PROSPECT RESOURCES LIMITED

ACN 124 354 329

ANNUAL REPORT
30 JUNE 2016

CORPORATE DIRECTORY

DIRECTORS	Hugh Warner Harry Greaves Gerry Fahey Zed Rusike Manana Nhlanhla	
SECRETARY	Andrew Whitten	
PRINCIPAL OFFICE	**AUSTRALIA** Suite 6, 245 Churchill Ave Subiaco, WA 6008	**ZIMBABWE** 76 Clark Road Suburbs, Bulawayo
REGISTERED OFFICE	Suite 6, 245 Churchill Ave Subiaco, WA 6008 Telephone: (08) 9217 3300 Facsimile: (08) 9388 3006	
AUDITORS	Stantons International Level 2 1 Walker Avenue West Perth WA 6005	
SHARE REGISTRY	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233	
ASX CODE	Shares – PSC	
LEGAL REPRESENTATIVES	Whittens & McKeough Pty Limited Level 29, 201 Elizabeth Street Sydney NSW 2000	

TABLE OF CONTENTS

REVIEW OF OPERATIONS

General

In last year's annual report we mentioned that one of our major shareholders reminded Harry Greaves and Hugh Warner of a famous quote by Bill Ackman: "Investing is a business where you can look very silly for a long period of time before you are proven right"… and rewarded handsomely.

Well shareholders have in fact been rewarded this year for their support. When Harry Greaves and I began the Company's African business plan, we raised funds at 1c. Over the course of this year, we have seen our share price rise to as high as 7.1c and at the time of print our share price is approximately 5c.

Prospect has a market capitalisation of approximately $80,000,000 (based on a share price of 5c) and cash reserves of approximately $17,000,000. Most importantly, we have a very valuable asset in the Company's Arcadia High Grade Lithium Project and the financial capacity to undertake a detailed exploration and drilling programme at our Gwanda East Gold Camp. As shareholders, we are in a great position to profit from both the growth in the lithium market and high gold prices.

Growth Strategy

As all shareholders are aware, the Company is seeing tremendous growth in value because of our pivot in corporate focus from gold to lithium and more generally towards the mineral components of the lithium battery cycle. We are also benefiting from owning a mineral asset (the Arcadia High Grade Lithium Project) which is demonstrating significant scale on a global basis. When we acquired the asset, we had an exploration target of some 15-18Mt of lithium bearing pegmatite. We believe we have exceeded this target with our existing drilling programmes despite having only drilled approximately 10% of our mining licence area.

We intend to continue to target other large scale projects within the lithium battery cycle and large scale gold projects. With our strong balance sheet, we can now approach the exploration of our Gwanda East Gold Camp in the more traditional sense – via a series of large scale drilling programmes. This sort of exploration is something that the Gwanda East greenstone belt has never seen. We can now target large scale resources rather than the more traditional narrow high grade gold deposits of the region. We think, through the on ground observations of our non-executive director Gerry Fahey, that the under-explored Gwanda Greenstone Belt appears to have geological similarities to the Laverton Greenstone Belt in Western Australia, from which tens of millions of ounces have been discovered in the past 30 years through good systematic exploration.

With regards to production, our strategy has not changed. It is our intention to rapidly define JORC reportable Mineral Resources and Ore Reserves and bring these assets into production as soon as possible. What this means at Gwanda is that we plan to focus more attention on resources definition in the short term in an effort to identify a large scale Mineral Resource. Whilst we are generating very high grades in our drilling, see a table of results below, we intend to focus on the large scale potential of the gold hosted monzonites. First production from our Arcadia High Grade Lithium Project is planned for 30 June 2017.

Our Shareholder Group

I suspect that we have quite a unique shareholder distribution for an ASX listed company. As at 20 September 2016, the shareholder distribution is as follows:

Shareholder Location	%		Directors/ Top Reports	%
Australian based shareholders	49%		Directors & Management	18%
African based shareholders	27%			
Asia based shareholders	24%		Top 20 shareholders	69%

With our focus on lithium and the results being generated from the Company's Arcadia High Grade Lithium Project we have attracted the interest of a number of high net worth Chinese investors (both mainland China and Australian based). It is because of their support both on market and via the Company's recent 5c share placement of some $17m that we have been able to raise significant equity funds during calendar year 2016 and progress our lithium project so quickly.

Harry Greaves and I are now regularly travelling to China to meet our China based shareholder group and to also meet with lithium carbonate manufacturers, lithium hydroxide manufacturers and lithium battery manufacturers. Shareholders will be pleased to read that the level of interest in our Arcadia High Grade Lithium Project and its future products is high.

As we travel through China, it is easy to see why there is such an interest in our project and the lithium battery industry. As we are all aware, China's poor air quality is having a major impact on the health of its population. As a consequence, the Chinese government is making policy changes to quickly address the pollution problems. We are told that one such change is the incentive for people to buy electric cars (EV). Incentives come in the form of subsidies to the consumer, subsidies to the EV manufacturers, free licencing of electric cars and no restriction on when they can enter congested cities of Beijing and Shanghai.

Lithium batteries are now an everyday part of our lives within mobile phones, laptop computers and now electric vehicles and high capacity house storage batteries (or battery walls). It is also worth remembering the more traditional uses of lithium including glass, ceramics and fibreglass. These industries are also growing with the world economies and so does the demand for lithium based products.

Details of the Projects

Arcadia High Grade Lithium Project

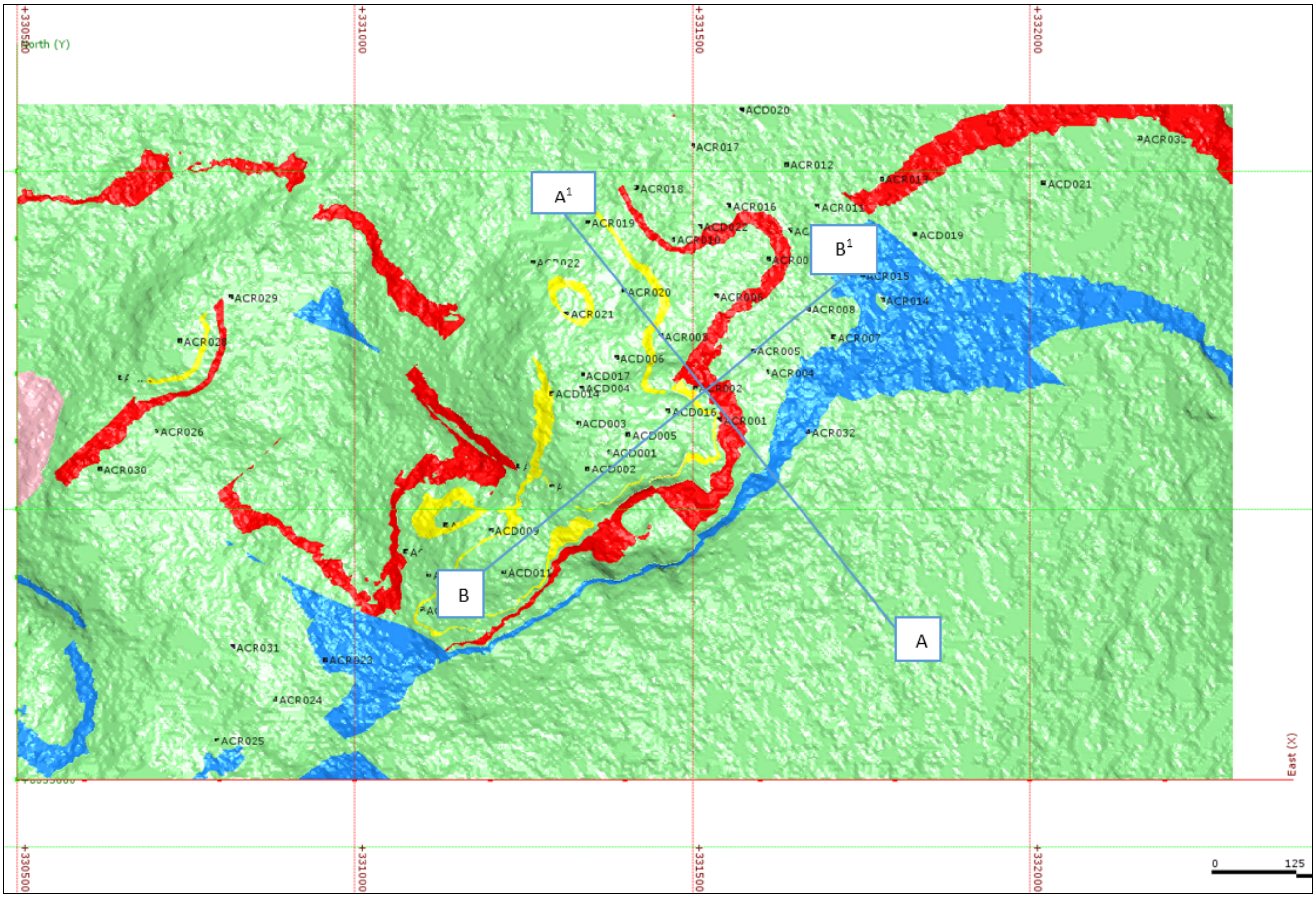

Figure 1: Plan showing Arcadia drilling locations with Upper Pegmatite (Yellow), Main Pegmatite (Red) and Lower Pegmatite (Blue) and cross section locations A - A[1] and B – B[1]

