***L2*** (Lower Pegmatite band 2). Some spodumene, some tantalite
ACD007	49.12	53.03	***3.91***	***L5*** (Lower Pegmatite band 5). Coarse spodumene, petalite layering
ACD007	62.42	63.65	***1.23***	***L6*** (Lower Pegmatite band 6). Some spodumene.
ACD008	1.40	8.80	***7.40***	***Main*** Pegmatite. Spodumene, weathered partially kaolinised
ACD008	16.76	17.87	***1.11***	***L2***(Lower Pegmatite band 1). Spodumene, tantalite, traces beryllium
ACD008	18.96	20.36	***1.40***	***L3*** (Lower Pegmatite band 3). Some spodumene, some tantalite
ACD008	39.94	42.70	***2.76***	***L5*** (Lower Pegmatite band 5). Coarse spodumene, tr petalite & tantalite.
ACD009	5.75	9.90	***4.15***	***Main Pegmatite***. Spodumene, weathered partially kaolinised
ACD009	20.70	23.70	***3.00***	***L2***(Lower Pegmatite band 2). Qtz rich, spodumene, petalite, tantalite
ACD009	37.10	38.70	***1.60***	***L4*** (Lower Pegmatite band 4). Mod spodumene, petalite layering
ACD009	49.36	50.40	***1.04***	***L5*** (Lower Pegmatite band 5). Some spodumene, petalite & tantalite.
ACD010	2.75	5.60	***2.85***	***Main Pegmatite***. Very weathered
ACD010	21.10	23.36	***2.26***	***L2***(Lower Pegmatite band 2). Moderate spodumene, some petalite, tantalite
ACD011	23.42	29.20	***5.78***	***L1*** (Lower Pegmatite band 1). Mod spodumene, trace petalite, tantalite
ACD012	8.00	11.75	***3.75***	***Main Pegmatite***. Core loss, Mod spodumene, trace petalite, tantalite
ACD012	13.48	15.80	***2.32***	***L1*** (Lower Pegmatite band 1). Mod spodumene, mod petalite, tantalite
ACD012	33.78	34.84	***1.06***	***L2*** (Lower Pegmatite band 2). Mod spodumene, mod petalite, tantalite
ACD013	1.71	3.75	***2.04***	***Main Pegmatite***. Core loss, weathered, some spodumene
ACD014	0.00	5.40	***5.40***	***U 4*** (Upper Pegmatite band 4***)*** poorly mineralised
ACD014	33.00	34.65	***1.65***	***U1*** (Upper Pegmatite band 1); spodumene
ACD014	38.95	40.56	***1.61***	***Main Pegmatite***. Spodumene and petalite
ACD014	40.94	42.97	***2.03***	***Main Pegmatite***. Spodumene and Petalite
ACD014	55.25	56.90	***1.65***	***L2*** (Lower Pegamatite band 2***)*** Spodumene, some petalite
ACD014	58.53	60.00	***1.47***	***L 4*** (Lower Pegmatite band 4) Poorly mineralised
ACD014	68.02	75.16	***7.14***	***L6*** (lower Pegmatite band 6)Spodumene and petalite
ACD015	0.93	5.50	***4.57***	***Main Pegmatite. Moderate spodumene, some petalite.***
ACD015	17.94	19.91	***1.97***	***L1 (****Lower Pegmatite band 1). Some spodumene*
ACD015	32.10	33.19	***1.09***	***L2 (****Lower Pegmatite band 2). Some spodumene*
ACD016	7.54	11.85	***4.31***	***U1*** Weathered. Partly mineralised, some Spodumene
ACD016	14.50	19.97	***5.47***	***Main Pegmatite,*** moderately to well mineralised, Spodumene & petalite
ACD016	41.00	50.50	***9.50***	***L6 (Lower Main)***. Moderately to well mineralised, Spodumene & petalite

Map of the drill collars (white) and proposed RC drill holes (green)



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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.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• At the Arcadia Project, diamond drilling was undertaken with the current drill holes being collared with HQ size single tube core (63.5mm). Core continues to be split with a rock saw. The drill core sampling intervals were lithologically controlled, the maximum sampling interval was 1m and the minimum sampling interval was 0.25m. • Standards, blanks and field duplicates will be inserted into the sample shipment (each representing 15% of total sample number) • Samples will be shipped to Zimlabs laboratory where they will be crushed and 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, after four acid digestion.
Drilling techniques	• *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).*	• Single tube Diamond Drill Core. Initially HQ3 to account for weathered nature of the country rock.
Drill sample recovery	• *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.*	• Downhole distances provided by the driller were correlated with measured lengths of the core provided. • RQD, core loss or gain was measured and recorded by summing of the lengths of the core recovered, measuring only those pieces of core that are 10cm or more in length. • Sample recovery in diamond drill holes was very good, with the exception of core from the top 3m weathered metabasalts. Prospect utilized HQ drilling to minimize the core loss in the weathered zones

