



Prospect Resources

PROSPECT RESOURCES LIMITED

ACN 124 354 329

NOTICE OF 2014 ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 11am (AWST)
DATE: Monday, 10 November 2014
PLACE: Suite 6
245 Churchill Avenue
Subiaco, WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 8072 1400.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be at 11am (AWST) on Monday, 10 November 2014 at Suite 6, 245 Churchill Avenue, Subiaco, WA 6008.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and either:

- (a) deliver the proxy form:
 - (a) online at www.securitytransfer.com.au;
 - (b) by hand to Security Transfer Registrars, Alexandria House, Suite 1, 770 Canning Highway, Applecross WA 6135 ;
 - (c) by post to Prospect Resources Limited c/- Security Transfer Registrars, PO Box 535, Applecross WA 6953; or
- (b) by facsimile to (+61 8) 9315 2233.

so that it is received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of Shareholders of Prospect Resources Limited (ACN 124 354 329) (**the Company**) will be held at 11am (AWST) on Monday, 10 November 2014 at Suite 6, 245 Churchill Avenue, Subiaco, WA 6008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 11am (AWST) on 8 November 2014. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Note: This item of ordinary business is **for discussion only and is not a resolution**.

However, pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

RESOLUTIONS

Part A: Remuneration Report

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2014.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company’s key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person’s Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as **Restricted Voter**). However, the Company need not disregard a vote if:

- (a) It is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) It is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the meeting and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the meeting (**the Chair**) to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the meeting to vote “against”, or to abstain from voting on, this Resolution.

Part B: Election of Directors

2. RESOLUTION 2 – RE-ELECTION OF MR GERRY FAHEY AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Gerry Fahey, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election, is re-elected as a Director of the Company.”

3. RESOLUTION 3 – RE-ELECTION OF MRS MANANA NHLANHLA AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mrs Manana Nhlanhla, a Director appointed to fulfil a casual vacancy and holding office until the next Annual General Meeting of the Company after his appointment, be re-elected as a Director of the Company.”

Part C: Capacity to issue Shares under ASX Listing Rules 7.1 and 7.1A

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF 4,000,000 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 4,000,000 fully paid ordinary shares of the Company on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”

Voting exclusion statement: The Company will disregard any votes cast on Resolution 4 by:

- (a) a person who participated in the issue; and
- (b) an Associate of any person described in (a).

However, the Company need not disregard a vote if:

- (i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
- (ii) it is cast by the person chairing the meeting (**the Chair**) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 5 – ASX LISTING RULE 7.1A APPROVAL OF FUTURE ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of ASX Listing Rule 7.1A, Shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company’s ordinary shares calculated over the last fifteen (15) days on which trades of the Company’s ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date issue is made as described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by:

- (a) a person who may participate in the in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Part D: Placement in anticipation of future transactions

6. RESOLUTION 6 – APPROVAL OF FUTURE ISSUE OF SHARES TO NON-RELATED SOPHISTICATED INVESTORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“For the purposes of ASX Listing Rule 7.1 and for all other purposes, the shareholders approve the issue of up to 500,000,000 fully paid ordinary shares at a price of no less than 1 cent (\$0.01) per share to non-related sophisticated investors invited by the Company to subscribe for shares on the terms set out in the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 6 by:

- (a) a person who proposes to participate in any such placement;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: 7 October 2014

BY ORDER OF THE BOARD



Andrew Whitten
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11am (AWST) on 10 November 2014 at Suite 6, 245 Churchill Avenue, Subiaco, WA 6008.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

AGENDA

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <http://www.prospectresources.com.au>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

RESOLUTIONS

Part A: Remuneration Report

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2014 Annual Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's 2014 Annual Report and is also available on the Company's website at <http://www.prospectresources.com.au>.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2014 AGM, and then again at the 2015 AGM, the Company will be required to put a resolution to the 2015 AGM to approve the calling of an Extraordinary General Meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an Annual General Meeting (**spill meeting**) within 90 days of the 2015 AGM. All of the Directors who were in office when the 2015 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed him to vote in accordance with his stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Part B: Election of Directors

RESOLUTION 2 – RE-ELECTION OF MR GERRY FAHEY AS DIRECTOR

The Company's Constitution requires that if the Company has 3 or more Directors, a third (or the number of Directors nearest to one third) of those Directors must retire at each AGM, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years or until the third AGM following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under clause 13.2 of the Company's Constitution is eligible for re-election. Mr Fahey retired by rotation and seeks re-election.

