

**Prospect Resources Limited**

Suite 6, 245 Churchill Avenue  
Subiaco WA 6008

ACN: 124 354 329

<http://www.prospectresources.com.au/>



# Prospect Resources Limited

## Notice of 2018 Annual General Meeting

Explanatory Statement | Proxy Form

27 November 2018

**9:00AM AWST**

**Address**

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.

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# Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am AWST on 27 November 2018 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 use one of the following methods:

1. Lodge the Proxy Form online at <https://investor.automic.com.au/#/loginsah> by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form.
2. Complete and sign the enclosed Proxy Form and return the form:
  - (a) by post to:  
Automic, GPO Box 5193, Sydney NSW 2001; or
  - (b) by hand to:  
Automic, Level 5, 126 Phillip Street, Sydney NSW 2000
  - (c) by fax to: (02) 8583 3040

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

## Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

## Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

# Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Prospect Resources Limited ACN 124 354 329 will be held at 9:00am AWST on 27 November 2018 at Suite 6, 245 Churchill Avenue, Subiaco WA 6008 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form 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 at 9:00am AWST on 25 November 2018. 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 2018 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**.

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 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 2018.”*

**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 (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting 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: Re-election of Directors

### 2. **Resolution 2** – Re-election of Zivanayi (Zed) Rusike as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That Zivanayi (Zed) Rusike, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately."*

### 3. **Resolution 3** – Re-election of Gerry Fahey as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That Gerry Fahey, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately."*

### 4. **Resolution 4** – Re-election of Samuel Hosack as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That Samuel Hosack, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company's Constitution and ASX Listing Rule 14.4, be re-elected as a Director of the Company, effective immediately."*

### 5. **Resolution 5** – Re-election of HeNian Chen as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That HeNian Chen, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company's Constitution and ASX Listing Rule 14.4, be re-elected as a Director of the Company, effective immediately."*

## Part C: ASX Listing Rule 7.1A

### 6. **Resolution 6** – ASX Listing Rule 7.1A Approval of Future Issue of Securities

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 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 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 Company); 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 D: Ratification of Prior Issue of Equity Securities

### 7. **Resolution 7** – Ratification of Prior Issue of Options

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 45,000,000 unlisted options issued on 13 May 2018 (**May Options**), 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 7 by or on behalf of:

- (a) a person who participated in the issue and received May Options; 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 E: Amendments to Constitution

### 8. **Resolution 8** – Adoption of New Constitution

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

*"That, for the purposes of section 136 of the Corporations Act and for all other purposes, the constitution of the Company be repealed and replaced with a constitution in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective immediately."*

#### 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 9:00am AWST on 27 November 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 Annual General Meeting are set out below.

## Agenda

### **Ordinary business**

#### Financial statements and reports

In accordance with the Constitution and the Corporations Act, 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 2018 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.

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/financial-reports>.

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.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

## Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 20 November 2018.

# 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 Annual Financial 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 Annual Financial Report and is also available on the Company's website at <http://www.prospectresources.com.au/financial-reports>.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2019 Annual General Meeting (**2019 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2019 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2019 AGM. All of the Directors who were in office when the 2019 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: Re-election of Directors**

### **Resolution 2 – Re-election of Zivanayi (Zed) Rusike as Director**

The Company's Constitution requires that a third (or the number of Directors nearest to one third, rounded upwards in case of doubt) of the Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. Where 2 or more Directors have served equally the longest, the retiring Director is determined either amongst the Directors, or by drawing lots. A Director who retires by rotation under clause 13.2 of the Company's Constitution is eligible for re-election.

ASX Listing Rule 14.5 provides that an entity which has Directors must hold an election of directors at each annual general meeting.

Mr Zivanayi (Zed) Rusike was last elected as a Director of the Company at the 2017 annual general meeting and has since served as a Non-Executive Director of the Company.

Accordingly, under this Resolution, Mr Rusike has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

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

#### **Directors' recommendation**

The Directors (excluding Mr Rusike) recommend that Shareholders vote for this Resolution.

