

# PROSPECT RESOURCES LIMITED

ACN 124 354 329

## **ANNUAL REPORT 30 JUNE 2014**

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## CORPORATE DIRECTORY

### DIRECTORS

Hugh Warner  
Harry Greaves  
Gerry Fahey  
Zed Rusike

### SECRETARY

Andrew Whitten

### PRINCIPAL OFFICE

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**ZIMBABWE**  
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### REGISTERED OFFICE

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### AUDITORS

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### SHARE REGISTRY

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### ASX CODE

Shares – PSC

### LEGAL REPRESENTATIVES

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## REVIEW OF OPERATIONS

### Australia

#### **Northampton, Western Australia (including Mary Springs)**

The Northampton area is well known for its structurally controlled copper, lead, zinc and silver mineralisation. Anomalous gold values have also been returned from regional sampling.

As at the date of this financial report, the Company has 100% of Exploration Licence 66/56 ("the Mary Springs project") and 5 Mining Access Agreements to 6 Queen Victoria Crown Grants.

### Zimbabwe

During the period, the Company's 100% owned Singaporean subsidiary (Prospect Singapore) subscribed for new shares representing 70% of Hawkmoth Mining and Exploration (Pvt) Limited ('HME'). HME has entered into a senior exploration and mining agreement, providing HME the right to explore and mine the historic Bushtick Gold Mine and surrounding acreage including tailings dumps. The right to explore outside of the tailings dumps is subject to a special mining grant which has been received. HME own 100% of the right to explore and mine the Bushtick Gold Mine, and 100% of the tenements comprising the Penhalonga Gold Project and the Chisanya Phosphate Project.

HME has entered into the Greater Farvic Farm-in Agreement whereby HME can earn a 100% interest in certain mining claims by spending USD\$3m on exploration and associated activities over 3 years. HME has also entered into a conditional agreement to acquire additional mining claims from Mixnote Investments (Pvt) Limited in consideration for USD\$424,000.

Prospect and Farvic Consolidated Mines (Pvt) Ltd ('Farvic'), who owns the remaining 30% of HME, have entered into a shareholders agreement which governs the operation of HME.

#### **Details of the Projects**

**The Bushtick Gold Project** is a dormant mine situated 8km NNE of Esigodini in the Esigodini Greenstone belt, in the grounds of Falcon College (the grantor of the rights to HME). The mine was historically a major producer. The surrounding ground of approximately 25km<sup>2</sup> is also very prospective and has not been the subject of any modern prospecting. The deposit which strikes 120°, dips 80° north, is formed by the silicification, carbonatisation and brecciation of mafic volcanics along a wide shear zone near the edge of the Essexvale Tonalite. Greenstones of intermediate to basic composition are the predominant rock type, underlain by granodiorites. Historical production from four shafts; down to 12 level or approx 300m was 15,000 kg (+- 470,000 oz Au. with a cut-off grade of > 4 g/t.)

On 21 July 2014, the Company announced it had completed a surface trenching programme whereby 10 trenches, totaling 1200m were dug covering an area of approximately 2kms by 100m covering 1.2km of the known strike of the historic Bushtick Gold Mine. Trenches were dug to an average depth of 3 metres and continuous horizontal samples were hand chipped close to the trench floor and bagged at 1m intervals.

- Nine zones of economic gold grades confirmed in 7 of 10 trenches.
- Best grades include:
  - Trench 6; 1.3 g/t over 15m (inc 2.8 g/t over 5 m).
  - Trench 4; 1.21g/t over 7m (inc 1.91 g/t over 4m) & 1.1g/t over 12m (inc 2.34 g/t over 3m).
  - Trench 5; 1.6g/t over 7m. & 2.1 g/t over 8m.
- Planning additional testwork to confirm that the oxidised host rock is amenable to heap leaching.
- Planning to submit environmental applications in anticipation of commencing a heap leach operation, subject to satisfactory testwork.
- Chip sampling programme on the sidewalls of the old Warwick Open Cast, has been completed. 260 samples are currently being analysed.

The mineralised zone lies within the oxidised altered package of meta-basalts and andesites. Gold grades have been identified within ferruginous shear zones and stockworks. This mineralised package lies along the flanks of the 'Main Gold Reef' that was exploited largely in the 1930's and 40's. Historically the contacts of the 'Main Gold Reef' was defined on a cut-off grade, of > 4 g/t resulting in considerable mineralised material remaining, that could be mined economically today.

A second phase of trenching is being planned. This involves the excavation of infill trenches, and the deepening of the mineralised zones exposed in five of the trenches excavated in Phase 1.

Xcalibur Geophysics of Pretoria, successfully completed the airborne survey in under three days in early April. An Airtractor aircraft flew the survey at an altitude of 30m, taking magnetic, total radiometric, potassium, thorium and uranium counts, in addition to ground radar elevations. 811 line kms were flown across the Reserved Area, at 50m line intervals, flown in a SW-NE direction, with perpendicular tie lines flown every 500m.

The resultant data was positively audited by Southern Geosciences of Perth, who also produced the various images.

The main deductions from the results are ;

- o The main Bushtick Fault Zone (BTFZ) is a 40m+ wide shear zone, which is traced for at least 4km. This zone is apparent as a radiometric low, presumably presenting a zone of preferential leaching. An intriguing possible parallel structure lies in the southwest of the area, 1.6km west of the Foundation shaft.
- o A radiometric, particularly potassium high associated with a faulted rhyolite, is considered prospective as it may represent a volcanic centre with associated alteration and gold deposits (notably the Godwin).
- o A series of NNE-SSW and approximately E- W structures evidently intersect, but do not seemingly cross the BTFZ. ie they pre-date the known lateral movement along the shear zone.
- o The granitic rocks mapped as Esigodini Tonalite (similar to monzonites) are evidently of two different generations. The one forming the hills in the north have a high radiometric signature, while those in the south show as radiometric & topographic lows. It is not known whether there is any significance to this regarding ore formation.
- o Banded ironstones and sericite rich schists form a significant part of the Malungwane Hills in the far east of the area; and are considered of limited prospectivity.
- o Two, dolerite dykes, one of which has been disrupted by the BTFZ, apparently have intruded along splay structures.

**The Greater Farvic Project** is located in the Gwanda Greenstone Belt and covers Prestwood Mine, Sally Mine, Colleen Bawn Mine, Valley Mine and other smaller but prospective old mines include; Bye & Bye, Act, Beaufort, Wilson and Ettrick.

*Prestwood Mine* (Historic Production of 499kg, or approx. 16,000oz of gold at 33.1g/t)

The Prestwood Mine consists of multiple veins in greenstones at the monzonite contact. The reef is open ended down dip below 250m. It is considered particularly prospective as it lies in the same geological setting as the Farvic Gold Mine.

On 28 April 2014, the Company announced its maiden 6 hole-1,281 meter RC drilling program at the historic Prestwood Gold Mine was successful in achieving its two main objectives;

- Prove the continuity of the historically mined Main Gold Reef, at economic grades along strike and down dip.
- Identify parallel zones of mineralisation, particularly at the greenstone-monzonite contact, that can be projected to near-surface, potential targets for open-pit operations.

