

## 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 Announcements:

- 4 July • Spodumene bearing pegmatite intersected
- 6 July • 2nd drill hole intersects Spodumene bearing pegmatite
- 12 July • 3rd & 4th drill hole intersects Spodumene bearing pegmatite
- 19 July • Acquisition of option over God's Gift lithium project
- 20 July • Prospect raises \$14m in placement
- 22 July • Fundraising increased to \$16m
- 22 July • High grade lithium oxide results
- 28 July • Completion of placement
- 2 August • 16 drill holes completed at Arcadia
- 8 August • Additional high grade lithium results
- 9 August • Completion of additional \$1m placement
- 16 August • Market update – Pegmatite intercepts up to 45m
- 17 August • 18 RC holes completed – Pegmatites up to 51m thick
- 31 August • High grade assay results
- 9 September • Presentation to ADU
- 19 September • Very high grade assay results
- 27 September • New lithium bearing pegmatite discovered
- 30 September • Annual Report

As investors can see from the above summary, the quarter consisted of project development, and fundraising.

It is worth reminding investors that Prospect only acquired the option to purchase a controlling interest in Arcadia on 12 May 2016 and we exercised that option on 14 June 2016. As previously announced, we intend to release our maiden JORC reportable Mineral Resource Estimate by 31 October - some 4 and a half months since acquiring the project. Our team really does need to be applauded for their efforts.

**The Company is on track to complete its maiden JORC reportable Mineral Resource Estimate by 31 October and scoping study by 31 December in anticipation of commencement of mining by 30 June 2017.**

### **Arcadia High Grade Lithium Project**

Activities during the quarter included:

- Diamond drilling
- RC drilling
- Process Plant design
- Resource modelling
- Environmental approvals
- Metallurgical testing
- Acquisition of additional Mining Licences/claims
- Camp upgrades.

The Company's maiden JORC reportable Mineral Resource is expected to be released on Monday 31 October. Within this document will be a detailed description of the project.

### **Gwanda East Gold Project,**

Development of the **Prestwood Main** and **Prestwood A** mines had slowed in June, July and August simply due to us being a small team and resources were allocated to Arcadia. Since September a new Mine manager has been appointed and an expanded team deployed to rectifying this deficiency (now we have the financial capacity to expand). The focus has shifted back to mine development and exploration, a total of 12 holes for 2,200 metres of Diamond drilling was completed down dip of the Prestwood A and the Bucks Reef, assay results will be announced in due course. The following activities are in progress:

- Prestwood Main, shaft sinking to 6 level is now complete, cross cut development to the reef package in the hanging wall ore body is now ongoing.
- Prestwood A, head gear upgrade from an exploration to a production head gear is now complete. Shaft sinking continues to 3 level with the drives on 2 level being developed east and west on Reef.
- Sally, there is a 24 hr a day dewatering operation ongoing. A head gear is available and will be erected soon. The old stopes have been surveyed and underground development is being fast tracked. The down dip extensions to the Sally will be tested in the next round of exploration drilling scheduled for December 2016.
- Bucks Reef, access to the lower levels is being made safe to facilitate underground exploration drilling.

We have the dual focus of developing the gold mines in Gwanda East and drilling up our first JORC reportable resource at Arcadia.

**Summary of Activities Planned for the Period to 31 Dec 2016:****Arcadia High Grade Lithium Project**

- Drilling to continue
- Collection of bulk samples for delivering to potential off-take partners
- Continue mine planning and plant design for Arcadia in parallel with resource definition work

**God' Gift Lithium Project**

- Due diligence including: mapping, gridding, pitting, ground magnetics and diamond drilling
- Decision to purchase or relinquish

**Gwanda East Gold Project**

- Additional 2,000m exploration drilling at the Prestwood A and Sally mines
- Continue blocking out production ore blocks at Prestwood Main and Prestwood A
- Begin development of the Sally Mine, including erecting the head gear, installing power and equipping the underground
- Begin underground exploration drilling

*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 2016.*

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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.