

September Quarterly Review of Activities

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

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

16 July	Appointment of Sam Hosack as Managing Director
1 August	Appointment of Key Operations Personnel
21 August	Grant of Mining Lease over the Arcadia Lithium Mine
29 August	Managing Director's Update
30 August	Investor Presentation – Africa Down Under
10 September	Change of Share Registry to Automic Registry Services
11 September	Prospect Receives US\$10 Million Export Finance Facility
28 September	Prospect Issues Annual Report to Shareholders
3 October	Increase in Ownership of the Arcadia Lithium Mine to 87%
30 October	Option on Lipropeg Lithium Project, Zimbabwe, Signed

We finished the Quarter with:

- A\$12.8m cash available to spend on Arcadia;
- US\$10m funding commitment on placement of ball mill and US\$10m Export Finance Facility available
- A strong trading cashflow of some A\$3m from currency trading and farm sales

Arcadia

The September 2018 quarter has been a highly productive one for Prospect as we have focused on advancing the Arcadia Lithium project.

During the Quarter, Prospect received the Mining Lease for the Arcadia Lithium Project. The lease covers an area of 1,031 hectares and encompasses some 57 Mining Claims owned by Prospect Lithium Zimbabwe. The purpose of a Mining Lease is to amalgamate contiguous mining claims under one licence, to simplify tenement management. Under provisions of the Mines and Minerals Act of Zimbabwe, a Mining Lease is a perpetual licence, renewed annually.

Updated desktop studies have indicated that a 2.4 Mtpa throughput scenario will deliver superior return to shareholders, and as such a decision has been made to publish a Definitive Feasibility Study (DFS) on this basis. Additionally, Prospect is also evaluating the possibility of constructing a downstream lithium chemicals plant at Arcadia that will allow the Company to capture a larger portion of the value chain, reduce the Company's waste material and also provide another revenue stream from the mines by-products. The DFS will be released to the market before the end of the calendar year.

The results specified in the DFS will outline the Company's capital expenditure and working capital funding requirements. Prospect is currently reviewing multiple financing strategies to allow Prospect to deliver the project.

During the Quarter, Prospect increased its net ownership in the Arcadia project by reaching conditional agreement to purchase from Farvic Consolidated Mines Pvt Ltd's ("Farvic") 17% free carried interest for A\$1,187,210 in cash and 94,976,800 fully paid ordinary shares. The additional 17% interest comes at a dilution to existing Prospect shareholders of 4.6%, without an increase in project capital expenditure, and lifts Prospect's net interest in the project to 87%. The transaction is subject to approval by the Zimbabwe Reserve Bank and the Company obtaining shareholder approval in accordance with the ASX Listing Rules.

Export Finance Facility

The Company has continued to enjoy a close working relationship with the Zimbabwean government, who have demonstrated a willingness to see the Arcadia Lithium Project in operation and its current and future contribution to the Zimbabwean economy.

As evidence to this continued support for the Company, the Zimbabwe Government has provided Prospect a US\$10 million Export Finance Facility from the Reserve Bank of Zimbabwe. The facility may be used to meet local costs on the mine development including the construction of the tailings facility, pre-strip of the mine site and building construction.

Farming – Arcadia Surface Rights

Following the Maize and Soya crop harvest's being completed, Prospect is taking this opportunity to review its farming operation to provide access to a wide range of potential social enterprise programs. The Company will be reviewing potential programs in consultation with the local community and concurrently with its Corporate Sustainability Plan.

Summary of Activities Planned for the 31 December 2018 Quarter

Arcadia Lithium Project

- Release of the DFS on the Arcadia Project at an expanded 2.4Mtpa throughput
- Mine development, including Completion of the worker village
- Further Off-take discussions with potential partners
- Continued project finance discussions

Other Projects

- Conduct further due diligence on Lipropeg Lithium Project following the 90 option to acquire the tenement
- Continue to investigate additional lithium opportunities regionally

Corporate Activities

Prospect has formed an investor relations team to elevate the communication with all our stakeholders. The team is led by Nick Rathjen, who has joined Prospect as Investor Relations Manager, tasked with forming and implementing strategic communications, engagement and development. Nick is a strong addition to Prospect, with relevant experience across banking, capital markets and investor relations.

Reena Feng also joins the investors relations team as our digital marketer. Reena is fluent in Mandarin and English and she will take a leading role in ensuring that our lithium products are promoted within China.

The Company intends to participate in a number of investor and trade events over the 2018 year to promote Prospect, Arcadia and Zimbabwe. The Company will be attending the 121 and the Mines and Money conferences in London in November, as well as the GAP conference in Barcelona as the company seeks to expand its identity globally.

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 2018

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