Background details for Mr Fahey are set out below:

Mr Gerry Fahey has over 35 years' global experience in the mining industry. He is a specialist in mining geology, mine development and training. He previously worked as the Chief Geologist for Delta Gold for over 10 years, where he was actively involved in the development of the Eureka, Chaka, Globe and Phoenix gold mines in Zimbabwe and the Kanowna Belle, Golden Feather, Sunrise and Wallaby gold projects in Australia. Mr Fahey currently serves as a Director of CSA Global Pty Ltd and Focus Minerals Ltd. He is also a member of the Joint Ore Reserve Committee (JORC).

Directors' recommendation

The Directors (excluding Mr Fahey) recommend that Shareholders vote for Resolution 2.

RESOLUTION 3 – RE-ELECTION OF MRS MANANA NHLANHLA AS DIRECTOR

The Company's Constitution provides that any Director appointed during the year either to fill a casual vacancy or in addition to existing Directors holds office until the next annual general meeting and is then eligible for re-election.

Mrs Manana Nhlanhla was appointed as a non-executive Director of the Company on 29 September 2014 pursuant to clause 13.4 of the Company's Constitution. Pursuant to clause 13.4 of the Company's Constitution, Mrs Nhlanhla will hold office until the next annual general meeting of the Company and at that time she may be re-elected.

Background details for Mrs Nhlanhla are set out below:

Manana is an executive Director and Chairperson of Mion (Proprietary) Limited (**Mion**), the parent company of Armoured Fox Capital (Pty) Ltd. Mion is a 100% Southern African based investment company with investments in the maritime, gaming, energy, industrial, engineering industries and general listed entities. Over the past 20 years, Manana has been involved in various businesses and served as a director across various JSE listed companies. Since returning to KwaZulu Natal from Johannesburg in 2003, she has served as a director of a number of companies. Manana also serves as a non-executive Director for a number of South African Stock exchange listed and private companies.

Directors' recommendation

The Directors (excluding Mrs Manana Nhlanhla) recommend that Shareholders vote for Resolution 3.

Part C: Capacity to issue Shares under ASX Listing Rules 7.1 and 7.1A

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF 4,000,000 SHARES

Resolution 4 proposes that Shareholders approve and ratify the issue and allotment of 4,000,000 fully paid ordinary shares in the capital of the Company which was made by the Company on 24 July 2004 pursuant to ASX Listing Rule 7.1 (**the Prior Placement**).

ASX Listing Rule 7.1 allows the Board of an ASX Listed company to issue up to 15% of the Company's issued capital in any 12 month period without Shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

The effect of approval of Resolution 4 is to allow the Board of the Company to issue additional Shares within the 15% limit under ASX Listing Rule 7.1 after this Resolution is adopted, instead of having to wait 12 months after the issue of Shares on 24 July 2014 to completely reset the Company's 15% limit.

Information Required by ASX Listing Rule 7.5

The following information in relation to the shares is provided to Shareholders for the purposes of ASX Listing Rule 7.5.

- (a) 4,000,000 Shares in the capital of the Company were issued as part of the Prior Placement.
- (b) Shares under the Prior Placement were issued for non-cash consideration.
- (c) Shares under the Prior Placement were fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.
- (d) Shares were issued to Somerley International Limited as up front consideration for fee payable as the Company's financial advisor.
- (e) The funds raised have been used for as consideration for fee payable to Somerley International Limited.

RESOLUTION 5 – ASX LISTING RULE 7.1A APPROVAL

Under ASX Listing Rule 7.1A, certain companies may seek Shareholder approval by special resolution passed at an annual general meeting to have the additional capacity to issue equity securities (shares and or options) which do not exceed 10% of the existing ordinary share capital without further Shareholder approval. The ability of the Company to make an issue under ASX Listing Rule 7.1A is in addition to its 15% placement capacity under ASX Listing Rule 7.1.

Approval under this Resolution 4 is sought for the Company to issue ordinary shares under ASX Listing Rule 7.1A.

If Resolution 4 is approved the Company may make an issue of ordinary shares under ASX Listing Rule 7.1A at any time (either on a single date or progressively) up until the earlier of:

- the date which is 12 months after the date of the 2014 Annual General Meeting; or
- the date on which Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking);

or such longer period if allowed by ASX.

