
PROSPECT RESOURCES LIMITED

ACN 124 354 329

NOTICE OF 2012 ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 10.30 am (WST)

DATE: Friday 30 November 2012

PLACE: 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. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 8072 1400.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (WST) on Friday 30 November 2012 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 complete and sign the enclosed Proxy Form and either:

- (a) deliver the proxy form:
 - (a) by hand to the Company's registered office at Suite 6, 245 Churchill Avenue, Subiaco, Western Australia 6008; or
 - (b) by post to Prospect Resources Limited, PO Box 1273, Subiaco, Western Australia 6904; or
- (b) by facsimile to the Company on facsimile number (+61 8) 9388 3006

so that it is received not later than 10.30 am (WST) on Wednesday 28 November 2012.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2012 Annual General Meeting of Shareholders of Prospect Resources Limited will be held at 10.30 am (WST) on Friday 30 November 2012 at Suite 6, 245 Churchill Avenue, Subiaco, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement 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 of the Company at 5.00 pm (WST) on Wednesday 28 November 2012. 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 2012 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, 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 2012."

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 and you are not a Restricted Voter, by marking the box on, and submitting, the Proxy Form you authorise the person chairing the meeting (**the Chair**) 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.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR, MR MICHAEL POLLAK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Mr Michael Pollak a Director who retires by rotation in accordance with the Company’s Constitution, and being eligible offers himself for re-election, is re-elected as a Director of the Company”.

3. RESOLUTION 3 – LISTING RULE 7.1A APPROVAL OF FUTURE ISSUE OF SHARES

To consider and, if thought fit, to pass without amendment, the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under Listing Rule 7.1A at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company’s ordinary shares calculated over the last fifteen (15) days on which trades of the Company’s ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date issue is made as described in the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by:

- (a) a person who may participate in the in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
- (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 person chairing the meeting 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.

DATED: 23 OCTOBER 2012

BY ORDER OF THE BOARD

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

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 2012 Annual General Meeting to be held at 10.30am (WST) on Friday 30 November 2012 at Suite 6, 245 Churchill Avenue, Subiaco, Western Australia.

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.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, 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 2012 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. These amendments may result in reducing the Company's printing costs.

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>.

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.

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 2012 Annual 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 2012 Annual Report and is also available on the Company's website at <http://www.prospectresources.com.au>.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2012 AGM, and then again at the 2013 AGM, the Company will be required to put a resolution to the 2013 AGM to approve the calling of an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 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 mark the box on, and 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.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR, MR MICHAEL POLLAK

The Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those 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 Company currently has 3 Directors and accordingly one Director must retire.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election. Mr Michael Pollak retires by rotation and seeks re-election.

Mr Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PriceWaterhouseCoopers 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael has been involved in the recapitalisation of a number of ASX-listed companies. Mr Pollak is currently a director of FRR Corporation Limited and PLD Corporation Limited, both of which are listed on the ASX.

The Directors (excluding Michael Pollak) recommend that shareholders vote for Resolution 2.

RESOLUTION 3 – LISTING RULE 7.1A APPROVAL

Under ASX Listing Rule 7.1A certain companies may seek shareholder approval by special resolution passed at an annual general meeting to have the additional capacity to issue equity securities (shares and or options) which do not exceed 10% of the existing ordinary share capital without further shareholder approval.

Approval under this Resolution 3 is sought for the Company to issue ordinary shares under Listing Rule 7.1A.

If Resolution 3 is approved the Company may make an issue of ordinary shares under Listing Rule 7.1A at any time (either on a single date or progressively) up until the earlier of:

- the date which is 12 months after the date of the 2012 Annual General Meeting; or

- the date on which shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

Accordingly, the approval given if this Resolution is passed will cease to be valid on the earlier of 28 November 2013 or the date on which holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 or 11.2.

At the date of this Memorandum, the Company is an 'eligible entity', and therefore able to seek approval under Listing Rule 7.1A, as it is not included in the S&P/ASX300 and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million). If at the time of the Annual General Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

The maximum number of ordinary shares 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 x D) – E

where:

A is the number of shares on issue 12 months before the date of issue or agreement to issue:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval);
- (iv) less the number of fully paid shares 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 shareholders under Listing Rule 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 Resolution 3 will be to allow the Company to issue ordinary shares under Listing Rule 7.1A without using the Company's 15% placement capacity under Listing Rule 7.1.