*Significant points of note from the drill programme are:*

- The program confirms that the mineralised reef continues below the historic gold workings, and five of six holes drilled intersected intact Main Reef down dip of the existing workings, to 195 metres below surface.
- The Main Reef extends down dip to at least 6 Level (195m vertically), but is seemingly open ended. The Bucks Mine situated some 600m to the west is known to have been worked to at least 9 Level (300m).
- The Main Reef extends NE of the known workings, with a total strike length of > 75m, open ended to the NE.
- The Main Reef is highly variable in nature, being largely a shear zone of quartz veinlets and varying amounts of pyrite, arsenopyrite, pyrrhotite, galena and magnetite.
- The evidence of parallel mineralised zones, particularly the very subtle sheared monzonite contact is very encouraging. This is the same setting as the mineralisation at the producing Farvic Mine 4km to east.
- The presence of high grade intercepts (12.3g/t over 1m) within the shallower shear zone (that also hosts the Prestwood A mine) is also considered highly significant. They present an ideal target for potential larger disseminated deposits, amenable to open-cast extraction.
- Engineering planning to re-equip the Prestwood shaft for limited production (toll treatment at a nearby facility) and as a platform for underground exploration drilling are being prepared.

In addition to the drill programme, a ground magnetics survey was undertaken on a 1,260m E-W by 700m N-S grid, which encompasses the Bucks and Prestwood Mine, and the area of intense artisanal activity in between Prestwood 'B' area. N-S Lines totalling almost 45km were cut through the bush at 20m intervals.

It identified multiple parallel structures adjacent to the Prestwood Mine. A number of these are being mined artisanally. It also proved that the areal extent of the prospective monzonite is greater than previously interpreted.

*Sally Mine* (Historic Production of 756kg of gold at 6.9g/t)

The Sally Mine consists of wide quartz stockwork (up to 4m) dipping north in granodiorite.

*Colleen Bawn Mine* (Historic Production of 1,063kg of gold at 15.1g/t)

The Colleen Bawn Mines consists of a quartz reef in greenstone close to monzonite and thrust limestone contacts. It was historically a sulphide rich, refractory ore that caused recovery problems. These issues can now be addressed using modern processing techniques such as fine grinding.

*Valley Mine* (Historic Production of 1,315kg of gold at 5g/t and 750kg of copper)

The Valley Mine is a shallow dipping quartz vein stockwork with disseminated sulphides associated with copper in a felsic intrusion within normally barren country rock gneisses. It is believed that flooding caused the premature end to mining activity.

**The Penhalonga Gold Project** consists of a number of shear and vein hosted gold deposits along the southern side of the Penhalonga Valley covering an area of approximately 1.8km<sup>2</sup>, including the historic Battersea Gold Mine and the dormant Penhalonga Gold Mine, 5km north of Mutare. It is situated in the Mutare Greenstone Belt which extends eastward into Mozambique. In terms of gold production per unit area, the Mutare Greenstone Belt at 122kg Au/km<sup>2</sup> is one of the richest belts within Zimbabwe. Historical production from the Penhalonga valley between 1897 and 1937 amounted to: Gold 1.3m oz, Silver 1.6m oz, Lead 7,258 tonnes and Copper 5.2 tonnes. Coldawn owns a number of lead tenements within the Mutare Greenstone Belt all of which have been acquired by Prospect.

**The Chisanya Phosphate Project** is one of 5 known phosphate bearing carbonatites in Zimbabwe. The deposit has been explored by a number of companies since the 1950s including Anglo American and Rhodesia Chrome Mines Ltd. The deposit is a series of un-exploited phosphate in apatite-magnetite lenses in carbonatite located near Birchenough Bridge, Manicaland.

#### **Conditional Agreement to Acquire Additional Mining Claims**

HME has entered into a conditional agreement to acquire certain mining claims from Mixnote Investments (Pvt) Limited (Mixnote) in consideration for US\$400,000. HME has acquired an exclusive 6 month option to acquire the claims in consideration for US\$24,000. HME has extended the option for a further 3 months by the payment of US\$12,000.

During this exclusivity period, the Company may carry out mineral exploration and associated activities on the claims, including exploration in and around the historic Prestwood Mine.

#### **Exclusivity Agreement**

Prospect entered into an Exclusivity Agreement with Continental Minerals Limited, who Harry Greaves, Zed Rusike, Roger Tyler and Chris Rees are advisors to, each of whom will play a significant role in the development of Prospect. Prospect issued 60,000,000 fully paid ordinary shares to Continental Minerals Ltd (or its nominees) as consideration for the Exclusivity Agreement.

The Exclusivity Agreement is for a period of 3 years whereby the above parties will present all Zimbabwe mining opportunities that they become aware of to Prospect for acquisition and/or investment. If Prospect decides not to participate in these opportunities, then the parties shall be free to exploit the opportunity themselves. If certain specified opportunities result in an acquisition by Prospect, a performance fee will be payable subject to shareholder approval.

The Greater Farvic Farm-in Agreement was subject to the Placement Exclusivity Agreement. Accordingly, a performance fee was paid to Continental Minerals Limited. In line with the previous fee paid, the Company issued 60 million shares for no consideration to Continental Minerals Limited.

#### **Litigation in relation to Consortium Subscription Agreement**

On 29 November 2013, the Company announced it had commenced proceedings against a Singapore-based consortium in relation to the subscription for \$3.9 million of shares. On the 15 August 2014, the Court dismissed Prospect's application and ordered that it pay the consortium's costs of the litigation, which may be as high as several hundred thousand dollars. The Company has reserved its rights to appeal and until a decision to appeal and/or an outcome of the appeal, quantum of costs will be unknown.

#### **Placement**

During the year, the Company entered into placing agreements to raise \$1,100,000, via the issue of 110,000,000 new ordinary shares at 1 cent each. MBM Capital Partners LLP subscribed for \$850,000, Sirius Trustees has subscribed for \$100,000, and entities related to Hugh Warner have subscribed for \$150,000. Subsequent to 30 June 2014, the company raised USD\$1,000,000 (AUD\$1,078,748) via the issue of 71,916,533 new ordinary shares at 1.5 cents each to Armoured Fox Capital (Pty) Ltd.

#### **Appointment of Somerley International Ltd**

The Company has appointed Somerley International Limited ("Somerley") as exclusive financial advisor in Greater China to assist in identifying and securing potential institutional and strategic investors for the fund raising of the Company.

**Competent Person Statement**

*The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Roger Tyler, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and The South African Institute of Mining and Metallurgy. Mr Tyler is the Company's Senior Geologist.*

*Mr Tyler has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tyler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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## DIRECTORS' REPORT

The Directors of Prospect Resources Limited ("the Company") submit hereby the annual report of the Company and its subsidiaries, (together the "Consolidated Entity" or "Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporation Act 2001, the Directors report as follows:

### OFFICERS AND DIRECTORS

The Directors at any time during or since the end of the year are:

Name	Particulars
Hugh Warner	Executive Chairperson
Duncan (Harry) Greaves	Executive Director (appointed 15 July 2013)
Gerry Fahey	Non Executive Director (appointed 15 July 2013)
Zivanayi (Zed) Rusike	Non Executive Director (appointed 26 September 2013)
Jonathan Pager	Non Executive Director (resigned 15 July 2013)
Michael Pollak	Non Executive Director (resigned 15 July 2013)

The above named Directors held office during and since the financial year, except as otherwise stated.

### PRINCIPAL ACTIVITY

The principal activity of the Company is exploration and evaluation of mineral resources.