### **Resolution 3 – Re-election of Gerry Fahey as Director**

The Company's Constitution requires that a third (or the number of Directors nearest to one third, rounded upwards in case of doubt) of the Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. Where 2 or more Directors have served equally the longest, the retiring Director is determined either amongst the Directors, or by drawing lots. A Director who retires by rotation under clause 13.2 of the Company's Constitution is eligible for re-election.

ASX Listing Rule 14.5 provides that an entity which has Directors must hold an election of directors at each annual general meeting.

Mr Gerry Fahey was last elected as a Director of the Company at the 2016 annual general meeting and has since served as a Non-Executive Director of the Company.

Accordingly, under this Resolution, Mr Fahey has elected to retire by rotation, and being eligible, seeks

re-election as a Director of the Company at this AGM.

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

#### **Directors' recommendation**

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

### **Resolution 4 – Re-election of Samuel Hosack as Director**

The Company's Constitution requires that any Director appointed in addition to the existing Directors will hold office until the next following annual general meeting and is then eligible for re-election.

ASX Listing Rule 14.4 also provides that a Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Mr Samuel Hosack was appointed as an additional Director of the Company on 14 July 2018 and has since served as Managing Director of the Company.

Under this Resolution, Mr Hosack seeks re-election as a Director of the Company at this AGM.

Mr Hosack is a third generation Zimbabwean, residing in Western Australia. He holds a Bachelors Engineering Degree (Hons) from Essex University in UK, MBA from Ashcroft Business School (UK) and respective professional registrations. He has hands on experience in the delivery of large scale mining, power and port projects to market, as well as their operations. For the past 12 years he has been employed by First Quantum Minerals Ltd, primarily in their Projects team, where most recently he has project managed the building of a port (coal offloading and copper loading), 120km 230kV transmission line and a 300MW coal fired powerstation for the Minera Panama Project in Panama. His mining and operations experience in North and Southern Africa, Europe, Australia and Central America will be central in delivering the Arcadia Project and in building Prospect into a diversified mining business.

#### **Directors' recommendation**

The Directors (excluding Mr Hosack) recommend that Shareholders vote for this Resolution.

### **Resolution 5 – Re-election of HeNian Chen as Director**

The Company's Constitution requires that any Director appointed in addition to the existing Directors will hold office until the next following annual general meeting and is then eligible for re-election.

ASX Listing Rule 14.4 also provides that a Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Mr HeNian Chen was appointed as an additional Director of the Company on 13 November 2017, effective after the 2017 annual general meeting, and has since served as a Director of the Company.

Under this Resolution, Mr Chen seeks re-election as a Director of the Company at this AGM.

Mr Chen has served as the Chairman of Changshu Yuhua Property Property Co. Ltd since 2003 and has

served as the Deputy Chairman of Afore Ne Energy Technology (Shanghai) Co. Ltd since 2007.

#### **Directors' recommendation**

The Directors (excluding Mr Chen) recommend that Shareholders vote for this Resolution.

## **Part C: ASX Listing Rule 7.1A**

### **Resolution 6 – ASX Listing Rule 7.1A Approval of Future Issue of Securities**

ASX Listing Rule 7.1A enables eligible entities to seek Shareholder approval by Special Resolution passed at an annual general meeting to issue equity securities (which must be in the same class as an existing quoted class of equity securities of the Company) 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 Listing Rule 7.1A is in addition to its 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million).

As of the date of this Notice of Meeting, the Company is an eligible entity. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

Approval under this Resolution is sought for the Company to issue equity securities under Listing Rule 7.1A.

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

- (a) the date which is 12 months after the date of the 2018 Annual General Meeting; or
- (b) the date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Accordingly, the approval given if this Resolution is passed will cease to be valid on the earlier of 27 November 2019 or the date on which holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.

The maximum number of equity securities 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 Listing Rule 7.1A.2:

$$(A \times D) - E$$

where:

- A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
  - (iii) plus the number of fully paid ordinary securities issued in the 12 months with

approval of the holders of ordinary securities under Listing Rules 7.1 and 7.4 (this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval); and

(iv) less the number of fully paid ordinary securities cancelled in the 12 months.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under 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 holders of ordinary securities under Listing Rules 7.1 or 7.4.

