

**13 November 2020**

The Manager
Market Announcements Office
Australian Securities Exchange Ltd
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Addendum to Notice of 2020 Annual General Meeting

Please find attached for immediate release in relation to Prospect Resources Limited (ASX: PSC) the following documents:

- Letter to Shareholders in relation to Addendum to Notice of 2020 Annual General Meeting; and
- Addendum to Notice of 2020 Annual General Meeting.

ENDS

This release was authorised by Mr Sam Hosack, Managing Director of Prospect Resources Ltd.



13 November 2020

Dear Shareholder

Addendum to Notice of 2020 Annual General Meeting

Prospect Resources Limited (ASX: PCS) ("Company") gives notice to its shareholders that, in relation to the Notice of Annual General Meeting ("AGM") dated 28 October 2020 ("Notice of AGM"), in respect of the proposed AGM detailed below, the Directors have determined to issue an addendum to the Notice of AGM ("Addendum to Notice of AGM").

Time and date of AGM

Monday, 27 November 2020, commencing at 10.00am (AWST).

Location of AGM

Suite 6, 245 Churchill Ave, Subiaco WA 6008.

Reasons for the Addendum to Notice of AGM

Defined terms in the Notice of AGM have the same meaning in this Addendum to Notice of AGM.

On Tuesday 20 October 2020, the Company issued 46,153,847 fully paid ordinary shares following a successful placement to sophisticated and professional investors, utilising its existing capacity under ASX Listing Rules 7.1 and 7.1A. Under the Notice of AGM, the Company is seeking shareholder approval to ratify the portion of these shares that were issued and allotted pursuant to Listing Rule 7.1 (Resolution 5). The Company is now also seeking shareholder approval to ratify the portion of these shares that were issued and allotted pursuant to Listing Rule 7.1A.

By the Addendum to Notice of AGM:

- an additional Resolution 6 is added to the Notice of AGM; and
- a new section in respect of the additional Resolution 6 is added to the Explanatory Statement to the Notice of AGM.

Where to find the Addendum to Notice of AGM

In accordance with the Corporations (Coronavirus Economic Response) Determinations 2020, the Company will not be dispatching physical copies of the Notice of AGM or Addendum to



Notice of AGM. Instead, a copy of the Notice of AGM and Addendum to Notice of AGM can be viewed on the Company's website at the following link:

<https://www.prospectresources.com.au/announcements>

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Addendum to Notice of AGM is received by shareholders, circumstances may have changed but this Addendum to Notice of AGM is given based on circumstances as at 13 November 2020. Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <https://www.prospectresources.com.au/announcements>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Replacement proxy

Annexed to this Letter and the Addendum to Notice of AGM is a replacement proxy form.

If Shareholders wish to have their votes counted by proxy in respect of Resolution 6, Shareholders **MUST** use the replacement Proxy Form to vote on **ALL** Resolutions. In the event that a Shareholder provides a replacement Proxy Form, any Proxy Form dispatched with the original Notice of AGM which has been completed by that Shareholder will be disregarded.

In the event a Shareholder does not submit a replacement Proxy Form and has already submitted the Proxy Form dispatched with the original Notice of AGM the votes cast in relation to Resolutions 1 – 5 will remain valid and no vote will be deemed to have been cast on Resolution 6.

All proxy forms received to date and prior to the proxy deadline of 10.00am (AWST) on 25 November 2020 will be treated as valid. Proxy Forms received later than this time will be invalid.

Yours faithfully

Andrew Whitten
Company Secretary
Prospect Resources Limited



Prospect Resources Limited

Addendum to Notice of 2020 Annual General Meeting

Explanatory Statement | Proxy Form

27 November 2020

10:00 AM AWST

Address

Suite 6, 245 Churchill Ave
Subiaco WA 6008

Note: This Addendum must be read together with the Notice of AGM (as lodged with ASX on 28 October 2020). Both documents 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.

Addendum to Notice of Annual General Meeting

Prospect Resources Limited (**Prospect** or the **Company**) gives notice to its shareholders that, in relation to the Notice of Annual General Meeting (**AGM**) dated 28 October 2020 (**Notice of AGM**), in respect of the proposed AGM detailed below, the Directors have determined to issue this addendum to the Notice of AGM (**Addendum to Notice of AGM**).

Time and date of AGM

Friday, 27 November 2020, commencing at 10.00am (AWST).

Location of AGM

The meeting is being held at Suite 6, 245 Churchill Ave, Subiaco WA 6008.

Reasons for this Addendum to Notice of AGM

Defined terms in the Notice of AGM have the same meaning in this Addendum to Notice of AGM.

On Tuesday 20 October 2020, the Company issued 46,153,847 fully paid ordinary shares following a successful placement to sophisticated and professional investors, utilising its existing capacity under ASX Listing Rules 7.1 and 7.1A. Under the Notice of AGM, the Company is seeking shareholder approval to ratify the portion of these shares that were issued and allotted pursuant to Listing Rule 7.1 (Resolution 5). The Company is now also seeking shareholder approval to ratify the portion of these shares that were issued and allotted pursuant to Listing Rule 7.1A.