### REVIEW OF OPERATIONS AND RESULTS

The Group made a loss from operations of \$2,494,070 in the year (2013: Loss \$1,297,109).

Additional information on the operations and financial position of the Group is set out in the review of operations and Directors' Report.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

1. the Company registered a company in Singapore, which acquired a 70% interest in two Zimbabwean exploration and mining companies;
2. The Company issued 110,000,000 new ordinary shares to raise \$1,100,000; and
3. The Company issued 122,000,000 new ordinary shares in share based payments. 60,000,000 to enter into an exclusivity agreement, 60,000,000 were issued under the exclusivity agreement and 2,000,000 for consulting fees.

### ENVIRONMENTAL REGULATIONS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulation when carrying out exploration work.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

- 1) The Company raised USD\$1,000,000 (AUD\$1,078,748) via the issue of 71,916,533 new ordinary shares on 21 August 2014.
- 2) The Company had commenced proceedings against a Singapore based consortium in relation to the subscription of \$3.9m of shares. The Court dismissed the Company's application and ordered that it pay the defendants' costs. The Company will have to pay the consortium's costs of the litigation, which may be as high as several hundred thousand dollars. The Company has reserved its rights to appeal and until a decision to appeal and/or an outcome of the appeal, quantum of costs will be unknown.

### DIVIDENDS

No dividends were recommended or paid during the current year.

### LIKELY DEVELOPMENTS/STRATEGIES AND PROSPECTS

The Company will continue to explore and assess its mineral projects and will also consider new projects, primarily in Zimbabwe and Southern Africa that could provide growth for shareholders.

## DIRECTORS' REPORT (continued)

### INFORMATION ON DIRECTORS

**Hugh Warner** (Executive Chairperson) appointed 3 January 2012

#### **Experience and Expertise**

Mr Warner holds a Bachelor of Economics from the University of Western Australia. He has broad experience as a public company director, having been a director of a number of publicly listed companies involved in the mining, oil and gas, biotechnology and service industries.

#### **Other Current Listed Directorships**

Modun Resources Limited (Non-Executive Director and Chairperson) (appointed 20 April 2010)

African Chrome Fields Limited (formerly TPL Corporation Limited) (Executive Chairperson) (appointed 17 May 2010)

#### **Former Listed Directorships in the Last Three Years**

Rhype Limited (formerly FRR Corporation Limited) (appointed 28 November 2011, resigned 12 March 2013)

PLD Corporation Limited (appointed 23 November 2011, resigned 26 September 2012)

#### **Special Responsibilities**

Chairperson

#### **Interests in Shares and Options**

76,300,000 ordinary shares and 28,500,000 options

**Duncan (Harry) Greaves** (Executive Director) appointed 15 July 2013

#### **Experience and Expertise**

Harry is a fourth generation Zimbabwean. He holds a B.Sc (agriculture) from the University of Natal (in South Africa). He is the founding shareholder of Farvic Consolidated Mines (Pvt) Ltd which operates the Prince Olaf, Farvic and Nicolson gold mines in southern Zimbabwe all of which he brought back into production over the last 10 years including the design and construction of two milling facilities. He was also the driving force behind the acquisition of the Penhalonga Gold Project and the Bushtick Gold Project. He is a well respected and well known member of the Zimbabwe mining fraternity.

#### **Other Current Listed Directorships**

African Chrome Fields Limited (Non-Executive Director) appointed 19 August 2013

#### **Former Listed Directorships in the Last Three Years**

None

#### **Special Responsibilities**

None

#### **Interests in Shares and Options**

20,957,944 ordinary shares and 12,500,000 options

**Gerry Fahey** (Non-Executive Director) appointed 15 July 2013

#### **Experience and Expertise**

Mr Gerry Fahey has over 35 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 member of the Joint Ore Reserve Committee (JORC).

#### **Other Listed Current Directorships**

Focus Minerals Ltd (appointed 20 April 2011)

#### **Former Listed Directorships in the Last Three Years**

Modun Resources Limited (appointed 25 September 2008) (resigned 31 January 2014)

#### **Special Responsibilities**

None

#### **Interests in Shares and Options**

Nil shares and 5,000,000 options

## DIRECTORS' REPORT (continued)

**Zivanayi (Zed) Rusike** (Non-Executive Director) appointed 15 July 2013

### **Experience and Expertise**

Mr Rusike graduated in Accountancy in Birmingham, England, before returning to Zimbabwe in 1982. He was Managing Director of United Builders Merchants before being promoted to Group Managing Director for Radar Holdings Limited, then, a large quoted company on the Zimbabwe Stock Exchange. He retired from the 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.

### **Other Current Listed Directorships**

Zimplow Holdings Limited (appointed 23 August 2010) - Zimbabwe Stock Exchange

### **Former Listed Directorships in the Last Three Years**

TSL Limited (appointed 9 May 2007) (resigned 14 March 2012) – Zimbabwe Stock Exchange

### **Special Responsibilities**

None

### **Interests in Shares and Options**

12,403,738 ordinary shares and 7,500,000 options

**Jonathan Pager** (Non-Executive Director) appointed 3 January 2012, resigned 15 July 2013

### **Experience and Expertise**

Mr Pager has over 18 years' experience as a management consultant across a wide range of industries in Australia and overseas. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has recapitalised several ASX-listed companies.

### **Interests in Shares and Options – upon resignation 15 July 2013**

5,983,333 ordinary shares and 6,000,000 options

**Michael Pollak** (Non-Executive Director), appointed 3 January 2012, resigned 15 July 2013

### **Experience and Expertise**

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 16 years ago. Michael has gained valuable experience in Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including mining, financial services and manufacturing. Michael has been involved in the recapitalisation of a number of ASX-listed companies.

### **Interests in Shares and Options – upon resignation 15 July 2013**

21,000,000 ordinary shares and 11,000,000 options

## COMPANY SECRETARY

The company secretary is Andrew Whitten. Andrew was appointed to the position of company secretary on 10 April 2012. Andrew is a Solicitor Director of Whittens Lawyers and Consultants, where he specialises in corporate finance and securities law.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's board held during the year ended 30 June 2014 that each Director was eligible to attend, and the number of meetings attended by each Director were:

Director	Number of Meetings	
	Eligible to attend	Attended
Hugh Warner	-	-
Harry Greaves	-	-
Gerry Fahey	-	-
Zed Rusike	-	-
Jonathan Pager	-	-
Michael Pollak	-	-

The Company's business was conducted via circular resolution.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Prospect Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by the Corporations Act 2001 and its regulations.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' includes those key management personnel who are not directors of the parent company.

### Remuneration Policy

No director is being currently paid for the provision of their services to the Company. The directors intend to remunerate directors when the Company has the financial capability to do so. The below summary reflects the intention of the Company once the Company is in a financial position to do so.

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executives by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Board links the nature and amount of executive director's emoluments to the Group's financial and operational performance. The intended outcomes of this remuneration structure are:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Group.

The remuneration of an executive director will be decided by the Board. In determining competitive remuneration rates the Board reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for any employee share options issued.

The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Group's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regards to the inputs and value to the Group of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Group. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors. All equity based remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

### Performance Based Remuneration

The issue of options to directors and executives is to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition, all Directors and executives are encouraged to hold shares in the Group.

The Group has not paid bonuses to directors or executives in the year ended 30 June 2014.

