

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

PROSPECT RESOURCES LIMITED

ABN

30 124 354 329

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	23	60
1.2 Payments for		
(a) production		
(b) administration	(612)	(904)
(c) project generation	(93)	(205)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(682)	(1,049)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	108	(43)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	(3)	(94)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
(a) exploration and evaluation	(107)	(214)
(b) development	(181)	(181)
(c) Interest and other items of a similar nature received	1	3
Net investing cash flows	(182)	(529)
1.13 Total operating and investing cash flows (carried forward)	(864)	(1,578)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(864)	(1,578)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,247	4,063
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings (related party)	33	111
1.17	Repayment of borrowings	(50)	(50)
1.18	Dividends paid		
1.19	Other (provide details if material) - Cost of issue of shares, options	(204)	(233)
	Net financing cash flows	3,026	3,891
	Net increase (decrease) in cash held	2,162	2,313
1.20	Cash at beginning of quarter/year to date	251	100
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,413	2,413

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	99
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary, bonus and rent

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,560
4.2 Development	380
4.3 Production	-
4.4 Administration	500
Total	2,440

NOTE

The Company has completed placements totalling \$16m subsequent to 30 June 2016.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	16	13
5.2 Deposits at call	455	236
5.3 Bank overdraft		
5.4 Other (provide details)		
USD\$ at bank	1,895	2
Petty cash	47	-
Total: cash at end of quarter (item 1.22)	2,413	251

NOTE

The Company has completed placements totalling \$16m subsequent to 30 June 2016.

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Refer Appendix A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer Appendix A		

Refer to Quarterly Activities Report for schedule of tenements held.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,237,128,296	1,237,128,296	Not applicable
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	117,695,663 191,012,751	117,695,663 191,012,751	0.5 1.4
7.5	+Convertible debt securities <i>(description)</i>			

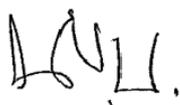
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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	65,000,000		Exercise price \$0.005	Expiry date 14/12/2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Director)

Date: 29 July 2016

Print name: Hugh Warner

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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APPENDIX A – PROSPECT RESOURCES LIMITED TENEMENT SCHEDULE

Prospect Resources Limited has interests in tenements via the following companies:

- 1) Coldawn Investment (Private) Limited (“Coldawn”)
- 2) Hawkmoth Mining and Exploration (Private) Limited (“Hawkmoth”)
- 3) Examix Investments (Pvt) Limited (“Examix”)
- 4) Farvic Consolidated Mines (Pvt) Limited (“Farvic”)
- 5) Tannahill Mine (Pvt) Limited (“Tannahill”)
- 6) Mixnote Investments (Pvt) Limited (“Mixnote”)

Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter
12227	Zimbabwe	Penhalonga	Coldawn	70%	-	-
20560 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
10675	Zimbabwe	Penhalonga	Coldawn	70%	-	-
21795 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
13166 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
18879	Zimbabwe	Penhalonga	Coldawn	70%	-	-
18880	Zimbabwe	Penhalonga	Coldawn	70%	-	-
18881	Zimbabwe	Penhalonga	Coldawn	70%	-	-
21748 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
18666 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
12212	Zimbabwe	Penhalonga	Coldawn	70%	-	-
12213	Zimbabwe	Penhalonga	Coldawn	70%	-	-
19474 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
14135 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
10338	Zimbabwe	Penhalonga	Coldawn	70%	-	-
G3425	Zimbabwe	Penhalonga	Coldawn	70%	-	-
18582 BM	Zimbabwe	Penhalonga	Coldawn	70%	-	-
G2335	Zimbabwe	Penhalonga	Coldawn	70%	-	-
M2873 BM	Zimbabwe	Chisanya	Hawkmoth	70%	-	-
M2874 BM	Zimbabwe	Chisanya	Hawkmoth	70%	-	-
M2875 BM	Zimbabwe	Chisanya	Hawkmoth	70%	-	-
M2876 BM	Zimbabwe	Chisanya	Hawkmoth	70%	-	-
33154	Zimbabwe	Starling	Hawkmoth	70%	-	-
32570	Zimbabwe	Starling	Hawkmoth	70%	-	-
36975	Zimbabwe	Starling	Hawkmoth	70%	-	-
36976	Zimbabwe	Starling	Hawkmoth	70%	-	-
36974	Zimbabwe	Starling	Hawkmoth	70%	-	-
36973	Zimbabwe	Starling	Hawkmoth	70%	-	-
36972	Zimbabwe	Starling	Hawkmoth	70%	-	-
32716	Zimbabwe	Starling	Hawkmoth	70%	-	-
33280	Zimbabwe	Starling	Hawkmoth	70%	-	-
36983	Zimbabwe	Starling	Hawkmoth	70%	-	-
33181	Zimbabwe	Starling	Hawkmoth	70%	-	-
36978	Zimbabwe	Starling	Hawkmoth	70%	-	-

Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter
36979	Zimbabwe	Starling	Hawkmoth	70%	-	-
36982	Zimbabwe	Starling	Hawkmoth	70%	-	-
36980	Zimbabwe	Starling	Hawkmoth	70%	-	-
36981	Zimbabwe	Starling	Hawkmoth	70%	-	-
GA1190	Zimbabwe	Starling	Hawkmoth	70%	-	-
32936	Zimbabwe	Starling	Hawkmoth	70%	-	-
32935	Zimbabwe	Starling	Hawkmoth	70%	-	-
31007	Zimbabwe	Arcadia	Examix	63%	63%	-
23178	Zimbabwe	Arcadia	Examix	63%	63%	-
35802	Zimbabwe	Arcadia	Examix	63%	63%	-
23191	Zimbabwe	Arcadia	Examix	63%	63%	-
23210	Zimbabwe	Arcadia	Examix	63%	63%	-
23192	Zimbabwe	Arcadia	Examix	63%	63%	-
23207	Zimbabwe	Arcadia	Examix	63%	63%	-
31033	Zimbabwe	Arcadia	Examix	63%	63%	-
23208	Zimbabwe	Arcadia	Examix	63%	63%	-
34748	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
34750	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140300 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140297 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140295 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140296 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140299 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
140298 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
179175 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
179176 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
179177 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
179179 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
174178 J	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-
435131 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435129 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435130 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435132 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435125 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435124 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435123 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435126 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435128 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435127 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
448985 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482952 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482953 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483048 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483005 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-

Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter
483006 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483007 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483062 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483061 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483004 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483003 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435227 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483000 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483009 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483010 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483012 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483011 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483014 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483018 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483017 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483015 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483013 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482999 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482997 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482996 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482995 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435211 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435209 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435210 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435196 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435197 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435199 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435198 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435200 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435201 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435214 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435213 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435215 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435217 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435219 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435221 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435218 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483222 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435204 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
482998	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483037 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483024 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435225 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
435226 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483063 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-

Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter
483064 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483065 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483066 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483067 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483068 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483069 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483464 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483465 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483466 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483469 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483467 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483468 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483471 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483470 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483508 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483507 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483518 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483517 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483516 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483515 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483514 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483511 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483513 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483512 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483510 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483509 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483506 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483505 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483504 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483503 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483502 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483501 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
483500 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
063742 J	Zimbabwe	Greater Farvic	Tannahill	_(i)	-	-
H 046672	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046681	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046682	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046676	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046675	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046674	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
H 046673	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
003515 M	Zimbabwe	Greater Farvic	Mixnote	_(i)	-	-
003583 M	Zimbabwe	Greater Farvic	Farvic	_(i)	-	-

(i) Hawkmoth can earn a 51% interest by spending USD\$1.5m within 24 months. Hawkmoth can earn the remaining 49% interest by spending a further USD\$1.5m within the next 12 months.