

ASX Announcement

ASX Code: PSC

17 March 2014

**DRILLING CONFIRMS THAT THE GOLD MINERALISED REEF
CONTINUES UNDER THE HISTORIC PRESTWOOD GOLD MINE**

Highlights

- An ongoing 1,500m RC programme at the old Prestwood Mine confirms that the gold mineralised reef continues below the historic workings.
- Three of the four holes drilled have intersected the Prestwood Reef down dip of the historic mine workings, to 195m below surface. JORC reportable assays have been received from the first bore hole, BPC001;
 - Primary intercept of the Prestwood Reef is 9.23g/t over 1m, at 153m (130m vertical)
 - Upper Reef is 1.1g.t over 1m at 120m
 - Sheared Monzonite contact is 1.1 g/t over 1m at 107m
- The Prestwood Mine lies within an almost contiguous block of claims covering approximately 25km² of the Gold bearing Gwanda Greenstone Belt. These claims cover more than 9 historic gold mines.
- Exploration head gear has been erected at the Prestwood shaft and dewatering has been completed to 2 Level.
- The recently completed ground magnetic survey has identified multiple parallel structures adjacent to the Prestwood Mine and a number of these are being mined artisanally.
- The geological setting of this mine is the same as that at the operational Farvic Gold Mine, 4km to the east. The Farvic Gold Mine carries payable gold within its main reef and also within the monzonites, something that was historically overlooked by previous miners.
- The significance of locating minerlisation 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. This mineralisation style is very subtle, in fact there is no surface expression at all at the Farvic Gold Mine.

The historic *Prestwood Gold Mine* (Historic Production of 499kg, or approx. 16,000oz of gold at 33.1g/t)

The historic Prestwood Gold Mine sits inside the Gwanda Greenstone Belt, approximately 112kms South East from Bulawayo, Zimbabwe.

It consists of multiple veins in greenstones at or close to the monzonite contact. The reef is open ended down dip below 150m. It is considered particularly prospective as it lies in the same geological setting as the Farvic Gold Mine.

Highlighted Assay Results from Drill Hole 1 - BCP1

Hole	Grade	Width	Depth	Comments
BPC1	9.23g/t	1.0	153m	Prestwood Reef ; pyrite, arsenopyrite, pyrrhotite, magnetite, galena, quartz
	1.12g/t	1.0	120m	Upper Reef ; pyrite, pyrrhotite, quartz
	1.06g/t	1.0	107m	Sheared Monzonite Contact, trace pyrite
BPC2	awaiting assays	2.0	194m	Bounding shear, possibly deformed Prestwood Reef; arsenopyrite, pyrite, quartz
BPC3	awaiting assays	3.0	190m	Prestwood Reef; arsenopyrite, pyrite, quartz
BPC4	awaiting assays	2.0	211m	Prestwood Reef; arsenopyrite, pyrite, quartz

Analysis is by fire assay, undertaken at accredited laboratory Antech. Sampling & drilling procedures have been JORC complaint and the QAQC results are satisfactory.

Details of the drilling Locations

Hole	Eastings	Northings	Elev	Dip	Azimuth	Depth
BPC1	729,393	7,672,290	933m	-68°	136°	190m
BPC2	729,340	7,672,240	947m	-67°	134°	232m
BPC3	729,368	7,672,298	930m	-67°	145°	210m
BPC4	729,345	7,672,290	935m	-67°	147°	220m
BPC5	729,337	7,672,278	934m	-67°	125°	drilling
BPC6	729,389	7,672,312	928m	-65	125°	

All coordinates in WGS84 format, and azimuth expressed true direction, measured by Reflex down hole survey tool.



A Super Rock 5000 RC rig of Ox Drilling, beginning hole BPC1 at Prestwood. In the immediate background is the old tailings dump, whilst to the north in the background is the Colleen Bawn PPC limestone quarry

The ongoing Exploration Programme

The Company's maiden RC drill programme of six holes is nearing completion. Approximately 900m of the 1,500m drill programme has been completed with the fifth hole, BPC005 underway.

In conjunction with the Company's drilling programme, an exploration hoist has been erected over the Prestwood Gold Mine Main Shaft and the mine has been dewatered to 2 Level.

The shaft rehabilitation is underway and once complete, underground drilling for parallel reefs is planned. Evidence of parallel reefs is supported by the ground magnetic survey completed in January and the existing artisanal surface mining.



