

Capital Raising to raise \$715,000

HIGHLIGHTS

- Completion of a share placement at 0.5c per share to raise \$200,000.
- Fully underwritten rights issue to raise additional \$515,000.

The Company is pleased to announce that it has entered into agreements to raise approximately \$715,000 (before costs) via the issue of approximately 143m shares at 0.5c per share on the following basis:

1. Completion of a placement of \$200,000 to clients of DJ Carmichael Pty Limited; and
2. fully underwritten non-renounceable rights issue of \$515,789 whereby each eligible shareholder will have the right to subscribe for 1 new share at 0.5c per shares for every 9 shares held. The Company has entered into an engagement with DJ Carmichael Pty Limited who has agreed to underwrite the rights issue, subject to entry into a formal underwriting agreement, with \$150,000 sub-underwritten via family interests of a director, Hugh Warner.

A non-renounceable rights issue prospectus is expected to be lodged with ASX over the coming 10 days and posted to all shareholders.

The funds raised are to be used for general working capital and to provide the Company with a working capital buffer in anticipation of the commencement of gold production from the Company's Prestwood Gold Mine.

The Company is currently building a stockpile of development ore and this ore will be the first ore to be toll treated.

This follows a successful upgrade of the underground hoist on 4 level which involved extensive hanging wall blasting as well as the fitting of an upgraded underground shaft collar, shaft doors and coco pan hoisting system. In addition, rails have been fitted between the sub-decline and the main shaft to improve ore tramming and hoisting capabilities and efficiencies. The surface load-out facility and sizing grizzly has also been fitted and commissioned. This allows for underground ore to be sized and loaded into tractor haulage for transport to the toll treating facility.

A detailed timetable and information on how to participate in the rights issue will be included in the prospectus.

For further information, please contact:

Hugh Warner
Prospect Resources
Executive Chairman
Ph: +61 413 621 652

E: info@prospectresources.com.au

Harry Greaves
Prospect Resources
Executive Director
Ph: +263 772 144 669

Background Information - About the Prestwood Gold Mine

The historic Prestwood Gold Mine is located approximately 112km south east of Bulawayo in Zimbabwe, and historically produced approximately 499kg of gold (approx. 16,000oz) at 33.1g/t. It is situated within an almost contiguous block of claims covering approximately 25km² of the gold bearing Gwanda Greenstone Belt. These claims cover more than nine historic gold mines.

The Prestwood Mine 3D Model is provided below.