Accordingly, the approval given if this Resolution 5 is passed will cease to be valid on the earlier of 10 November 2015 or the date on which holders of the Company's ordinary securities approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

At the date of this Explanatory Statement, the Company is an 'eligible entity', and therefore able to seek approval under ASX Listing Rule 7.1A, as it is not included in the S&P/ASX300 and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million). If at the time of the Annual General Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

The maximum number of ordinary shares which may be issued in the capital of the Company under the approval sought by this Resolution will be determined in accordance with the following formula prescribed in ASX Listing Rule 7.1A.2:

$(A \times D) - E$

where:

- A** is the number of shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without Shareholder approval);
 - (iv) less the number of fully paid shares cancelled in the 12 months.
- D** is 10%
- E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

The ability of the Company to make an issue under ASX Listing Rule 7.1A is in addition to its 15% placement capacity under ASX Listing Rule 7.1. The effect of Resolution 5 will be to allow the Company to issue ordinary shares under ASX Listing Rule 7.1A without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Explanatory Statement, the Company has on issue 680,509,820 ordinary shares and therefore has capacity to issue:

- subject to Shareholder approval being sought under Resolution 4, 102,076,473 equity securities under ASX Listing Rule 7.1; and
- subject to Shareholder approval being sought under this Resolution, 68,050,982 ordinary shares under ASX Listing Rule 7.1A.

The issue price of the ordinary shares issued under ASX Listing Rule 7.1A will be determined at the time of issue. The minimum price at which the ordinary shares the subject of this Resolution will be issued is 75% of the volume weighted average market (closing) price (**VWAP**) of the Company's ordinary shares over the 15 days on which trades in that class were recorded immediately before either:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 ASX trading days of the date in paragraph (a) the date on which the securities are issued.

If this Resolution is approved, and the Company issues ordinary shares under ASX Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted. There is a risk that:

- the market price for the Company's ordinary shares may be significantly lower on the issue date than on the date of the approval of this Resolution; and
- the ordinary shares issued under ASX Listing Rule 7.1A may be issued at a price that is at a discount (as described above) to market price for the Company's ordinary shares on the issue date;

which may have an effect on the amount of funds raised by the issue.

The table set out below shows the dilution of existing Shareholders on the basis of:

- The current market price of the Company's ordinary shares and the current number of ordinary securities as at the date of this Explanatory Statement.
- Two examples where the number of ordinary shares on issue ("A") has increased, by 50% and 100%. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require Shareholder approval (for example, pro-rata entitlements issues) or as a result of future specific placements under ASX Listing Rule 7.1 that are approved by Shareholders.
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" ASX Listing Rule 7.1A.2		Dilution		
		\$0.003 50% decrease in issue price	\$0.006 Issue Price **	\$0.012 100% increase in issue price
"A" is the current number of shares on issue 680,593,287 *** shares	10% voting dilution	68,050,982 shares	68,050,982 shares	68,050,982 shares
	Funds raised	\$204,152.95	\$408,305.89	\$816,611.78
"A" is a 50% increase in current shares on issue 1,020,764,730 *** shares	10% voting dilution	102,076,473 shares	102,076,473 shares	102,076,473 shares
	Funds raised	\$306,229.42	\$612,458.84	\$1,224,917.68
"A" is a 100% increase in current shares on issue 1,361,019,640 *** shares *	10% voting dilution	136,101,964 shares	136,101,964 shares	136,101,964 shares
	Funds raised	\$408,305.89	\$816,611.78	\$1,633,223.57

Notes:

- (i) The table assumes that the Company issues the maximum number of ordinary shares available under ASX Listing Rule 7.1A.
- (ii) The table assumes that no options are exercised in ordinary shares before the date of the issue of ordinary shares under ASX Listing Rule 7.1A.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of ordinary shares under ASX Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
- (iv) The table shows the effect of an issue of ordinary shares under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.

* Any issue of ordinary shares is required to be made in accordance with the ASX Listing Rules. Any issue made other than under the Company's 15% capacity (ASX Listing Rule 7.1) or the Company's additional 10% capacity (ASX Listing Rule 7.1A) and not otherwise made under an exception in ASX Listing Rule 7.2 (for example, a pro-rata rights issue) would require Shareholder approval.

** Based on closing price of the Company's shares on ASX on 1 October 2014.

*** Based on Company's Share structure as at 1 October 2014

If this Resolution is approved the Company will have the ability to issue up to 10% of its issued capital without further Shareholder approval and therefore allow it to take advantage of opportunities to obtain further funds if required and available in the future.