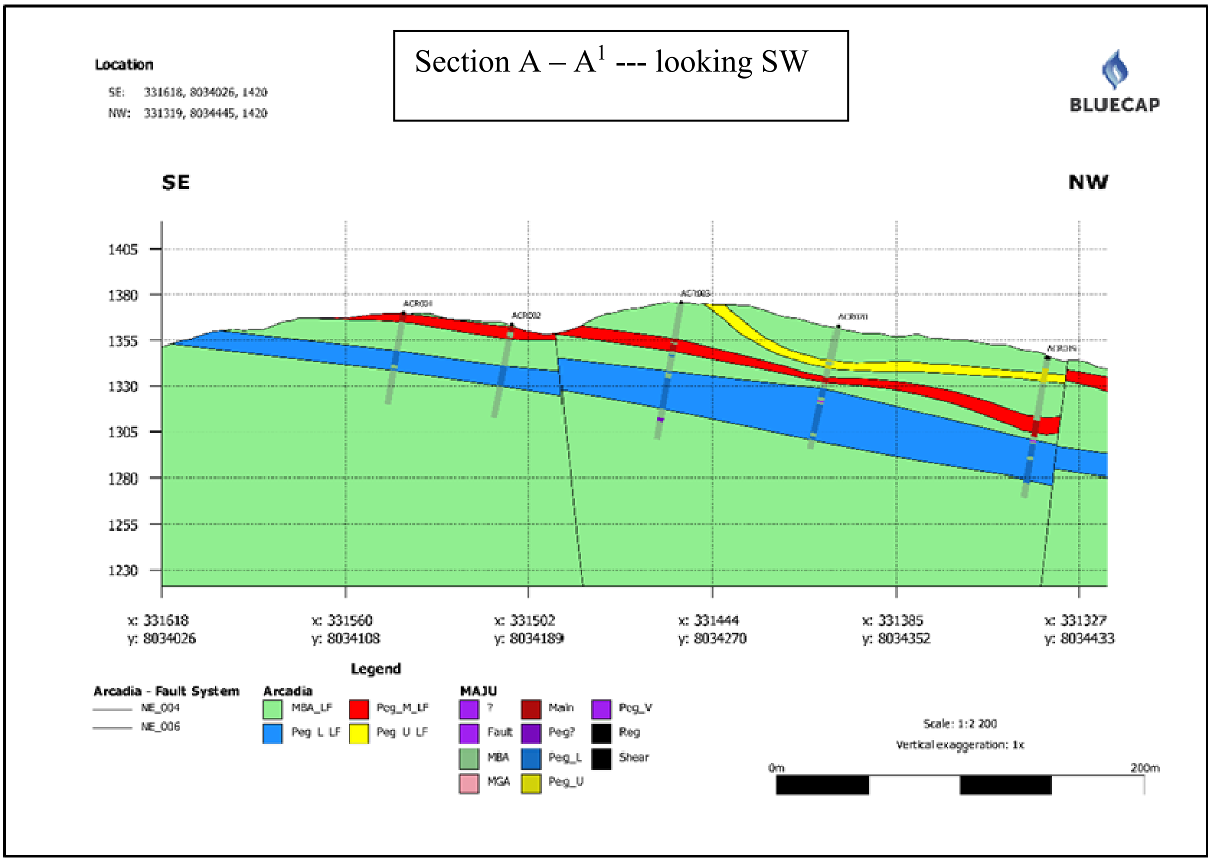

Figure 2: Cross section A - A[1] looking South West

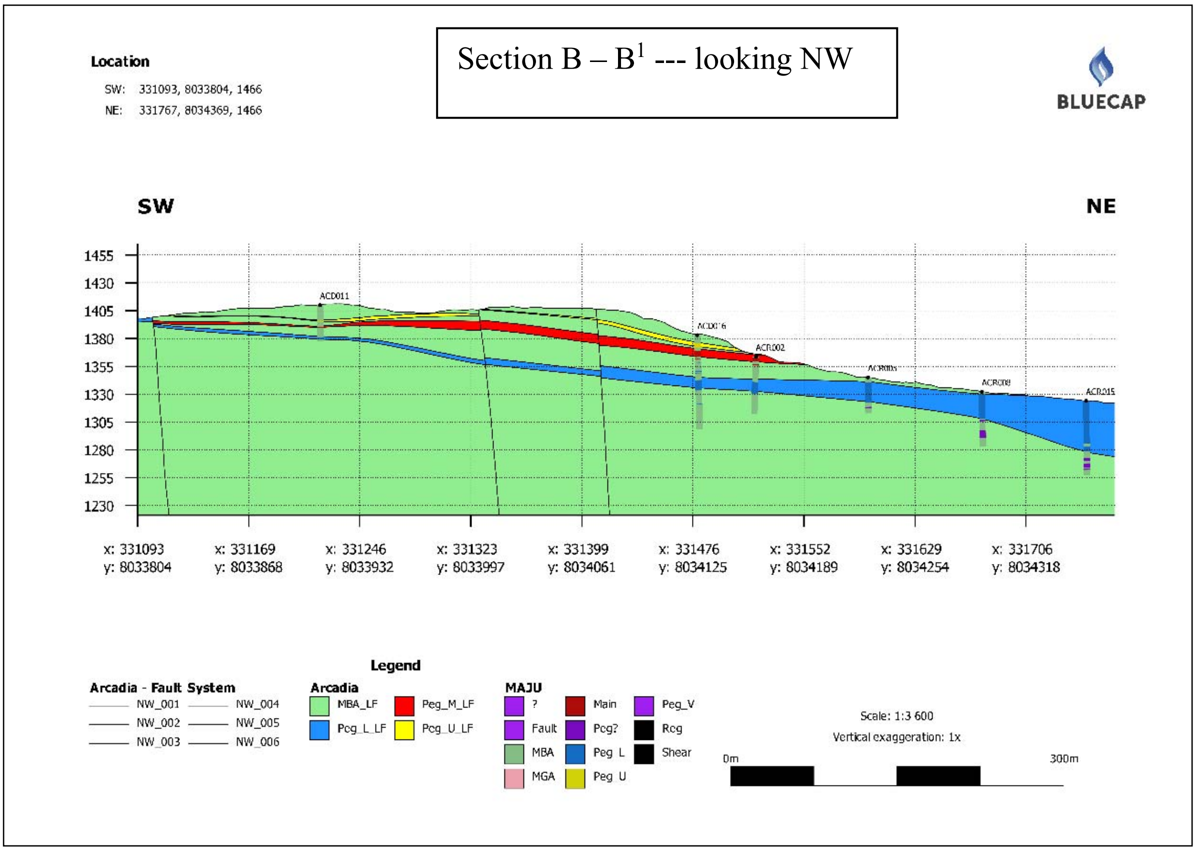

Figure 3: Cross section B - B[1] looking North West

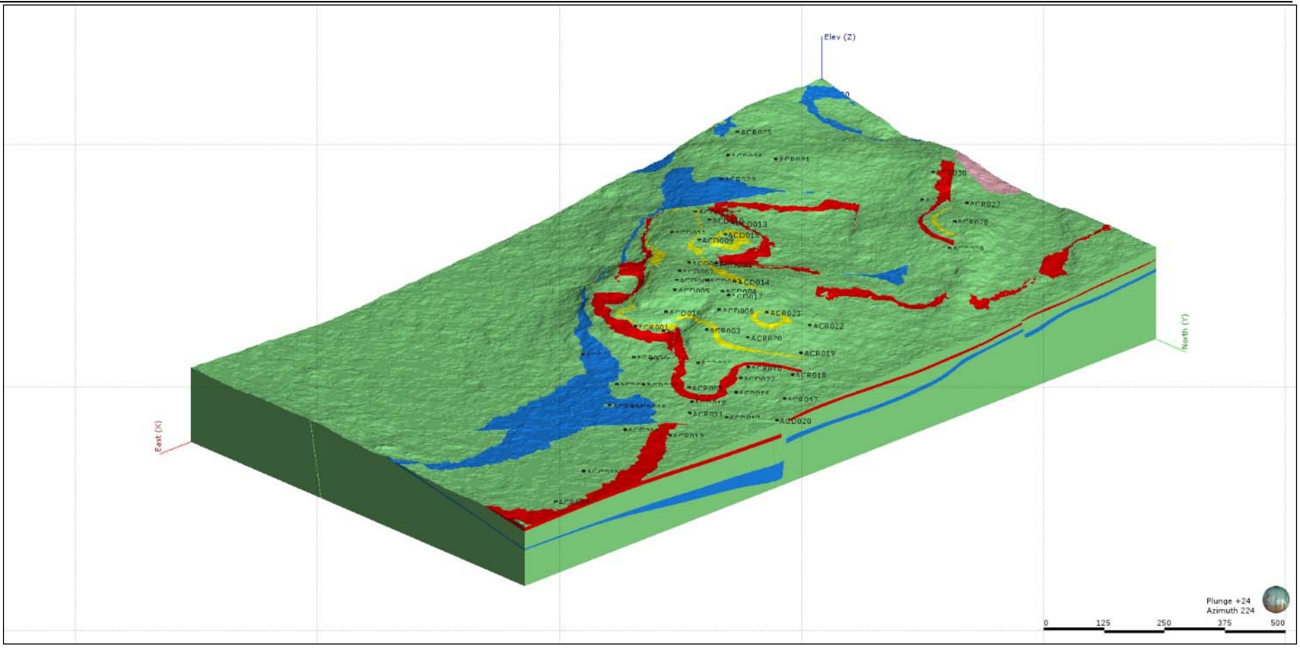

Figure 4: Oblique 3-D view looking South West showing Arcadia drilling locations with Upper Pegmatite (yellow), Main Pegmatite (Red) and Lower Pegmatite (Blue)

In the period since May 2016, we have drilled 50 exploration holes and at least 3 more diamond drill holes are being completed for Metallurgical Testing as we write this report. The RC drill rig is expected to be back on ground in late September to continue exploration drilling. All but one hole to date has intersected pegmatites (one hole was abandoned). We have received assay results for the diamond holes and the first assays from the first RC holes have proven the high grade potential of the Arcadia High Grade Lithium Project. These are summarised as:

Assay results from the first 3 RC drill holes returned a peak grade of 4.37% Li_2O. Significant intersections are summarised as:

ACR003 – peak grade 3.05% Li_2O

- 3m @ 3.05% Li_2O from 19m
- 17m @ 1.46% Li_2O from 42m
- 2m @ 2.07% Li_2O from 64m

ACR002 – peak grade 4.35% Li_2O

- 11m @ 2.03% Li2O from 24m

ACR001 – peak grade 2.51% Li_2O

- 10m @ 1.5% Li_2O from 19m

Over the balance of the current financial year, we intend to achieve the following milestones with Arcadia:

- First JORC reportable Mineral Resource is expected to be generated before the end of October 2016
- Mine Scoping Study planned for completion prior to 31 December 2016
- First ore production planned for pre 30 June 2017

The Gwanda East Gold Project is located in the Gwanda Greenstone Belt and covers Prestwood Mine, Prestwood A, Bucks Reef, Sally Mine and other smaller mines. These mines are situated within an almost contiguous block of claims, held by the Group, which cover approximately 25km2 of the gold bearing Gwanda Greenstone Belt.

Prestwood Mine (Historic Production of approx. 499kg of gold, (approx. 16,000oz) at 33.1g/t)
The Prestwood Mine consists of multiple veins in greenstones at the monzonite contact. The reef is open ended down dip below 250m. It is considered particularly prospective as it lies in the same geological setting as the Farvic Gold Mine.

High grade gold was intersected from a maiden 6 hole-1281m RC drill programme in May 2014. Five of six holes drilled intersected intact Main Reef down dip of the existing workings to 195m below surface.

Development results from Prestwood A have exceeded expectations with regards to individual gold grades, however, we are still searching, through exploration drilling programmes, for larger scale mineralisation systems worth our focus relative to what we are finding at Arcadia.

As discussed earlier, with the Company's stronger balance sheet, focus has slowed on development whilst we undertake a more detailed drilling and exploration programme including digitising and creating a 3D model of the Gwanda East Gold Project and its surrounding region so that we may better understand the mineralisation and explore for the larger scale deposits.

We are still a small team of people with a strong, but not unlimited, balance sheet. As a consequence, we do have to prioritise personnel and resources and currently that priority is at the Company's Arcadia High Grade Lithium Project.

