Option on Good Days Lithium Project Exercised

Prospect Resources Limited (ASX:PSC) ('Prospect' or 'the Company'), is pleased to announce that it has exercised its option to acquire the Good Days Lithium Project, which was first signed on 12th June 2017.

Prospect's flagship project is the Arcadia Lithium Project located on the outskirts of Harare in Zimbabwe. The Arcadia Lithium Project represents a globally significant hard rock lithium resource and has been aggressively developed focusing on near term production of petalite and spodumene concentrates.

The 8km^2 Good Days lithium project is located in north eastern Zimbabwe and contains numerous mineralised pegmatites, including historical workings for spodumene and tantalite (amongst other minerals) at the Good Days and Jordywyitt mines. It is currently held by the Zimbabwean company Barrington Resources Pvt Ltd, who Prospect entered into an option agreement with in June 2017 to acquire a 70% direct interest in the project following a positive outcome from due diligence. The extension of this option agreement, until April 2018, allowed time for our team to regionally map and sample the remainder of the Good Days claims before a decision on whether to exercise the option agreement was made. With the positive changes occurring in Zimbabwe under the new Zimbabwe Government, Prospect elected to exercise the option early to give clarity to investors on the make up of our expanding lithium portfolio and to fast track exploration.

The project area is located approximately 30km east of the town of Mutoka in north eastern Zimbabwe and some 160km from the capital city, Harare, and consists of a swarm of Lithium-Caesium-Tantalum ('LCT') pegmatites which were historically worked for spodumene, beryl, tantalite, columbite, cassiterite, feldspar and lepidolite. Since the option agreement was first entered into in June, Prospect have drilled the known mineralised pegmatite zone to verify the historic geological model and undertaken two phases of soil sampling to identify other areas which may host economic lithium pegmatites. A total of 2,556 soil samples were collected from almost 51km of surveyed lines on the western extension to the previously identified Ford-Ntabeni lithium pegmatites swarm. These form a parallel zone to the Good Days pegmatite.

A total of 195 samples returned anomalous values; greater than the statistically determined threshold of 60ppm. 33 of these samples assayed greater then 100ppm, with a peak value of 8,531ppm. Three distinct 200m - 300m long anomalies have been defined on different pegmatites within the Ford-Ntabeni swarm.

In addition, the results of the 518 chip samples are equally encouraging. 24 of them have returned grades greater than 1% Li_20, with three of them > 4%. These higher grades are from pegmatites within the Ford-Ntabeni and Good Days swarms.

The identification of anomalous lithium values in soil samples suggests that hard rock mineralisation may be present beneath the soil cover and increases the prospectivity of the Good Days project away from the site's historic workings. These latest results confirm the prospectivity of the greater area.

The discovery of further lithium mineralisation at the project would mean that the Good Days deposit would be a significant addition to Prospect Resource's strategic lithium resource base in Africa.

The Company intends to commence with a follow up exploration programme focusing on defining a JORC reportable Mineral Resource and generating material for metallurgical testwork. The next phase will consist of infill soil sampling followed by trenching, and where appropriate short hole percussion drilling.

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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.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• At the Good Days Project, two phases of soil sampling have successfully delineated three distinct anomalies. In addition, channel chip sampling has identified high grades in the Ford-Ntabeni pegmatite swarms parallel to the Good Days pegmatite. • 2kg soil samples collected every 20m along 100m spaced east-west traverses. • Samples dried and sieved to -80u at the Chisamboro camp, before being transported to Zimlabs laboratory in Harare and analysed by Atomic Absorption. • 2 – 3kg channel chip samples hand chipped across outcrops. Samples transported to Zimlabs for crushing, milling and analysis by atomic absorption.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• N/A
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• N/A
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or*	• Standard Prospect Resources geological codes were used for detailed geological logging, using different logging parameters for texture, structures, alteration, mineralisation, lithology and weathering.

Criteria	JORC Code explanation	Commentary
	costean, channel, etc) photography. • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The laboratory undertakes repeat analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples analysed by atomic absorption at Zimlabs Harare. • Field duplicates inserted every 20th sample.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Site regularly inspected by senior geological staff. • Logging and assay data captured electronically on excel spreadsheet
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• No Mineral Resource estimate has been carried out. • All measurements have collected by hand held GPS in UTM Zone 36 South (ARC 1950) values.
Data spacing	• *Data spacing for reporting of Exploration Results.*	• Soil samples collected from grid, surveyed in an un-biased

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and distribution	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	fashion, perpendicular to the observed east-west regional strike. • Chip samples collected from 1 metre hand-chipped channels, positioned through all mineralised pegmatites.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Soil lines surveyed perpendicular to strike, Chip samples collected perpendicular to dip.
Sample security	• *The measures taken to ensure sample security.*	• Samples are placed in sealed bags to prevent movement and mixing. Minimal preparation was done on site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• To be advised.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• BM claims 208, 209, 210, 211 , 33908 and 33909 held by JV partner Barrington Resources. • No environmental or land title issues. • Rural farmland - fallow
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No detailed record for any exploration, but the area was mapped in some detail by the Zimbabwean Geological Survey in 1978. (Bulletin no 78)
Geology	• *Deposit type, geological setting and style of mineralisation.*	• A main Li-Cs-Ta (“LCT”) pegmatite, with spodumene, lepidolite, petalite and addition to disseminated tantalite, tourmaline and beryl. This lies within a swarm of closely spaced narrower mineralised pegmatites.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum e truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• N/A
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Maps are attached
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of*	• The Company believes that all results have been reported and comply with balanced reporting.

Criteria	JORC Code explanation	Commentary
	Exploration Results.	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Channel sampling also carried out at the adjacent dormant pit and adits that were mined in the '70s. Geological mapping and grab sampling was undertaken on a surveyed grid, down-dip and along strike of the pit. Seven RC holes were drilled at the main pegmatite. • Results will be published shortly.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill sampling and trenching is being planned for Q2 2018