



Prospect Resources

PROSPECT RESOURCES LIMITED

ACN 124 354 329

Notice of Extraordinary General Meeting

Explanatory Statement

Proxy Form

Time: 9.00am (Perth time)
Date: Thursday, 29 March 2018
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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Venue

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00am (Perth time) on Thursday, 29 March 2018 at:

Suite 6, 245 Churchill Avenue,
Subiaco WA 6008

Your vote is important

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

Voting in person

To vote in person, attend the Extraordinary 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:

1. lodge online at www.linkmarketservices.com.au, instructions as follows:

Select 'Investor Login' and enter Prospect Resources Limited or the ASX code **PSC** in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website;

2. deliver the Proxy Form:

- (a) by hand to:

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or

- (b) by post to:

Prospect Resources Limited
c/- Link Market Services Limited
Locked Bag A14, South Sydney, NSW 1235 Australia; or

3. by facsimile to +61 2 9287 0309.

Your Proxy Form must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

Notice of extraordinary general meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Prospect Resources Limited ACN 124 354 329 will be held at 9.00am (Perth time) on Thursday, 29 March 2018 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 Extraordinary 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 Extraordinary General Meeting are those who are registered Shareholders at 4:00pm (Perth time) on 27 March 2018. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Resolutions

Part A: Ratification of prior issue of securities

1. Resolution 1– Ratification of prior issue of securities

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 of the Company ratify the allotment and prior issue of:

- a) 14,853,840 fully paid ordinary shares which were issued on 6 February 2018;*
- b) 160,412,829 fully paid ordinary shares which were issued on 6 February 2018;*
- c) 20,000,000 unlisted options, each exercisable at 10 cents (\$0.10) per option which were issued on 6 February 2018; and*
- d) 35,053,339 fully paid ordinary shares which were issued on 12 February 2018,*

on the terms and conditions 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 in favour of Resolution 1 by or on behalf of:

- (a) a person who participated in the issues and received the securities the subject of this Resolution; or
- (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 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.

Part B: Sinomine Placement

2. Resolution 2 – Approval of issue of new shares pursuant to Sinomine Placement

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of up to 200,000,000 fully paid ordinary shares at an issue price of no less than 5 cents (\$0.05) per share to Sinomine Resources Exploration Co. Ltd and Sinomine International Exploration (Hong Kong) Co. Ltd. (collectively, **Sinomine**) to raise \$10,000,000, on the terms and conditions which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”*

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (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 Chair as a 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: 27 February 2018

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 Extraordinary General Meeting to be held at 9.00am (Perth time) on Thursday, 29 March 2018 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 Extraordinary General Meeting are set out below.

Resolutions

Part A: Ratification of prior issue of securities

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

Background

On 31 January 2018, the Company announced that it had raised \$10,000,000 via the issue of 166,666,667 fully paid ordinary shares at an issue price of 6 cents (\$0.06) per share (**Placement**). Hunter Capital Advisors Pty Ltd (**Hunter Capital**) acted as sole lead manager of the Placement.

On 6 February 2018, the Company completed the Placement by utilising the Company's capacity under Listing Rules 7.1 and 7.1A, which resulted in the issue of 166,666,667 fully paid ordinary shares to sophisticated and professional investors (**Placement Investors**). Separately, the Company also issued 8,600,002 fully paid ordinary shares and 20,000,000 unlisted options (with each option exercisable at 10 cents (\$0.10) per option, expiring on 6 February 2019) (**Fee Options**) to Hunter Capital as part of the fees payable for services provided in connection with the Placement.

On 12 February 2018, the Company announced that the Directors had determined to re-price the subscription price of the shares issued under Placement to 5 cents (\$0.05) per share, via the issue of an additional 35,053,339 fully paid ordinary shares (**Additional Shares**) to the Placement Investors (on a pro-rata basis) and Hunter Capital.

The Additional Shares were issued utilising the Company's existing capacity under Listing Rule 7.1.

Resolution 1 seeks Shareholder approval to approve and ratify the previous allotment of all of the securities noted above.

ASX Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1 allows the Board of an ASX listed entity to issue up to 15% of the Company's issued capital in any 12-month period without the approval of the Shareholders of the Company. Separately, the Company sought and obtained Shareholder approval at its 2017 annual general meeting to issue up to a further 10% (in addition to the 15% under Listing Rule 7.1) of the Company's issued capital under ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rule 7.1 and/or 7.1A), those securities will be deemed to have been made with Shareholder approval for the purposes of Listing Rules 7.1 and 7.1A.

The effect of approval of this Resolution 1 is to allow the Board of the Company to issue additional securities within the 15% limit under Listing Rule 7.1 and within the additional 10% limit under Listing Rule 7.1A after this Resolution is adopted, instead of having to wait 12 months after the issue (insofar

as Listing Rule 7.1 is concerned) and instead of having to wait until Shareholder approval is obtained at the next annual general meeting for the additional 10% capacity under Listing Rule 7.1A (insofar as Listing Rule 7.1A is concerned).

