

AMENDMENT TO ANNOUNCEMENT

Prospect Resources Ltd (ASX: PSC) (the "Company") released an announcement dated 25th October 2017 advising of an updated JORC 2012 Mineral Resource Statement titled: PROSPECT ANNOUNCES SIGNIFICANT INCREASE IN MEASURED & INDICATED MINERAL RESOURCE AT ARCADIA ("Announcement").

The ASX has subsequently advised the Company that the Announcement did not fully comply with ASX Listing Rules 5.8.1 because the Summary section of the Announcement did not adequately summarise all relevant information contained in Appendix A. A more detailed summary is provided below.

Please note that this Amended Announcement does not contain any new information.

Arcadia Mineral Resource Update

Digital Mining Services ("DMS") has reviewed the updated data and produced a revised Mineral Resource estimate as of 24th October 2017 (Table 1 and Table 2)

Table 1: Arcadia Lithium Deposit Mineral Resource estimate summary (>1% Li₂O)

High Grade Zone - 1% Li ₂ O Cut-off					
Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ lbs
Measured	10,200,000	1.45%	132	148,100	3,000,000
Indicated	27,200,000	1.39%	119	378,400	7,100,000
Inferred	5,800,000	1.45%	97	84,000	1,200,000
GRAND TOTAL	43,200,000	1.41%	119	610,500	11,300,000

Table 2: Arcadia Lithium Deposit Mineral Resource estimate summary (>0.2% Li₂O)

Global Resource - 0.2% Li ₂ O Cut-off					
Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Li ₂ O Tonnes	Ta ₂ O ₅ lbs
Measured	15,900,000	1.17%	121	184,900	4,200,000
Indicated	45,400,000	1.10%	121	501,500	12,100,000
Inferred	11,400,000	1.06%	111	121,400	2,800,000
GRAND TOTAL	72,700,000	1.11%	119	807,800	19,100,000

The Arcadia Mineral Resource estimate has been upgraded and now represents a significant increase on the Mineral Resource estimate announced on 14th March by Prospect. The reasons for the upgrade are three-fold;

- The receipt of outstanding assays from the Phase 4 drilling around the southwest of the PFS Conceptual Main Pit (announced 3 July 2017). The completion of the Phase 5 drilling and receipt of a majority of assay results from 14 RC holes in the southwest, and 7 RC holes around the Conceptual North Pit.
- The additional drill hole information and assays have increased the confidence in the geological and resource models. All the known Lower Main Pegmatite (LMP) within both conceptual pits, has now been drilled to at least an Indicated Mineral Resource.
- Further intercepts of the Basal Pegmatite (BP) during Phase 5 drilling, have increased the total Mineral Resources at Arcadia.

Geology and Geological interpretation

- The deposit comprises a number of stacked shallow dipping pegmatites hosted in meta-basalts of the Arcturus Formation within the Harare Greenstone Belt.
- The pegmatites belong to the Petalite rich subclass of the Rare-Element pegmatite deposit class and belong to the LCT (lithium-caesium-tantalum) pegmatite family.
- The pegmatites are poorly to moderately zoned (but not symmetrically or asymmetrically zoned and have no observed quartz core). The main lithium bearing minerals are dominantly petalite and spodumene, with sub-ordinate eucryptite, bikitaite, and minor lepidolite. In addition, disseminated tantalite is present. Gangue minerals are quartz, alkali feldspars and muscovite.
- The geology of the deposit is relatively simple, a number of shallow dipping (10° to the NW) (045 striking) pegmatites hosted in meta-basalt. The deposit is cross-cut by southwest-northeast and north northwest – south southeast trending faults. The latter set is thought to have controlled initial emplacement of the pegmatites, but there is little discernible displacement of the pegmatites along them.
- Estimations have been done separately on each of the major four pegmatites bodies; the Main Pegmatite, the Intermediate Pegmatite, the Lower Main Pegmatite and the Basal Pegmatite.
- Lithium is a highly mobile element, and weathering has affected and leached the grade down to 20-30m depth. Separate estimations have been made on the weathered and un-weathered zones.

Sampling and Sub-Sampling Techniques

- At the Arcadia Project, the majority of samples were percussion chips generated from a Smith Capital or Thor rig, using a double tube reverse circulation (RC) technique. Samples were collected from the cyclone and riffle split on site before bagging.
- 3 x 3 kg samples were collected every metre in triplicate, one of which was sent for pulverizing and assaying, in addition to a smaller sample retained for reference and logging.
- For the diamond drill samples, core was marked up on site, and halved with a diamond saw, in a facility close to site. Half of the core (normally left side) was retained for reference purposes.
- Certified Reference Materials (CRMs) produced by AMIS of Johannesburg, blanks and field duplicates were inserted into each sample batch. (5% of total being CRMs, 5% blanks, 5% field duplicates and 5% laboratory duplicates). This was done by Zimlabs who undertook the sample preparation, as well as blank and CRM insertion, under instruction from Prospect Resources.
- The AMIS CRMs used were; AMIS0338; 0.1682% Li, AMIS0339 ; 2.15% Li AMIS0340 ; 1.43% Li, AMIS0341 ; 0.4733% Li, AMIS0342 ; 0.1612% Li, AMIS0343 ; 0.7016% Li & AMIS0355 ; 0.7696% Li.
- All samples were taken in Company transport to Zimlabs laboratory in Harare, where they were pulverized to produce a 30g charge and then dispatched by courier to ALS Johannesburg. All samples were analysed by multi-element ICP (ME-MS61, following four acid dissolution. Overlimits on lithium analysed by LiOG63 method (four acid digestion with ICP or AAS finish).
- All the pulps from holes drilled within the planned new pit area have subsequently been re-submitted for XRD analysis at either ALS, SGS or FT Geolabs. XRD. Results from 23 batches (1,423 samples) are available.