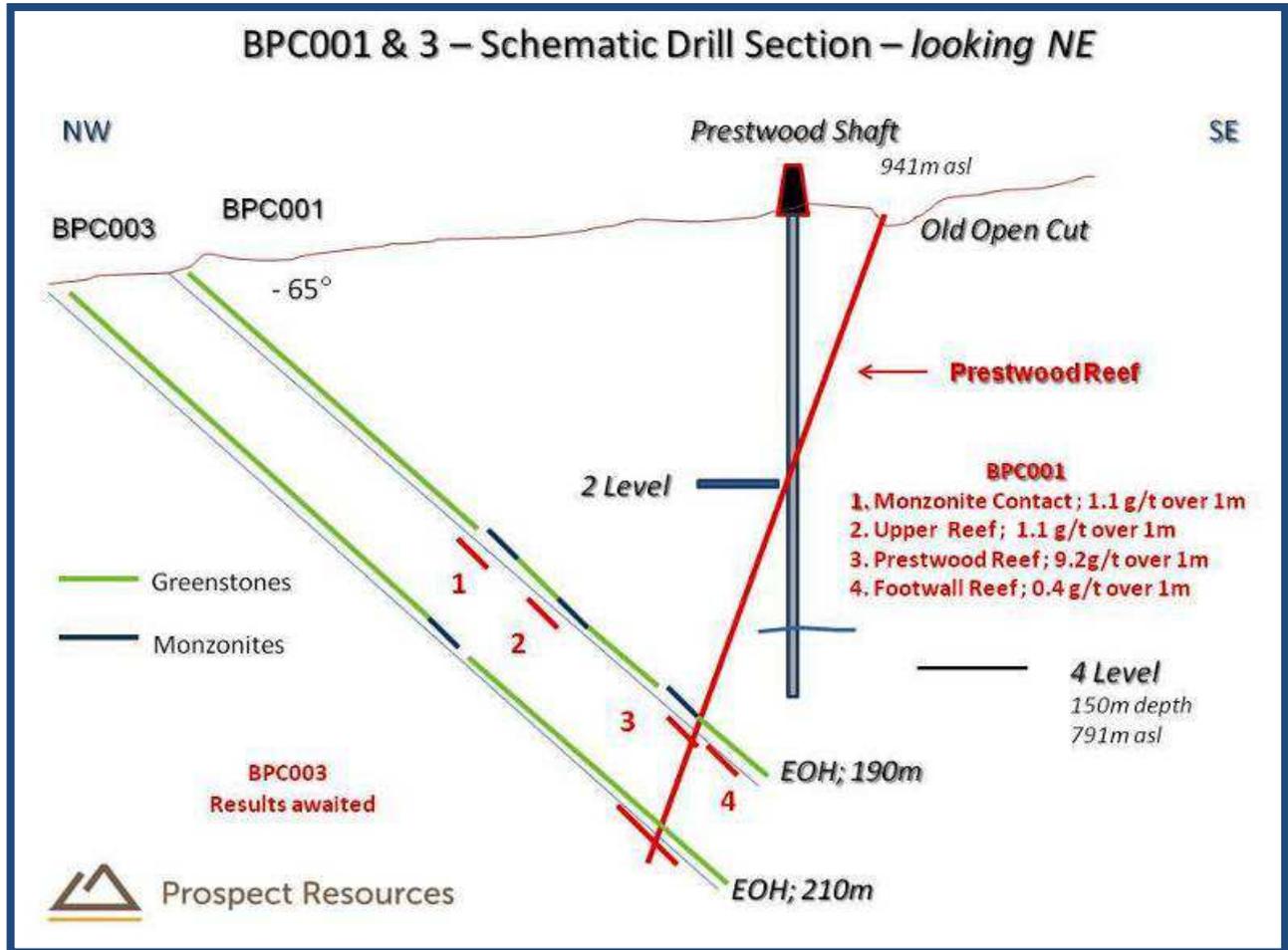
Scale: Grid lines represent 50m intervals

Prestwood Grid Plan projected over Quick Bird Satellite. Boreholes BPC1 has proved the continuity of the Prestwood Reef, beyond the existing 4 Level workings to the northeast and BPC3 and BPC4 have shown the down dip continuity of the Prestwood Reef to at least 6 Level (195m vertical depth). BPC2 intersected shear hosted mineralisation which is likely to have been affected by the geophysically interpreted SE-NW trending shears zone. The monzonite sub-outcrop is shown in blue crosses. BPC5 is underway, whilst BPC6 will further test the northeast extension of the Prestwood Reef at the theoretical 6 Level.