Information required by ASX Listing Rule 7.5

The following information in relation to the prior issue of the Securities as set out in this Resolution 1 is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) The Company issued a total of:
 - (i) 175,266,669 Shares on 6 February 2018;
 - (ii) 20,000,000 Fee Options on 6 February 2018; and
 - (iii) 35,053,339 Shares on 12 February 2018.
- (b) Initially, each of the Shares under the Placement had an issue price of 6 cents (\$0.06) per Share. Each of the Additional Shares were issued for nil consideration, which had the effect of decreasing the issue price of the Shares issued to the Placement Investors to 5 cents (\$0.05) per Share.
- (c) The Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) The Fee Options were issued for nil cash consideration. The Fee Options have the following material terms:
 - (i) Exercise price: 10 cents per Fee Option
 - (ii) Expiry date: 6 February 2019
- (e) The Shares were issued to sophisticated and professional investors who subscribed for Shares under the Placement and to Hunter Capital, as part of its payment for the services it provided to the Company.
- (f) The Fee Options were issued to Hunter Capital, as part of its payment for the services it provided to the Company.
- (g) The Company intends to use the funds raised under the Placement to:
 - (i) accelerate the development of the Arcadia Mine;
 - (ii) progress exploration at the Good Days Lithium Project (under option);
 - (iii) investigate and possibly acquire additional lithium and cobalt projects; and
 - (iv) supplement general working capital.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Part B: Sinomine Placement

RESOLUTION 2 – APPROVAL OF ISSUE OF NEW SHARES PURSUANT TO SINOMINE PLACEMENT

Background

On 10 November 2017, the Company announced that it had signed a conditional placement and framework agreement (**Sinomine Agreement**) (with Sinomine Resources Exploration Co. Ltd and Sinomine International Exploration (Hong Kong) Co. Ltd (collectively, **Sinomine**).

Under the terms of the Sinomine Agreement, Sinomine agreed to subscribe for \$10,000,000 worth of the Company's Shares at an issue price of 5 cents per Share (**Sinomine Placement**).

Under the terms of the Sinomine Agreement, Sinomine were required to complete the Sinomine Placement by 7 February 2018. On 12 February 2018, the Company announced that Sinomine had been granted an extension up until 31 March 2018 to complete the Sinomine Placement, and also to allow the parties additional time to discuss the terms of the broader Sinomine Agreement, which may result in a better outcome for the Company's Shareholders.

In the same announcement, it was noted that the Sinomine Placement was subject to obtaining Shareholder approval. Shareholder approval to complete the Sinomine Placement at an issue price of no less than 5 cents per Share is being sought under this Notice of Meeting.

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

Information Required by Listing Rule 7.3

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

- (a) The maximum number of Shares to be issued is 200,000,000.
- (b) These Shares will be issued within 3 months of Shareholder approval being obtained by the Company.
- (c) The Shares will be offered at an issue price of no less than 5 cents per Share. The maximum amount raised from the Sinomine Placement will be \$10,000,000.
- (d) The Shares will be issued to Sinomine (or its nominee) for the purposes of the Sinomine Placement which is a condition of the broader Sinomine Agreement.
- (e) The Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (f) The funds raised from the placement to Sinomine will be used to fund the building and financing of the Company's proposed mine and facility at the Arcadia Lithium Project and for working capital purposes.

Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

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

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 or **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.

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.

Chair means the person chairing the Meeting.

Company means Prospect Resources ACN 124 354 329.

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.

Dollar or "\$" means Australian dollars.

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

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

Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated 27 February 2018 including the Explanatory Statement.

Option means an option to acquire a Share.

Placement means the issue of Shares (including the Additional Shares) to the Placement Investors as announced by the Company on 31 January 2018 and 12 February 2018.

Placement Investors means the sophisticated and professional investors who were participated in the Placement.

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

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

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

Shareholder means a holder of a Share.

Sinomine means Sinomine Resources Exploration Co. Ltd and Sinomine International Exploration (Hong Kong) Co. Ltd.

Sinomine Agreement means the agreement between the Company and Sinomine announced on 10 November 2017, as amended from time to time.

Sinomine Placement means the placement of \$10,000,000 worth of Shares to Sinomine (or its nominee) as a condition to the Sinomine Agreement.



LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Prospect Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Prospect Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **9:00am (Perth time) on Thursday, 29 March 2018 at Suite 6, 245 Churchill Avenue, Subiaco WA 6008 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

For Against Abstain*

- 1 Ratification of prior issue of securities
- 2 Approval of issue of new shares pursuant to Sinomine Placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2

* 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two 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 telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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 your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the 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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (Perth time) on Tuesday, 27 March 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Prospect Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**