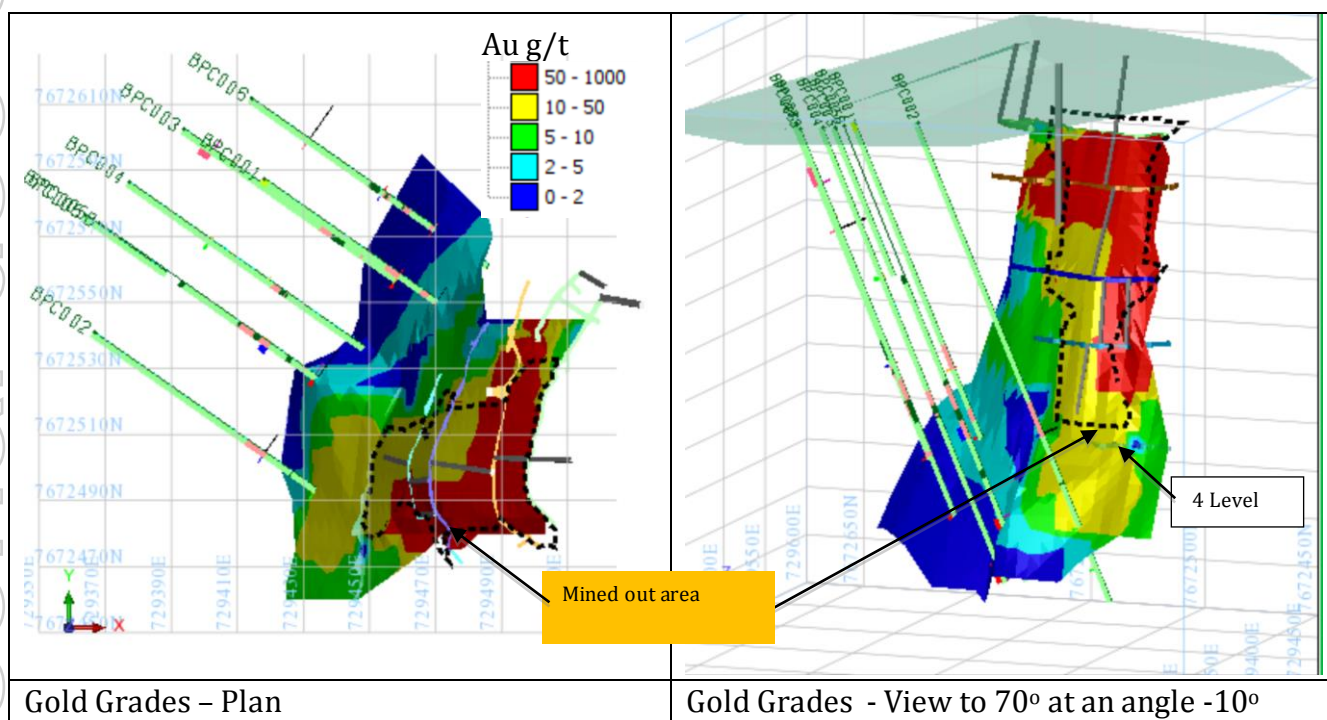


Figure 1: Grade contouring of the Main Prestwood Reef.

The mine consists of multiple veins in greenstones at or close to the monzonite contact. The Company is of the view that it is particularly prospective as it lies in the same geological setting as the nearby Farvic Gold Mine, located 4km to the east. The significance of mineralisation being intersected at the contact of the greenstones and monzonites cannot be overstated. This mineralisation style is very subtle, supported by the fact there is no surface expression at all at the Farvic Mine. The known monzonite extends for over 5km of strike, within ground held by Prospect.