### Group Performance, Shareholder Wealth and Key Management Personnel Remuneration

The Company is currently undertaking new acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The remuneration policy has been tailored to maximize the commonality of goals between shareholders, directors and executives. The method applied in achieving this aim to date being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be the most effective in increasing shareholder wealth.

**REMUNERATION REPORT (AUDITED) continued**

**Performance of Prospect Resources Limited**

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the financial year ending 30 June 2014.

	30 June 2014	30 June 2013	Restated 30 June 2012	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$
Revenue	3,302	22,540	8,306	400,195	32,077
Net loss before tax	(2,494,070)	(1,297,109)	(675,533)	(6,958,738)	(4,907,929)
Net loss after tax	(2,494,070)	(1,297,109)	44,847	(6,958,738)	(4,907,929)
	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Share price at beginning of year (cents)	0.5	N/a <sup>1</sup>	14.5	27	N/a <sup>2</sup>
Share price at end of year (cents)	0.7	0.5	N/a <sup>1</sup>	14.5	27
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(0.52)	(0.35)	0.04	(8.84)	(10.36)

<sup>1</sup> – the Company was suspended from trading at 30 June 2012, thus this information is not applicable

<sup>2</sup> – the Company was listed on 2 December 2009 and thus this information is not applicable

**Remuneration of Key Management Personnel**

The following persons were identified as Key Management Personnel of Prospect Resources Limited during the financial year:

**Directors**

Hugh Warner	Executive Chairperson
Harry Greaves	Executive Director – appointed 15 July 2013
Zed Rusike	Non-executive Director – appointed 26 September 2013
Gerry Fahey	Non-executive Director – appointed 15 July 2013
Jonathan Pager	Non-executive Director – resigned 15 July 2013
Michael Pollak	Non-executive Director – resigned 15 July 2013

**Executives**

Roger Tyler	Chief Geologist
Chris Rees	Chief Operating Officer
Chris Hilbrands	Chief Financial Officer

**REMUNERATION REPORT (AUDITED) continued**

**Remuneration**

**2014**

Directors	SHORT TERM			POST EMPLOYMENT		EQUITY		Other benefits	TOTAL
	Salary & Fees	Other services	Non-Monetary	Super-annuation	Retirement Benefits	Options	Shares		\$
<b>Non-executive Directors</b>									
Z. Rusike <sup>(i)(vi)</sup>	-	-	-	-	-	40,423	100,845	-	141,268
G. Fahey <sup>(i)</sup>	-	-	-	-	-	26,949	-	-	26,949
J. Pager <sup>(ii)</sup>	17,500	-	-	-	-	-	-	-	17,500
M. Pollak <sup>(ii)</sup>	16,018	-	-	1,482	-	-	-	-	17,500
<b>Executive Directors</b>									
H. Warner <sup>(iii)</sup>	18,307	-	-	1,693	-	67,372	-	-	87,372
H. Greaves <sup>(i)(vi)</sup>	-	-	-	-	-	67,372	213,995	-	281,367
<b>Executives</b>									
R. Tyler <sup>(iv)</sup>	21,212	22,536	-	-	-	40,423	-	-	84,171
C. Rees <sup>(iv)</sup>	21,212	45,072	-	-	-	40,423	-	-	106,707
C. Hilbrands	45,767	-	-	4,233	-	40,423	-	-	90,423
<b>Total</b>	<b>140,016</b>	<b>67,608</b>		<b>7,408</b>	<b>-</b>	<b>323,385</b>	<b>314,840</b>	<b>-</b>	<b>853,257</b>

**Notes and Services Agreements of Directors**

- (i) Mr Rusike, Mr Fahey and Mr Greaves have agreed not to be paid from the date of their appointment to 30 June 2014 in an effort to conserve cash and protect the Company;
- (ii) Mr Pager and Mr Pollak resigned on 15 July 2013 and were paid under the terms agreed to by a director's resolution whereby they receive director fees of \$60,000 per annum, inclusive of superannuation with 3 months' notice payable.
- (iii) Mr Warner was paid under the terms agreed to by a director's resolution whereby he received director fees of \$60,000 per annum, inclusive of superannuation until 31 October 2013. Mr Warner has agreed not to be paid from 1 November 2013 to 30 June 2014 in an effort to conserve cash and protect the Company.
- (iv) Mr Tyler and Mr Rees have submitted invoices for other services on ordinary terms and conditions.
- (v) Mr Hilbrands is paid under the terms agreed to by a director's resolution whereby he receives a salary of \$50,000 per annum, inclusive of superannuation with 3 months' notice payable.
- (vi) The Company issued 60m shares to Continental Minerals Limited to enter into an Exclusivity Agreement and 60m shares as a performance fee under the exclusivity agreement. Mr Rusike and Mr Greaves are advisors to Continental Minerals Limited and this represents the value of the shares they received from Continental Minerals Limited. Mr Tyler and Mr Rees are also advisors to Continental Minerals Limited, but their allocation is not yet known.

**2013**

Directors	SHORT TERM			POST EMPLOYMENT		EQUITY	Other benefits	TOTAL
	Salary & Fees	Other services	Non-Monetary	Super-annuation	Retirement Benefits	Options		\$
<b>Non-executive Directors</b>								
J. Pager <sup>(i)</sup>	60,000	-	-	-	-	-	-	60,000
M. Pollak	55,046	-	-	4,954	-	-	-	60,000
<b>Executive Directors</b>								
H. Warner	55,046	-	-	4,954	-	-	-	60,000
<b>Total</b>	<b>170,092</b>	<b>-</b>	<b>-</b>	<b>9,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,000</b>

**Notes and Services Agreements of Directors**

Directors are paid under the terms agreed to by a director's resolution whereby they receive director fees of \$60,000 per annum, inclusive of superannuation with 3 months' notice payable.

- (i) *These payments are to Pager Partners Corporate Advisory Pty Ltd, a company related to Mr Jonathan Pager.*

**REMUNERATION REPORT (AUDITED) continued**

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2014	2013	2014	2013
<b>Non-executive directors</b>				
Z. Rusike	-	N/a	-	N/a
G. Fahey	-	N/a	-	N/a
J. Pager	100%	100%	-	-
M. Pollak	100%	100%	-	-
<b>Executive directors</b>				
H. Warner	100%	100%	-	-
H. Greaves	-	N/a	-	N/a
<b>Executives</b>				
R. Tyler	100%	N/a	-	N/a
C. Rees	100%	N/a	-	N/a
C. Hilbrands	100%	N/a	-	N/a

**Share-based compensation**

No options issued to directors or key management personnel were exercised or lapsed during the year.

During the financial year, the following share based payment arrangements to directors and key management personnel were in existence:

Options series	Grant date	Number	Exercise price	Expiry date	Grant date fair value
(1) Issued 23/09/13	23/09/13	60,000,000	1.5 cents	30/06/15	\$0.00539

The following grants of share based payment compensation to key management personnel relate to the current financial year:

Option series	No. granted	No. vested	During the financial year			Value of options granted at the grant date (i)
			% of grant vested	% of grant forfeited	% of compensation for the year consisting of options	
(1) H Warner	12,500,000	12,500,000	100%	n/a	77%	67,372
(1) H Greaves	12,500,000	12,500,000	100%	n/a	100%	67,372
(1) Z Rusike	7,500,000	7,500,000	100%	n/a	100%	40,423
(1) G Fahey	5,000,000	5,000,000	100%	n/a	100%	26,949
(1) R Tyler	7,500,000	7,500,000	100%	n/a	64%	40,423
(1) C Rees	7,500,000	7,500,000	100%	n/a	47%	40,423
(1) C Hilbrands	7,500,000	7,500,000	100%	n/a	49%	40,423

(i) The value of options granted during the financial year is calculated as at the grant date using Black-Scholes. This grant date value is allocated to remuneration of key management personnel on a straight line basis over the period from grant date to vesting date. The vesting date of the options are same date as the grant date.

