

Positive Results obtained from the Completion of the Electromagnetic Survey and Phase 2 Trench Assaying at the Chiliogali Graphite Prospect – SE Tanzania.

HIGHLIGHTS

- Results returned from the 106 samples collected from five trenches excavated at Chiliogali Graphite Prospect are very positive. These results are consistent with those from the first phase of assaying undertaken in 2014 on eight other trenches.
- The average grade of all the significant intersections is 13.7m @ 12.8% Total Graphitic Carbon (TGC).
- Highlight Results from the Phase 2 Assaying of the Trenches over the Graphitic Schists:
 - NTR0009: 4.5m @ 15.2% TGC
 - 7.2m @ 7.1% TGC
 - 7.6m @ 9.7% TGC
 - NTR0010: 23.5m @ 23.6% TGC
 - 6.0m @ 18.8% TGC
 - 19.5m @ 20.9% TGC
 - NTR0011: 15.2m @ 16.5% TGC
 - NTR0012: 8.9m @ 8.5% TGC
 - NTR0013: 5.3m @ 10.2% TGC
- Results for all 458 channel chip samples collected (Phase 1 and 2) from thirteen trenches produced:
 - Peak grade 33.2% TGC
 - 150 samples > 5% TGC, with
 - 114 samples > 10% TGC
 - 41 samples > 20% TGC
- PGC Group Consulting (PGC) geophysics of Perth was commissioned to complete the interpretation of the conductivity data collected during their 2014 EM34 survey.
- An impressive 75 conductive anomalies have now been identified over 9km of strike length. It is probable that the majority of these are caused by graphitic units.
- Trench 13, the last to be sampled in 2014 targeted one of the provisional conductive anomalies, and yielded 10.2% TGC over a 5.3m intersection of graphitic schists.
- Prospect Resources is confident that an enlarged trenching programme targeting the conductive anomalies will yield more thick zones of graphitic mineralisation.

General

The Chiliogali Graphite Prospect is located some 180km west of Mtwara Port in Southeastern Tanzania (Figure 1). The project is easily accessible from the well maintained main Masai – Lindi- Mtwara road. It straddles two prospecting licences, PL 7488 and 7471; which total around 140 sq km.

Regionally the Chiliogali Graphite Prospect lies within the Proterozoic Age Usagaran system. The rocks comprise of high grade (amphibolite) metamorphic rocks of both sedimentary and igneous origin. These range from marbles, amphibolites, mica and kyanite schists, hornblende, biotite and garnet gneisses, quartzites and granulites, as well as graphitic schists and gneisses.

Rocks in the Usagaran System of Tanzania are well known for hosting gold, nickel, copper, different gemstones, as well as high grade graphite deposits. The south east region is host to a number of significant graphite projects.