As at the date of this Explanatory Statement, the Company has not formed an intention to offer any ordinary shares under ASX Listing Rule 7.1A to any particular person or at any particular time. The total amount that may be raised by the issue of equity securities under ASX Listing Rule 7.1A will depend on the issue price of the ordinary shares which will be determined at the time of issue. In some circumstances the Company may issue ordinary shares under ASX Listing Rule 7.1A for non-cash consideration (for example, in lieu of cash payments to consultants, suppliers or vendors). While the Company has not formed an intention to offer any ordinary shares under ASX Listing Rule 7.1A, some of the purposes for

which the Company may issue ordinary shares under ASX Listing Rule 7.1A include (but are not limited to):

- Raising funds to further develop the Company's business;
- Raising funds to be applied to the Company's working capital requirements;
- Acquiring assets. In these circumstances the issue of the ordinary shares may be made in substitution for the Company making a cash payment for the assets. If the Company elects to issue the ordinary shares for the purpose of acquiring assets then the Company will release to the market a valuation of the assets prior to issuing the shares; and
- Paying suppliers or consultants of the Company.

Details regarding the purposes for which any particular issue under ASX Listing Rule 7.1A is made will be more fully detailed in an announcement to the ASX made pursuant to ASX Listing Rule 7.1A.4 and ASX Listing Rule 3.10.5A at the time the issue is made. The identity of the allottees of ordinary shares under ASX Listing Rule 7.1A will be determined at the time the Company decides to make an issue having regard to a number of factors including:

- the capital raising and acquisition opportunities available to the Company and any alternative methods for raising funds or acquiring assets that are available to the Company;
- the potential effect on the control of the Company;
- the Company's financial situation and the likely future capital requirements; and
- advice from the Company's corporate or financial advisors.

Offers made under ASX Listing Rule 7.1A may be made to parties including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of ordinary shares.

The allocation policy the Company may adopt for a particular issue of ordinary shares under ASX Listing Rule 7.1A and the terms on which those ordinary shares may be offered will depend upon the circumstances existing at the time of the proposed capital raising under ASX Listing Rule 7.1A. Subject to the requirements of the ASX Listing Rules and the Corporations Act, the Directors reserve the right to determine at the time of any issue of ordinary shares under ASX Listing Rule 7.1A, the allocation policy the Company will adopt for that issue.

As the Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A, it is required by ASX Listing Rule 7.3A.6 to provide details of all issues of securities in the 12 months preceding the date of the meeting. The details of all issues of Securities by the Company during the 12 months preceding the date of the meeting are detailed below:

Number/Class of Securities issued	Terms and Purpose of issue	Price	Consideration received /value	Allottees of the Securities
<i>Securities Issued on 21 January 2014</i>				
95,000,000 fully paid ordinary shares	General working capital Fund exploration on the Company's Zimbabwe gold assets Fund litigation against Alexander Molyneux Blumont Group et Ors	\$0.01 per Share, representing approx. a 100% premium above Share's closing price on ASX	\$950,000	Investors invited to subscribe for Shares
<i>Securities Issued on 26 May 2014</i>				
15,000,000 fully paid ordinary shares	General working capital Fund exploration on the Company's Zimbabwe gold assets Fund litigation against Alexander Molyneux Blumont Group et Ors	\$0.01 per Share, representing approx. a 30% premium above Share's closing price on ASX	\$150,000	Hugh Warner (or his nominees)
60,000,000 fully paid ordinary shares	Fee Payable pursuant to Placement Exclusivity Agreement	Non-cash	Fee payable pursuant to Placement Exclusivity Agreement	Harry Greaves, Zed Rusike and Continental Minerals Limited (or their nominees)
<i>Securities Issued on 24 July 2014</i>				
4,000,000 fully paid ordinary shares	Up front consideration for fee payable	Non-cash	Up front consideration for fee payable	Somerley International Limited
<i>Securities Issued on 14 August 2014</i>				
71,916,533 fully paid ordinary shares	General working capital Fund exploration on the Company's Zimbabwe gold assets Fund litigation against Alexander Molyneux Blumont Group et Ors	\$0.015 per Share, representing approx. a 100% premium above Share's closing price on ASX	\$1,078,748	Armoured Fox Capital Pty Ltd
Total Securities issued in previous 12 months		245,916,533		
Percentage of total Securities issued in previous 12 months*		56.59%		

*Based on Company's capital structure as at date of 2013 Annual General Meeting

This Resolution is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of shares) must be in favour of the resolution.