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

As at 10 October 2018, the Company has on issue 1,986,114,971 ordinary shares and therefore has capacity to issue:

- (a) subject to Shareholder approval being obtained for Resolution 7, 297,917,245 equity securities under Listing Rule 7.1; and
- (b) subject to Shareholder approval being obtained for this Resolution, 198,611,497 equity securities under Listing Rule 7.1A.

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

- (a) the date on which the price at which the equity securities are to be issued is agreed; or
- (b) if the equity 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 equity securities under Listing Rule 7.1A, the existing Shareholders' economic and voting power in the Company will be diluted. There is a risk that:

- (a) the market price for the Company's equity securities in that class may be significantly lower on the issue date than on the date of the approval of this Resolution; and
- (b) the equity securities issued under Listing Rule 7.1A may be issued at a price that is at a discount (as described above) to the market price for the Company's equity securities 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 market price of the Company's ordinary shares and the number of ordinary shares as at 10 October 2018.
- 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 Listing Rule 7.1 that are approved by Shareholders.
- Two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the market price as at 10 October 2018.

Variable "A" ASX Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in issue price	\$0.03 issue price **	\$0.06 100% increase in issue price
<b>"A" is the number of shares on issue, being 1,986,114,971 *** shares</b>	<b>10% voting dilution</b>	198,611,497	198,611,497	198,611,497
	<b>Funds raised</b>	\$2,979,172	\$5,958,345	\$11,916,690
<b>"A" is a 50% increase in shares on issue, being 2,979,172,457 *** shares</b>	<b>10% voting dilution</b>	297,917,245	297,917,245	297,917,245
	<b>Funds raised</b>	\$4,468,759	\$8,937,517	\$17,875,035
<b>"A" is a 100% increase in shares on issue, being 3,972,229,942 *** shares *</b>	<b>10% voting dilution</b>	397,222,994	397,222,994	397,222,994
	<b>Funds raised</b>	\$5,958,345	\$11,916,690	\$23,833,380

**Notes:**

- (i) The table assumes that the Company issues the maximum number of equity securities available under Listing Rule 7.1A.
- (ii) The table assumes that no options are exercised in ordinary shares before the date of the issue of equity securities under 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 equity securities under 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 equity securities under Listing Rule 7.1A, not under the Company's 15% placement capacity under Listing Rule 7.1.
- (v) The issue of equity securities under the Listing Rule 7.1A consists only of ordinary shares. If the issue of equity securities includes options, it is assumed that those options are exercised into ordinary shares for the purposes of calculating the voting dilution effect on existing Shareholders.

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

\*\* Based on the closing price of the Company's Shares on ASX on 10 October 2018.

\*\*\* Based on the Company's Share structure as at 10 October 2018.

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 equity securities under 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 Listing Rule 7.1A will depend on the



issue price of the equity securities which will be determined at the time of issue. In some circumstances, the Company may issue equity securities under 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 equity securities under Listing Rule 7.1A, some of the purposes for which the Company may issue equity securities under Listing Rule 7.1A include (but are not limited to):

- (a) raising funds to further develop the Company's business;
- (b) raising funds to be applied to the Company's working capital requirements;
- (c) 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 (therefore, would amount to non-cash consideration); and
- (d) paying service providers or consultants of the Company.

Details regarding the purposes for which any particular issue under Listing Rule 7.1A is made will be more fully detailed in an announcement to the ASX made pursuant to Listing Rule 7.1A.4 and Listing Rule 3.10.5A at the time the issue is made. The identity of the allottees of equity securities under 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:

- (a) 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;
- (b) the potential effect on the control of the Company;
- (c) the Company's financial situation and the likely future capital requirements; and
- (d) advice from the Company's corporate or financial advisors.

The allocation policy the Company may adopt for a particular issue of equity securities under Listing Rule 7.1A and the terms on which those equity securities may be offered will depend upon the circumstances existing at the time of the proposed capital raising under Listing Rule 7.1A. Subject to the requirements of the Listing Rules and the Corporations Act, the Directors reserve the right to determine at the time of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue. As at the date of the Notice of Meeting, the Company has not formed an intention to offer any of the securities to existing security holders, or to any class or group of existing security holders. Alternatively, as at the date of the Notice of Meeting, the Company has not formed an intention to offer the securities exclusively to new investors who have not previously been security holders of the entity.