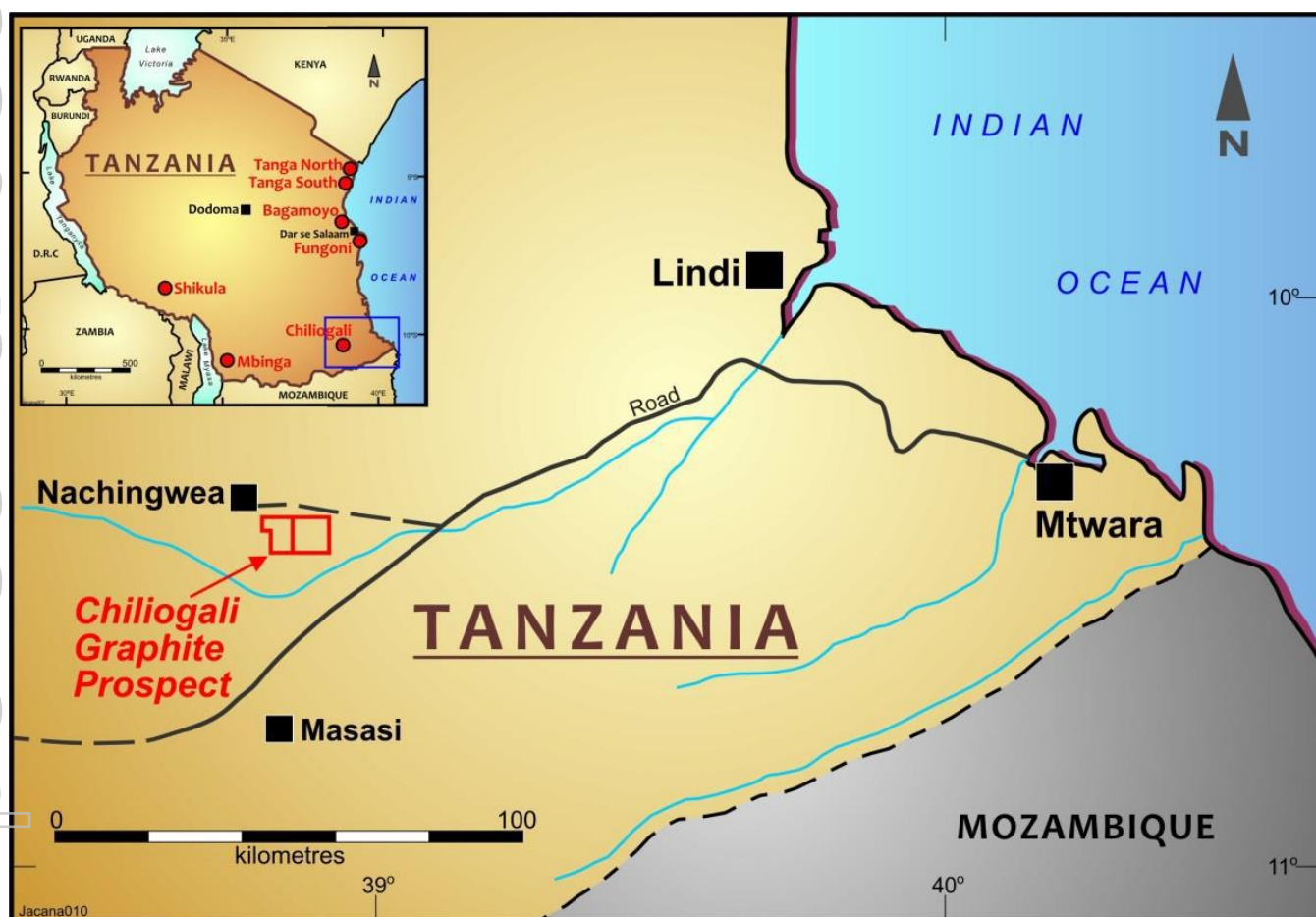


Figure 1: Location of the Chiliogali Project in South Eastern Tanzania

The graphite present at the Chiliogali Graphite Prospect is hosted in quartzites, gneisses and schists. Graphite has been observed locally in concentrations up to 60%. It is likely that the graphite formed by the high-grade metamorphism of sedimentary organic matter.

Previously reported Results

- Mapping of the Chilangula Hills, with 33 grab samples collected and assayed at Bureau Veritas. An average grade of 15.5% TGC was returned, with a peak value of 28.8%.
- Thirteen trenches of 30 planned were excavated (Figure 2), but only eight sampled. Results are summarised in Table 1. An overall weighted grade of 11.5% TGC over 15.8m was returned, with a peak grade of 31.8%.
- PGC geophysicists undertook a successful ground EM34 (frequency domain electromagnetic) survey, from a total of 100 line km's which generated 13 targets in the field along strike of the trenches. A full interpretation report was never completed.

Table 1: Sample Results from 2014 Phase 1 Work Programme: 352 Samples

Trench Number	From	To	TGC	Interval (m)	Intercept (%TGC)
NTR0001	9	42	11.9%	33.0	33m@11.9%
	138	156	11%	18.0	18m@11%
NTR0002	9	40	14.8%	31.0	31m@14.8%
NTR0003	13	48	13.2%	35.0	35m@13.2%
	55	62	10.1%	7.0	7m@10.1%
	129	130	9.6%	1.0	1m@9.6%
NTR0004	36	53	5.5%	17.0	17m@5.5%
	66	77	19.3%	11.0	11m@19.3%
NTR0005	11.8	28.5	8.5%	16.7	16.7m@9.9%
	53.4	84	8.8%	30.6	30.6m@8.8%
NTR0006	90	111	6.1%	21.0	21.8m@6.75%
NTR0007	8.5	10.7	9.5%	2.2	2.2m@9.5%
	73.3	74.6	10.5%	1.3	1.3m@10.1%
NTR0008	9.9	24	10.84%	14.1	14.1m@10.84%
	32.0	36.7	17.6%	4.7	4.7m@17.6%

Work by Prospect Resources

- After visiting the site Prospect Resources' technical management made the decision to have the un-assayed samples sent to ALS Mwanza, for pre-preparation, prior to their assaying by ALS Johannesburg.
- 124 two kg chip samples were subsequently assayed, including 18 standards, blanks and field duplicates.
- Trenches 9 – 13 were sampled and mapped in detail in 2104, but were not assayed.
- The results returned excellent results that are summarised in Table 2. The QA QC results are considered very satisfactory.
- When combined with Phase 1 results, the 458 samples, return a peak grade of 33.2% TGC, with 150 samples > 5%, 114 of these > 10% and 41 of these > 20%.
- The weighted average grade of all the significant intersections (> 5% and >5m) is 13.7m @ 12.8% TGC.
- Prospect Resource engaged PGC to complete the interpretation of the electromagnetic data collected in 2014. The EM34 system is a ground based frequency domain bulk conductivity mapper that uses inductive fields to generate electrical currents in any conductive materials in the subsurface. The system is known to work well for identifying massive graphite at shallow to moderate depths.
- PGC had run 12 traverses at 1km line spacing's to a total length of 95km., with stations every 20m. Provisional interpretation of the data at the end of 2014 in the field had identified 13 anomalies, one of which was trenched in 2014.
- The more thorough recent re-interpretation has now identified 75 anomalies for follow up, along approximately 9km of strike, both southwest and northeast of the main Chiliogali Hill Prospect. The anomalies are shown as Figure 5, while Figure 6 in the Appendices is an example of one of the profiles.