Drilling Techniques

- Double tube, 5" Reverse Circulation. For Phases 2 – 4, two RC rigs were used. A trailer mounted Smith Capital double tube RC rig was used with a 25 bar (Ingersoll Rand) 2013 compressor. In addition, a Thor truck mounted rig was used, with a 50 bar Atlas Copco compressor. For Phase 5 a Super Rock 5000 was used.
- 3m rods were used, and the hole air blasted to allow sample recovery via a cyclone every 1m. At total of 188 RC holes (15,145m), plus 9 pre-collars (1,490m) were drilled, and 9,318m from 111 RC holes were used in this estimate.
- For diamond core drilling, two Atlas Copco CS 14 rigs were used. HQ core was drilled through the first 20 – 30m of broken ground. This section was then cased, and drilling proceeded with NQ sized core. A total of 81 DD holes (8622m) were drilled, with 74 DD holes (7,454m) were used in the Mineral Resource estimate. In addition, 11 holes were pre-collared by RC, with four of these being subsequently being tailed with core (1,490m) Four of these (556.m were used in the estimate).
- 25 dedicated metallurgical holes (HQ) were drilled (ACD017, 018, 022,031, 041, 045, 046, 047, 048, 05,055, 066, 068 – 071, and 073 -81) totaling 1,985m.

The criteria used for classification, including drill and data spacing and distribution.

- Phase 1 – 5 drill holes were drilled at an average of 75m intervals along strike and down dip of the pegmatites (Figure 1). This was sufficient to establish confidence in geological and grade continuity and appropriate for the Mineral Resource classification applied.
- The approximate grid for along strike and down dip drilling was extended to approaching 100m for the subsequent drilling phases.
- The deposits show reasonable continuity in geology and grade. The basis of resource classification is therefore largely based on drill hole density.
- Measured Mineral Resources at 50m spacing or less.
- Indicated Mineral Resources up to 100m.
- Inferred Mineral Resources > 100m.
- The CP, Chief Geologist and Project Geologist agree that the Mineral Resource estimate is a fair and realistic model of the deposit.

ARCADIA LITHIUM – Drill Grid – October 2017



Figure 1- Plan View showing drill holes and conceptual pit designs

Sample analysis method

- All samples were taken in Company transport to Zimlabs laboratory in Harare, where they were pulverized to produce a 30g charge and then dispatched by courier to ALS Johannesburg. All samples were analysed by multi-element ICP (ME-MS61, following four acid dissolution. Overlimits on lithium analysed by LiOG63 method (four acid digestion with ICP or AAS finish).
- All the pulps from holes drilled within the planned new pit area have subsequently been re-submitted for XRD analysis at either ALS, SGS or FT Geolabs. XRD. Results from 23 batches (1,423 samples) are available.

Estimation methodology

- Estimations have been carried out separately on each of the major three pegmatites bodies; the Main Pegmatite, the Intermediate Pegmatite, the Lower Main Pegmatite and the Basal Pegmatite.
- The initial geological models were constructed in Leapfrog software based on hand drawn sections compiled by the Project and Chief Geologists. The block model was constructed by Digital Mining Services (DMS) in Surpac software. No top cut was applied, as there were no statistical outliers.
- Based on frequency distribution analysis however a bottom cut off of 0.2% Li₂O was used. In addition, a higher grade resource was defined, using a cut-off of 0.8% Li₂O. Ordinary Kriging (OK) was employed. A spherical model was used, with search parameters set to follow the SW-NE strike and NW dip of the pegmatites.
- Estimations were also made on tantalum, the primary by-product and niobium, which is intimately (mineralogically) associated with it, and also rubidium. The latter has a very high background level and is considered to be associated with the K-Feldspar, but unlikely to form economic mineralisation.

Cut-off grade(s), including the basis for the selected cut-off grade(s)

- Commodity is an industrial mineral. Key value drivers are Li (or Li₂O) grade and mineralogy. Lower cut -off of 0.2% Li₂O determined statistically.
- Higher grade zone has been defined using a cut-off of 1.0% Li₂O on both industry standard practice and the results of the first pre-feasibility study.
- Metallurgical and mineralogical test work is ongoing. Latest studies indicate that the operation will be economically viable at a cut off, of 0.8% Li₂O.

Mining and metallurgical methods and parameters, and other material modifying factors considered to date

- 5m block height size used to conform with standard bench heights. Open cast mining is planned in the eastern part of the ore body to exploit the Basal, Lower Main, Intermediate, Main & Upper Pegmatites.
- A stripping ratio of less than 2.79 : 1 to 130m depth has been determined.
- Although numerous thin pegmatite bands (14 in all) exist; practical minimum size of 2m is deemed possible to economically mine (equates to average bucket width of an excavator). Bands thinner than this will dictate the necessity of establishing low grade stockpiles, which may be economic to process once mine and floatation plant and gravity circuits are running successfully. The current estimate was made on the four thickest bands; the Upper Pegmatite, Main Pegmatite, the Middle Pegmatite Lower Main Pegmatite, Basal and Lower Basal Pegmatites.
- Mineralogical analyses (including petrography) carried out included more than 800 individual XRD analyses that provided a high resolution distribution of spodumene and petalite within the mineralised zones, information that has had vital inputs into mining and process planning.

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Competent Person's Statement

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

The information in this announcement that relates to Mineral Resources is based on information compiled by or under the supervision of Ms Gayle Hanssen of Digital Mining Services, Harare Zimbabwe. Ms Hanssen is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Ms Hanssen is employed by DMS and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources. Ms Hanssen consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.