

September Quarterly Review of Activities

Prospect Resources Ltd (ASX: PSC) (Prospect, the Company) is pleased to report on another busy quarter of activities.

Summary of Significant Announcements in the Quarter and up to the date of this announcement:

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| 3 July | • Release of Pre-Feasibility Study for Arcadia Lithium Project |
| 11 July | • New corporate presentation |
| 19 July | • First lithium samples sent to customers |
| 3 August | • Significant Mineral Resource Estimate upgrade – Arcadia Lithium Project |
| 4 September | • Bulk and grade control sampling commences |
| 18 September | • New corporate presentation |
| 28 September | • 2017 Annual Report |
| 13 October | • Notice of Annual General Meeting |
| 18 October | • Trial mining sampling results – Arcadia Lithium Project |
| 23 October | • New mineralised zone discovered – Arcadia Lithium Project |
| 25 October | • Significant Mineral Resource Estimate upgrade – Arcadia Lithium Project |
| 30 October | • Grant of National Project Status - Arcadia Lithium Project |
| 31 October | • 99.5% Battery grade lithium carbonate produced from Arcadia petalite |

The September Quarter focussed on infill drilling of the proposed Arcadia pit, bulk sampling and grade control, building our lithium carbonate laboratory and meeting potential off-take partners and potential financiers and investors.

We finished the Quarter:

- in a strong financial position with A\$4.7m cash in the bank and no debt;
- the PFS released;
- product samples being delivered to customers;
- the Mineral Resources upgraded;
- 99.5% battery grade lithium carbonate produced from petalite at our in-house laboratory; and
- more potential customers asking for sample products.

The production of 99.5% lithium carbonate is quite an achievement, particularly in such a short period of time. I do hope that all shareholders appreciate the technical capability of our team to be able to achieve such great results at our own laboratory.

The results from the laboratory scale lithium carbonate are being fed through to the pilot plant design which is expected to be ready for production in late December, giving the Company and potential off-takers valuable knowledge on how to optimise the lithium carbonate process from the Arcadia petalite concentrates.

In addition, we would like to highlight the fact that we are gearing up our laboratory for the mining and processing phase, with technical staff being identified, evaluated and trained. These skills will be critical to optimise both grade control and plant recoveries.

As a company, we are also delighted with the success of the phase 5 drilling regime. Not only did we achieve our aim of upgrading our MRE significantly, but we also discovered a new mineralised zone, now named the Basal pegmatite. This information, along with several thousand additional XRD samples currently being analysed will allow the geological model to be further refined. This in turn is expected to lead to an updated PFS model for the concentrates plant.

Other Activities

Farming – Arcadia Surface Rights

Prospect's first maize crop covering some 80 hectares was harvested during the Quarter. This project forms part of Prospect's ongoing commitment to local stakeholders and communities. These farming operations are expected to provide an additional source of employment within the region and a small source of income to Prospect.

With the imminent arrival of the rains in Zimbabwe the Agricultural section at Arcadia is hard at work with land preparation in anticipation of planting a mixed Maize (corn) and Soya bean crops with a small hectareage of potatoes planned.

Option over Good Days Lithium Project

During the Quarter, the option over the Good Days Lithium Project expired. We continue to work with the vendors to extend this option. Exploration results to date have been encouraging, but further work is required. We continue to carry out low level exploration, with the permission of the vendors whilst we discuss a potential extension to the option term.

Summary of Activities Planned for the 31 December 2017 Quarter

Arcadia High Grade Lithium Project

- Complete off-take discussions
- Commence project financing engagements
- Commence mine development

Gwanda East Gold Project

- Continue underground exploration drilling of the Sally Gold Mine and Prestwood Gold Mine
- Prepare for a decision to mine or terminate exploration on either or both historic mines.

Other Acquisitions

- Continue due diligence on the Good Days Lithium Project
- Continue to investigate additional lithium and cobalt acquisitions in the region

Investors should note that the above activities may change as and when results are generated and as such they should simply be used as a guide to activities for the Quarter ending 31 December 2017

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Competent Person's Statement

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