Table 2: Sample Results from 2014 Phase 1 Work Programme and 2015 Phase 2 Assay Programme: 458 Samples (352 Samples from 2014 and 106 Samples assayed in 2015)

Trench Number	From	To	TGC%	Interval (m)	Intercept (%TGC)
NTR0009	41.8	46.3	15.2	4.5	4.5m@15.2%
	53.3	60.5	7.1	7.2	7.2m@7.1%
	66.5	74.1	9.7	7.6	7.6m@9.7%
NTR0010	9.5	33.0	23.6	23.5	23.5m@23.6%
	37.0	43.0	18.8	6.0	6m@18.8%
	52.5	72.0	20.9	19.5	19.5m@20.9%
NTR0011	48.0	63.2	16.2	15.2	15.2m@16.5%
NTR0012	27.3	32.6	8.5	5.3	5.3m@8.5%
NTR0013	11.6	20.5	10.2	8.9	8.9m@10.2%

NB. Trench 13 is the first follow up of a geophysical anomaly by trenching

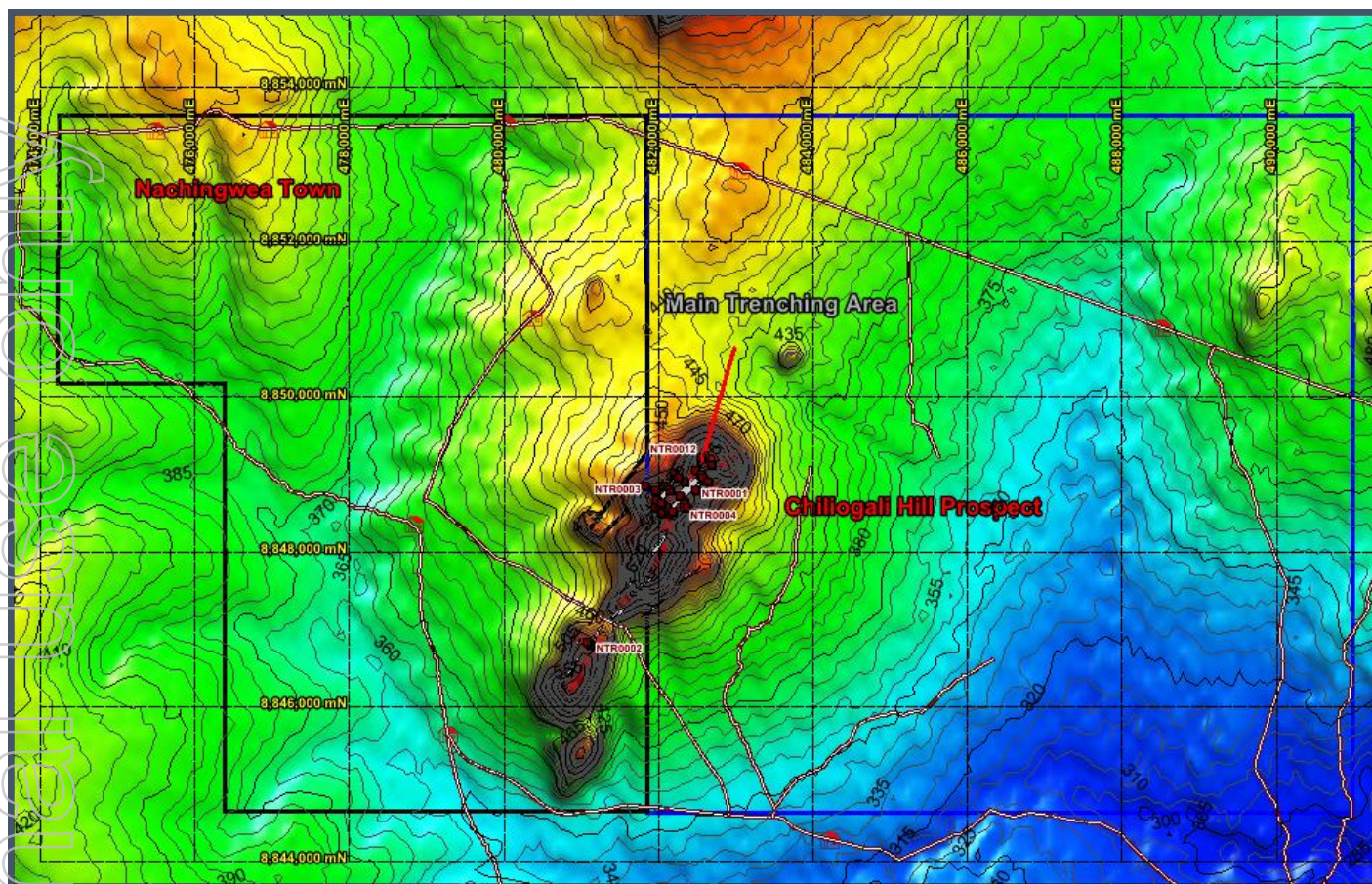


Figure 2: Location of the Chilogali Hill Prospect, superimposed on SRTM topographic data.