The Bucks Reef Gold Mine (Historic Production of approx. 1,443kg of gold (approx. 46,168oz) at 27.0g/t).

The two main ore shoots, a north easterly and a south-westerly one, were developed to 130m (4 level) and 300m (9 level) respectively. Both were accessed by vertical shafts at the West and Bucks Main. Another reef on the west or hanging-wall side of the south-western shoot was opened up to about 70 m.

The Bucks Reef commenced operations in 1902, and by 1909 had the reputation of being the highest grade producer in the country. Work ceased on the northeast shoot in 1912, but continued intermittently on the south-westerly one until WWII. The premature closure of the mine was likely due to an in-efficient underground benching method mining, rather than grade issues.

Limited underground exploration has begun at the Buck Reef. We are pleased to report that we re-entered the Bucks West shaft in June 2016 in preparation of more detailed exploration.

As with Prestwood, exploration is ongoing but at a less pace whilst we focus on the rapid development of Arcadia.

Other Projects

No resources have been allocated to the below projects during the financial period. We are pleased to report however that the Company's subsidiary, HME receives a small and intermittent tribute income paid by artisanal miners at the Penhalonga Gold Project.

The Penhalonga Gold Project consists of a number of shear and vein hosted gold deposits along the southern side of the Penhalonga Valley covering an area of approximately 1.8km^2, including the historic Battersea Gold Mine and the dormant Penhalonga Gold Mine, 5km north of Mutare. It is situated in the Mutare Greenstone Belt which extends eastward into Mozambique. In terms of gold production per unit area, the Mutare Greenstone Belt at 122kg Au/km^2 is one of the richest belts within Zimbabwe. Historical production from the Penhalonga valley between 1897 and 1937 amounted to: Gold 1.3m oz, Silver 1.6m oz, Lead 7,258 tonnes and Copper 5.2 tonnes. Prospect also owns a number of lead tenements within the Mutare Greenstone Belt.

The Chisanya Phosphate Project is one of 5 known phosphate bearing carbonatites in Zimbabwe. The deposit has been explored by a number of companies since the 1950s including Anglo American and Rhodesia Chrome Mines Ltd. The deposit is a series of un-exploited phosphate bearing, apatite-magnetite lenses in carbonatite located near Birchenough Bridge, Manicaland. The potential for REEs has also never previously been assessed.

Competent Person Statement

The information in this report that relates to Exploration Targets, 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 JORC Code "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.

DIRECTORS' REPORT

The directors of Prospect Resources Limited ("the Company") submit hereby the annual report of the Company and its subsidiaries, (together the "Consolidated Entity" or "Group") for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

OFFICERS AND DIRECTORS

The directors at any time during or since the end of the year are:

Name	**Particulars**
Hugh Warner	Executive Chairperson
Duncan (Harry) Greaves	Executive Director
Gerry Fahey	Non Executive Director
Zivanayi (Zed) Rusike	Non Executive Director
Manana Nhlanhla	Non Executive Director

The above named Directors held office during and since the financial year, except as otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Company is exploration and evaluation of mineral resources.

REVIEW OF OPERATIONS AND RESULTS

The Group made a loss from operations of $1,727,325 in the year (2015: Loss $1,308,672).

Additional information on the operations and financial position of the Group is set out in the review of operations and Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

1. The Company issued 549,703,476 new ordinary shares to raise $4,266,637 before costs; and
2. The Group acquired the Arcadia lithium claims in Zimbabwe.
3. The Group gave notice of its decision not to mine Bushtick under its access agreement and has written off the capitalised exploration and evaluation expenditure.

ENVIRONMENTAL REGULATIONS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

1) The Company issued 340,000,000 new ordinary shares at 5c each to raise $17,000,000 before costs.
2) The Company issued 7,000,000 new ordinary shares upon the exercise of 7,000,000 options with an exercise price of $0.015, raising $105,000.
3) The Company issued 142,000,000 unlisted options exercisable at $0.015 (of which 135,000,000 remain unexercised as of the date of this report).
4) The Group signed a four month option agreement to acquire a 90% interest (via its 70% owned Zimbabwe subsidiary) in the God's Gift lithium deposit, northeast of Harare. Terms are as follows:
    a. Option fee US$50,000
    b. US$450,000 to exercise the option

DIVIDENDS

No dividends were recommended or paid during the current year.

LIKELY DEVELOPMENTS/STRATEGIES AND PROSPECTS

The Company will continue to explore and assess its mineral projects and will also consider new projects, primarily in Zimbabwe, Democratic Republic of Congo and Southern Africa that could provide growth for shareholders.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS

Hugh Warner (Executive Chairperson) appointed 3 January 2012

Experience and Expertise
Mr Warner holds a Bachelor of Economics from the University of Western Australia. He has broad experience as a public company director, having been a director of a number of publicly listed companies involved in the mining, oil and gas, biotechnology and service industries.

Other Current Listed Directorships
None

Former Listed Directorships in the Last Three Years
JustKapital Litigation Partners Limited (Executive Director) (appointed 17 May 2010, resigned 15 January 2016)
LiveTiles Limited (appointed 20 April 2010, resigned 26 August 2015)

Special Responsibilities
Chairperson

Interests in Shares and Options
127,166,668 ordinary shares and 50,000,000 options

Duncan (Harry) Greaves (Executive Director) appointed 15 July 2013

Experience and Expertise
Harry is a fourth generation Zimbabwean. He holds a B.Sc (agriculture) from the University of Natal (in South Africa). He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf, Farvic and Nicolson gold mines in southern Zimbabwe all of which he brought back into production over the last 10 years including the design and construction of two milling facilities. He was also the driving force behind the acquisition of the Penhalonga Gold Project and the Bushtick Gold Project. He is a well respected and well known member of the Zimbabwe mining fraternity.

Other Current Listed Directorships
None

Former Listed Directorships in the Last Three Years
JustKapital Litigation Partners Limited (appointed 19 August 2013, resigned 12 February 2015)

Special Responsibilities
None

Interests in Shares and Options
20,957,944 ordinary shares and 50,000,000 options

Gerry Fahey (Non-Executive Director) appointed 15 July 2013

Experience and Expertise
Mr Gerry Fahey has 40 years' experience in both the international and local minerals industry. He is a specialist in mining geology, mine development and training and worked for 10 years as Chief Geologist Mining for Delta Gold where he was actively involved with the development of the Eureka, Chaka, Globe and Phoenix gold mines and the following Australian gold projects: Kanowna Belle, Golden Feather, Sunrise and Wallaby. Gerry is currently a Director of Focus Minerals Ltd and a former Director of CSA Global Pty Ltd, Modun Resources Limited and a former member of the Joint Ore Reserve Committee (JORC).

Other Listed Current Directorships
Focus Minerals Ltd (appointed 20 April 2011)

Former Listed Directorships in the Last Three Years
LiveTiles Limited (appointed 25 September 2008, resigned 31 January 2014)

Special Responsibilities
None

Interests in Shares and Options
Nil shares and 15,000,000 options

DIRECTORS' REPORT (continued)

Zivanayi (Zed) Rusike (Non-Executive Director) appointed 26 September 2013

Experience and Expertise
Mr Rusike graduated in Accountancy in Birmingham, England, before returning to Zimbabwe in 1982. He was Managing Director of United Builders Merchants before being promoted to Group Managing Director for Radar Holdings Limited, then, a large quoted company on the Zimbabwe Stock Exchange. He retired from the Radar Group of companies in 2005 to pursue his personal interests and is currently the Executive Chairman of Dulux Paints Limited. Zed is a former President of The Confederation of Zimbabwe Industries.

Other Current Listed Directorships
Zimplow Holdings Limited (appointed 23 August 2010) - Zimbabwe Stock Exchange

Former Listed Directorships in the Last Three Years
None

Special Responsibilities
None

Interests in Shares and Options
12,403,738 ordinary shares and 5,000,000 options

Manana Nhlanhla (Non-Executive Director) appointed 29 September 2014

Experience and Expertise
Ms Nhlanhla is Chairperson of Mion Limited, the parent company of Armoured Fox Capital (Pty) Ltd, one of the Company's largest shareholders. Mion Limited is a 100% black owned South African based investment company with investments in Maritime, Gaming, Energy, Industrial, Engineering Industries and general listed entities.

Other Current Listed Directorships
RCL Foods Limited (appointed 19 May 2005) – Johannesburg Stock Exchange

Former Listed Directorships in the Last Three Years
Times Media Group Limited (appointed 20 June 2013, resigned 30 June 2015) – Johannesburg Stock Exchange

Special Responsibilities
None

Interests in Shares and Options
119,860,889 ordinary shares and Nil options (Ms Nhlanhla is a director and controller of Armoured Fox Capital (Pty) Ltd which holds this interest in Prospect Resources Limited).

COMPANY SECRETARY

The company secretary is Andrew Whitten. Andrew was appointed to the position of company secretary on 10 April 2012. Andrew is a Solicitor Director of Whittens & McKeough Pty Limited, where he specialises in corporate finance and securities law.

MEETINGS OF DIRECTORS

The number of meetings of the Company's board held during the year ended 30 June 2016 that each Director was eligible to attend, and the number of meetings attended by each Director were:

Director	Number of Meetings	
	Eligible to attend	Attended
Hugh Warner	1	1
Harry Greaves	1	1
Gerry Fahey	1	1
Zed Rusike	1	1
Manana Nhlanhla	1	1

The Company's business was conducted via circular resolutions.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

(1) Principles used to determine the nature and amount of remuneration;
(2) Details of remuneration;
(3) Service agreements; and
(4) Share-based compensation.

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

This report details the nature and amount of remuneration for each director and executive of Prospect Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by the Corporations Act 2001 and its regulations.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' includes those key management personnel who are not directors of the parent company.

(1) Principles used to determine the nature and amount of remuneration

The Company has previously stated its intention to commence paying its directors upon having the financial capacity to do so. No director was paid for the provision of their services to the Company until 1 June 2016, when the Company had the financial capacity to do so. The below summary reflects the Company's remuneration policy subsequent to 1 June 2016.

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executives by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Board links the nature and amount of executive director's emoluments to the Group's financial and operational performance. The intended outcomes of this remuneration structure are:

- Retention and motivation of directors
- Performance rewards to allow directors to share the rewards of the success of the Group.

The remuneration of an executive director will be decided by the Board. In determining competitive remuneration rates the Board reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for any options issued.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Group's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive director remuneration within that maximum will be made by the Board having regards to the inputs and value to the Group of the respective contributions by each non-executive director.

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. All equity based remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The Board may pay bonuses to directors and executives at its discretion.

The issue of options to directors and executives is to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition, all directors and executives are encouraged to hold shares in the Company.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

Group Performance, Shareholder Wealth and Key Management Personnel Remuneration

The Company is currently undertaking new acquisitions, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly, the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The remuneration policy has been tailored to maximize the commonality of goals between shareholders, directors and executives. The method applied in achieving this aim to date being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be the most effective in increasing shareholder wealth.