As at the date of this Memorandum, the Company has on issue 372,593,287 ordinary shares and therefore has capacity to issue:

- 55,888,993 equity securities under Listing Rule 7.1; and
- subject to shareholder approval being sought under Resolution 3, 37,259,328 ordinary shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

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

- the date on which the price at which the securities are to be issued is agreed; or
- if the 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 ordinary shares under Listing Rule 7.1A, the existing shareholders’ voting power in the Company will be diluted. There is a risk that:

- the market price for the Company’s ordinary shares may be significantly lower on the issue date than on the date of the approval of this Resolution; and
- the ordinary shares issued under Listing Rule 7.1A may be issued at a price that is at a discount (as described above) to market price for the Company’s ordinary shares 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 current market price of the Company’s ordinary shares and the current number of ordinary securities as at the date of this Memorandum.
- 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 securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" Listing Rule 7.1A.2		Dilution		
		50% decrease in issue price (\$0.005)	Issue Price ** (\$0.01)	50% increase in issue price (\$0.015)
"A" is the current number of shares on issue 372,593,287 shares	10% voting dilution	37,259,328 shares	37,259,328 shares	37,259,328 shares
	Funds raised	\$186,296.643]	\$372,593.28	\$558,889.92
"A" is a 50% increase in current shares on issue 558,889,930 shares	10% voting dilution	55,888,993 shares	55,888,993 shares	55,888,993 shares
	Funds raised	\$279,444.97	\$558.889.93]	\$838,334.90
"A" is a 100% increase in current shares on issue 745,186,574 shares *	10% voting dilution	74,518,657 shares	74,518,657 shares	74,518,657 shares
	Funds raised	\$372,593.29	\$745,186.57	\$1,117,779.86

Notes:

- (i) The table assumes that the Company issues the maximum number of ordinary shares 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 ordinary shares 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 ordinary shares under Listing Rule 7.1A based on that shareholder's holding at the date of this Memorandum.
- (iv) The table shows the effect of an issue of ordinary shares under Listing Rule 7.1A, not under the Company's 15% placement capacity under Listing Rule 7.1.

* Any issue of ordinary shares is required to be made in accordance with the ASX 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 closing price of the Company's shares on ASX on 17 October 2012.

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 Memorandum, the Company has not formed an intention to offer any ordinary shares 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 ordinary shares which will be determined at the time of issue. In some circumstances the Company may issue ordinary shares 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 ordinary shares under Listing Rule 7.1A, some of the purposes for which the Company may issue ordinary shares under Listing Rule 7.1A include (but are not limited to):

- Raising funds to further develop the Company's business;
- Raising funds to be applied to the Company's working capital requirements;
- 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. If the Company elects to issue the ordinary shares for the purpose of acquiring assets then the Company will release to the market a valuation of the assets prior to issuing the shares.
- Paying suppliers 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 7.1A4 and Listing Rule 3.10.5A at the time the issue is made. The identity of the allottees of ordinary shares 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:

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

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 ordinary shares.

The allocation policy the Company may adopt for a particular issue of ordinary shares under Listing Rule 7.1A and the terms on which those ordinary shares 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 ASX Listing Rules and the Corporations Act, the Directors reserve the right to determine at the time of any issue of ordinary shares under Listing Rule 7.1A, the allocation policy the Company will adopt for that issue.

The Company has not previously obtained the approval of ordinary shareholders for the issue of ordinary shares under Listing Rule 7.1A.

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 shares) must be in favour of the resolution.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

A voting exclusion statement is set out in the Notice of Meeting.

ENQUIRIES

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

GLOSSARY

\$ means Australian dollars.

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 means the official 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.

Annual General Meeting means the meeting of the Company's members convened by this Notice of Meeting

Auditor's Report means the Auditors report of Deloitte Touche Tohmatsu dated 27 September 2012 and included in the Annual Report of the Company for the period ended 30 June 2012.

Board means the current board of Directors of the Company.

Company means Prospect Resources Limited (ACN 124 354 329).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Report of the Company for the period ended 30 June 2012.

Explanatory Statement means the explanatory statement accompanying this Notice.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 23rd October 2012 including the Explanatory Statement.

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

Remuneration Report means the Remuneration Report as set out in the Company's 2012 Annual Report and is also available on the Company's website at <http://www.prospectresources.com.au>.

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 key management personnel (including the Directors) details of whose remuneration are included in the Remuneration Report and any of that person's closely related parties (such as close family members and any controlled companies of those persons).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

Prospect Resources Limited

ACN 124 354 329

Proxy Form

STEP 1: APPOINT A PROXY TO VOTE ON YOUR BEHALF

Full name of security holder(s):.....

Address:.....

I/We being a member/s of Prospect Resources Limited (ACN 124 354 329) ("**Company**") and entitled to attend and vote at the meeting of the Company to be held at 10.30am am (WST) on 30 November 2012 appoint:

☐

the Chairman of the meeting.

OR

☐

(mark box)

(mark box)

.....
(Full name of proxy or the office of the proxy)

or if the person or body corporate named above fails to attend the meeting, or if no person/body corporate is named, the Chairman of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If two proxies are appointed, the proportion of voting rights this proxy represents is%.

IMPORTANT: Directing the Chairman how to vote on Resolution 1.

☐

If you do not mark this box, and you have not directed your proxy how to vote on Resolution 1, the Chairman will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chairman of the meeting as your proxy you can direct the Chairman how to vote on Resolution 1 by either marking the relevant boxes in step 2 below (for example if you wish to vote "against" or "abstain" from voting) or by marking this box (in which case the Chairman will vote in favour of Resolution 1). The Chairman intends to vote all available proxies in favour of Resolution 1.

I/We (except where I/we have indicated a different voting intention below):

(a) direct the Chairman of the meeting to vote in accordance with the Chairman's voting intentions on Resolution 1 to vote in favour of this Resolution.