Prospecting Licence PL 7488 is outlined in black, with PL 7471 in blue. Although the ground electromagnetic (EM34) survey covered most of the licences, only a small portion, approximately 2 sq km has been followed up by trenching (Figure 2).

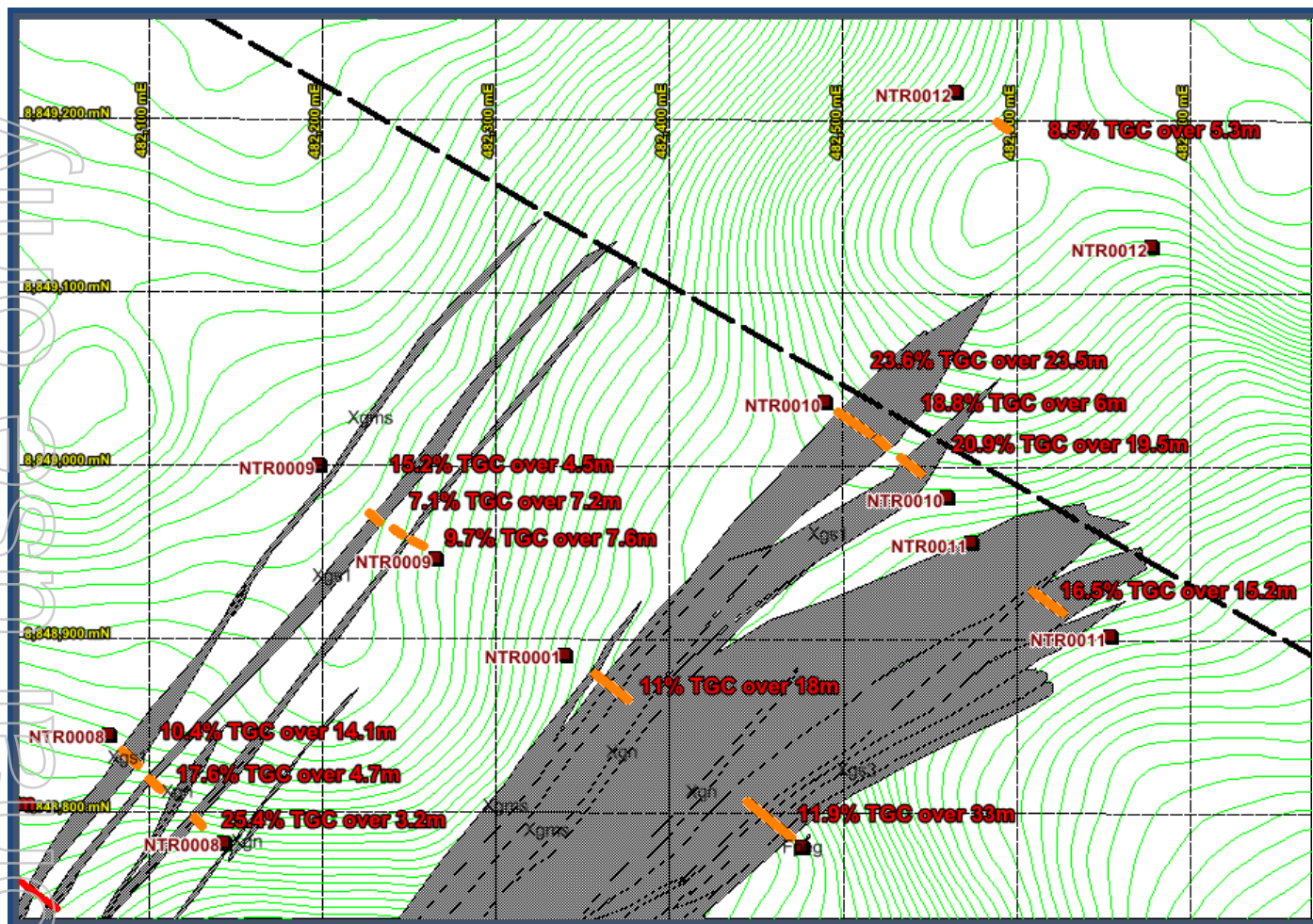


Figure 3: Significant Graphite Intersections in the NE corner of the Chiliogali Hill Prospect

Surveyed topographic contours are in green, with mapped and interpreted graphitic bearing schists shown in grey.