Performance of Prospect Resources Limited
The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the financial year ended 30 June 2016 and prior.

	30 June 2016 $	30 June 2015 $	30 June 2014 $	30 June 2013 $	Restated 30 June 2012 $
Revenue	71,421	9,661	3,302	22,540	8,306
Net loss before tax	(1,727,325)	(1,308,672)	(2,494,070)	(1,297,109)	(675,533)
Net loss after tax	(1,727,325)	(1,308,672)	(2,494,070)	(1,297,109)	44,847

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Share price at beginning of year (cents)	0.3	0.7	0.5	N/a[1]	14.5
Share price at end of year (cents)	2.2	0.3	0.7	0.5	N/a[1]
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(0.18)	(0.19)	(0.52)	(0.35)	0.04

[1] – the Company was suspended from trading at 30 June 2012, thus this information is not applicable

Remuneration of Key Management Personnel

The following persons were identified as Key Management Personnel of Prospect Resources Limited during the financial year:

Directors

Hugh Warner	Executive Chairperson
Harry Greaves	Executive Director
Zed Rusike	Non-Executive Director
Gerry Fahey	Non-Executive Director
Manana Nhlanhla	Non-Executive Director

Executives

Roger Tyler	Chief Geologist
Chris Hilbrands	Chief Financial Officer

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

(2) Details of remuneration

2016

	SHORT TERM			POST EMPLOYMENT	EQUITY		TOTAL
Directors	Salary & Fees	Bonus	Other	Superannuation	Options	Other benefits	$
Non-Executive Directors							
Z. Rusike	2,000	-	-	-	9,698	-	11,698
G. Fahey	1,826	-	-	174	9,698	-	11,698
M Nhlanhla	2,000	-	-	-	-	-	2,000
Executive Directors							
H. Warner	9,132	50,000	-	868	29,094	-	89,094
H. Greaves (i)	10,000	50,000	10,773	-	29,094	-	99,867
Executives							
R. Tyler (ii)	47,670	-	61,726	3,575	9,698	-	122,669
C. Hilbrands	49,467	-	-	4,700	9,698	-	63,865
Total	**122,095**	**100,000**	**72,499**	**9,317**	**96,980**	**-**	**400,891**

Notes

(i) Mr Greaves submitted an invoice for other services on ordinary terms and conditions.

(ii) Mr Tyler submitted invoices for other services on ordinary terms and conditions.

2015

	SHORT TERM			POST EMPLOYMENT	EQUITY		TOTAL
Directors	Salary & Fees	Bonus	Other services	Superannuation	Options	Other benefits	$
Non-Executive Directors							
Z. Rusike	-	-	-	-	-	-	-
G. Fahey	-	-	-	-	-	-	-
M Nhlanhla	-	-	-	-	-	-	-
Executive Directors							
H. Warner	-	-	-	-	-	-	-
H. Greaves (i)	-	-	3,265	-	-	-	3,265
Executives							
R. Tyler	89,323	-	-	-	-	-	89,323
C. Rees (ii)	70,126	-	-	-	-	-	70,126
C. Hilbrands	45,662	-	-	4,338	-	-	50,000
Total	**205,111**	**-**	**3,265**	**4,338**	**-**	**-**	**212,714**

Notes

(i) Mr Greaves submitted an invoice for other services on ordinary terms and conditions.

(ii) Mr Rees ceased being a key management personnel at 30 June 2015.

Short term incentives

Hugh Warner and Harry Greaves were both paid a $50,000 bonus at the discretion of the Board. This bonus was in recognition of historical non payment of salaries to the Executive directors and completion of the Arcadia claim acquisition.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2016	2015	2016	2015
Non-Executive directors				
Z. Rusike	17%	-	83%	-
G. Fahey	17%	-	83%	-
M Nhlanhla	100%	-	-	-
Executive directors				
H. Warner	11%	-	89%	-
H. Greaves	21%	-	79%	-
Executives				
R. Tyler	92%	100%	8%	-
C. Hilbrands	85%	100%	15%	-
C. Rees	n/a	100%	n/a	-

(3) Service agreements

Executive Directors
Executive directors entered into an Executive Services Agreement commencing 1 June 2016 with a total annual salary of $120,000 per annum inclusive of superannuation (if applicable). The total annual salary increased to $250,000 per annum inclusive of superannuation (if applicable) from 1 August 2016. Prior to 1 June 2016, the executive directors agreed not to be paid to conserve cash and protect the Company.

Non-Executive Directors
Non-Executive directors entered into either a Non-Executive Services Agreement or Consultancy Agreement commencing 1 June 2016 with a total annual salary of $24,000 per annum inclusive of superannuation (if applicable). Prior to 1 June 2016, the non-executive directors agreed not to be paid to conserve cash and protect the Company.

Other Executives
Roger Tyler signed a twelve month fixed term contract commencing 15 March 2016 for US$72,000 per annum. Prior to 15 March 2016, there was no formal contract.

Chris Hilbrands entered into an Executive Services Agreement commencing 1 June 2016 with a total annual salary of $100,000 per annum inclusive of superannuation. Prior to 1 June 2016, Mr Hilbrands received a total annual salary $50,000 per annum inclusive of superannuation.

Termination
For all Executives other than Mr Tyler, terms of employment require that the Company provide the Executive with six months written notice. The Executive may terminate their employment at any time and will be entitled to six months salary. The Company can terminate an Executive's employment by giving one months notice if the Executive commits or becomes guilty of gross misconduct and summarily without notice if convicted of any major criminal offence.

(4) Share-based compensation

The Company issued 50,000,000 options to directors or key management personnel during the financial year. No options were exercised during the year. On 30 June 2015, 60,000,000 options issued to key management personnel expired.

During the financial year, the following share based payment arrangements to directors and key management personnel were in existence:

Options series	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
(1) Issued 23/09/13 (i)	23/09/13	$0.00539	1.5 cents	30/06/15	Vests at date of grant
(2) Issued 14/12/15	20/11/15	$0.00194	0.5 cents	19/11/18	(ii)

(i) Options expired on 30 June 2015
(ii) Options vested once 20 business day VWAP has exceeded 1 cent. These options vested during the year.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

The following grants of share based payment compensation to key management personnel relate to the current financial year:

		During the financial year				
Option series	No. granted	No. vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options	Value of options granted at the grant date (i)
(1) H Warner	15,000,000	15,000,000	100%	Nil	33%	29,094
(1) H Greaves	15,000,000	15,000,000	100%	Nil	29%	29,094
(1) Z Rusike	5,000,000	5,000,000	100%	Nil	83%	9,698
(1) G Fahey	5,000,000	5,000,000	100%	Nil	83%	9,698
(1) R Tyler	5,000,000	5,000,000	100%	Nil	8%	9,698
(1) C Hilbrands	5,000,000	5,000,000	100%	Nil	15%	9,698

(i) The value of options granted during the financial year is calculated as at the grant date using Black-Scholes. This grant date value is allocated to remuneration of key management personnel on a straight line basis over the period from grant date to vesting date. The vesting criteria was satisfied during the year and the full cost has been recognised.

Key Management Personnel Equity Holdings

Ordinary Shares Held at 30 June 2016	Opening balance	Granted as compensation	On exercise of options	Net other change	Closing balance
Z. Rusike	12,403,738	-	-	-	12,403,738
G. Fahey	-	-	-	-	-
M Nhlanhla	71,916,533	-	-	47,944,356(i)	119,860,889(ii)
H. Warner	76,300,000	-	-	50,866,668(i)	127,166,668
H. Greaves	20,957,944	-	-	-	20,957,944
R. Tyler	-	-	-	-	-
C. Hilbrands	3,000,000	-	-	2,750,000(i)	5,750,000
	184,578,215	-	-	101,561,024	286,139,239

(i) Shares acquired via rights issues conducted by the Company during the year.
(ii) Shares owned by Armoured Fox Capital (Pty) Ltd. Ms Nhlanhla is a director and controller of Armoured Fox Capital (Pty) Ltd.

Options Held at 30 June 2016	Opening balance	Granted as compen-sation	Exercised	Net other change	Closing balance	Balance vested	Vested and exercisable	Options vested during the year
Z. Rusike	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	5,000,000
G. Fahey	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	5,000,000
M Nhlanhla	-	-	-	-	-	-	-	-
H. Warner	-	15,000,000	-	-	15,000,000	15,000,000	15,000,000	15,000,000
H. Greaves	-	15,000,000	-	-	15,000,000	15,000,000	15,000,000	15,000,000
R. Tyler	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	5,000,000
C. Hilbrands	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	5,000,000
	-	50,000,000	-	-	50,000,000	50,000,000	50,000,000	50,000,000

(End of Remuneration Report)

Additional Information

(a) Shares under option

At the date of signing this report, the Company has 200,000,000 unlisted options over ordinary shares under issue (30 June 2015: Nil). These options are exercisable as follows:

Details	No of options	Grant Date	Expiry Date	Conversion Price $
Management incentive options	65,000,000	20/11/2015	19/11/2018	0.005
	115,000,000	22/07/2016	15/06/2019	0.015
Capital raising fee options	20,000,000	22/07/2016	21/07/2019	0.015
	200,000,000			

Share options carry no rights to dividends and no voting rights.

DIRECTORS' REPORT (continued)

(b) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary, and any executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(c) Agreement to indemnify officers

The Company has entered into agreements with the directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

(d) Proceedings on Behalf of the Company

To the best of the director's knowledge, no person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened on behalf of the Company with leave of the court under Section 237.

(e) Auditor

Stantons International is the appointed auditor.

(f) Indemnity of Auditor

The auditor (Stantons International) has not been indemnified under any circumstance.

(g) Audit Services

During the financial year $30,000 (excluding GST) was paid or payable for audit services provided by Stantons International (2015: $Nil) and $4,435 (excluding GST) was paid or payable for audit services provided by Deloitte Touche Tohmatsu (2015: $29,750).

(h) Non-audit Services

No non-audit services were provided by the auditor or any entity associated with the auditor for the year ended 30 June 2016 or 30 June 2015.

(i) Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 40 of the Annual Report.

(j) Corporate Governance Statement

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 30 September 2016 released to ASX and posted on the Company's website www.prospectresources.com.au/company/corporate-governance.

Signed in accordance with a resolution of the directors.

Hugh Warner
Director

Perth, Western Australia
Dated 30 September 2016

DIRECTORS' DECLARATION

1. In the opinion of the directors of Prospect Resources Limited ("the Company"):

   (a) the accompanying financial statements, notes thereto are in accordance with the Corporations Act 2001 including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 2(a) to the financial statements.

   (d) the audited remuneration disclosures set out on pages 11 to 15 of the Directors' Report comply with accounting standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the Board of directors.

