

June 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:

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| 5 April | • Update of Pre-Feasibility Study (PFS) timing and New Website |
| 5 June | • Receipt of Environmental Approval to Build the Arcadia Lithium Mine |
| 13 June | • Acquisition of Option – Good Days Lithium Project |
| 26 June | • High Grade Spodumene Confirmed at Good Days Lithium Project |
| 3 July | • PFS Confirms viability of the Arcadia Lithium Project |

As with the March Quarter, much of the quarter was spent on completing the Pre-Feasibility Study (PFS) for the Company's Arcadia Lithium Project.

Shareholders will also be aware that we have delivered Arcadia's first product samples to potential customers in Asia, Europe and the US. I am pleased to say that demand has outstripped supply of our samples and so we are now preparing additional samples for delivery to more potential customers. Our team will be back in Asia in the coming weeks to continue discussions with potential customers and to meet prospective customers.

We finished the Quarter:

- in a strong financial position with A\$7.34m cash in the bank and no debt;
- the PFS released;
- product samples being delivered to customers; and
- a management team with extensive lithium mining, process and marketing experience and importantly a history of building and operating large scale mining operations in Africa.

The Company is now focusing on discussions with potential off-take partners, settling off-take terms, securing project finance and commencing mine development and plant construction in the shortest possible time so that we can be one of the first of the new wave of lithium producers in the world.

Other Activities

Farming – Arcadia Surface Rights

Prospect's first maize crop covering some 80 hectares is now ready for harvesting. 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.

Gwanda East Gold Projects

During the quarter, exploration continued at the Sally Gold Mine and the Prestwood Gold Mine.

The Sally Gold Mine is being cleaned out as part of the Company's exploration works. Gold bearing sands removed from the Sally Gold Mine as part of this clean out have been processed, with gold proceeds of US\$120 000 offsetting the majority of the exploration costs at the Sally Gold Mine to date.

A 70 m horizontal cross cut into the hanging wall has been blasted from the 7 level elevation where the old workings terminated in preparation for underground exploration drilling. This cross cut has advanced past the dolerite (waste) dyke and is back into the Granite host rock. As investors may remember from previous announcements, it is these sills and dykes that historically sounded the death knell for many of the small scale Gwanda gold miners.

To date seven holes have been drilled, and the Main Sally Reef has been delineated beyond and north of the dyke. In response to these results the decline was advanced through the dyke and has just intercepted the Reef. Drilling continues from the cross-cut to prove the strike extent of the Reef to the northwest and southwest.

Summary of Activities Planned for the Half Year to 31 December 2017

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
- Continue to sweep and vamp old underground workings at Sally
- Process gold bearing sands removed from the underground workings at Sally
- Prepare for a decision to mine or terminate exploration on either or both historic mines.

Other Acquisitions

- Complete due diligence on the Good Days Lithium Project and make a decision to exercise or drop the option to acquire the 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 half year 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.