

12 August 2015

Dear Shareholder

Prospect Resources Limited – pro-rata non-renounceable rights issue

As announced on 11 August 2015 Prospect Resources Limited (ACN 124 354 329) (**Prospect**) is undertaking a 1 for 2 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 343,712,410 fully paid ordinary shares (**New Share**) to raise approximately \$1,374,850. The price of New Shares under the Offer is \$0.004 each (**Issue Price**). The Company announced the offer document (**Offer Document**) for the Offer (**Prospectus**) on ASX on 11 August 2015.

Funds raised under the Offer are intended to be used for:

Items of Expenditure	\$	%
Prestwood Mine Site Capital Expenditure	325,000	24
Working Capital to commence mining at Prestwood Mine	500,000	37
General Working capital ¹	524,850	38
Expenses of the Offer	25,000	1
Total	1,374,850	100

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5.00pm (WST) on 17 August 2015, whose registered address is in Australia, New Zealand, Singapore and Hong Kong.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 343,712,410 New Shares resulting in total Shares on issue of approximately 1,031,137,230.

A copy of the Offer Document is available on ASX's and Prospect's website. Eligible Shareholders will be mailed the Offer Document together with an Entitlement and Acceptance Form no later than 20 August 2015. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Offer Document.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Offer Document (**Entitlement**). To take up all or some of your Entitlements you will

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need to ensure your application money for the Entitlements you wish to take up is received by Security Transfer Registrars Pty Ltd (**Share Registry**) by no later than 5.00pm (WST) on 31 August 2015, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency for the amount indicated on the Entitlement and Acceptance Form OR by making payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.

- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5.00pm (WST) on 31 August 2015, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency for the appropriate application monies OR by making payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.004 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Offer Document, cleansing notice and Appendix 3B lodged with ASX	11 August 2015
Notice of Rights Issue sent to security holders	12 August 2015
Existing shares quoted on an 'ex' basis	13 August 2015
Record date	17 August 2015
Despatch of Rights Issue Documents to Eligible Shareholders Offer Period Opens	20 August 2015
Offer Period Closes	31 August 2015
Securities quoted on a deferred settlement basis.	1 September 2015
Notification of under-subscriptions to ASX (if any)	3 September 2015
Shares Issued Holding statements despatched	7 September 2015

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Hugh Warner, Prospect's Executive Chairman, on +61 8 9217 3350.



Yours sincerely

Hugh Warner
Executive Chairman

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