Hugh Warner
Director

Perth, Western Australia
Dated 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue from continuing operations	5	71,421	9,661
Depreciation expense		(18,704)	(14,720)
Employee benefits expenses		(178,020)	(53,688)
Exploration and evaluation expenditure expensed		(600)	(57,086)
Impairment of exploration and evaluation expenditure		(489,476)	(754,001)
Occupancy expenses		(49,072)	(50,392)
Project generation expense		(249,431)	(15,165)
Share based payment – consultants	15(a)	(40,000)	(36,000)
Share based payment – options expense	15(a)	(126,073)	-
Other administrative expenses		(647,370)	(337,281)
Loss before tax		(1,727,325)	(1,308,672)
Income tax	6	-	-
Loss after tax		(1,727,325)	(1,308,672)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	14(e)	(2,359)	(59,841)
Other comprehensive income/(loss) for the year, net of tax		(2,359)	(59,841)
Total comprehensive loss for the year		(1,729,684)	(1,368,513)
Loss attributable to:			
Equity holders of the Company		(1,580,725)	(1,281,661)
Non-controlling interests		(146,600)	(27,011)
		(1,727,325)	(1,308,672)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		(1,583,084)	(1,341,502)
Non-controlling interests		(146,600)	(27,011)
		(1,729,684)	(1,368,513)
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic loss per share (cents)	22	(0.18)	(0.19)
Diluted loss per share (cents)	22	(0.18)	(0.19)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated	
		2016	2015
		$	$
Current Assets			
Cash and cash equivalents	7	2,417,274	100,256
Trade and other receivables	8	244,914	6,476
Other current assets		28,301	20,705
Total Current Assets		2,690,489	127,437
Non-Current Assets			
Plant and equipment	9	168,646	139,488
Exploration and evaluation expenditure	10	102,256	1,001,922
Mine properties	10	998,684	-
Total Non-Current Assets		1,269,586	1,141,410
Total Assets		3,960,075	1,268,847
Current Liabilities			
Trade and other payables	11	552,002	127,002
Provisions	12	-	200,000
Total Current Liabilities		552,002	327,002
Non-Current Liabilities			
Provisions	12	40,399	-
Total Non-Current Liabilities		40,399	-
Total Liabilities		592,401	327,002
Net Assets		3,367,674	941,845
Equity			
Contributed equity	13(b)	22,192,461	18,163,021
Reserves	14(a)	1,369,539	1,245,825
Accumulated losses	14(f)	(19,956,478)	(18,375,753)
Total Equity Attributable to Shareholders of Parent Company		3,605,522	1,033,093
Non-controlling interests		(237,848)	(91,248)
Total Equity		3,367,674	941,845

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers		68,649	-
Payments to suppliers and employees		(1,099,963)	(399,762)
Payments for exploration expenditure expenses		(600)	(57,086)
Net cash flows used in operating activities	7(a)	(1,031,914)	(456,848)
Cash flows from investing activities			
Interest received		2,772	9,661
Payment for plant and equipment		(43,153)	(147,474)
Payments for exploration expenditure and acquisition of tenements		(240,731)	(775,000)
Payment for development costs (net of gold sold)		(166,946)	-
Advance to related party		(94,263)	-
Net cash flows used in investing activities		(542,321)	(912,813)
Cash flows from financing activities			
Proceeds from issue of shares		4,066,733	1,182,473
Capital raising costs		(237,197)	(86,832)
Proceeds from related party loan		111,341	20,954
Repayment of related party loan		(50,000)	-
Net cash flows from financing activities		3,890,877	1,116,595
Net increase/(decrease) in cash and cash equivalents		2,316,642	(253,066)
Cash and cash equivalents at beginning of year		100,256	304,865
Effects of exchange rate changes on the balance of cash held in foreign currencies		376	48,457
Cash and cash equivalents at end of year	7	2,417,274	100,256

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Option Reserves	Foreign currency Translation reserve	Accumulated Losses	Attributable to owners of the parent	Non-controlling interests	Total Equity
Balance at 30 June 2014	17,031,380	1,301,185	4,481	(17,094,092)	1,242,954	(64,237)	1,178,717
Loss for the year	-	-	-	(1,281,661)	(1,281,661)	(27,011)	(1,308,672)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	(59,841)	-	(59,841)	-	(59,841)
Total comprehensive loss for the year	-	-	(59,841)	(1,281,661)	(1,341,502)	(27,011)	(1,368,513)
Issue of ordinary shares for cash	1,182,473	-	-	-	1,182,473	-	1,182,473
Issue of ordinary shares for consulting fees	36,000	-	-	-	36,000	-	36,000
Share capital raising costs	(86,832)	-	-	-	(86,832)	-	(86,832)
Balance at 30 June 2015	18,163,021	1,301,185	(55,360)	(18,375,753)	1,033,093	(91,248)	941,845
Loss for the year	-	-	-	(1,580,725)	(1,580,725)	(146,600)	(1,727,325)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	(2,359)	-	(2,359)	-	(2,359)
Total comprehensive loss for the year	-	-	(2,359)	(1,580,725)	(1,583,084)	(146,600)	(1,729,684)
Issue of ordinary shares for cash	4,226,638	-	-	-	4,226,638	-	4,226,638
Issue of ordinary shares for consulting fees	40,000	-	-	-	40,000	-	40,000
Share capital raising costs	(237,198)	-	-	-	(237,198)	-	(237,198)
Options issued	-	126,073	-	-	126,073	-	126,073
Balance at 30 June 2016	22,192,461	1,427,258	(57,719)	(19,956,478)	3,605,522	(237,848)	3,367,674

The accompanying notes form part of these financial statements

1 CORPORATE INFORMATION

The financial report of Prospect Resources Limited ("the Company") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 September 2016.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements comprise the consolidated financial statements of the Company and its subsidiaries (together the "Consolidated Entity" or "Group"). For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

The principal activity of the Group is exploration for mineral resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of law, unless stated otherwise.

Accounting Standards include Australian Standards, compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and Group comply with International Financial Reporting Standards ('IFRS').

It is recommended that this financial report be read in conjunction with the public announcements made by Prospect Resources Limited during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

Historical cost convention
These financial statements have been prepared under the historical cost convention modified, where applicable, for financial assets and financial liabilities carried at fair value.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Where these are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 2(t).

Comparative figures
When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(c) Application of new and revised Accounting Standards

The Group has considered the implications of new and amended Accounting Standards applicable for the annual reporting periods beginning after 1 July 2015 but determined that their application to the financial statements is either not relevant or not material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Standards and Interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments).

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 *January* 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures).

- *AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).*

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB* 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business* Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11

(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

Revenue from gold bullion sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated. This is generally when the gold is credited to the metal account of the customer.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

(f) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on a current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

(h) Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

(i) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. During the current year, the directors determined that the useful lives of each class of asset are:

- Plant and Equipment: 10% - 25%

Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(j) Exploration expenditure

Exploration and evaluation expenditure incurred on granted exploration licences is accumulated in respect of each identifiable area of interest. These costs are carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to any abandoned area will be written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area of interest according to the rate of depletion of the economically recoverable reserves. A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a subcategory of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

(l) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for site restoration and rehabilitation
In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration and rehabilitation in respect of disturbed land is recognised when the land is disturbed.

The provision is the best estimate of the present value of the expenditure required to settle the restoration and rehabilitation obligation at the reporting date, based on current legal requirements and technology. Future restoration and rehabilitation costs are reviewed annually and any changes are reflected in the present value of the restoration and rehabilitation provision at the end of the reporting period. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(o) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(r) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share based payment transactions

Equity settled transactions
The Company provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The charge to the statement of profit or loss and other comprehensive income is taken when the options are granted. There is a corresponding entry to equity.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Critical Accounting Judgement and Key Sources of Uncertainty

In the application of the Company's accounting policies which are described above in Note 2(a), the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

<u>Key Estimates</u>

Exploration an evaluation expenditure
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's Exploration & Evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Rehabilitation Provision
The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, and regulatory changes. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Basis of Amortising development costs
The Group does not have a JORC Compliant Resource estimate for the Prestwood Mine. The Group has confirmed the mineralised reef continues below the historic gold workings. Based on mineralogy and comparable mines in the area, the Group expects to exploit the Prestwood Mine for a number of years. Management have determined that the most appropriate basis to amortise the capitalised development costs is over 5 years, on a straight line basis from commencement of production.

Impairment
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related permit itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payments
The Group measures the cost of equity settled transactions with directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assessed fair value of the options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option. The fair value calculation and inputs to the Black Scholes model are shown at Note 15(a).

NOTE 3. FINANCIAL RISK MANAGEMENT

Risk management is the role and responsibility of the board. The Group's current activities expose it to minimal risk. However, as activities increase there may be exposure to interest rate, market, credit, and liquidity risks

(a) Market Risk

(i) Interest Rate Risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating interest rate	1 year or less	Over 1 year to 5 years	More than 5 years	Non interest bearing	Total
	$	$	$	$	$	$
30 June 2016						
Financial Assets						
Cash and deposits	455,238	-	-	-	1,962,036	2,417,274
Trade and other receivables	-	-	-	-	244,914	244,914
	455,238	-	-	-	2,206,950	2,662,188
Weighted average interest rate	1.05%	-	-	-	-	0.18%
Financial liabilities						
Trade and other payables	-	-	-	-	552,002	552,002
	-	-	-	-	552,002	552,002
Weighted average interest rate	-	-	-	-	-	-
30 June 2015						
Financial Assets						
Cash and deposits	82,394	-	-	-	17,862	100,256
Trade and other receivables	-	-	-	-	6,476	6,476
	82,394	-	-	-	24,338	106,732
Weighted average interest rate	1.45%	-	-	-	-	1.12%
Financial liabilities						
Trade and other payables	-	-	-	-	127,002	127,002
	-	-	-	-	127,002	127,002
Weighted average interest rate	-	-	-	-	-	-

The Group has interest bearing assets and therefore income and operating cash flows are subject to changes in the market rates. However, market changes in interest rates will not have a material impact on the profitability or operating cash flows of the Group. A movement in interest rates of +/- 100 basis points will result in less than a +/- $5,000 (2015: $1,000) impact on the Group's income and operating cash flows. At this time, no detailed sensitivity analysis is undertaken by the Group.

(ii) Price Risk
The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss.

The Group is not currently exposed to significant commodity price risk as it still operates mainly in the exploration phase. However, future operational cash flows will be affected by fluctuations in the gold price. The Group will develop strategies to mitigate this risk when it moves from the exploration phase into the development phase.

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

(iii) Currency *risk*

Currency risk arises from investments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group is exposed to foreign currency risk in the form of financial instruments held in US Dollars (USD). The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2016 **USD$**	**2015** **USD$**
Cash and cash equivalents	1,946,475	12,059
Trade and other payables	(203,217)	(56,384)
Total Exposure	**1,743,258**	**(44,325)**

Assuming all other variables remain constant, a 10% strengthening of the Australian dollar at 30 June 2016 against the USD would have resulted in an increased loss of $174,000. A 10% weakening of the AUD would have resulted in a decreased loss of $174,000, assuming all other variables remain constant. The Group does not currently hedge against currency risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents.