REMUNERATION REPORT (AUDITED) continued

Key Management Personnel Equity Holdings

Ordinary Shares Held at 30 June 2014	Opening balance	Granted as compensation	On exercise of options	Net other change	Closing balance
Z. Rusike	-	-	-	12,403,738 <sup>(i)</sup>	12,403,738
G. Fahey	-	-	-	-	-
J. Pager	5,983,333	-	-	-	5,983,333*
M. Pollak	21,000,000	-	-	-	21,000,000*
H. Warner	61,300,000	-	-	15,000,000 <sup>(ii)</sup>	76,300,000
H. Greaves	-	-	-	20,957,944 <sup>(ii)</sup>	20,957,944
R. Tyler	-	-	-	-	-
C. Rees	-	-	-	-	-
C. Hilbrands	3,000,000	-	-	-	3,000,000

(i) The Company issued 60m shares to Continental Minerals Limited to enter into an Exclusivity Agreement and 60m shares as a performance fee under the exclusivity agreement. Mr Rusike and Mr Greaves are advisors to Continental Minerals Limited and this represents the value of the shares they received from Continental Minerals Limited.

(ii) Shares acquired via a placement

Options Held at 30 June 2014	Opening balance	Granted as compensation	Exercised	Net other change	Closing balance	Balance vested	Vested and exercisable	Options vested during the year
Z. Rusike	-	7,500,000	-	-	7,500,000	7,500,000	7,500,000	7,500,000
G. Fahey	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	5,000,000
J. Pager	6,000,000	-	-	-	6,000,000*	6,000,000*	6,000,000*	-
M. Pollak	11,000,000	-	-	-	11,000,000*	11,000,000*	11,000,000*	-
H. Warner	16,000,000	12,500,000	-	-	28,500,000	28,500,000	28,500,000	12,500,000
H. Greaves	-	12,500,000	-	-	12,500,000	12,500,000	12,500,000	12,500,000
R. Tyler	-	7,500,000	-	-	7,500,000	7,500,000	7,500,000	7,500,000
C. Rees	-	7,500,000	-	-	7,500,000	7,500,000	7,500,000	7,500,000
C. Hilbrands	3,000,000	7,500,000	-	-	10,500,000	10,500,000	10,500,000	7,500,000

\* Balance at date of resignation

(End of Remuneration Report)

Additional Information

(a) Shares under option

At the date of signing this report, there were 134,500,000 ordinary shares under option (2013: 60,857,500). These options are exercisable as follows:

Date options granted	Expiry date	Exercise price of Options	Number under option
15 May 2012	30 June 2015	\$0.015	60,000,000
25 September 2013	30 June 2015	\$0.015	74,500,000
			<b>134,500,000</b>

No options were exercised during the year. Refer to Note 12(b) of the financial statements for details of movements in options.

(b) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and any executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(c) Agreement to indemnify officers

The Company has entered into agreements with the Directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

## DIRECTORS' REPORT (continued)

### (d) Proceedings on Behalf of the Company

To the best of the Director's knowledge, no person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened on behalf of the Company with leave of the court under Section 237.

### (e) Auditor

Deloitte Touche Tohmatsu is the appointed auditor.

### (f) Indemnity of Auditor

The auditor (Deloitte Touche Tohmatsu) has not been indemnified under any circumstance.

### (g) Audit Services

During the financial year \$30,500 (excluding GST) was paid or payable for audit services provided by Deloitte Touche Tohmatsu (2013: \$25,400).

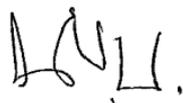
### (h) Non-audit Services

No non-audit services were provided by the auditor or any entity associated with the auditor for the year ended 30 June 2014 or 30 June 2013.

### (i) Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 40 of the Annual Report.

Signed in accordance with a resolution of the Directors



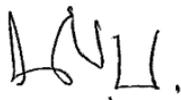
**Hugh Warner**  
Director

Perth, Western Australia  
Dated 26 September 2014

**DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Prospect Resources Limited (the 'Company'):
- (a) the accompanying financial statements, notes thereto are in accordance with the Corporations Act 2001 including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year then ended; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) as set out in note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 2(a) to the financial statements.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.



Hugh Warner  
Director

Perth, Western Australia  
Dated 26 September 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated	
		2014 \$	2013 \$
<b>Continuing operations</b>			
Interest received	5	3,302	22,540
Impairment of exploration and evaluation expenditure		-	(679,081)
Directors remuneration		(55,000)	(180,000)
Employee and consultant expenses		(53,487)	(50,000)
Occupancy expenses		(67,208)	(48,669)
Project generation Zimbabwe expense		(311,931)	(59,829)
Share based payment – exclusivity agreement	13(a)	(1,140,000)	-
Share based payment – options expense	13(a)	(401,535)	-
Other administrative expenses		(468,211)	(302,070)
<b>Loss before tax</b>		<b>(2,494,070)</b>	<b>(1,297,109)</b>
Income tax benefit	6	-	-
Loss after tax		<b>(2,494,070)</b>	<b>(1,297,109)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		4,481	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>4,481</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(2,489,589)</b>	<b>(1,297,109)</b>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		(2,429,822)	(1,297,109)
Non-controlling interests		(64,248)	-
		<b>(2,494,070)</b>	<b>(1,297,109)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		(2,425,341)	(1,297,109)
Non-controlling interests		(64,248)	-
		<b>(2,489,589)</b>	<b>(1,297,109)</b>
<b>Earnings/(loss) per share</b>			
From continuing and discontinued operations			
Basic earnings per share (cents)	20	(0.52)	(0.35)
Diluted earnings per share (cents)	20	(0.52)	(0.35)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	Note	Consolidated	
		2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	304,865	399,991
Trade and other receivables	8	7,191	3,136
Other current assets		19,022	9,000
<b>Total Current Assets</b>		<b>331,078</b>	<b>412,127</b>
<b>Non-Current Assets</b>			
Plant and equipment		6,516	-
Exploration and evaluation expenditure	9	937,472	745,923
<b>Total Non-Current Assets</b>		<b>943,988</b>	<b>745,923</b>
<b>Total Assets</b>		<b>1,275,066</b>	<b>1,158,050</b>
<b>Current Liabilities</b>			
Trade and other payables	10	96,349	91,540
<b>Total Current Liabilities</b>		<b>96,349</b>	<b>91,540</b>
<b>Total Liabilities</b>		<b>96,349</b>	<b>91,540</b>
<b>Net Assets</b>		<b>1,178,717</b>	<b>1,066,510</b>
<b>Equity</b>			
Contributed equity	11(b)	17,031,380	14,831,130
Reserves		1,305,666	899,650
Non-controlling interests		(64,237)	-
Accumulated losses	12(e)	(17,094,092)	(14,664,270)
<b>Total Equity</b>		<b>1,178,717</b>	<b>1,066,510</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Notes	Consolidated	
		2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(767,563)	(691,365)
Payments for exploration expenditure expenses		(171,437)	-
<b>Net cash flows (used in)/from operating activities</b>	7(a)	(939,000)	(691,365)
<b>Cash flows from investing activities</b>			
Interest received		3,302	22,711
Payment for plant and equipment		(6,516)	-
Payments for exploration expenditure		(207,578)	(56,883)
<b>Net cash flows used in investing activities</b>		(210,792)	(34,172)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,025,000	-
Capital raising costs		(63,750)	(76,262)
Proceeds from share application not issued		600,000	-
Repayment of share applications not issued		(600,000)	-
Proceeds from related party loan		93,416	-
<b>Net cash flows from/(used in) financing activities</b>		1,054,666	(76,262)
Net increase/(decrease) in cash and cash equivalents		(95,126)	(801,799)
Cash and cash equivalents at beginning of year		399,991	1,201,790
<b>Cash and cash equivalents at end of year</b>	7	304,865	399,991