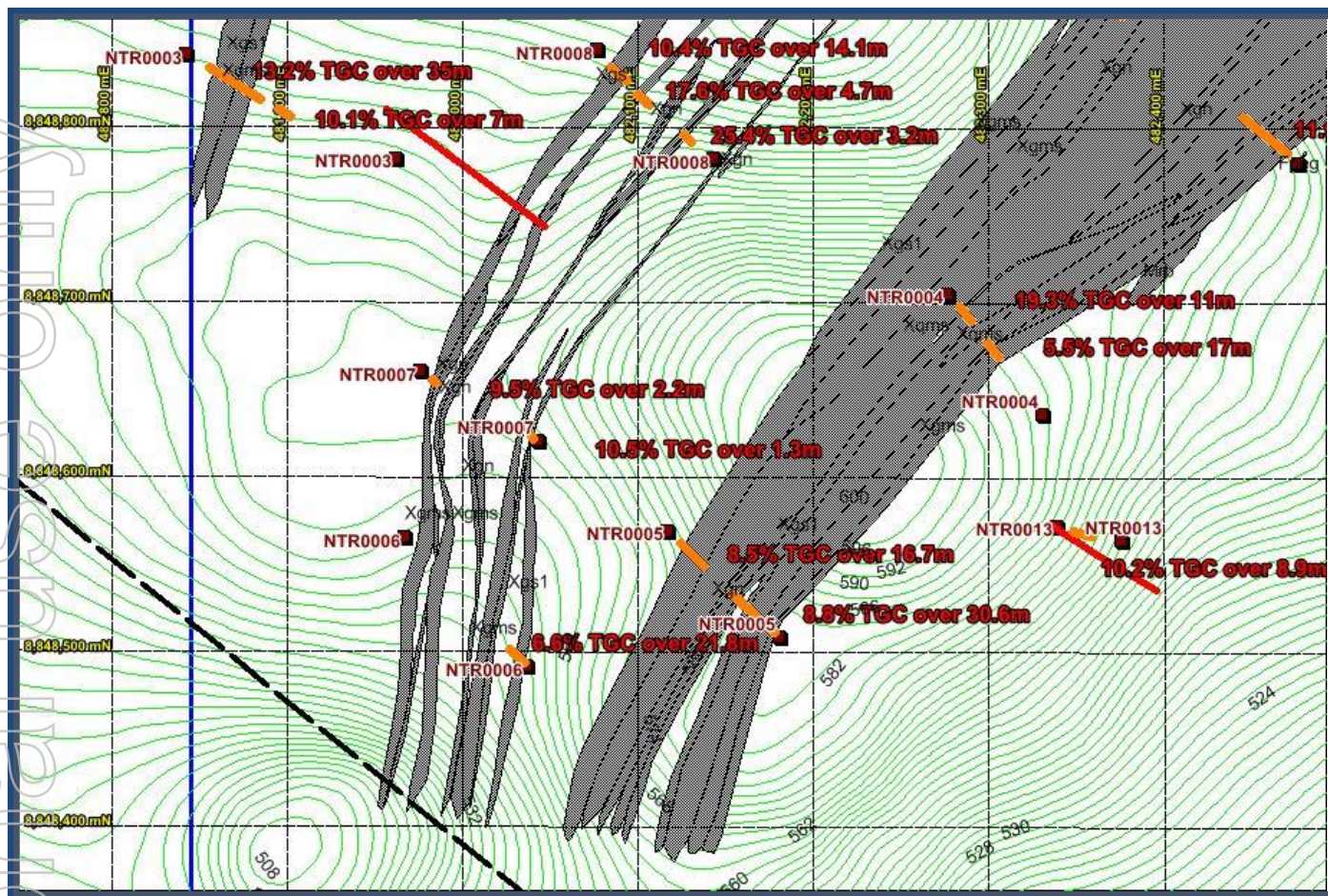


Figure 4: Significant Graphite Intersections in the SW corner of the Chiliogali Hill Prospect

Surveyed topographic contours are in green, with mapped and interpreted graphitic bearing schists shown in grey.