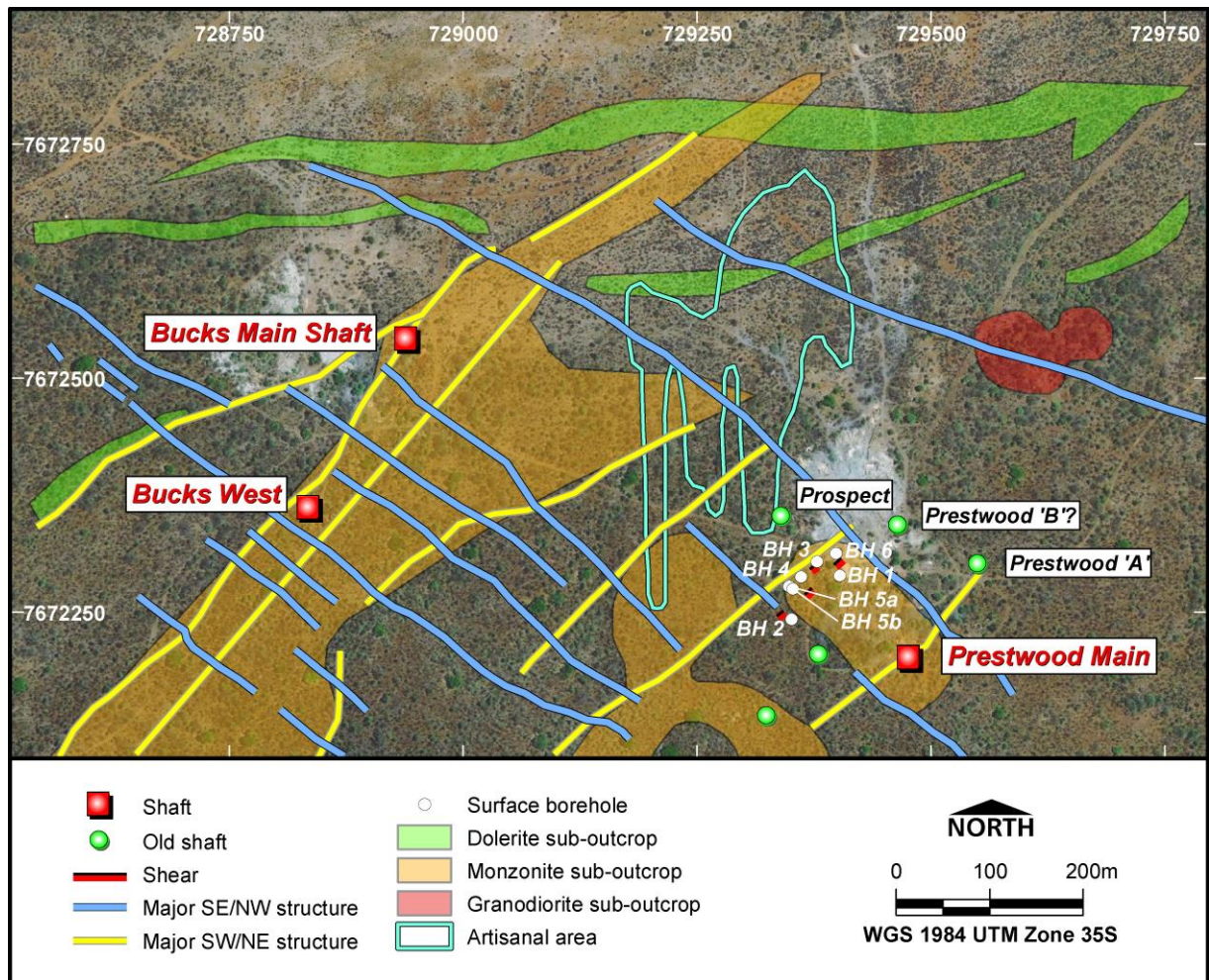


Figure 3: Prestwood Grid Plan projected over Quick Bird Satellite.

Borehole BPC001 (Figure 3) proved the continuity of the reef, beyond the existing 4 Level workings to the northeast, and BPC003 to BPC006 inclusive demonstrated the down dip continuity of the reef to at least 6 Level (195m vertical depth). BPC002 intersected shear hosted mineralisation, which is likely to have been affected by the SE-NW trending shear zone interpreted by geophysics. The monzonite sub-outcrop is shown in light brown. The Main Prestwood Reef appears to be hosted in north northeast – south southwest faults, which are splays to the major northeast-southwest structures.

