

ASX Announcement

ASX Code: PSC

21 November 2014

### **Placement to Investor**

Prospect Resources Limited (“Prospect” or “the Company”) is pleased to announce that it has entered into a conditional subscription agreement with The NEF’s Trust, a South African based investment trust (“the Subscriber”) to raise A\$310,000 (equivalent to 3,000,000 South African Rand) via the issue of 20,666,668 fully paid ordinary shares at an issue price of 1.5 cents per share (“Subscription Shares”).

The subscription is subject to:

- (a) The Subscriber obtaining all requisite outward capital transfer approvals from the South African Reserve Bank (“SARB”) or an authorised dealer approved by SARB (as the case may be); and
- (b) Any condition as SARB or an authorised dealer may impose on the Subscriber concerning the Subscription Shares, provided any such condition imposed is also acceptable to the Company.

The Subscriber will pay for and be issued with the Subscription Shares in 3 tranches as follows:

- (a) 6,915,000 Subscription Shares within 14 days of the date of the agreement, to raise \$A103,725 for the Company (note that this timing may be delayed due the SARB approval process);
- (b) 3,418,334 Subscription Shares on or before 28 February 2015, to raise A\$51,275 for the Company; and
- (c) 10,333,334 Subscription Shares by 31 March 2015, to raise A\$155,000 for the Company.

The funds raised will be used:

- (a) For general working capital;
- (b) To fund exploration on the Company’s Zimbabwe gold assets and in particular to fund the development of the historic Prestwood Gold Mine (see below).

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

As previously announced (and summarised below) the Company completed an exploration programme at the historic Prestwood Gold Mine during 2014. This programme generated economic intercepts of Main Reef in three of the 6 holes drilled. (Please refer to an announcement released on 28 April 2014 for further details). These results have given the directors the confidence to move forward with the development of the historic mine.

The Company is in the process of connecting mains power to the site and a refurbished mine winder (hoist) has been ordered. Once power is connected and the headframe completed, it is the intention to rehabilitate the existing Prestwood Shaft and continue underground exploration and mine planning after which it is expected that limited scale mining will commence in parallel with continued exploration and resource definition.

The Company is in the process of negotiating access (and possible acquisition on deferred terms) to an existing gold processing plant (crushing and CIP plant) which has an installed capacity of 70 t/day crushing and milling and 180t/day CIP capacity. There is an additional ball mill that can be added to the circuit to match the CIP capacity. The Company will keep investors updated on these negotiations.

Our focus is to bring into production, mining operations that maximise profit per ounce of gold produced (and/or other produced minerals), rather than focus of high capex low grade deposits. This strategy is even more relevant in a capital constrained and lower commodity price environment.

## **Summary of the Exploration Results at the historic Prestwood Gold Mine**

- 1,281m RC drilling programme at the old Prestwood Mine.
- Confirmation that the mineralized reef continues below the historic workings.
- Five of the six holes drilled have intersected intact Main Reef down dip of the existing workings, to 195m below surface.
- In addition high-grade intercepts from within shallower shear zones re-confirm the prospectivity of the general area for open-pit operations.
- JORC compliant assays have been received from all the holes.
  - The highlights of PBC001;
    - Primary intercept of Main Reef peaking at 9.23g/t over 1m, at 153m (130m vertical). Average grade after three re-assays of 7.86g/t.
    - Upper Reef is 1.1g.t over 1m at 120m
    - Sheared Monzonite contact is 1.1 g/t over 1m at 107m
  - The highlights of PBC004;

- Primary intercept of Main Reef peaking at 2.73g/t over 1m, at 219m
  - The highlights of PBC005;
    - Primary intercepts of Main Reef at 4.11g/t over 1m, at 190m (175m vertical), and 9.94 g/t over 1m at 193m
  - The highlights of PBC006;
    - Prestwood A Shear Zone at 12.28g/t over 1m, at 52m.
- The Prestwood Mine lies within an almost contiguous block of claims covering approximately 25km<sup>2</sup> of the Gold bearing Gwanda Greenstone Belt. These claims cover more than 9 historic gold mines.
- A recently completed ground magnetic survey has identified multiple parallel structures adjacent to the Prestwood Mine. A number of these are being mined artisanally.
- The geological setting of this mine is the same as that at the operational Farvic Mine, 4km to the east. The significance of locating mineralisation at the contact of the greenstones and monzonites cannot be overstated. This mineralisation style is very subtle, in fact there is no surface expression at all at the Farvic Mine, and the known monzonite extends for over 5km of strike, within ground held by Prospect Resources.

## Contact Details

For further information, please contact:

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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.