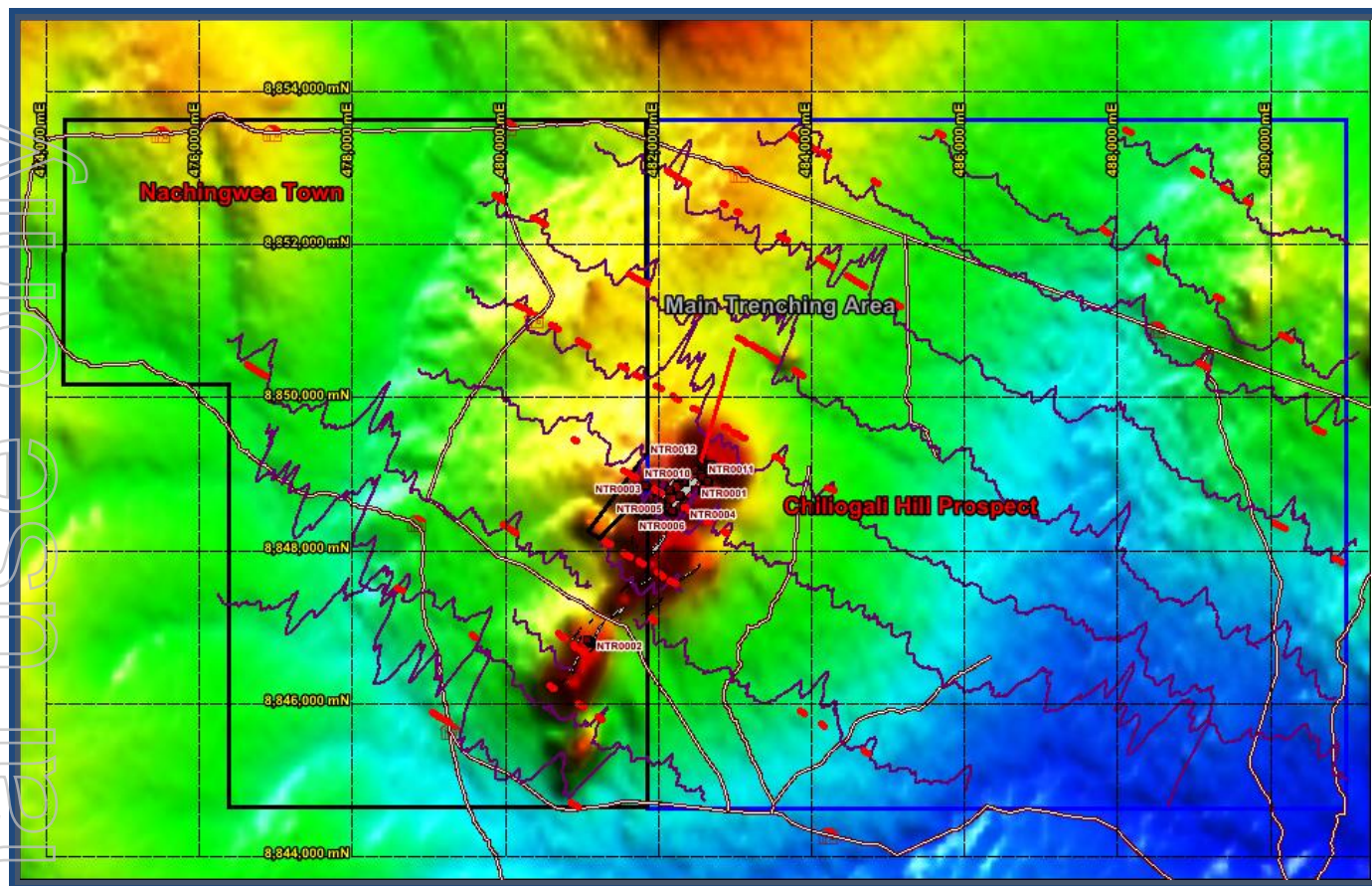


Figure 5: Main Chiliogali Hill Prospect over SRTM Image, with Geophysical Anomalies.

Purple lines represent EM profiles, while red dashes represent conductive anomalies identified on the southeast – northwest traverses surveyed by PGC Geophysics using an EM 34 system. 75 anomalies have been identified; stretching some 9km along the regional southwest-northeast strike. To date only one anomaly has been followed up, by Trench 13, which produced a significant intersection.

Conclusion

- The average grade of all the significant intersections of 13.7m @ 12.8% TGC, is very encouraging.
- The Phase 2 Assay Results are also consistent with the grades from previous exploration.
- The albeit limited follow up to date, suggests that the EM34 system is a very powerful tool in identifying graphitic units. The 75 anomalies generated by the re-interpretation of the data are considered significant.
- Though only limited metallurgical test work has been done to date, it seems that concentrates of >98% carbon are possible.
- The Mtwara area has the potential to be a significant global graphite producer. The grades and quality of graphite identified at the Chiliogali Graphite Prospect mean that Prospect Resources has the potential to be a significant player in the graphite production industry.

Future Plans

- Awaiting results of initial metallurgical test work at SGS Johannesburg.
- Awaiting results of thin section interpretation.
- Assay the Phase 2 samples for gold and multi-element.
- Re-assess the planned trenching programme in the light of the geophysical work. Excavate approximate 20 further trenches.
- Initiate short hole RC drilling programme.
- Infill and twin diamond drilling programme.

For further information, please contact:

Hugh Warner

Executive Chairman
Prospect Resources Ltd
Ph: +61 413 621 652
E: info@prospectresources.com.au