However, if and when a proposed capital raising is pursued by the Company, offers made under 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 equity securities. Any issue to related parties will be subject to Shareholder approval being obtained.

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



<b>Number/Class of equity securities issued</b>	<b>Terms of the securities issued</b>	<b>Price and discount to closing market price on the date of issue (if any)</b>	<b>Consideration details</b>	<b>Allottees of the Securities</b>
<i>Securities issued on 14 December 2017</i>				
10,000,000 fully paid ordinary shares.	Exercise of options. 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.	Issue price of 1.5 cents per Share.  Share price on the date of issue was 5.5 cents, which represents a discount of 72.73%.	Total cash consideration of \$150,000.  All of these funds have been used by the Company for working capital purposes.	Optionholder.
<i>Securities issued on 6 February 2018</i>				
166,666,667 fully paid ordinary shares.	Placement of Shares to institutional and sophisticated investors as announced by the Company on 31 January 2018.  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.	Issue price of 5 cents per Share (after the re-pricing announced on 12 February 2018)  Share price on the date of issue was 5.2 cents, which represents a discount of 3.85%.	Total cash consideration of \$10,000,000.  All of the funds have been, or will be, used to accelerate the development of the Arcadia mine, progress exploration at the Good Days Lithium Project (under option), investigate and possibly acquire additional lithium and cobalt projects, and supplement general working capital.	Institutional and sophisticated investors.
8,600,002 fully paid ordinary shares.	Issue of Shares as part of the fees payable to Hunter Capital for services provided, and to be provided.	Deemed issue price of 6 cents per Share.  No discount.	N/A – issued for nil cash consideration.	Hunter Capital.

	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.			
20,000,000 unlisted options.	Issue of unlisted options as part of the fees payable to Hunter Capital for services provided, and to be provided.  Each of the options are exercisable at 10 cents per option, expiring on 6 February 2019.	N/A – issued for nil cash consideration.	N/A – issued for nil cash consideration.	Hunter Capital.
<i>Securities issued on 12 February 2018</i>				
35,053,339 fully paid ordinary shares.	Issue of Shares to institutional and sophisticated investors (on a pro-rata basis) who participated in the placement that completed on 6 February 2018 and to Hunter Capital as part of the re-pricing of the subscription price.  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.	Issue price of 5 cents per Share.  No discount.	Forms part of the \$10,000,000 cash consideration received on 6 February 2018.  All of the funds have been, or will be, used to accelerate the development of the Arcadia mine, progress exploration at the Good Days Lithium Project (under option), investigate and possibly acquire additional lithium and cobalt projects, and supplement general working capital.	Institutional and sophisticated investors and Hunter Capital.

<i>Securities issued on 29 March 2018</i>				
166,666,667 fully paid ordinary shares.	<p>Placement of Shares to Sinomine Resources Exploration Co. Ltd and Sinomine International Exploration (Hong Kong) Co. Ltd.</p> <p>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.</p>	<p>Issue price of \$0.06 per share.</p> <p>No discount.</p>	<p>Total cash consideration of \$10,000,000.</p> <p>None of the cash has been used. It 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.</p>	Sinomine Resources Exploration Co. Ltd and Sinomine International Exploration (Hong Kong) Co. Ltd.
<i>Securities issued on 13 May 2018</i>				
45,000,000 unlisted options.	<p>Issue of unlisted and unvested options to Mr Sam Hosack, Director of the Company.</p> <p>Each of the options are exercisable at 6 cents per option, vest on completion of the probationary period, expiring on 12 May 2022.</p>	N/A – Issued for nil consideration.	N/A – Issued for nil consideration.	Mr Sam Hosack, Director of the Company.
<i>Securities issued on 11 October 2018</i>				
5,000,000 fully paid ordinary shares.	<p>Exercise of options.</p> <p>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.</p>	<p>Issue price of 0.5 cents per Share.</p> <p>Share price on the date of issue was 5.2 cents, which represents a discount of 3.85%.</p>	<p>Total cash consideration of \$25,000.</p> <p>All of these funds have been used by the Company for working capital purposes.</p>	Optionholder.

