

**Prospect Resources Limited
ACN 124 354 329**

Securities Trading Policy

July 2012

1 INTRODUCTION AND PURPOSE

- 1.1 This document details the policy covering restrictions on dealing in shares and other securities of Prospect Resources Limited (the Company).
- 1.2 If you do not understand any part of this policy or the summary of the law, or how it applies to you, you should raise the matter with the Company Secretary before dealing with any shares covered by this policy.

2 EMPLOYEES COVERED BY THIS POLICY

- 2.1 This policy imposes basic trading restrictions on all employees of the Company and its related companies with inside information, and additional trading restrictions on:
- (a) all Directors;
 - (b) all Executives reporting directly to the Managing Director; and
 - (c) any other employees (including contractors) of the Company considered necessary or appropriate by the Managing Director and Company Secretary from time to time.

3 INSIDER TRADING LAWS

- 3.1 Insider trading laws cover all directors and employees (including contractors) of the Company. If you have any inside information which is not publicly known, it is a criminal offence for you to:
- (a) trade in the Company's shares;
 - (b) advise or procure another person to trade in the Company's shares; or
 - (c) pass on inside information to someone else – including colleagues, family or friends – knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to trade in, or procure someone else to trade in, the Company's shares.
- 3.2 This offence called “insider trading”, can subject you to criminal liability including large fines and / or imprisonment, and civil liability, which may include being sued by another party or the Company, for any loss suffered as a result of illegal trading.

4 CONFIDENTIAL INFORMATION

Related to the above, you have a duty of confidentiality to the Company. You must not reveal any confidential information concerning the Company, use that information in any way which may injure or cause loss to the Company, or use that confidential information to gain an advantage for yourself or anyone else.

5 WHAT IS “INSIDE INFORMATION”

- 5.1 Inside information is information that:
- (a) is not generally available; and

- (b) if it were generally available, would – or would be likely to – influence investors in deciding whether to buy or sell the Company's shares.
- 5.2 It does not matter how you come to know the inside information (including whether you learn it in the course of carrying out your responsibilities, or passing in the corridor, or in a lift or at a dinner party).
- 5.3 The financial impact of the information is important, but strategic and other implications can be equally important in determining whether information is inside information. The definition of information is broad enough to include rumours, matters of supposition, intentions of a person (including the Company) and information which is not definite enough to warrant disclosure to the public.

6 WHAT ARE SOME EXAMPLES OF INSIDE INFORMATION?

The following list is illustrative only. Inside information could include:

- (i) the financial performance of the Company against its budget;
- (ii) a possible acquisition or sale of any assets by the Company;
- (iii) a possible change in the Company's capital structure;
- (iv) a proposed dividend;
- (v) senior management changes;
- (vi) preliminary exploration results; or
- (vii) any possible claim against the Company or other unexpected liability.

7 INSIDER TRADING IS PROHIBITED AT ALL TIMES

- 7.1 Notwithstanding any other provision of this policy, if you possess inside information, you must not buy or sell the Company shares, advise or get others to do so or pass on the inside information to others. This prohibition applies regardless of how you learn the information.
- 7.2 The prohibition on insider trading is not restricted to information concerning the Company's shares. If a person has inside information in relation to shares of another company, that person must not deal in those shares.

8 'BLACKOUT PERIOD' TRADING RESTRICTIONS

Specific 'Blackout Period' restrictions on trading the Company's shares apply to the following people in the Company and its related companies (**Restricted Persons**):

- (a) all Directors;
- (b) all Executives reporting directly to the Managing Director;
- (c) any other employees of the Company considered necessary or appropriate by the Managing Director and Company Secretary from time to time; and
- (d) immediate family members, companies, trusts and entities over which a director, employee or an immediate family member has control.

The Company Secretary will notify those in (b), (c) and (d) above that are considered Restricted Persons for this Policy and therefore bound by the additional restrictions in section 10, 11 and 12 below.

The Company Secretary will also notify any Restricted Person if the Board decides that the person should no longer be considered a Restricted Person under the Policy.

9 REASONS FOR THE 'BLACKOUT PERIOD' TRADING RESTRICTIONS

9.1 Restricted Persons are in positions where it may be assumed that they have inside information and, as a result, any trading by Restricted Persons may embarrass or reflect badly on them or on the Company (even if they have no actual inside information at the time). Specific Blackout Periods are imposed in accordance with the amendments to ASX Listing Rule 3.19A.2

9.2 This policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise as a result of trading during the 'Blackout Period'.