Harry Greaves

Executive Director
Prospect Resources Ltd
Ph: +263 772 144 669

Competent Person's Statement

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

Appendices

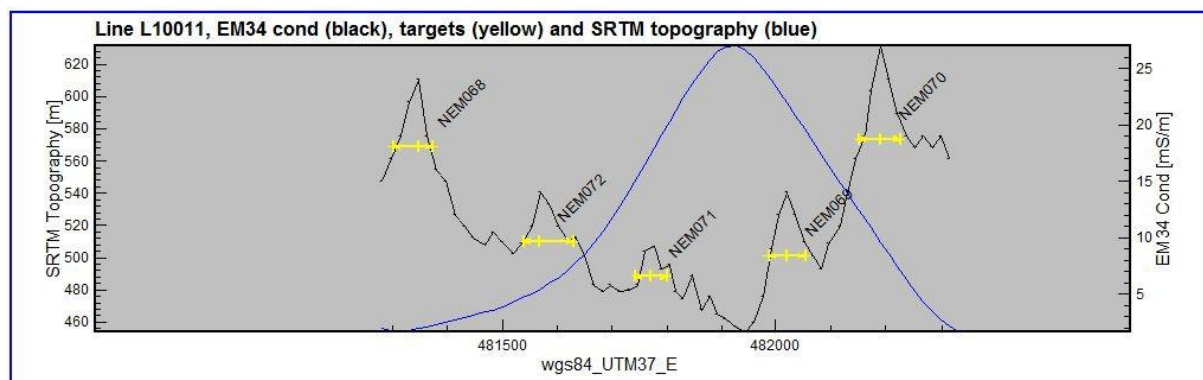


Figure 6 : Line 11, an Electromagnetic Traverse surveyed by PGR on the southern edge of the Chiliogali Hills Prospect.

There are three targets on this line and all of them are targeting features on trend with these known or inferred occurrences, and therefore of high priority for future follow up.

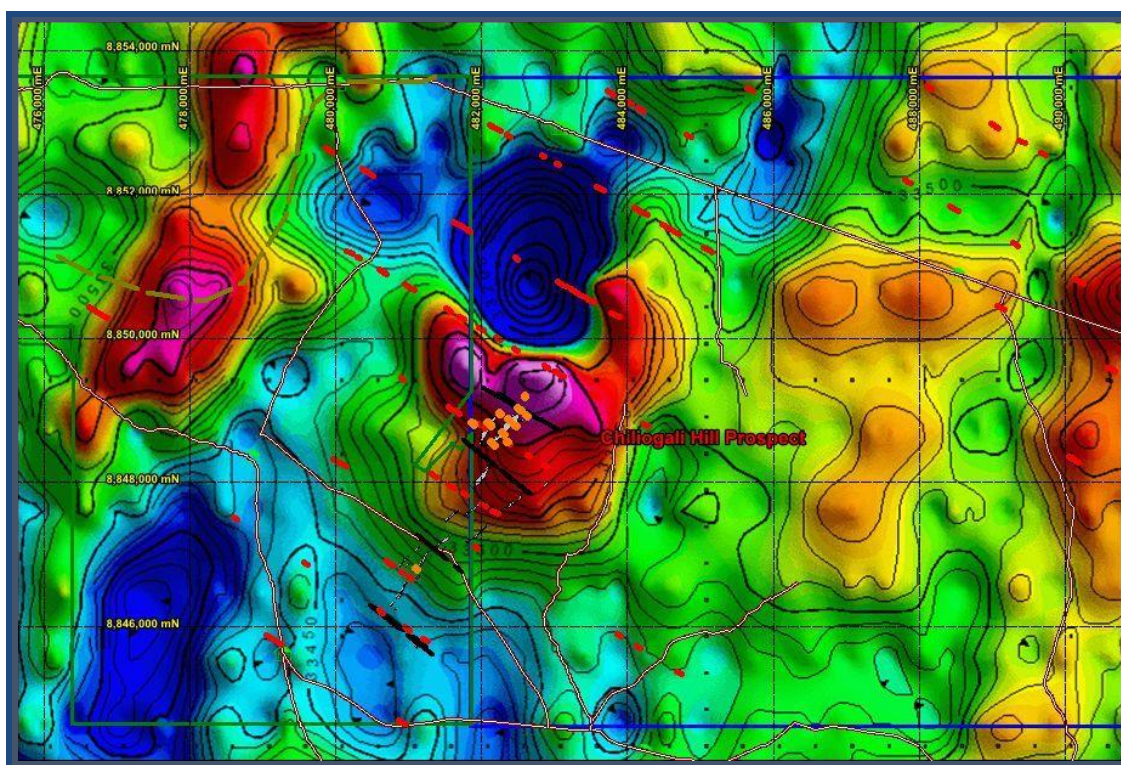


Figure 7 : Chiliogali Hill Prospect projected over Regional Aeromagnetics Image (TMI)

This newly acquired regional data is still being assessed and interpreted. The major southeast-northwest cross-cutting faults are apparent. The main Chiliogali Hill Prospect lies over a significant positive anomaly, with at least one more identified to the west (south of Nachingwea town). The significant magnetic lows may represent granitic intrusions, which are thought to be in part responsible for the well developed graphitic mineralisation.