Purpose of the Maiden Drilling Programme

The drilling has two clear purposes;

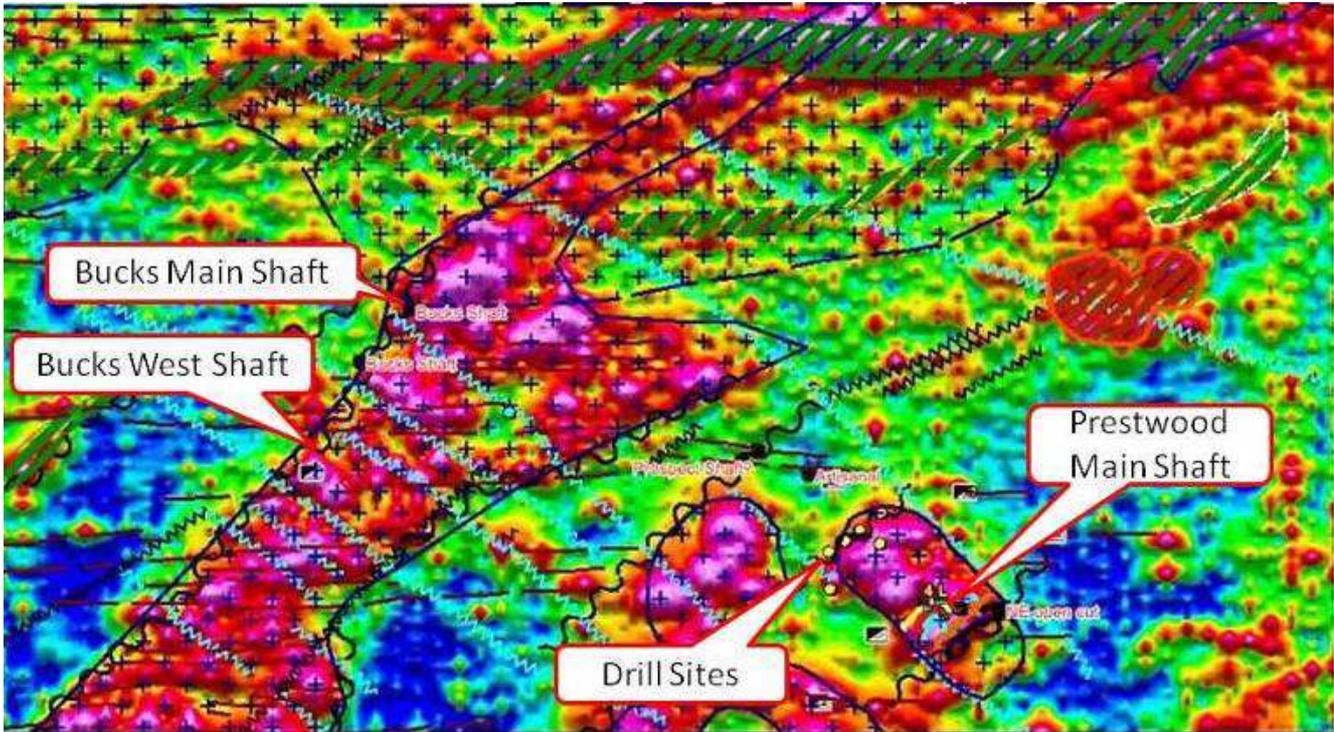
- To prove the continuity of the historically mined Prestwood Reef, along strike and down dip.
- To identify parallel zones of mineralisation, particularly at the greenstone – monzonite contact, that can be projected to near-surface; and
- Identify potential targets for open-cast operations.



Schematic Drill Section of Boreholes BPC001 and BPC3. The Prestwood Reef is shown to extend to the theoretical 6 Level. The existence of other mineralised zones, including the monzonite contact is highly significant in the planned exploration for near surface deposits amenable to open cast extraction.

Significant points noted to date are;

- The Prestwood Reef is highly variable in nature, being largely a shear zone of quartz veinlets and varying amounts of pyrite, arsenopyrite, pyrrhotite, galena and magnetite.
- The Prestwood Reef extends NE of the known workings; a total strike length of > 75m, open ended to the NE. (To be tested by BPC6)
- The Prestwood Reef extends down dip to at least 6 Level (195m vertically), but is seemingly open ended. The Bucks Mine situated some 600m to the west is known to have been worked to at least 9 Level (300m).
- The evidence of parallel mineralised zone particularly the very subtle sheared monzonite contact is very encouraging. This is the same setting as the mineralisation at the producing Farvic Mine 4km to east. They present an ideal target for potential larger disseminated deposits, amenable to open-cast extraction.