10 TRADING IN SHARES RESTRICTED PERSONS – BLACKOUT PERIODS

10.1 Blackout Period

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that directors, officers, employees and contractors, must not trade in the Company's securities during the period:

- (a) in the 2 weeks prior to the release of the Company's Quarterly Results or Half Year Results;
- (c) from the financial year balance date to the release of the Annual Report pertaining to that financial year; and
- (d) within 24 hours of release of price sensitive information to the market.

("Blackout Period"), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

10.2 Exceptional Circumstances when trading may be permitted subject to prior written clearance

A person may trade in the Company's securities inside a Blackout Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following exceptional circumstances:

- a. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and the person seeking clearance is in severe financial hardship;
- b. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance; or

- c. where trading is required for compliance with a court order or court enforceable undertakings or for some other legal or regulatory requirement.

10.3 Procedure for Obtaining Clearance Prior to Trading

Directors, officers, employees and contractors must not trade in the Company's securities during a Blackout Period at any time, including in the exceptional circumstances referred to above unless the director, officer, employee or contractor obtains prior written clearance from:

1. in the case of employees or contractors, the Chairman or in his absence, the Managing Director, Chief Financial Officer or Company Secretary;
2. in the case of a director, or persons (including spouses and de facto spouses) or entities connected to the director, the Chairman or in his absence, the Chairman of the Audit & Risk Management Committee;
3. in the case of the Chairman, the Chairman of the Audit & Risk Management Committee,

(each, an "**Approving Officer**").

A request for prior written clearance under this policy should be made in writing using the form attached to this policy entitled 'Request for Prior Written Clearance to Trade in Company Securities' and given to the Approving Officer. The request may be submitted in person, by mail, by email or by facsimile.

Any written clearance granted under this policy will be valid for the period of 5 business days from the time at which it is given or such other period as may be determined by the approving Officer. The expiry time of the clearance will be stated in the clearance granted. Written clearance under this policy may be given in person, by mail, by email or by facsimile.

10.4 Prohibited Transactions

Directors, officers and employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining prior written clearance from the appropriate Approving Officer.

Directors, officers and employees must not enter into agreements that provide lenders with rights over their Interests in securities in the Company without first seeking and obtaining prior written clearance from the appropriate Approving Officer.

Directors, officers and employees must not put in place a non-discretionary trading plan in respect of their securities in the Company without first seeking and obtaining prior written clearance from the appropriate Approving Officer. Directors, officers or employees must not cancel any such trading plan during a Blackout Period unless the circumstances are exceptional and the procedure for prior written clearance has been met.

11 REQUIREMENTS BEFORE TRADING

- 11.1 Before trading, or giving instructions for trading or causing anyone else to trade in the Company's shares, the Chairman must:

- (a) notify the Board of his intention to trade (or cause someone else to trade) in shares;
 - (b) confirm that he does not hold any inside information;
 - (c) have been advised by the Board that there is no known reason to preclude him from trading in the Company's shares as notified; and
 - (d) have complied with any conditions on trading imposed by the Board (including for example, any time limits applicable to the clearance).
- 11.2 Before trading, or giving instructions for trading or causing anyone to trade, in the Company's shares, a Director (other than the Chairman) must:
- (a) Notify the Chairman of the Director's intention to trade (or cause someone else to trade) in shares;
 - (b) confirm that the Director does not hold any inside information;
 - (c) have been advised by the Chairman that there is no known reason to preclude them from trading in the Company's shares as notified; and
 - (d) have complied with any condition on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).
- 11.3 Before trading, or giving instructions for trading or causing anyone else to trade, in the Company's shares, Restricted Persons (other than the Chairman or Directors) must:
- (a) notify the Company Secretary of their intention to trade (or cause someone else to trade) in shares;
 - (b) confirm that they do not hold any inside information;
 - (c) have been advised by the Company Secretary that there is no known reason to preclude them from trading in the Company's shares as notified; and
 - (d) have complied with any conditions on trading imposed by the Company Secretary (including, for example, any time limits applicable to the clearance).
- 11.4 Before trading, or giving instructions for trading or causing anyone else to trade, in the Company's shares during a period where trading is restricted under section 10, employees of The Company or its related companies must:
- (a) notify the Company Secretary of their intention to trade (or cause someone else to trade) in shares;
 - (b) confirm that they do not hold any inside information;
 - (c) have been advised by the Company Secretary that there is no known reason to preclude them from trading in the Company's shares as notified; and
 - (d) have complied with any conditions on trading imposed by the Company Secretary (including, for example, any time limits applicable to the clearance).
- 11.5 The Board, Chairman or Company Secretary may seek appropriate legal advice to ensure the proper provision or otherwise of a clearance under section 11.1(c), 11.2(c), 11.3(c) or 11.4(c) respectively, and the cost of such advice shall be borne by the Company.