<b>Total equity securities issued in previous 12 months* ("A")</b>	456,986,675
<b>Percentage that "A" represents based on the total number of equity securities on issue at the commencement of that 12 month period</b>	24.71%

\*Based on Company's fully diluted capital structure as at date of 2017 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 ordinary shares) must be in favour of this Resolution.

#### **Directors' recommendation**

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

## **Part D: Ratification of Prior Issue of Equity Securities**

### **Resolution 7 – Ratification of Prior Issue of Options**

#### **Background**

On 14 May 2018, the Company announced that it had issued 45,000,000 unlisted and unvested options (**May Options**) to Mr Sam Hosack, the Company's Managing Director, as part of his remuneration and terms of employment with the Company.

The material terms of the May Options were as follows:

- (a) Exercise price: 6 cents per Option
- (b) Vesting condition: on completion of the probationary period
- (c) Expiry date: 12 May 2022

The May Options were issued on 13 May 2018 by utilising the Company's existing capacity under Listing Rule 7.1.

#### **ASX Listing Rule 7.4**

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 45,000,000 May Options, which was issued on 13 May 2018.

As noted above, the May Options were issued by utilising the Company's existing capacity under Listing Rule 7.1.

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.

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

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

### **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 Company issued 45,000,000 May Options.
- (b) Each of the May Options were issued for nil consideration.
- (c) The May Options were issued to Mr Sam Hosack, the Company's Managing Director, as part of his remuneration and terms of employment with the Company.
- (d) Each of the May Options are exercisable at 6 cents per option, vest on completion of the probationary period, and expire on 12 May 2022.
- (e) The May Options were issued as part of Mr Hosack's remuneration and terms of employment with the Company. Accordingly, no funds were raised from the issue of May Options.

### **Directors' recommendation**

The Board of Directors (excluding Mr Hosack) recommend that Shareholders vote for this Resolution.

## **Part E: Amendments to Constitution**

### **Resolution 8 – Adoption of New Constitution**

The Company's current constitution was adopted by the Company following receipt of Shareholder approval on 28 February 2012.

For the following reasons, the Board of the Company wishes to amend its existing Constitution:

- (a) Presently, any proceeds of sale of a Minority Member's shareholding must be processed as a cheque sent by post to the Member. This payment method is inefficient, costly and less reliable in comparison to other payment methods, such as by Electronic Funds Transfer (**EFT**). In many cases, the fees associated with drawing the cheque (and postage) will exceed the cheque amount. The proposed amendments will extend the range of permissible payment methods to include an EFT to the shareholder's nominated account, any other payment method that the Board (at its discretion) considers appropriate, and even to donate the proceeds to a charity that the Directors determine (provided that the Minority Member provides written consent to do so). This will avoid the Company incurring unnecessary costs from the sale of Minority Member shareholdings.
- (b) The current procedure for calculating the price per share at which a Minority Member's shareholding is to be sold is onerous. The price, which is based upon the last sale price over the previous ten trading days, must effectively be recalculated every day until an offer exceeding the price is received. The amendments will enable the Company to sell Minority Member shares at the best price reasonably available at the time (as determined by the Directors). This will improve flexibility in relation to the sale of Minority Member shareholdings as well as remove the need for continuous recalculation of the price.

In addition, the Company wishes to renew the proportional takeovers provisions in its existing Constitution. Further details in relation to this renewal are set out as follows:

### **Renewal of proportional takeover provisions**

The Company's Constitution contains provisions concerning "Partial Takeover Plebiscites" in clause 35 (**Proportional Takeover Provisions**). The Proportional Takeover Provisions provide that the Company

can refuse to register Shares acquired under a proportional takeover bid unless an approving resolution is passed by Shareholders.