JORC TABLE 1
Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>The samples were hand chipped along a continuous horizontal profile, close to the floor of the trenches.</i> <i>3kg Samples were collected every metre in triplicate, in addition to a smaller sample retained for reference and logging.</i>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>N/A</i>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>N/A</i>
<i>Logging</i>	<ul style="list-style-type: none"> <i>Chip samples have been geologically logged at 1m intervals, with data recorded in spreadsheet format using standardized codes. Sample weight, moisture content, lithologies, texture, structure, induration, alteration, oxidation and minerlisation were recorded.</i> <i>The work was undertaken according to Jacana Resources standard procedures and practices, overseen by the CP. Mr Aspon Muchunguzi. Prospect Resources believes that the level of detail and quality of the work is appropriate to support the current and any future exploration.</i>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <i>Samples were bagged directly from the sampling pan. Typically 5 - 8 kg of sample were produced per metre.</i> <i>The dry samples were split at the ALS sample preparation facility in Mwanza, using a 3-stage riffle splitter. With three, 3kg samples being collected per 1m interval. Excess material was dumped into old open prospecting pits.</i> <i>Field duplicates were produced every 20th sample.</i> <i>The 3kg samples were crushed and milled (90%, pass-75u) at the Farvic Laboratory. Lab duplicates, blanks and standard material (produced by Geostats) were inserted in identical packets to the samples, one per 20 normal samples. This was done under the supervision of a qualified geologist.</i>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <i>Standards and duplicates as described above were inserted blind into the batch within the same numbered sequence, prior to the ALS pre-preparation facility at Mwanza</i> <i>Assaying is then undertaken at ALS Johannesburg, another accredited facility.</i>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <i>Jacana Resources' Chief geologist has almost 25 years experience and was on site during all of the mapping and sampling.</i> <i>All hard copies of data are retained at the Prospect Resource Exploration offices, attached to the Farvic Mine. All electronic data resides in Excel & Access format on the office desktop, with back-ups retained on hard-drives in a safe.</i>
<i>Location of data points</i>	<ul style="list-style-type: none"> <i>All end points and surrounding workings, were initially located with a hand held GPS, which was used to survey-in a 20m x 20m grid. The survey system is UTM, using both an ARC 1950 datum with a Clarke 1880 spheroid, and WGS84</i> <i>Subsequently all the trenches and old mine infrastructure, including the main shafts were surveyed in to the National UTM grid using a total-station. (In ARC 1960 datum)</i>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>The trenches are spaced at approximately 200m intervals. Samples were collected and logged at 1m intervals.</i>



Criteria	Explanation
Orientation of data in relation to geological structure	<ul style="list-style-type: none">The Regional magnetic survey data was recently obtained and confirms the SW-NE strike of the metamorphic units. These have been affected by SE-NW cross-faults.Graphitic schist units form a major component of the Usagaran Belt rocks.
Sample security	<ul style="list-style-type: none">The chain of custody of samples is maintained either directly by Prospect Resources, or via former Jacana geologist now under contract to Prospect.All samples were transported in a sealed truck, accompanied by Prospect Resources' country manager to ALS Mwanza. The 50g milled charge packets produced by the lab were subsequently sent by DHL courier directly to ALS Johannesburg.Prospect Resources does not believe that any sample bias has been introduced
Audits or reviews	<ul style="list-style-type: none">The mineralized exposures have been shown to technical staff from the Tanzanian Geological Survey.

Section 2 Reporting of Exploration Results

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

Criteria	Explanation
Mineral tenement and land tenure status	<ul style="list-style-type: none">The Chilogali Project is covered by two recently renewed Prospecting Licences; PL 7488/2011 and 7471/2011.
Exploration done by other parties	<ul style="list-style-type: none">Grab sampling was undertaken by Pangea in 1997. In addition Channel chip sampling was undertaken by Jacana in 2014, following mapping and grab sampling, which commenced in 2011.
Geology	<ul style="list-style-type: none">Steeply dipping and folded graphitic schists within a sequence of mica schist, gneisses and marbles. These structures form an approximately 500m wide zone that trends SW-NE for more than 9km, within Usagaran Belt. Out crop is limited though the zone is apparently intruded by younger granites, which is thought to have been partly responsible for the high grade metamorphism.
Drill hole Information	<ul style="list-style-type: none">See Appendix I
Data aggregation methods	<ul style="list-style-type: none">N/A
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none">The schists hosting the mineralization are vertical.
Diagrams	<ul style="list-style-type: none">See attachment



Appendix I – Chip Sample Summary

Trench Number	From (m)	To (m)	TGC%	Interval (m)	Intercept
NTR0009	41.8	46.3	15.2%	4.5	4.5m@15.2%
	53.3	60.5	7.1%	7.2	7.2m@7.1%
	66.5	74.1	9.7%	7.6	7.6m@9.7%
NTR0010	9.5	33.0	23.6%	23.5	23.5m@23.6%
	37.0	43.0	18.8%	6.0	6m@18.8%
	52.5	72.0	20.9%	19.5	19.5m@20.9%
NTR0011	48.0	63.2	16.2%	15.2	15.2m@16.5%
NTR0012	27.3	32.6	8.5%	5.3	5.3m@8.5%
NTR0013	11.6	20.5	10.2%	8.9	8.9m@10.2%