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital	Option Reserve	Foreign currency Translation reserve	Accumulated Losses	Attributable to owners of the parent	Non-controlling interests	Total Equity
<b>Balance at 1 July 2012</b>	14,834,034	899,650	-	(13,367,161)	2,366,523	-	2,366,523
Loss for the year	-	-	-	(1,297,109)	(1,297,109)	-	(1,297,109)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,297,109)	(1,297,109)	-	(1,297,109)
Share capital raising costs	(2,904)	-	-	-	(2,904)	-	(2,904)
<b>Balance at 30 June 2013</b>	14,831,130	899,650	-	(14,664,270)	1,066,510	-	1,066,510
Loss for the year	-	-	-	(2,429,822)	(2,429,822)	(64,248)	(2,494,070)
Other comprehensive income	-	-	4,481	-	4,481	-	4,481
Total comprehensive income for the year	-	-	4,481	(2,429,822)	(2,425,341)	(64,248)	(2,489,589)
Non-controlling interest arising on acquisition of Hawkmoth Mining & Exploration (Pvt) Ltd	-	-	-	-	-	11	11
Issue of ordinary shares for cash	1,100,000	-	-	-	1,100,000	-	1,100,000
Issue of ordinary shares for exclusivity agreement	1,140,000	-	-	-	1,140,000	-	1,140,000
Issue of ordinary shares for consulting fees	24,000	-	-	-	24,000	-	24,000
Share capital raising costs	(63,750)	-	-	-	(63,750)	-	(63,750)
Issue of options	-	401,535	-	-	401,535	-	401,535
<b>Balance at 30 June 2014</b>	17,031,380	1,301,185	4,481	(17,094,092)	1,242,954	(64,237)	1,178,717

The accompanying notes form part of these financial statements

## 1 CORPORATE INFORMATION

The financial report of Prospect Resources Limited ("the Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 26 September 2014.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

The principal activity of the Company is exploration for mineral resources.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

### (a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of law, unless stated otherwise.

Accounting Standards include Australian Standards, compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and Group comply with International Financial Reporting Standards ('IFRS').

It is recommended that this financial report be read in conjunction with the public announcements made by Prospect Resources Limited during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Where these are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 2(r).

#### *Comparative figures*

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

### (b) Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2014, the Consolidated Entity recorded a loss of \$2,494,070 (2013: loss \$1,297,109) and had net cash outflows from operating and investing activities of \$1,149,792. As at reporting date, the Consolidated Entity had cash and cash equivalents of \$304,865. These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's and the Company's ability to continue as going concerns.

The directors have prepared a cash flow forecast which indicates that the consolidated entity will have sufficient cash flows to meet minimum operating overheads and committed expenditure requirements for the 12 month period from the date of signing the financial report. This cash flow forecast includes the US\$1 million raised from the issue of new ordinary shares as disclosed in Note 16' Subsequent Events'. However, the Board of Directors are aware of the Consolidated Entity's need to access additional working capital funds to enable the Consolidated Entity and the Company to continue their planned business activities and therefore, additional funding will be required to meet current operational plans including:

- Funding exploration of the Bushtick and Penhalonga projects including a feasibility study to reach a decision to mine within 5 years; and
- Maintaining rights to tenure of Australian based exploration tenements; and

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Going Concern (continued)**

- Funding the Greater Farvic Farm-in Agreement to acquire certain mining rights in the Gwanda Greenstone Belt. Should the Consolidated Entity exercise the option, HME is required to spend US\$3 million over a 3 year period to earn 100%; and
- Obtaining additional mining rights of Prestwood Mines from Mixnote Investments (Pvt) Limited for US\$424,000 and
- General working capital requirements.

The directors are confident that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis.

Should the Consolidated Entity and the Company be unable to raise additional funds, there is material uncertainty whether the Consolidated Entity and the Company will be able to continue as going concerns and therefore, whether they will realise their assets and discharge their liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded assets amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity and the Company not continue as going concerns.

**(c) Principles of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

**(d) New, revised or amending Accounting Standards and Interpretations adopted**

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2013.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 (notes 20 and 21 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)

This amendment has incorporated IASBs Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements.

As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The adoption of this standard and amending standard does not have any material impact on the consolidated financial statements as most of the subsidiaries are 100% wholly owned there is no change in the assessment of control over the subsidiaries (see Note 11).

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified an accounted for.

As the Group does not have any joint arrangements in place, the adoption of this standard and amending standard does not have any material impact on the consolidated financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) New, revised or amending Accounting Standards and Interpretations adopted (continued)**

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

The adoption of this amending standard does not have any material impact on the consolidated financial statements.

AASB 2012-10 'Amendments to Australian Accounting Standards- Transition Guidance and Other Amendments'

This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

**(e) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards <sup>1</sup>	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards'	1 July 2014	30 June 2015
- Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'		
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'		
- Part C: 'Materiality'		

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Standards and Interpretations in issue not yet adopted (continued)**

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

**(f) Revenue recognition**

Interest revenue is recognised on a time proportionate basis using the effective interest method.

**(g) Cash and Cash Equivalents**

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(h) Income Tax**

The income tax expense or revenue for the period is the tax payable on a current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Other receivables**

Other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

**(j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

**(k) Exploration expenditure**

Exploration and evaluation expenditure incurred on granted exploration licences is accumulated in respect of each identifiable area of interest. These costs are carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to any abandoned area will be written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area of interest according to the rate of depletion of the economically recoverable reserves. A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**(l) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

**(m) Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(o) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

**(q) Share based payment transactions**

*Equity settled transactions*

The Company provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The charge to the statement of profit or loss and other comprehensive income is taken when the options are granted. There is a corresponding entry to equity.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**(r) Critical Accounting Judgement and Key Sources of Uncertainty**

In the application of the Company's accounting policies which are described above in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Key Estimates

*Impairment*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related permit itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

*Share based payments*

The Company measures the cost of equity settled transactions with directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assessed fair value of the options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option. The fair value calculation and inputs to the Black Scholes model are shown at Note 13(a).