(b) authorise, in respect of Resolution 1 the Chairman of the meeting to vote as described even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for the Company group; and

(c) acknowledge that the Chairman of the meeting may exercise your proxy in respect of Resolution 1 even though the Chairman has an interest in the outcome of that Resolution and that votes cast by the Chairman of the meeting for that Resolution, other than as proxy holder, will be disregarded because of that interest.

STEP 2: VOTING DIRECTIONS ON ITEMS OF OTHER BUSINESS

I direct that my proxy vote in the following manner (please mark relevant boxes with (✕) to indicate your directions:

Resolution		For	Against	Abstain*
1	Adoption of Remuneration Report	☐	☐	☐
2	Re-election of director – Mr Michael Pollak	☐	☐	☐
3	Listing Rule 7.1A Approval Ratification of Future Issue of Shares	☐	☐	☐

* Please note if you mark **abstain**, you are directing your proxy not to vote on that Resolution.

STEP 3: SIGNATURE OF SECURITYHOLDER(S)

	Individual or Securityholder 1	Securityholder 2	Securityholder 3
			
	Sole Director and Sole Company Secretary	Director	Director/Company Secretary
Date:	/ /	/ /	/ /

In addition to signing this Proxy Form, please provide the following information in case we need to contact you:

Contact name		Contact daytime telephone	
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STEP 4: LODGING YOUR PROXY FORM

You must lodge your Proxy Form by 10.30am (WST) on Wednesday 28 November 2012.

Please read carefully and follow the instructions overleaf.

How to complete this Proxy Form

For your proxy vote to be effective, your completed Proxy Form must be received by 10.30 am (WST) on Wednesday 28 November 2012.

Step 1: Appointing a proxy

If you are entitled to attend and vote at the meeting, you may appoint a proxy to attend the meeting and vote on your behalf. A proxy can be an individual or a body corporate and need not be a securityholder. You may select the Chairman of the meeting as your proxy.

Appointing a second proxy: You can appoint up to two proxies. If you appoint two proxies, you must specify the proportion or number of votes each proxy may exercise. If no percentage is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded. A separate Proxy Form must be used for each proxy.

Default to the Chairman of the meeting: Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote those proxies as directed.

Proxy voting by key management personnel: The key management personnel of Prospect Resources Limited (which includes each of the Directors and any other persons who are key management personnel of the Company at the date of the meeting) and their closely related parties will not be able to vote as your proxy on Resolution 1 unless you direct them how to vote. If you intend:

- (a) to appoint a member of the key management personnel or one of their closely related parties as your proxy, please ensure that you direct them how to vote on Resolution 1; or
- (b) to appoint the Chairman of the meeting as your proxy, you can direct him how to vote by either marking the boxes for Resolution 1 (for example if you wish to vote against or abstain from voting) or by marking the Chairman's box on the proxy form (in which case the Chairman of the meeting will vote in favour of Resolution 1).

Additional Proxy Forms: You can obtain additional Proxy Forms by telephoning the Company or you may copy this Form. Please lodge both Proxy Forms together.

Step 2: Voting directions

You may direct your proxy how to vote by placing a mark (✖) in one of the boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you mark the "Abstain" box for an item, you are directing your proxy not to vote on that item. If you mark more than one box for an item, your vote on that item will be invalid.

Voting a portion of your holding: You may indicate that only a portion of your voting rights are to be voted on any item by inserting a percentage or the number of securities you wish to vote in the appropriate box or boxes. The total of votes cast, or the percentage for or against, an item must not exceed your voting entitlement or 100%.

No directions: If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses.

Step 3: Signing instructions

Individual: The Proxy Form must be signed by the securityholder personally or by Power of Attorney (see below).

Joint holding: The Proxy Form must be signed by each of the joint securityholders personally or by Power of Attorney (see below).

Power of Attorney: To sign under Power of Attorney, you must have already lodged the Power of Attorney with the Company. If you have not previously lodged that document, please attach a certified copy of the Power of Attorney to this Proxy Form when you return it.

Companies: For a corporate securityholder, if the company has a sole director who is also the sole company secretary, that person must sign this Proxy Form. If the company does not have a company secretary (under section 204A of the Corporations Act 2001 (“**Act**”)), its sole director must sign this Proxy Form. Otherwise, a director must sign jointly with either another director or a company secretary in accordance with section 127 of Act. Please indicate the office held by signing in the appropriate place.

Corporate representative: If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate *Certificate of appointment of Corporate Representative* must be produced before the meeting. A form of the certificate may be obtained by telephoning the Company.

Step 4: Lodging your Proxy Form

This Proxy Form must be received by Prospect Resources Limited by 10.30am (WST) on Wednesday 28 November 2012. Any Proxy Form received after that time will not be effective for the meeting. You can return this Proxy Form (and any Power of Attorney under which it is signed):

- **by post** to Prospect Resources Limited at PO Box 1273, Subiaco, Western Australia 6904;
- **by facsimile** to Prospect Resources Limited on (61 8) 9388 3006; or
- **by hand delivery** to Suite 6, 245 Churchill Avenue, Subiaco, Western Australia, 6008.