By this Addendum to Notice of AGM:

- an additional Resolution 6 is added to the Notice of AGM; and
- a new section in respect of the additional Resolution 6 is added to the Explanatory Statement to the Notice of AGM.

Resolution 6 – Ratification of Prior Issue of Shares (Listing Rule 7.1A)

To consider and, if thought fit, to pass 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 28,593,652 fully paid ordinary shares issued on Tuesday 20 October 2020 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Explanatory Statement

Resolution 6 – Ratification of Prior Issue of Shares (Listing Rule 7.1A)

Background

As announced by the Company on 14 October 2020, the Company successfully completed a placement to sophisticated and professional investors (**Placement**) of 46,153,847 new fully paid ordinary shares at an issue price of 13 cents (\$0.13) per Share raising circa \$6,000,000 (before costs) for the Company.

The Company announced that it would issue the Placement utilising its existing capacity under ASX Listing Rules 7.1 and 7.1A as follows:

- (a) 17,560,195 fully paid ordinary shares issued utilising the Company's existing capacity under ASX Listing Rule 7.1;
- (b) 28,593,652 fully paid ordinary shares issued utilising the Company's existing capacity under ASX Listing Rule 7.1A (**LR 7.1A Placement Shares**).

ASX Listing Rule 7.1 and 7.1A

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of the LR7.1A Placement Shares which were issued on 20 October 2020 (**Issue Date**).

All of the LR7.1A Placement Shares were issued by utilising the Company's existing capacity under Listing Rule 7.1A.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period. At last year's AGM, the Company sought and obtained approval of its Shareholders under Listing Rule 7.1A to increase this 15% limit by an extra 10% to 25%.

The issue of the LR7.1A Placement Shares did not fit within any of the exceptions to Listing Rule 7.1A and, as it has not been approved by the Company's Shareholders, it effectively uses up part of the additional 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1A for the 12 month period following the Issue Date (noting that the extra 10% under Listing Rule 7.1A will expire unless re-approved by the Company's Shareholders under Resolution 4 in the Notice of AGM).

Listing Rule 7.4 provides that an issue made in accordance with Listing Rule 7.1A can be approved subsequently under Listing Rule 7.4 and, if it is, the issue will then be excluded from variable "E" in Listing Rule 7.1A.2 (which means that the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1A is not reduced).

Subject to approval by Shareholders of Resolution 4, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1A.

To this end this Resolution seeks Shareholder approval to subsequently approve the issue of the LR 7.1A Placement Shares for the purposes of Listing Rule 7.4.

If this Resolution is passed, the issue of the LR7.1A Placement Shares will be excluded in calculating the Company's 10% capacity to issue equity securities under Listing Rule 7.1A without Shareholder approval

over the 12 month period following the Issue Date (subject to the approval of Resolution 4 in the Notice of AGM).

If this Resolution is not passed, the issue of the LR7.1A Placement Shares will be included in calculating the Company's 10% capacity to issue equity securities under Listing Rule 7.1A without Shareholder approval over the 12 month period following the Issue Date (subject to the approval of Resolution 4 in the Notice of AGM).

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The LR7.1A Placement Shares were issued to sophisticated and professional investors identified by Lead Manager, Viriathus Capital Pty Ltd, through their own client base and those of other stockbroking firms.
- (b) In connection with the Placement, the Company issued 28,593,652 fully paid ordinary shares utilising its existing capacity under listing rule 7.1A.
- (c) The LR7.1A Placement 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 LR7.1A Placement Shares were issued on 20 October 2020.
- (e) Each of the LR7.1A Placement Shares were issued at an issue price of \$0.13 per LR7.1A Placement Share which raised \$3,717,174.76.
- (f) Funds raised from the issue of the LR7.1A Placement Shares have been and will be used by the Company to fund the development of a pilot plant to produce low iron spodumene & high purity petalite samples for glass & ceramics customers; to initiate a Front End Engineering Design ("FEED") for the Company's Arcadia Lithium Project and to progress Project financing activities.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Replacement Proxy

Annexed to this Addendum to Notice of AGM is a replacement proxy form.

If Shareholders wish to have their votes counted by proxy in respect of Resolution 6, Shareholders MUST use the attached replacement Proxy Form to vote on ALL Resolutions. In the event that a Shareholder provides a replacement Proxy Form, any Proxy Form dispatched with the original Notice of AGM which has been completed by that Shareholder will be disregarded.

In the event a Shareholder does not submit a replacement Proxy Form and has already submitted the Proxy Form dispatched with the original Notice of Meeting the votes cast in relation to Resolutions 1 – 5 will remain valid and no vote will be deemed to have been cast on Resolution 6.

All proxy forms received to date and prior to the proxy deadline of 10.00am (AWST) on 25 November 2020 will be treated as valid. Proxy Forms received later than this time will be invalid.

Enquiries

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

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10:00 AM AWST on Wednesday, 25 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

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 Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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