**NOTE 3. FINANCIAL RISK MANAGEMENT**

Risk management is the role and responsibility of the board. The Company's current activities expose it to minimal risk. However, as activities increase there may be exposure to interest rate, market, credit, and liquidity risks

**(a) Market Risk**

**(i) Interest Rate Risk**

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating interest rate	1 year or less	Over 1 year to 5 years	More than 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2014</b>						
<b>Financial Assets</b>						
Cash and deposits	78,236	-	-	-	226,629	304,865
	<u>78,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,629</u>	<u>304,865</u>
Weighted average interest rate	2.40%	-	-	-	-	0.62%
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	96,349	96,349
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,349</u>	<u>96,349</u>
Weighted average interest rate	-	-	-	-	-	-
<b>30 June 2013</b>						
<b>Financial Assets</b>						
Cash and deposits	382,559	-	-	-	17,432	399,991
Trade and other receivables	-	-	-	-	3,136	3,136
	<u>382,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,568</u>	<u>403,127</u>
Weighted average interest rate	2.75%	-	-	-	-	2.61%
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	91,540	91,540
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,540</u>	<u>91,540</u>
Weighted average interest rate	-	-	-	-	-	-

The Company has interest bearing assets and therefore income and operating cash flows are subject to changes in the market rates. However, market changes in interest rates will not have a material impact on the profitability or operating cash flows of the Company. A movement in interest rates of +/- 100 basis points will result in less than a +/- \$3,000 (2013: \$4,000) impact on the Company's income and operating cash flows. At this time, no detailed sensitivity analysis is undertaken by the Company.

**(ii) Price Risk**

The Group is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss.

The Group is not currently exposed to commodity price risk as it operates in the exploration phase. However, future operational cash flows are affected by fluctuations in the gold price. The Group will develop strategies to mitigate this risk when it moves from the exploration phase into the development phase.

**NOTE 3. FINANCIAL RISK MANAGEMENT**

(iii) *Currency risk*

Currency risk arises from investments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group is exposed to foreign currency risk in the form of financial instruments held in US Dollars (USD). The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	<b>2014 USD\$</b>	<b>2013 USD\$</b>
Cash and cash equivalents	219,306	-
Trade and other payables	(24,691)	-
<b>Total Exposure</b>	<b>194,615</b>	<b>-</b>

Assuming all other variables remain constant, a 10% strengthening of the Australian dollar at 30 June 2014 against the USD would have resulted in an increased loss of \$19,000. A 10% weakening of the AUD would have resulted in a decreased loss of \$19,000, assuming all other variables remain constant. The Group does not currently hedge against currency risk.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents.

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Company does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation which is available as required.

The material liquidity risk for the Company is the ability to raise equity in the future.

**(d) Effective interest rate and repricing analysis**

Cash and cash equivalents are the only interest bearing financial instruments of the Company.

**(e) Fair value of financial instruments**

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

PROSPECT RESOURCES LIMITED  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 4. SEGMENT INFORMATION**

**Identification of reportable segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

In the current year the Company engaged in exploration for minerals in Australia and Zimbabwe. The operations were located in Australia and Zimbabwe with the head office being in Australia.

Geographical segments	Australia		Zimbabwe		Consolidated	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Other external revenue	3,302	22,540	-	-	3,302	22,540
Total segment revenue	3,302	22,540	-	-	3,302	22,540
<b>Results</b>						
Segment net profit/(loss) before tax	(2,270,803)	(1,297,109)	(223,267)	-	(2,494,070)	(1,297,109)
<b>Assets</b>						
Segment assets	1,016,310	1,158,050	258,756	-	1,275,066	1,158,050
<b>Liabilities</b>						
Segment liabilities	71,658	91,540	24,691	-	96,349	91,540
Depreciation	-	-	-	-	-	-

The amount of non-current assets added during the year is Australia \$3,070 and Zimbabwe \$194,995 (2013: Australia \$69,917 and Zimbabwe \$Nil)

The accounting policies of the reportable segments are the same as the Company's accounting policies as described in Note 2.

<b>Consolidated</b>	
<b>2013</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>

**NOTE 5. REVENUE**

Interest	3,302	22,540
	<u>3,302</u>	<u>22,540</u>

**NOTE 6. INCOME TAX**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>a) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss before income tax expense	(2,494,070)	(1,297,109)
	<u>(2,494,070)</u>	<u>(1,297,109)</u>
Tax at the Australian tax rate of 30%	(748,221)	(389,133)
Tax effect of differential corporate tax rates	18,296	-
Tax effect of amounts which are not deductible (taxable) income:	512,491	246,485
Under recognition of prior year tax expense	69,681	-
Tax losses recognised	147,753	142,648
Income tax benefit	<u>-</u>	<u>-</u>
<b>b) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	6,643,028	5,636,437
Potential tax benefit at 30%	<u>1,992,908</u>	<u>1,690,931</u>

Tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future and accordingly there is uncertainty that the losses can be utilised. There are deferred tax liabilities of approximately \$281,242 relating to capitalised exploration costs claimed for tax in the year ended 30 June 2014 (2013: \$223,777). These are offset with the deferred tax assets that have been recognised to the extent of the deferred tax liabilities.

**NOTE 7. CASH AND CASH EQUIVALENTS**

	Consolidated	
	2014	2013
	\$	\$
Cash at bank	304,865	399,991
<b>(a) Reconciliation of operating loss after income tax to net cash flows used in operating activities</b>		
Operating profit/(loss) after tax	(2,494,070)	(1,297,109)
<b>Non-cash items</b>		
Share based payments - options	401,535	-
Share based payments - shares	1,164,000	-
Impairment of capitalised exploration and evaluation expenditure	-	679,081
Foreign exchange difference	4,481	-
Interest received	(3,302)	(22,540)
<b>Changes in operating assets and liabilities, net of effects from purchase of controlled entities</b>		
Decrease/(increase) in receivables	(4,055)	9,131
(Increase) in other assets	(10,022)	(9,000)
(Decrease)/increase in payables	2,433	(50,928)
<b>Net cash flows (used in)/from operating activities</b>	<b>(939,000)</b>	<b>(691,365)</b>

**(b) Non-cash transactions**

During the prior year, the Company entered into the following non-cash financing activities which are not reflected in the statement of cash flows:

Hugh Warner advanced the Company \$75,000 during the period which is reflected in financing activities, proceeds from related parties. During the year, Hugh subscribed for shares totalling \$150,000, and offset the \$75,000 advanced against the share subscription.

**NOTE 8. TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2014	2013
	\$	\$
Other receivables	-	3,136
GST receivable	7,191	-
	<u>7,191</u>	<u>3,136</u>

These amounts generally arise from transactions during usual operating activities of the consolidated entity and are non-interest bearing. These amounts do not contain any impaired receivables, and are not considered overdue.

**NOTE 9. EXPLORATION, EVALUATION AND DEVELOPEMENT**

	Consolidated	
	2014	2013
	\$	\$
Opening balance	745,923	1,355,087
Expenditure incurred	191,549	69,917
Impairment of tenements surrendered	-	(679,081)
Closing balance	<u>937,472</u>	<u>745,923</u>

The Board of Directors undertook an impairment review of the Company's exploration and evaluation assets as at 30 June 2014 resulting in an impairment charge for the current year of \$Nil (2013: \$679,081) relating to tenements surrendered during the prior year.

The Mary Springs exploration license (E66/56) is due to expire on 18 October 2014. The company intends to seek renewal of this license. Included in the above balance is \$148,958 relating to this license.

