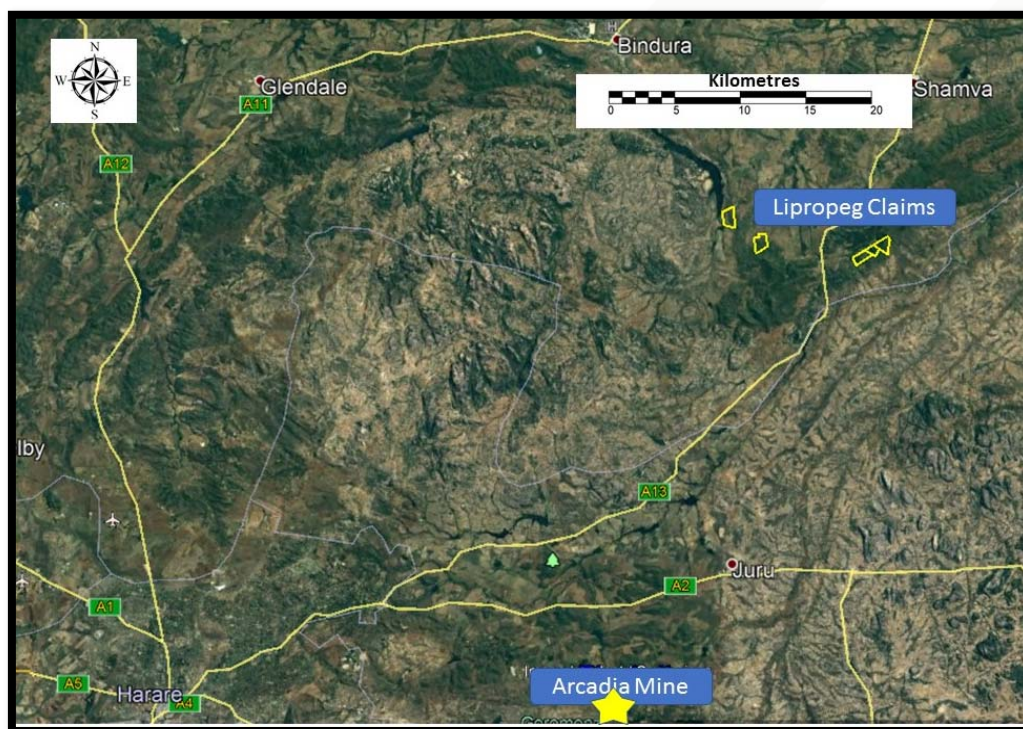


Option on Lipropeg Lithium Project Signed

Prospect Resources Limited (ASX:PSC) ('Prospect' or 'the Company'), is pleased to announce that it has signed a 90 day option to acquire the Lipropeg Lithium Project, from local company Pegmaton Resources Pvt (Ltd).

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; focusing on near term production of petalite and spodumene concentrates. Prospect is using its expertise gained at Arcadia in lithium exploration and geological modelling to focus its exploration targets in Zimbabwe and elsewhere in the region.

The 5km² Lipropeg Lithium Project is located in north eastern Zimbabwe and contains numerous mineralised pegmatites. The five Lipropeg claims are within 2 km to the south, and on strike, of known historical small mines which include the Loch Ness, Bonnyvale and Ronspur. These historical mines were exploited in the 1960's for beryl, cassiterite and tantalum mineralisation, and were also reportedly substantially mineralised in fine-grained spodumene'. (*Geol Survey Bulletin no 79*)



Locality Plan of the Lipropeg Claims; some 65km NE of Harare, and 40km NNE of Arcadia