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Group does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation which is available as required.

The material liquidity risk for the Group is the ability to raise equity in the future.

(d) Effective interest rate and repricing analysis

Cash and cash equivalents are the only interest bearing financial instruments of the Group.

(e) Fair value of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 4. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In the current year the Group engaged in exploration for minerals in Zimbabwe. The operations were located in Australia, Singapore and Zimbabwe with the head office being in Australia and Singapore balances included with Zimbabwe.

	Australia		Zimbabwe		Consolidated	
Geographical segments	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Revenue						
Other external revenue	2,772	9,661	68,649	-	71,421	9,661
Total segment revenue	2,772	9,661	68,649	-	71,421	9,661
Results						
Segment net profit/(loss) before tax	(1,225,996)	(1,203,087)	(501,329)	(105,585)	(1,727,325)	(1,308,672)
Assets						
Segment assets	2,527,684	108,183	1,432,391	1,160,664	3,960,075	1,268,847
Liabilities						
Segment liabilities	348,785	261,868	243,616	65,134	592,401	327,002
Depreciation	-	-	18,704	14,720	18,704	14,720

The amount of non-current assets added during the year is Australia $Nil and Zimbabwe $587,989 (2015: Australia $Nil and Zimbabwe $930,356)

The accounting policies of the reportable segments are the same as the Company's accounting policies as described in Note 2.

	Consolidated	
	2016 **$**	**2015** **$**
NOTE 5. REVENUE		
Tribute income (i)	52,173	-
Consultancy income	16,476	-
Interest revenue	2,772	9,661
	71,421	9,661

(i) The Group receives an intermittent tribute income paid my artisanal miners at the Penhalonga Gold Project.

NOTE 6. INCOME TAX

	2016 **$**	**2015** **$**
a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(1,727,325)	(1,308,672)
	(1,727,325)	(1,308,672)
Tax at the Australian tax rate of 30%	(518,198)	(392,602)
Tax effect of differential corporate tax rates	22,477	40,419
Tax effect of amounts which are not deductible (taxable) income:	202,927	390,211
(Under)/over recognition of prior year tax expense	(228,167)	223,849
Tax losses not recognised/(recognised)	520,961	(261,877)
Income tax benefit	-	-
b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	8,261,445	6,260,611
Potential tax benefit (Australia 30%, Zimbabwe 25.75% & Singapore 17%)	2,399,145	1,878,183

Tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future and accordingly there is uncertainty that the losses can be utilised. There are deferred tax liabilities of approximately $283,492 relating to capitalised exploration costs claimed for tax as at 30 June 2016 (2015: $257,995). These are offset with the deferred tax assets that have been recognised to the extent of the deferred tax liabilities.

NOTE 7. CASH AND CASH EQUIVALENTS

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	2,417,274	100,256

(a) Reconciliation of operating loss after income tax to net cash flows used in operating activities

	2016 $	2015 $
Operating profit/(loss) after tax	(1,727,325)	(1,308,672)
Non-cash items		
Depreciation	18,704	14,720
Share based payments - options	126,073	-
Share based payments - shares	40,000	36,000
Impairment of capitalised exploration and evaluation expenditure	489,476	754,001
Foreign exchange difference	(45,356)	(152,108)
Interest received	(2,772)	(9,661)
Changes in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease in operating trade and other receivables	15,729	715
Increase in other assets	(7,596)	(1,683)
Increase in operating trade and other payables	261,153	9,840
(Decrease)/increase in provision	(200,000)	200,000
Net cash flows (used in)/from operating activities	(1,031,914)	(456,848)

NOTE 8. TRADE AND OTHER RECEIVABLES

	Consolidated 2016 $	Consolidated 2015 $
GST receivable	6,001	6,476
Related party receivable (refer note 20(b) and (d))	230,393	-
Other receivables	8,520	-
	244,914	6,476

These amounts generally arise from transactions during usual operating activities of the consolidated entity and are non-interest bearing. These amounts do not contain any impaired receivables, and are not considered overdue.

NOTE 9. PLANT AND EQUIPMENT

	Consolidated 2016 $	Consolidated 2015 $
Plant & equipment	168,646	139,488
	168,646	139,488
Opening balance	139,488	-
Additions	43,153	155,497
Depreciation	(18,704)	(14,720)
Effect of foreign currency exchange differences	4,709	(1,289)
Closing balance	168,646	139,488

NOTE 10. EXPLORATION, EVALUATION & MINE PROPERTY

	Consolidated	
	2016	**2015**
Total expenditure incurred and carried forward in respect of specific projects:	**$**	**$**
Exploration & Evaluation Expenditure		
Gwanda East – Gold	-	592,671
Arcardia – Lithium	102,256	-
Bushtick – Gold	-	409,251
Mine Properties		
Gwanda East - Gold	998,684	-
	1,100,940	1,001,922

(A) Exploration & Evaluation Expenditure

Opening balance	1,001,922	937,472
Acquisition of tenements	53,864	522,360
Expenditure incurred	186,867	252,499
Provision for rehabilitation	40,399	
Impairment of exploration and evaluation expenditure	(489,476)	(754,001)
Transfer to mines under construction	(730,459)	-
Effect of foreign currency exchange differences	39,139	43,592
Closing balance	102,256	1,001,922

(B) Mine Properties

Mines Under Construction

Opening balance	-	-
Expenditure incurred	304,107	-
Transfer from exploration & evaluation expenditure	730,459	-
Proceeds from gold sales from development ore	(35,882)	-
Closing balance	998,684	-

The Board of Directors undertook an impairment review of the Company's exploration, evaluation & mines under construction as at 30 June 2016 resulting in an impairment charge for the current year of $489,476 (2015: $754,001). The current year impairment relates to Bushtick. The Group gave notice of its decision not to mine under its access agreement.

NOTE 11. TRADE AND OTHER PAYABLES

	Consolidated	
	2016	**2015**
	$	**$**
Trade payables	112,050	54,534
Accruals	149,575	32,014
Related party payable (refer to Note 20(b))	101,938	39,370
Other payables	188,439	1,084
	552,002	127,002

Trade payables are normally settled on 30 – 60 day terms. Other payables includes $183,234 which has been reclassified from provision for legal fees, refer note 12.

NOTE 12. PROVISIONS

	Consolidated	
	2016	**2015**
Current	**$**	**$**
Provision for legal fees	-	200,000

The actual amount required to be paid by the Company for legal fees totalled $458,085. The Company agreed a repayment schedule of which $183,234 is outstanding at 30 June 2016. This balance has been reclassified from provisions to other payables, refer Note 11.

Non-Current		
Provision for rehabilitation	40,399	-

The Group obtained an independent report on the estimated cost of rehabilitation of its Gwanda East claims from Diorite Consulting (Pvt) Ltd. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

NOTE 13. CONTRIBUTED EQUITY

(a) Issued share capital

	2016 Shares	2015 Shares
Ordinary shares fully paid	1,237,128,296	687,424,820

(b) Movement in ordinary share capital

Details	Number of shares	$
Opening balance at 1 July 2014	604,593,287	17,031,380
Issue of shares for consulting fees	4,000,000	36,000
Issue of shares via placement	78,831,533	1,182,473
Cost of capital raising	-	(86,832)
Balance at 30 June 2015	687,424,820	18,163,021
Issue of shares via rights issues	308,690,725	1,352,459
Issue of shares via placements	231,012,751	2,874,178
Issue of shares for consulting fees	10,000,000	40,000
Cost of capital raising	-	(237,197)
Balance at 30 June 2016	1,237,128,296	22,192,461

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

NOTE 14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2016 $	2015 $
Option & share based payments reserves (refer to Note 14(c) & (d))	1,427,258	1,301,185
Foreign currency translation reserve (refer to Note 14(e)	(57,719)	(55,360)
Total reserves	1,369,539	1,245,825

(b) Movement in options

Date	Details	Number of option	Fair value issue price	$
Opening balance		134,500,000		1,301,185
30/06/2015	Options expired	(134,500,000)		-
Balance at 30 June 2015		-		1,301,185
20/11/2015	Options issued	65,000,000		126,073
Balance at 30 June 2016		65,000,000		1,427,258

(c) Option Premium Reserve

	2016 Number of Options	2016 $	2015 Number of Options	2015 $
Movement in reserve				
Balance at the beginning of the year	-	1,500	60,000,000	1,500
Options expired	-	-	(60,000,000)	-
Balance at the end of the year	-	1,500	-	1,500

NOTE 14. RESERVES AND ACCUMULATED LOSSES (continued)

(d) Share Based Payments Reserve

	2016 Number of Options	2016 $	2015 Number of Options	2015 $
Movement in reserve				
Balance at the beginning of the year	-	1,299,685	74,500,000	1,299,685
Options issued	65,000,000	126,073	-	-
Options expired	-	-	(74,500,000)	-
Balance at the end of the year	65,000,000	1,425,758	-	1,299,685

(e) Foreign Currency Translation Reserve

Movement in reserve	2016 $	2015 $
Opening balance	(55,360)	4,481
Currency translation differences	(2,359)	(59,841)
Closing balance	(57,719)	(55,360)

Nature and Purpose of Reserves

The option premium reserve arises pursuant to an issue of options pursuant to a capital raising.

The share based payments reserve arises pursuant to an issue of shares or options as consideration for a service or an acquisition transaction.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(f) Accumulated Losses

	Consolidated 2016 $	Consolidated 2015 $
Accumulated losses at beginning of year	(18,375,753)	(17,094,092)
Net loss attributable to equity holders of the Company	(1,580,725)	(1,281,661)
Accumulated losses at end of year	**(19,956,478)**	**(18,375,753)**

NOTE 15. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

Options
The share based payments expense was $126,073 (2015: $Nil). The following table lists the inputs to the model used:

No. of options	**65,000,000**
Grant date	20/11/2015
Share price	$0.007
Exercise price	$0.005
Interest rate	3.055%
Expiry date	19/11/2018
Volatility	100%
Fair value at grant date before discount	$0.00485
Discount for 20 day VWAP condition	50%
Discount for being unlisted	20%
Fair value after discount	$0.00194

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	**Number**	**Grant Date**	**Expiry Date**	**Exercise Price**	**Fair Value at Grant Date**
Issued 20 Nov 2015 (i)	65,000,000	20/11/2015	19/11/2018	$0.005	$0.00194
Issued 23 Sept 2013 (ii)*	74,500,000	23/09/2013	30/06/2015	$0.015	$0.0054

(i) Options vest upon 20 day VWAP being $0.01 or above. These options have vested.
(ii) Options vest at the date of their issue.
* These options have expired.