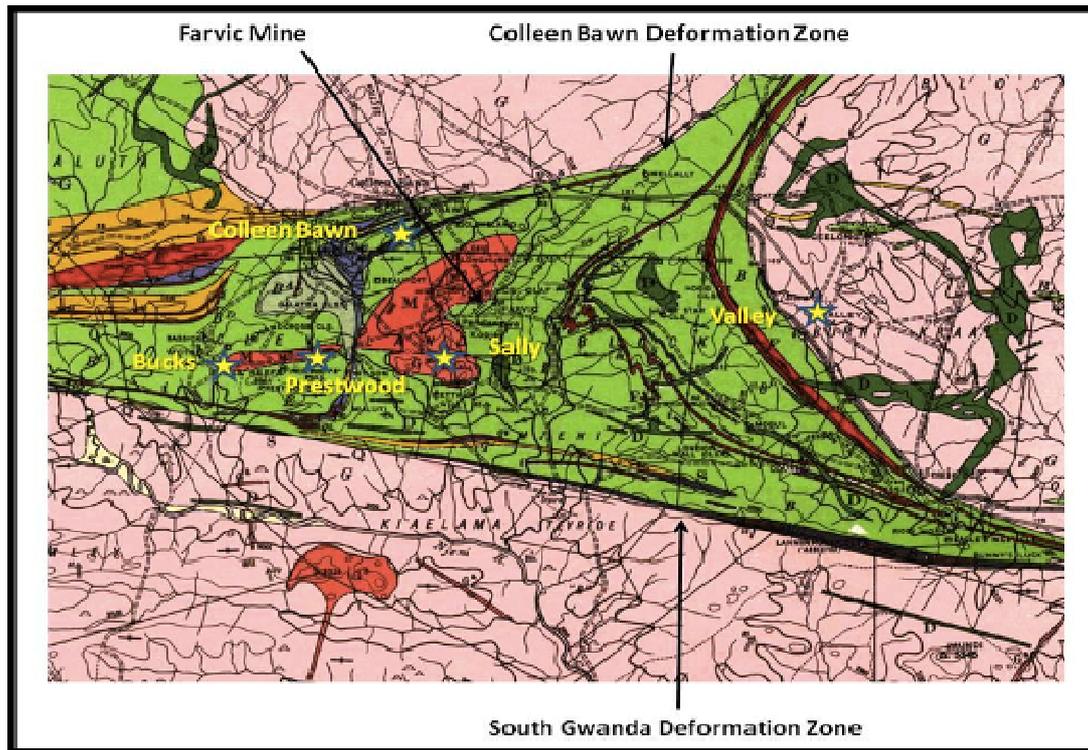
Geological Interpretation Projected over Magnetic Image (Analytical Signal). The magnetic high areas represent monzonite at, or just under the surface (Blue crosses). The northern third of the area is also thought to be underlain by monzonite, covered with thicker residual soils. The SW-NE shearing which hosts the Bucks, Prestwood and Prestwood B deposits is readily apparent. The more subtle SE-NW direction is also thought to have significance for deposit location.

Future Plans

Prospect Resource is confident that the final results of its maiden drilling programme, coupled with the fast track shaft rehabilitation and sampling mean that we are well down the path towards bringing our first high-grade mine into production.

The Company has access to toll treating facilities within 25km of the historic Prestwood Gold Mine that may allow the Company to bring the mine back into production without having to commit capital to building a production facility.

The evidence of mineralised parallels, cross shears and the monzonite contact is very exciting particularly when taking into account the geological model that has been refined by the ground magnetics. Future surface work will consist of Induced Polarisation (IP) surveys to define sub-outcropping disseminated halos, followed by a short hole reverse air blast (RAB) drilling programme to identify broader disseminated targets.



Positions of Former Producers in the Gwanda Greenstone Belt. A number of the mines lie at the contact zone of the monzonite intrusions and greenstones; which forms a highly prospective rheological contrast. The known strike extent of the monzonites is almost 6km.

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Competent Person's Statement

The information in this announcement 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.