12 NOTIFICATION OF DEALING

- 12.1 A Restricted Person must also notify the Company Secretary of any trading in the Company's shares by the Restricted Person or any associate of the Restricted Person within 2 business days of such trading having taken place.
- 12.2 The notification in section 12.1 above should include:
- (a) the name of the Restricted Person and associate (if applicable);
 - (b) whether the interest in the shares held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
 - (c) the date of the trading and the number of shares bought or sold;
 - (d) the amount paid or received for the shares; and
 - (e) the number of shares held by the Restricted Person, directly and indirectly, before and after the trading in shares.
- 12.3 The Company Secretary is to maintain a register of notifications and acknowledgements given in relation to trading in the Company's securities. The Company Secretary must report all notifications of dealings in the Company's securities to the next Board meeting of the Company. Directors are reminded that it is their obligation to notify the ASX within 5 days and ASIC within 14 days of any change in a director's interest. Trading in the Company's securities during Blackout Periods will be specifically highlighted in the Appendix 3Y lodged with the ASX pursuant to recent Listing Rule amendments.

13 SPECULATIVE TRADING

The Company wishes to encourage directors, officers and employees to adopt a long term attitude to investment in the Company's securities. At no time may Restricted Persons engage in short term speculative dealing in the Company's shares.

Restricted persons are not permitted to enter into non-discretionary trading plans which could trigger either discretionary or non-discretionary trading whilst in the possession of inside information or during a designated Blackout Period, except with prior approval as set out above.

14 RESTRICTIONS EXTEND TO OTHER SECURITIES IN ADDITION TO SHARES

This policy covers trading not only in the Company's shares, but also in other securities of the Company including options and warrant contracts and any debentures or notes issued by the Company.

15 TRADING WHICH IS NOT SUBJECT TO THIS POLICY

The following trading by directors, officers and employees is excluded from this policy:

1. transfers of securities already held into a superannuation fund or other saving scheme in which the director, officer or employee is a beneficiary;
2. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. where the director, officer or employee is a trustee, trading in the Company's securities by that trust provided the director, officer or employee is not a beneficiary of

the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the director, officer or employee;

4. undertakings to accept, or the acceptance of, a takeover offer;
5. trading under an offer or invitation made to all or most of the security holders such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
6. a disposal of securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
7. the exercise (but not the sale of securities following exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Blackout Period and the Company has been in an exceptionally long Blackout Period or the Company has had a number of consecutive Blackout Periods and the director, officer or employee could not reasonably have been expected to exercise it at a time when free to do so; or trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
(a) the director, officer or employee did not enter into the plan or amend the plan during a Prohibited Period; and
(b) the trading plan does not permit the director, officer or employee to exercise any influence or discretion over how, when, or whether to trade.

16 BREACHES OF POLICY

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

17 ASX LISTING RULE REQUIREMENTS

It is a requirement for admission to the official list of ASX, and an on-going requirement for listing, that the Company has a policy for trading in company securities.

The Company will give a copy of this policy to ASX for release to the market. The Company will also give any amended version of this policy to ASX when it makes a change to: the periods within which directors, officers and employees are prohibited from trading in the Company's securities; the trading that is excluded from the operation of the policy; or the exceptional circumstances in which directors, officers and employees may be permitted to trade during a Prohibited Period within five business days of the amendments taking effect. The Company will also give this policy to ASX immediately on request by ASX.

18 MORE INFORMATION

For more information about this policy or clarification on when an employee may or may not trade please contact the Company Secretary.