



# Prospect Resources

Suite 6, 245 Churchill Ave. Subiaco WA 6008  
Phone: +61 8 9217 3300 | Fax: +61 8 9388 3006

11 February 2016

Jeremy Newman, Senior Adviser  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

Dear Jeremy

## **Prospect Resources Limited**

Thank you for your letter of 10 February 2016. Adopting similar paragraph numbering as your letter we respond as follows:

1. No, the Company believes it will have sufficient cash to fund its activities because of the following:
  - A) In the current quarter the Company expects to receive revenue from mining operations which, it is purposed, will exceed mining operation expenditure in that quarter;
  - B) The Company is proposing to issue equity to raise capital. In addition, the Company is due to receive \$143,833 subscribed for, pursuant to the recently conducted rights issue, which has been delayed due to the delay in receiving approval for the transfer of funds to a foreign country by the Reserve Bank of South Africa; and
  - C) Operational expenditure can be reduced if required.
2. As per the answer in paragraph 1 above, the Company expects revenue from mining operations to contribute positively to cash reserves in the current quarter.
3. See answers above.
4. The Company confirms it is in compliance with the Listing Rules of the Australian Securities Exchange, and in particular Listing Rule 3.1.
5. With reference to Listing Rule 12.2. as the Company is awaiting the receipt of funds for subscribed equity, is proposing to conduct a capital raising and is anticipating an increase of net cash, due to the mining operations in the current quarter, the company believes it is in compliance with Listing Rule 12.2.



# Prospect Resources

Suite 6, 245 Churchill Ave. Subiaco WA 6008  
Phone: +61 8 9217 3300 | Fax: +61 8 9388 3006

Please do not hesitate to contact me if we may be of further assistance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Whitten', with a large, sweeping flourish at the end.

Andrew Whitten  
Company Secretary



10 February 2016

Mr Andrew Whitten  
Company Secretary  
Prospect Resources Limited

*By email: awhitten@whittens.com.au*

Dear Mr Whitten

**Prospect Resources Limited (the "Company"): Appendix 5B Query**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2015, released to ASX Limited ("ASX") on 29 January 2016 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$17,000.
2. Net negative operating cash flows for the quarter of \$232,000.
3. Estimated cash outflows of \$594,000.
4. Cash at end of quarter of \$258,000

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1.



5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to [jeremy.newman@asx.com.au](mailto:jeremy.newman@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **2.00 pm WST on Friday, 12 February 2016**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely

*[sent electronically without signature]*

Jeremy Newman  
**Senior Adviser, ASX Listings Compliance**