Section 648G(1) of the Corporations Act provides that a company's proportional takeover provisions will cease to have effect at the end of three years from the date of adoption (or renewal, as the case may be). Clause 35 of the Company's Constitution was adopted by the Company on 28 February 2012, accordingly, has since ceased to have effect. The Company accordingly seeks the Shareholder approval of Resolution 8 to change the Company's Constitution (which includes the renewal of the Proportional Takeover Provisions). Shareholder approval will not result in a change to the wording of clause 35 of the Company's current Constitution.

The following information is provided for the purposes of Section 648G of the Corporations Act.

### **Proportional takeover bid**

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of the Shareholder's Shares. If a Shareholder accepts, in full, an offer under a proportional takeover bid, the Shareholder will only dispose of a specified portion of their Shares in the Company and retain the balance of the Shares.

The Proportional Takeover Provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company by providing, in the Constitution, that:

- (a) in the event of a proportional takeover bid being made for Shares in the Company, Shareholders are required to vote and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all Shareholders.

### **Effect of the proposed provisions**

Where offers have been made under a proportional takeover bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed by Shareholders or otherwise, as pursuant to the terms of the Proportional Takeover Provisions.

In more detail, the effect of the Proportional Takeover Provisions is as follows:

- (a) if a proportional takeover bid is made for Securities of the Company, the Directors must ensure that a meeting of Shareholders is convened to vote on a resolution to approve that bid;
- (b) the bidder and persons associated with the bidder may not vote;
- (c) approval of the bid will require a simple majority of the votes cast;
- (d) the meeting must take place more than 14 days before the last day of the bid period (**Resolution Deadline**);
- (e) if the resolution is rejected before the Resolution Deadline, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered;
- (f) the bid will be taken to have been approved if, as at the end of the day before the Resolution Deadline, the resolution has not been voted on;
- (g) if the resolution is approved, the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution); and
- (h) the Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. However, the bid will still be taken to have been approved if it is not voted on within the

## Resolution Deadline.

The Proportional Takeover Provisions do not apply to full takeover bids. If the Proportional Takeover Provisions are renewed, they will cease to apply at the end of three years after renewal unless renewed by a Special Resolution of Shareholders.

### **Reasons for the proposed provisions**

In the absence of the Proportional Takeover Provisions, a proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders could be exposed to the risks of passing control to the bidder without payment of an adequate control premium for all their Shares and being left with a minority interest in the Company. Such Shareholders could suffer potential further loss if the takeover bid were to cause a decrease in the Share price or otherwise make the Shares less attractive and, therefore, more difficult to sell.

### **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal to acquire, or to increase the extent of, a substantial interest in the Company.

### **Advantages and disadvantages during the period in which they have been in effect**

The Directors consider that the Proportional Takeover Provisions had no advantages or disadvantages for them during the period in which they have been in effect.

The advantages and disadvantages of the Proportional Takeover Provisions for Shareholders include those set out below, which were applicable during the period in which they have been in effect.

### **Potential advantages and disadvantages**

The renewal of the Proportional Takeover Provisions will enable the Directors to formally ascertain the views of the Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the Proportional Takeover Provisions for Shareholders include:

- (a) providing the right to discuss, in a meeting called specifically for that purpose, and then decide, by majority vote, whether an offer under a proportional takeover bid should proceed;
- (b) assisting the prevention of Shareholders being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced;
- (d) potentially increasing the likelihood of a full takeover bid rather than a proportional takeover bid; and/or
- (e) enabling individual Shareholders to better assess the likely outcome of the proportional takeover bid, by knowing the view of the majority of Shareholders, which may assist in deciding whether to accept or reject an offer under the bid;

The potential disadvantages of the Proportional Takeover Provisions for Shareholders include:

- (a) imposing a hurdle to, and potentially discouraging the making of, provisional takeover bids which, in turn, may reduce any takeover speculation element in the price of Shares;

- (b) potentially reducing the likelihood of success of a proportional takeover bid;
- (c) possible reduction or loss of opportunities for Shareholders sell some or all of their Shares at a premium; and/or
- (d) potentially causing some Shareholders to form the view that the Proportional Takeover Provisions impose an unreasonable restriction on their ability to freely deal with their Shares.