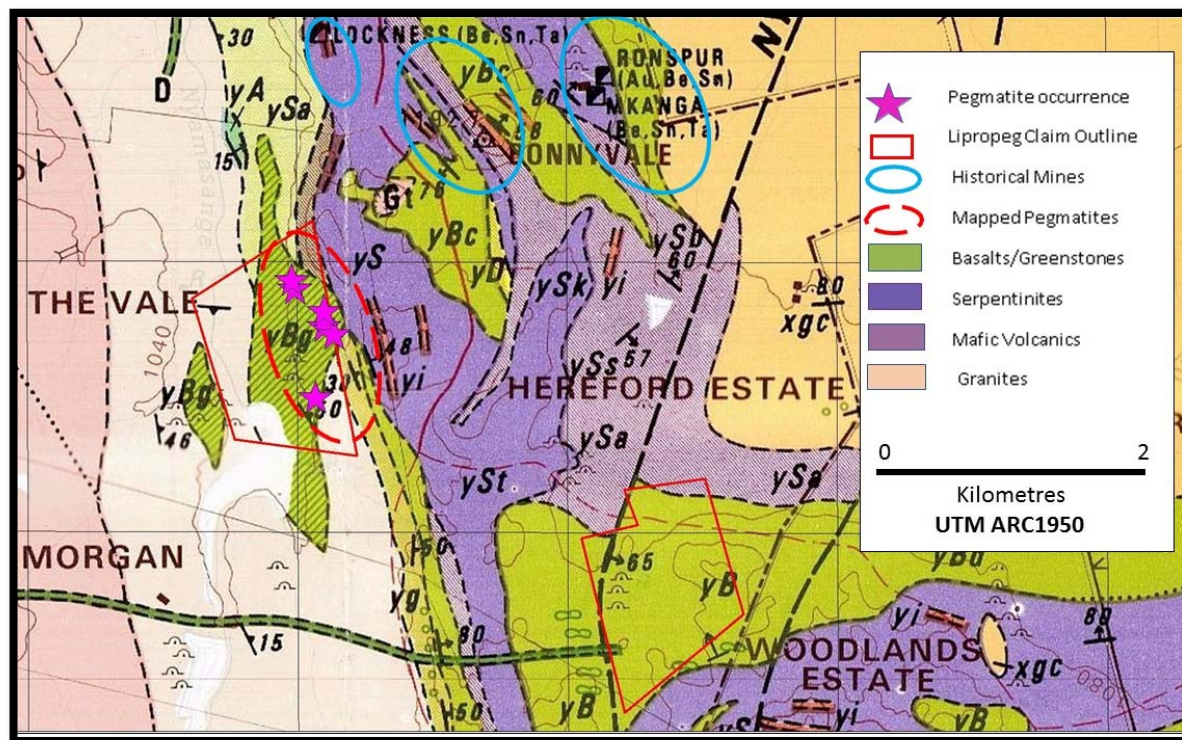
The project area is located approximately 16 km southeast of the town of Bindura in north eastern Zimbabwe and some 65km from the capital city, Harare, and consists of a swarm of Lithium-Caesium-Prospect Resources Limited | ACN 124 354 329

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Tantalum ('LCT') pegmatites which were historically worked for spodumene, beryl, tantalite, columbite, cassiterite, feldspar and lepidolite.

The Lipropeg claims cover part of a previously unexploited 500 m by 200 m wide SE-NW striking pegmatite body along the southern edge of the Shamva Greenstone belt.



Geological Plan of the two Westernmost Lipropeg Claims

The Lipropeg claims form a western and eastern group, close to Six Sigma Metals (ASX: SI6)'s Shamva Project. They report "Exceptional grades of mineralisation during a drilling and rock sampling campaign at the Bonnyvale prospect. The five-hole, 287-metre reverse circulation program returned significant intersections of high-grade lithium oxide within spodumene-rich zones continuing at depth below surface outcrops and old workings. Best results were 8m at 3.08% lithium oxide from 1m, including 5m at 4.38% lithium oxide from 2m" (ASX: SI6 announcement dated 2 October 2018).

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

The Company intends to commence its exploration programme immediately. The first phase will consist of mapping, soil and rock chip sampling and ground magnetics.

The follow-up phase will be results driven, but likely consist of infill soil sampling followed by trenching, and then appropriate short hole RC 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.