NOTE 15. SHARE-BASED PAYMENTS (continued)

Shares
The share based payments expense was $40,000 (2015: $36,000). The following table lists the inputs used

	2016 Consultant fees (i)	2015 Consultant fees (ii)
Number of shares issued	10,000,000	4,000,000
Grant date	14/12/2015	24/07/2014
Share price	$0.004	$0.009
Share based payment expense	$40,000	$36,000

(i) Issued 10,000,000 shares to Stocks Digital as part of appointment for consulting services.

(ii) Issued 4,000,000 shares to Somerley International as part of appointment as Exclusive Financial Advisor in Greater China capital market.

(b) Summary of options granted
The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2016 No	2016 WAEP	2015 No	2015 WAEP
Outstanding at the beginning of the year	-	-	74,500,000	$0.015
Granted during the year	65,000,000	$0.005	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(74,500,000)	($0.015)
Outstanding at the end of the year	65,000,000	$0.005	-	-

(c) Weighted average remaining contractual life
The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 2.46 years (2015: Nil years).

(d) Range of exercise price
The range of exercise prices for options outstanding at the end of the year was $0.005 (2015: $Nil).

(e) Weighted average fair value
The weighted average fair value of options granted during the year was $0.00194 (2015: $Nil).

(f) Share options exercised during the year
No options were exercised in 2016 or 2015.

(g) Issue of shares during the year
During the year, the Company issued in total 549,703,476 fully paid ordinary shares (2015: 82,831,533). Details of the share issued are listed under note 13.

NOTE 16. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments
In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture and/or acquisition agreements. Outstanding exploration commitments are as follows:

	Consolidated	
	2016 $	2015 $
Not longer than 1 year	-	225,885
Longer than 1 year and not longer than 5 years	-	1,567,080
Longer than 5 years	-	-
	-	1,792,965

There are no minimum expenditure commitments on the Group's Zimbabwe tenements. The prior year commitments relate to Bushtick and Mary Springs which were surrendered during the year.

(b) Operating Lease Commitments
The Group has no operating lease commitments.

(c) Other Commitments
The Group has entered into contracts with its directors and certain executives whereby minimum notice periods (usually six months) have been provided by the Group. This totals $400,000 as at 30 June 2016 (2015: $Nil).

NOTE 17. CONTINGENT LIABILITIES

The Group has no contingent liabilities.

NOTE 18. AUDITOR'S REMUNERATION

	Consolidated	
	2016	**2015**
Auditor of the parent entity	**$**	**$**
Audit services	30,000	29,750
	30,000	29,750
Network firm of the parent auditor		
Audit services	-	13,742
	-	13,742
Auditor of Subsidiaries		
Audit services	14,350	-
	14,350	-

The auditor of Prospect Resources Limited is Stantons International (2015: Deloitte). The auditor of the Zimbabwe subsidiaries is Baker Tilley (2015: Deloitte), the auditor of the Singapore subsidiary is Kreston David Yeung PAC.

NOTE 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to Key Management Personnel of the Company is set out below:

	Consolidated	
	2016	**2015**
	$	**$**
Short-term employee benefits	294,594	208,376
Post employment benefits	9,317	4,338
Share based payments	96,980	-
	400,891	212,714

NOTE 20. RELATED PARTY TRANSACTIONS

(a) *Anglo Pacific Ventures Pty Ltd*

The Company paid $44,400 (2015: $44,400) to Anglo Pacific Ventures Pty Ltd for rent. Mr Warner is a Director and beneficiary of Anglo Pacific Ventures Pty Ltd.

(b) *Farvic Consolidated Mines (Private) Limited*

The Group owes Farvic Consolidated Mines (Private) Limited ('Farvic') $101,938 (2015: $39,370), refer note 11. This amount payable is interest free and repayable on demand. Harry Greaves and Zed Rusike are directors and shareholders of Farvic.

Farvic toll treated the Group's development ore and invoiced its expected cost of processing, totaling $23,029 (2015: $Nil).

The Group is owed $70,489 by Mixnote Investments (Pvt) Limited (Mixnote), a subsidiary of Farvic (2015: $Nil), refer note 8. The Group advanced US$70,000 to Mixnote, owner of the West Nicholson Gold Processing Plant. Mixnote has supplied labour and materials, at cost, which has reduced the amount owed.

In the prior year, the Company completed an agreement to acquire certain mining claims for US$400,000 from Mixnote Investments (Pvt) Limited (Mixnote). The Company paid US$12,000 to extend an exclusivity option by three months.

(c) *Hawkmoth Mining and Exploration (Private) Limited*

The Company has entered into two loan facility agreements to provide up to a total US$3,950,000 (AUD$5,319,070) to its 70% owned subsidiary Hawkmoth Mining and Exploration (Private) Limited ('HME'). At 30 June 2016, HME has utilised US$1,455,209 (AUD$1,959,614) of this facility. The remaining 30% of HME is owned by Farvic. The loan facility is interest free and there are no fixed repayment terms.

(d) *Armoured* Fox Capital (Pty) Ltd

The Company is owed $159,904 by Armoured Fox Capital (Pty) Ltd ('Armoured Fox') (2015: $Nil). Armoured Fox participated in both rights issues during the year, where funds were pending South African Reserve Bank approval. Armoured Fox funds are still pending this approval. Manana Nhlanhla is a director and controller of Armoured Fox. The amount receivable is interest free. These funds are past due but not impaired. Refer to note 8.

(e) *CSA Global Pty Ltd*

The Company paid $18,594 (2015: $Nil) to CSA Global Pty Ltd for geological services. Mr Fahey is a Principal Mine Geologist and shareholder of CSA Global Pty Ltd.

NOTE 21. SUBSEQUENT EVENT

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

1) The Company issued 340,000,000 new ordinary shares at 5c each to raise $17,000,000 before costs.
2) The Company issued 7,000,000 new ordinary shares upon the exercise of 7,000,000 options with an exercise price of $0.015, raising $105,000.
3) The Company issued 142,000,000 unlisted options exercisable at $0.015 (of which 135,000,000 remain unexercised as of the date of this report).
4) The Group signed a four month option agreement to acquire a 90% interest (via its 70% owned Zimbabwe subsidiary) in the God's Gift lithium deposit, northeast of Harare. Terms are as follows:
    a. Option fee US$50,000
    b. US$450,000 to exercise the option

NOTE 22. EARNINGS PER SHARE

	Consolidated	
	2016	**2015**
Basic profit/(loss) per share (cents per share)	(0.18)	(0.19)
Amount used in the calculation of basic EPS		
- Profit/(loss) after income tax attributable to members of Prospect Resources Limited	(1,580,725)	(1,281,661)
- Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings/(loss) per share	875,947,406	674,676,850

The options of the Company are not considered dilutive for the purpose of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit per share nor increase the net loss per share. Consequently, diluted earnings per share is the same as basic earnings per share.

NOTE 23. SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

			Ownership and voting interest	
	Principal activity	**Country incorporation**	**2016**	**2015**
Prospect Minerals Pte Ltd	Holding company of Hawkmoth Mining & Exploration (Pvt) Ltd	Singapore	100%	100%
Hawkmoth Mining & Exploration (Pvt) Ltd	Exploration & evaluation	Zimbabwe	70%(i)	70%(i)
Coldawn Investments (Private) Limited	Exploration & evaluation	Zimbabwe	70%(i)	70%(i)
Examix Investments (Pvt) Limited	Exploration & evaluation	Zimbabwe	63%(i)	-

(i) Prospect Minerals Pte Ltd has Zimbabwe Investment Authority approval to own 70% of Hawkmoth Mining & Exploration (Pvt) Ltd (which owns 100% of Coldawn Investments (Private) Limited) and 90% of Examix Investments (Pvt) Limited with the following conditions:

- Group funds all exploration costs and upon commencement of production, funds development costs;
- Funding to be arranged via secured loans to the subsidiaries;
- All loans have priority for repayment in front of any payment of dividends;
- After repayment of loans, dividends may be payable;
- Farvic (owner of 30%), has the right to claw back a 21% equity interest in Hawkmoth via the purchase of shares from Prospect Minerals Pte Ltd. Funds to be used for the purchase must be from dividend payments from Hawkmoth and the valuation per share shall be 'market value' or a valuation calculated as 5xEBIT (whichever is higher);
- Under the laws of Zimbabwe, all operating companies must be either 51% owned by indigenous parties or have the capacity to be 51% owned.

NOTE 23A. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016 %	**2015 %**	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Hawkmoth	Zimbabwe	30%	30%	(146,600)	(27,011)	(237,848)	(91,248)
Coldawn	Zimbabwe	30%	30%	-	-	-	-
Examix	Zimbabwe	37%	-	-	-	-	-

Summarised financial information in respect of the Group's Zimbabwe subsidiaries that have non-controlling interests have been aggregated together and is set put below. The summarized financial information below represents amounts before intragroup eliminations.

Zimbabwe Subsidiaries

	2016 $	**2015 $**
ASSETS		
Current assets	154,187	10,899
Non-current assets	1,269,586	1,141,410
Current liabilities	(203,216)	(56,384)
Non-current liabilities	(2,000,012)	(1,387,008)
Net liabilities	**(779,455)**	**(291,083)**
Equity attributable to owners of Hawkmoth	(541,607)	(199,835)
Non-controlling interest	(237,848)	(91,248)
Total equity at Hawkmoth	**(779,455)**	**(291,083)**

	Year ended 2016 $	**Year ended 2015 $**
Revenue	68,649	-
Expenses	(557,315)	(90,037)
Profit / (loss) for the year	(488,666)	(90,037)
Profit / (loss) attributable to owners of the Company	(342,066)	(63,026)
Profit / (loss) attributable to the non-controlling interests	(146,600)	(27,011)
Profit / (loss) for the year	(488,666)	(90,037)
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	(342,066)	(63,026)
Total comprehensive income attributable to the non-controlling interests	(146,600)	(27,011)
Total comprehensive income for the year	(488,666)	(90,037)
Dividends paid to non-controlling interests	-	-
Net cash inflow / (outflow) from operating activities	134,742	(64,578)
Net cash inflow / (outflow) from investing activities	(591,003)	(962,424)
Net cash inflow / (outflow) from financing activities	520,198	20,954
Net cash inflow / (outflow)	63,937	(1,006,048)

NOTE 24. PROPECT RESOURCES LIMITED PARENT COMPANY INFORMATION

	2016 $	2015 $
ASSETS		
Current Assets	2,527,684	108,183
Non-current Assets	1,188,775	1,095,530
TOTAL ASSETS	3,716,459	1,203,713
LIABILITIES		
Current Liabilities	348,785	261,868
TOTAL LIABILITIES	348,785	261,868
EQUITY		
Contributed equity	22,192,461	18,163,021
Reserve	1,427,258	1,301,185
Accumulated losses	(20,252,045)	(18,522,361)
	3,367,674	941,845
FINANCIAL PERFORMANCE		
Loss for the year	(1,729,684)	(1,368,512)
Other comprehensive income	-	-
Total comprehensive income	(1,729,684)	(1,368,512)

Parent Entity Contingencies and Guarantees
The parent entity has not guaranteed any loans for any entities during the year.