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Core was marked and logged in detail with records kept of the total length and of any core loss. • Standard Prospect Resources geological codes were used for detailed geological logging, using different logging parameters for texture, structures, alteration, mineralisation, lithology and weathering. Core was photographed (wet and dry) in natural light and each photo run labeled.
Sub-sampling techniques and sample preparation	• *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.*	• The drill core will be first cut into half along the cutting line, and then the lower half of the core will be cut into two quarters. The half core will be submitted for laboratory analysis and the other quarters retained for polished thin section production and possible met test work and reference. • Quality control will be provided by insertion of standards, duplicates and blanks. (each representing 5% of total) • The laboratory undertake repeat analysis.
Quality of assay data and laboratory tests	• *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.*	• All samples will be analysed by multi-element ICP (ME-MS61). Overlimits on lithium analysed by LiOG63 method, after four acid disolution. • To be advised
Verification of sampling and	• *The verification of significant intersections by either independent or alternative company personnel.*	• Core inspected by more than one staff member, and external parties, including Geological Survey, and independent

Criteria	JORC Code explanation	Commentary
assaying	• *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.*	consultants. • 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
Location of data points	• *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.*	• 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	• *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.*	• 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 where possible using RC drilling.
Orientation of data in relation to geological structure	• *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.*	• Mineralised structures are flat lying pegmatites and drilling was planned in a straightforward manner to intersect these structures without bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples will be placed in sealed bags to prevent movement and mixing. Minimal preparation was done on site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• To be advised.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• 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.</td><td>• Arcadia V claim, held by JV partner Paul Chimbodza.
• No environmental or land title issues.
• Rural farmland - fallow</td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• 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.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Na-Li pegmatite, with spodumene, eucryptite, petalite and amblygonite. In addition to disseminated tantalite and beryl.</td></tr>
<tr><td>Drill hole Information</td><td>• 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:
o easting and northing of the drill hole collar
o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
o dip and azimuth of the hole
o down hole length and interception depth
o 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</td><td>
<table>
<tr><th>Bhs</th><th>Eastings</th><th>Northings</th><th>Elev</th><th>Azimuth</th><th>Dip</th><th>Depth</th></tr>
<tr><td>ACD001</td><td>331,375</td><td>8,034,080</td><td>1,403</td><td>145</td><td>80</td><td>67.1</td></tr>
<tr><td>ACD002</td><td>331,340</td><td>8,034,060</td><td>1,404</td><td>148</td><td>79</td><td>104.7</td></tr>
<tr><td>ACD003</td><td>331,331</td><td>8,034,126</td><td>1,405</td><td>144</td><td>80</td><td>86.7</td></tr>
<tr><td>ACD004</td><td>331,375</td><td>8,034,160</td><td>1,400</td><td>135</td><td>80</td><td>80.7</td></tr>
<tr><td>ACD005</td><td>331,408</td><td>8,034,109</td><td>1,398</td><td>135</td><td>80</td><td>71.6</td></tr>
<tr><td>ACD006</td><td>331,386</td><td>8,034,223</td><td>1,391</td><td>135</td><td>80</td><td>77.7</td></tr>
<tr><td>ACD007</td><td>331,290</td><td>8,034,030</td><td>1,404</td><td>135</td><td>80</td><td>74.3</td></tr>
<tr><td>ACD008</td><td>331,238</td><td>8,034,075</td><td>1,399</td><td>135</td><td>79</td><td>53.6</td></tr>
<tr><td>ACD009</td><td>331,200</td><td>8,033,965</td><td>1,404</td><td>142</td><td>80</td><td>62.7</td></tr>
<tr><td>ACD010</td><td>331,109</td><td>8,033,900</td><td>1,402</td><td>135</td><td>80</td><td>67.3</td></tr>
<tr><td>ACD011</td><td>331,209</td><td>8,033,903</td><td>1,403</td><td>135</td><td>80</td><td>32.7</td></tr>
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Criteria	JORC Code explanation	Commentary
	explain why this is the case.	

ACD012	331,100	8,033,850	1,402	135	80	72
ACD013	331,072	8,033,937	1,370	145	79	60
ACD014	331,291	8,034,168	1,345	150	78	86.7
ACD014(b)	331,287	8,034,176	1,342	135	80	29.75
ACD015	331,135	8,033,973	1,375	158	79	58
ACD016	331,460	8,034,144	1,343	135	80	85

Data aggregation methods	• *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.*	• 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	• *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').*	• 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	• *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.*	• Maps are attached and cross sections are being created
Balanced reporting	• *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.*	• The Company believes that all results have been reported and comply with balanced reporting.
Other substantive	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical*	• Channel sampling also carried out at the adjacent dormant pit, that was mined in the '70s. Geological mapping and grab sampling was

Criteria	JORC Code explanation	Commentary
exploration data	*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.*	undertaken on a surveyed grid, down-dip and along strike of the pit.
Further work	• *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, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill and extension drilling is being planned for Q3 2016