Accordingly, the Company has prepared an updated Constitution (**New Constitution**) which incorporates the following key amendments:

- (a) clause 3.8 has been amended to provide greater flexibility to the Company in the provision of the proceeds of sale of a Minority Member's securities to that Member;
- (b) clauses 3.2, 3.4(a) and 3.5 have been amended to enable the sale of a Minority Member's securities at a price which the Directors consider is the best reasonably available price at the time;
- (c) clause 35, which prescribes the procedure to be followed when a proportional off-market bid is made, is renewed.

Prior to the Meeting, a copy of the New Constitution is available for review by Shareholders at the Company's registered office during normal business hours. A copy of the New Constitution can also be sent to Shareholders of the Company upon a request being made to the Company Secretary on (02) 8072 1400.

A complete signed copy of the New Constitution will be tabled at the Meeting.

Pursuant to section 136(2) of the Corporations Act, a modification to the Company's Constitution can only be effected by way of a Special Resolution passed by its Shareholders. Therefore, this Resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

### **Professional Advice**

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from a solicitor or other professional advisor.

### **Directors' Recommendation**

The Board of Directors recommend Shareholders vote for this Resolution.

## **Enquiries**

Shareholders are asked to contact the Company's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) 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 Financial Report** means the 2018 Annual Report to Shareholders for the period ended 30 June 2018 as lodged by the Company with ASX on 28 September 2018.

**Annual General Meeting** or **AGM** or **Meeting** 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.

**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.

**Auditor's Report** means the auditor's report of Stantons International Audit and Consulting Pty Ltd dated 28 September 2018 as included in the Annual Financial Report.

**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.

**Closely Related Party** of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

**Company** means Prospect Resources Limited 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.

**Directors' Report** means the report of Directors as included in the Annual Financial Report.

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

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

**KMP** means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting dated 26 October 2018 including the Explanatory Statement.

**Option** means an option to acquire a Share.

**Ordinary Resolution** means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

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

**Remuneration Report** means the remuneration report as set out in the Annual Financial Report.

**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 KMP and any Closely Related Parties of those members.

**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.

**Share Registry** means Automic Pty Ltd.

**Special Resolution** means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Spill Meeting** means the meeting that will be convened within 90 days of the 2019 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2019 AGM.

**Spill Resolution** means the resolution required to be put to Shareholders at the 2019 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2019 AGM.

**Trading Day** has the meaning given to that term in ASX Listing Rule 19.12.

**VWAP** means the volume weighted average market (closing) price, with respects to the price of Shares.

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

Holder Number:

## Vote by Proxy: PSC

Your proxy voting instruction must be received by **9.00am (AWST) on 25 November 2018**, being **not later than 4 business days** 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 VOTE ONLINE

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

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, reduces any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your proxies have been processed. Also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTING PAPER

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

#### YOUR NAME AND ADDRESS

The name and address shown above, as it appears on the Company's share register. If the information is incorrect, and you are 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.

#### VOTING UNDER STEP 1: APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE 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 these 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 Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

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

**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 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>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Return your completed form



**BY MAIL:**  
Automatic  
GPO Box 5193  
Sydney NSW 2001



**IN PERSON:**  
Automatic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

Contact us – All enquiries to Automic



**WECHAT:** <https://automic.com.au/>



**EMAIL:** [hello@automic.com.au](mailto:hello@automic.com.au)



**PHONE:**  
1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

## STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Prospect Resources Limited, to be held at **9.00 am (AWST) on 27 November 2018 at Suite 6, 245 Churchill Avenue, Subiaco, WA 6008** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.** Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorizing the Chair to vote in accordance with the Chair’s voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION-RELATED SOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

## STEP 2: Your Voting Direction

## Resolutions

Against Abstain

1.	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-election of Zivanjaji (Zee) Musike as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-election of George Mungu as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Re-election of Samuel Hosack as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Re-election of HeNian Chen as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	ASX Listing Rule 7.1A Approval of Future Issue of Securities (Special)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Adoption of New Constitution (Special)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## STEP 3: Sign Here + Contact Details

**SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED**

Individual or Securityholder 1

Securityholder 2

Securityholder 3

--

--

--	--

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name:

[illegible]

Email Address:

[illegible]

Contact Daytime Telephone

[illegible]

Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).