Parent Entity Commitments

The parent entity has entered into contracts with its directors and certain executives whereby minimum notice periods (usually six months) have been provided by the parent entity. This totals $336,000 (2015: $Nil).

Stantons International Audit and Consulting Pty Ltd
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30 September 2016

Board of Directors
Prospect Resources Limited
Suite 6, 245 Churchill Ave
SUBIACO, WA 6008

Dear Sirs

RE: PROSPECT RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Prospect Resources Limited.

As the Audit Director for the audit of the financial statements of Prospect Resources Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PROSPECT RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Prospect Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Prospect Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 15 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Prospect Resources Limited for the year ended 30 June 2016 complies with section 300 A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
30 September 2016

ASX Additional Information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 20 September 2016.

(a) Substantial Shareholders

The substantial shareholders are:

Name	Number Held	Percentage of Issued Shares
PERSHING AUST NOM PL <PHILLIP SEC HK A/C>	239,989,653	15.15%
ABN AMRO CLEARING SYDNEY <CUST A/C>	143,574,108	9.06%
MBM CAP PTNRS LLP	141,250,000	8.92%
ELLIOT HOLDINGS PTY LTD – HD & DM WARNER	127,166,668	8.03%
ARMOURED FOX CAP PL	119,860,889	7.57%

(b) Voting Rights

Ordinary Shares

On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options

(c) Distribution of Equity Security Holders

Category	Ordinary Fully Paid Shares	% Issued Capital
1 – 1,000	8,695	0.00
1,001 – 5,000	324,531	0.02
5,001 – 10,000	1,554,139	0.10
10,001 – 100,000	36,882,151	2.33
100,001 and over	1,545,358,780	97.55
Total	1,584,128,296	**100.00**

There were 222 holders of less than a marketable parcel of ordinary shares.

ASX Additional Information (continued)

(d) Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Name	Number Held	Percentage of Issued Shares
1.	PERSHING AUST NOM PL <PHILLIP SEC HK A/C>	239,989,653	15.15%
2.	ABN AMRO CLEARING SYDNEY <CUST A/C>	143,574,108	9.06%
3.	MBM CAP PTNRS LLP	141,250,000	8.92%
4.	ARMOURED FOX CAP PL	119,860,889	7.57%
5.	CONTINENTAL MINERALS LTD	73,699,066	4.65%
6.	WARNER HUGH + DIANNE <CBM S/F A/C>	66,333,334	4.19%
7.	ELLIOT HLDGS PL <CBM FAM A/C>>	59,166,667	3.73%
8.	SHANG ZIZHAO	39,260,000	2.48%
9.	YAN JIUMIN	33,800,000	2.13%
10.	HONG ZHIJUN	30,613,052	1.93%
11.	WILLEC HLDGS PL <LECHNER FAM A/C>	24,000,000	1.52%
12.	J P MORGAN NOM AUST LTD	22,710,700	1.43%
13.	DELFRO LTD	20,000,000	1.26%
14.	CHEN CAIJI	13,587,279	0.86%
15.	CITICORP NOM PL	12,991,795	0.82%
16.	RUSIKE ZIVANAYI	12,403,738	0.78%
17.	CS FOURTH NOM PL <HSBC CUST NOM AU L>	11,920,222	0.75%
18.	YAO RUIE	11,585,772	0.73%
19.	HSU JUI-TING + YU-JU <HSU FAM S/F A/C>	10,500,000	0.66%
20.	LU ZHAN XIANG	10,318,380	0.65%
	TOTAL	1,097,564,655	69.27%

Unquoted equity securities

	Number on Issue	Number of Holders
Options – exercisable at 0.5 cents before 19 November 2018	65,000,000	9
Options – exercisable at 1.5 cents before 15 June 2019	115,000,000	7
Options – exercisable at 1.5 cents before 22 July 2019	20,000,000	1

Exploration licenses granted:

Prospect Resources Limited has interests in tenements via the following companies:

1) Coldawn Investment (Private) Limited ("Coldawn")
2) Hawkmoth Mining and Exploration (Private) Limited ("Hawkmoth")
3) Examix Investments (Pvt) Limited ("Examix")
4) Farvic Consolidated Mines (Pvt) Limited ("Farvic")
5) Tannahill Mine (Pvt) Limited ("Tannahill")
6) Mixnote Investments (Pvt) Limited ("Mixnote")

Tenement Type & Number	Country	Project	Registered Company Name	% Held
12227	Zimbabwe	Penhalonga	Coldawn	70%
20560 BM	Zimbabwe	Penhalonga	Coldawn	70%
10675	Zimbabwe	Penhalonga	Coldawn	70%
21795 BM	Zimbabwe	Penhalonga	Coldawn	70%
13166 BM	Zimbabwe	Penhalonga	Coldawn	70%
18879	Zimbabwe	Penhalonga	Coldawn	70%
18880	Zimbabwe	Penhalonga	Coldawn	70%
18881	Zimbabwe	Penhalonga	Coldawn	70%
21748 BM	Zimbabwe	Penhalonga	Coldawn	70%
18666 BM	Zimbabwe	Penhalonga	Coldawn	70%
12212	Zimbabwe	Penhalonga	Coldawn	70%
12213	Zimbabwe	Penhalonga	Coldawn	70%
19474 BM	Zimbabwe	Penhalonga	Coldawn	70%
14135 BM	Zimbabwe	Penhalonga	Coldawn	70%
10338	Zimbabwe	Penhalonga	Coldawn	70%
G3425	Zimbabwe	Penhalonga	Coldawn	70%
18582 BM	Zimbabwe	Penhalonga	Coldawn	70%
G2335	Zimbabwe	Penhalonga	Coldawn	70%
M2873 BM	Zimbabwe	Chisanya	Hawkmoth	70%
M2874 BM	Zimbabwe	Chisanya	Hawkmoth	70%
M2875 BM	Zimbabwe	Chisanya	Hawkmoth	70%
M2876 BM	Zimbabwe	Chisanya	Hawkmoth	70%
33154	Zimbabwe	Starling	Hawkmoth	70%
32570	Zimbabwe	Starling	Hawkmoth	70%
36975	Zimbabwe	Starling	Hawkmoth	70%
36976	Zimbabwe	Starling	Hawkmoth	70%
36974	Zimbabwe	Starling	Hawkmoth	70%
36973	Zimbabwe	Starling	Hawkmoth	70%
36972	Zimbabwe	Starling	Hawkmoth	70%
32716	Zimbabwe	Starling	Hawkmoth	70%
33280	Zimbabwe	Starling	Hawkmoth	70%
36983	Zimbabwe	Starling	Hawkmoth	70%
33181	Zimbabwe	Starling	Hawkmoth	70%
36978	Zimbabwe	Starling	Hawkmoth	70%
36979	Zimbabwe	Starling	Hawkmoth	70%
36982	Zimbabwe	Starling	Hawkmoth	70%
36980	Zimbabwe	Starling	Hawkmoth	70%
36981	Zimbabwe	Starling	Hawkmoth	70%
GA1190	Zimbabwe	Starling	Hawkmoth	70%
32936	Zimbabwe	Starling	Hawkmoth	70%
32935	Zimbabwe	Starling	Hawkmoth	70%
31007	Zimbabwe	Arcadia	Examix	63%

Tenement Type & Number	Country	Project	Registered Company Name	% Held
23178	Zimbabwe	Arcadia	Examix	63%
35802	Zimbabwe	Arcadia	Examix	63%
23191	Zimbabwe	Arcadia	Examix	63%
23210	Zimbabwe	Arcadia	Examix	63%
23192	Zimbabwe	Arcadia	Examix	63%
23207	Zimbabwe	Arcadia	Examix	63%
31033	Zimbabwe	Arcadia	Examix	63%
23208	Zimbabwe	Arcadia	Examix	63%
23263	Zimbabwe	Arcadia	Examix	63%
23264	Zimbabwe	Arcadia	Examix	63%
23248	Zimbabwe	Arcadia	Examix	63%
23249	Zimbabwe	Arcadia	Examix	63%
23244	Zimbabwe	Arcadia	Examix	63%
23247	Zimbabwe	Arcadia	Examix	63%
23245	Zimbabwe	Arcadia	Examix	63%
23246	Zimbabwe	Arcadia	Examix	63%
23189	Zimbabwe	Arcadia	Examix	63%
23190	Zimbabwe	Arcadia	Examix	63%
23271	Zimbabwe	Arcadia	Examix	63%
23233	Zimbabwe	Arcadia	Examix	63%
23269	Zimbabwe	Arcadia	Examix	63%
34748	Zimbabwe	Greater Farvic	Farvic	-(i)
34750	Zimbabwe	Greater Farvic	Farvic	-(i)
140300 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140297 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140295 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140296 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140299 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140298 J	Zimbabwe	Greater Farvic	Farvic	-(i)
179175 J	Zimbabwe	Greater Farvic	Farvic	-(i)
179176 J	Zimbabwe	Greater Farvic	Farvic	-(i)
179177 J	Zimbabwe	Greater Farvic	Farvic	-(i)
179179 J	Zimbabwe	Greater Farvic	Farvic	-(i)
174178 J	Zimbabwe	Greater Farvic	Farvic	-(i)
435131 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435129 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435130 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435132 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435125 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435124 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435123 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435126 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435128 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435127 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
448985 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482952 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482953 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483048 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483005 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

Tenement Type & Number	Country	Project	Registered Company Name	% Held
483006 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483007 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483062 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483061 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483004 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483003 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435227 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483000 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483009 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483010 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483012 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483011 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483014 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483018 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483017 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483015 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483013 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482999 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482997 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482996 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482995 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435211 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435209 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435210 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435196 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435197 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435199 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435198 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435200 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435201 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435214 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435213 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435215 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435217 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435219 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435221 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435218 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483222 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435204 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482998	Zimbabwe	Greater Farvic	Tannahill	-(i)
483037 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483024 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435225 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435226 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483063 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483064 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483065 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483066 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483067 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483068 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483069 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483464 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

Tenement Type & Number	Country	Project	Registered Company Name	% Held
483465 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483466 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483469 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483467 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483468 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483471 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483470 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483508 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483507 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483518 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483517 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483516 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483515 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483514 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483511 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483513 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483512 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483510 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483509 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483506 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483505 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483504 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483503 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483502 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483501 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483500 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
063742 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
H 046672	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046681	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046682	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046676	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046675	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046674	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046673	Zimbabwe	Greater Farvic	Mixnote	-(i)
003515 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003583 M	Zimbabwe	Greater Farvic	Farvic	-(i)

(i) Hawkmoth can earn a 51% interest by spending USD$1.5m within 24 months. Hawkmoth can earn the remaining 49% interest by spending a further USD$1.5m within the next 12 months.