Directors' recommendation

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

A voting exclusion statement is set out in the Notice of Meeting.

Part C: Placement in anticipation of future transactions

RESOLUTION 6 – APPROVAL OF FUTURE ISSUE OF SHARES TO NON-RELATED SOPHISTICATED INVESTORS

This Resolution seeks approval for the issue of up to 500,000,000 Shares in the Company at an issue price of no less than 1 cent (\$0.01) per Share to non-related, sophisticated investors whom will be invited by the Company to take part in the Future Placement.

The effect of this Resolution is to provide Shareholder consent to the issue of the Shares, and for the issue of Shares to fall within an exception to Listing Rule 7.1, which will therefore allow the Directors to issue these Shares without using the Company's annual 15% placement capacity.

Information Required by ASX Listing Rule 7.3

The following information in relation to the Shares is provided to shareholders for the purposes of ASX Listing Rule 7.3:

- (a) The maximum number of Shares to be issued is 500,000,000.
- (b) The Shares will be issued progressively within 3 months from the day of this Meeting, by 10 February 2015.
- (c) The Shares are to be issued at a price of no less than 1 cent (\$0.01) per Share.
- (d) The allottees are non-related, sophisticated investors whom will be invited by the Company to take part in the Future Placement.
- (e) The Shares will be fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.
- (f) The Company intends to use the funds raised under the Future Placement to develop its mining interests in Zimbabwe and surrounding regions and Northampton.

ENQUIRIES

Shareholders are asked to contact Mr Andrew Whitten, Company Secretary, on (+61 2) 8072 1400 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

Annual General Meeting or **AGM** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Auditor's Report means the Auditors report of Deloitte Touche Tohmatsu dated 26 September 2014 and included in the Annual Report of the Company for the period ended 30 June 2014.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Closely Related Party has the meaning given to it by section 9 of the Corporations Act.

Company means Prospect Resources Limited (ACN 124 354 329) of Suite 6, 245 Churchill Avenue, Subiaco, WA, AUSTRALIA, 6008.

Constitution means the Company's constitution

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Report of the Company for the period ended 30 June 2014.

Dollar or "**\$**" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Future Placement means the proposed issue of up to 500,000,000 Shares in the Company at an issue price of no less than 1 cent (\$0.01) per Share to non-related sophisticated investors invited by the Company. Shareholder approval for this placement is sought under this Notice of Meeting at Resolution 5.

General Meeting means a general meeting of the Company and, unless context otherwise requires, means the meeting of the Company's members convened by this Notice of Meeting.

Meeting means the meeting of the Company's members convened by this Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 7 October 2014 including the Explanatory Statement.

Option means an option to acquire a Share.

Prior Placement means the placement of Shares completed on 24 July 2014, of 4,000,000 Shares issued as consideration for fee payable to Somerley International Limited as the Company's financial advisor in the Greater China capital market.

Proxy Form means the proxy forma attached to this Notice of Meeting.

Remuneration Report means the remuneration report as set out in the Company's 2014 Annual Report and is also available on the Company's website at <http://www.prospectresources.com.au>.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Restricted Voter means a member of the Company's key management personnel (including the Directors) details of whose remuneration are included in the Remuneration Report and any of that person's Closely Related Parties or Associates (such as close family members and any controlled companies of those persons).

Securities mean Shares and/or Options (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

VWAP means the volume weighted average price, with respects to the price of Shares.

« REF No. »

Sample

Code:

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au
1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11AM (AWST) on Monday, 10 November 2014 at Suite 6, 245 Churchill Avenue, Subiaco Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTIONS	FOR	AGAINST	ABSTAIN*
1. Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr Gerry Fahey as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mrs Manana Nhlanhla as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of prior issue of 4,000,000 shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. ASX Listing Rule 7.1A approval of future issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of future issue of shares to non-related sophisticated investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder Security Holder 2 Security Holder 3
Sole Director & Sole Company Secretary Director Secretary Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 11:00AM (AWST) on Saturday, 8 November 2014.



My/Our contact details in case of enquiries are:

Name:

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Number:

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If you wish to appoint the chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy. If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
Telephone	+61 8 9315 2333
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