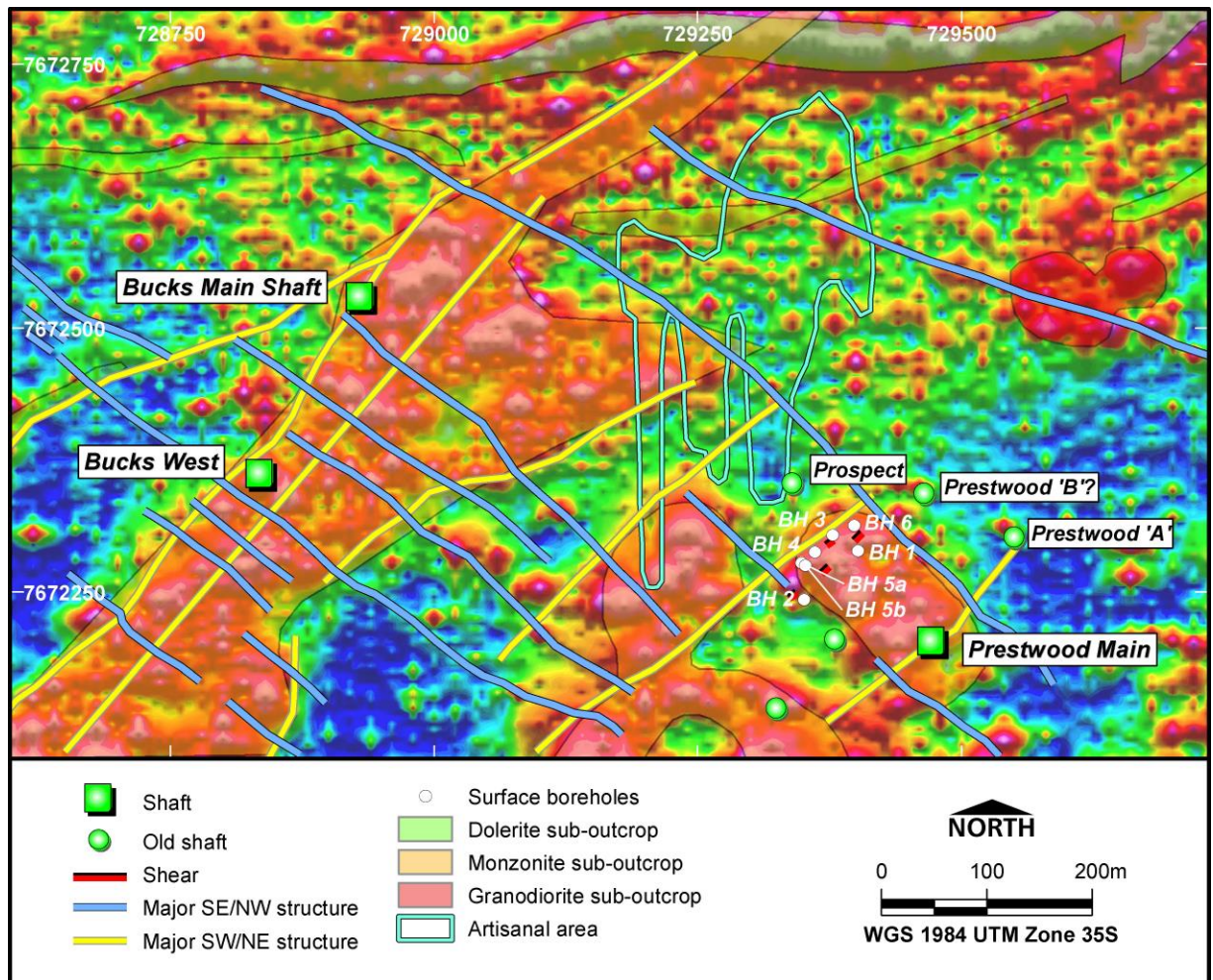


Figure 4: Geological Interpretation Projected over Magnetic Image (Analytical Signal).

The magnetic high areas represent monzonite at or just under the surface (dark red /purple in Figure 4). The northern third of the area is also thought to be underlain by monzonite, covered with thicker residual soils. The SW-NE shearing which hosts the Bucks, Prestwood and Prestwood B deposits is readily apparent. The more subtle SE-NW direction is also thought to have significance for deposit location.

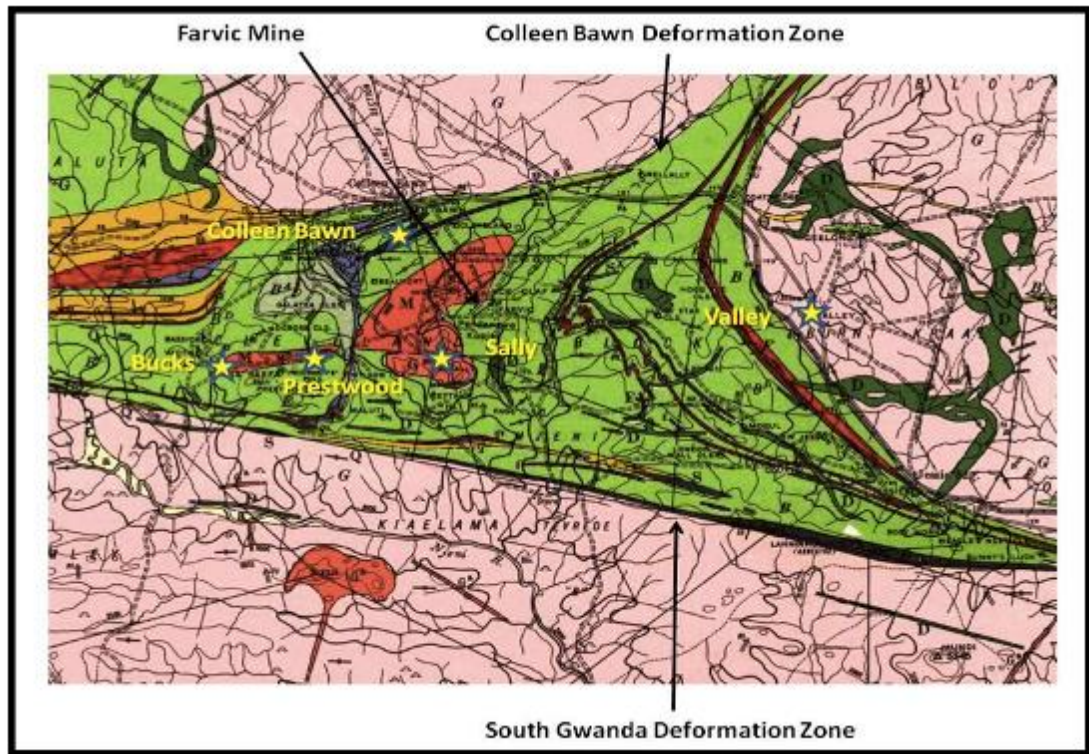


Figure 5: Positions of Current and Former Producers in the Gwanda Greenstone Belt.

A number of the mines lie at the contact zone of the monzonite intrusions and greenstones, which forms a highly prospective rheological contrast zone. The known strike extent of the monzonites is almost 6km

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.