**NOTE 10. TRADE AND OTHER PAYABLES**

	Consolidated	
	2014	2013
	\$	\$
Trade payables	50,600	3,302
Accruals	26,275	82,708
Related party payable	18,416	-
Other payables	1,058	5,530
	<u>96,349</u>	<u>91,540</u>

Trade payables are normally settled on 30 – 60 day terms.

**NOTE 11. CONTRIBUTED EQUITY**

	2014	2013
	Shares	Shares
(a) Issued share capital		
Ordinary shares fully paid	<u>604,593,287</u>	<u>372,593,287</u>

**(b) Movement in ordinary share capital**

Details	Number of shares	\$
Balance at 30 June 2012	372,593,287	14,834,034
Cost of capital raising	-	(2,904)
Balance at 30 June 2013	<u>372,593,287</u>	<u>14,831,130</u>
Issue of shares for exclusivity agreement	60,000,000	720,000
Issue of shares under exclusivity agreement	60,000,000	420,000
Issue of shares for consulting fees	2,000,000	24,000
Issue of shares via placement	110,000,000	1,100,000
Cost of capital raising	-	(63,750)
Balance at 30 June 2014	<u>604,593,287</u>	<u>17,031,380</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

**NOTE 12. OPTIONS, RESERVES AND ACCUMULATED LOSSES**

	2014 Options	2014 \$	2013 Options	2013 \$
(a) Options at the end of the year	134,500,000	1,301,185	60,857,500	899,650

There are no voting rights attached to the options

**(b) Movement in options**

Date	Details	Number of option	Fair value issue price	\$
01/07/2012	Opening balance	72,559,000		899,650
30/07/2012	Options expired	(2,000,000)		-
18/10/2012	Options expired	(9,701,500)		-
	<b>Balance at 30 June 2013</b>	<u>60,857,500</u>		<u>899,650</u>
25/09/2013	Options issued	74,500,000	\$0.00539	401,535
05/11/2013	Options expired	(857,500)		-
	<b>Balance at 30 June 2014</b>	<u>134,500,000</u>		<u>1,301,185</u>

**NOTE 12. OPTIONS, RESERVES AND ACCUMULATED LOSSES (continued)**

**(c) Option Premium Reserve**

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Number of</b>	<b>\$</b>	<b>Number of</b>	<b>\$</b>
	<b>Options</b>		<b>Options</b>	
<b>Movement in reserve</b>				
Balance at the beginning of the year	60,000,000	1,500	60,000,000	1,500
Options issued (\$0.000025 with placement)	-	-	-	-
<b>Balance at the end of the year</b>	<b>60,000,000</b>	<b>1,500</b>	<b>60,000,000</b>	<b>1,500</b>

The terms of the options issued on 14 May 2012 are as follows:

- (a) Each Option gives the optionholder the right to subscribe for one (1) share. To obtain the right given by each Option, the optionholder must exercise the Options in accordance with these terms and conditions.
- (b) The Options will expire at 5:00pm (AEST) on 30 June 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.015 (**Exercise Price**).
- (d) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (e) Optionholders may exercise their Options by lodging with the company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (f) An Exercise Notice is only effective when the company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the company will allot the number of shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are freely transferable.
- (i) All shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other shares.
- (j) The company will not apply for quotation of the Options on ASX. However, the company will apply for quotation of all shares allotted pursuant to the exercise of the Options on ASX within 10 business days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the company is reconstructed, all rights of the optionholders are to be changed in a manner consistent with the Corporations Act 2001 and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and the optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (m) In the event the company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (n) In the event the company proceeds with a bonus issue of securities to shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the optionholder would have received if the Option had been exercised before the record date for the bonus issue.

**NOTE 12. OPTIONS, RESERVES AND ACCUMULATED LOSSES (continued)**

**(d) Share Based Payments Reserve**

	2014 Number of Options	2014 \$	2013 Number of Options	2013 \$
<b>Movement in reserve</b>				
Balance at the beginning of the year	857,500	898,150	12,559,000	898,150
Options issued	74,500,000	401,535	-	-
Options expired	(857,500)	-	(11,701,500)	-
<b>Balance at the end of the year</b>	<b>74,500,000</b>	<b>1,299,685</b>	<b>857,500</b>	<b>898,150</b>

The terms of the options issued on 23 September 2013 are identical to the options issued on 14 May 2012, disclosed above, except as follows:

- (j) The company may apply for quotation of the Options on ASX. However, the company will apply for quotation of all shares allotted pursuant to the exercise of the Options on ASX within 10 business days after the date of allotment of those Shares.

**Nature and Purpose of Reserves**

The option premium reserve arises pursuant to an issue of options pursuant to a capital raising.

The share based payments reserve arises pursuant to an issue of shares or options as consideration for a service or an acquisition transaction.

**(e) Accumulated Losses**

	Consolidated	
	2014 \$	2013 \$
Accumulated losses at beginning of year	(14,664,270)	(13,367,161)
Net loss attributable to equity holders of the Company	(2,429,822)	(1,297,109)
<b>Accumulated losses at end of year</b>	<b>(17,094,092)</b>	<b>(14,664,270)</b>

**NOTE 13. SHARE-BASED PAYMENTS**

**(a) Recognised share-based payment expense**

**Options**

The share based payments expense was \$401,535 (2013: Nil). The following table lists the inputs to the model used:

No. of options	74,500,000
Grant date	23/09/13
Share price	\$0.012
Exercise price	\$0.015
Interest rate	2.68%
Expiry date	30/06/15
Volatility	176.71%
Value per option	\$0.0054

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Issued 18 Oct 2007(i)*	9,701,500	18/10/2007	18/10/2012	\$0.20	\$0.0246
Issued 5 Nov 2008 (ii)*	857,500	5/11/2008	5/11/2013	\$0.20	\$0.0381
Issued 30 July 2010 (ii)*	2,000,000	30/07/2010	30/07/2012	\$0.23	\$0.1565
Issued 23 Sept 2013 (ii)	74,500,000	23/09/2013	30/06/2015	\$0.015	\$0.0054

- (i) Options issued during financial year ended 30 June 2008, these options vest at grant date. 9,000,000 options were escrowed under the ASX Listing Rule. These 9,000,000 options were released from escrow on the 3 December 2011.

- (ii) Options vest at the date of their issue.

\* These options have expired.

**NOTE 13. SHARE-BASED PAYMENTS (continued)**

**Shares**

The share based payments expense was \$1,164,000 (2013: \$Nil). The following table lists the inputs used

	<b>Introduction fee (i)</b>	<b>Exclusivity agreement (ii)</b>	<b>Performance - exclusivity agreement (iii)</b>
Number of shares issued	2,000,000	60,000,000	60,000,000
Valuation date – shareholder approval	23/09/13	23/09/13	14/05/14
Grant date	24/09/13	14/10/13	26/05/14
Share price	\$0.012	\$0.012	\$0.007
Share based payment expense	\$24,000	\$720,000	\$420,000

- (i) Issued 2,000,000 to Paul West for procuring the Company's entry into the Zimbabwe transaction documents.
- (ii) The Exclusivity Agreement is for a period of 3 years whereby the above parties will present all Zimbabwe mining opportunities that they become aware of to Prospect for acquisition and/or investment. If Prospect decides not to participate in these opportunities, then the parties shall be free to exploit the opportunity themselves. If certain specified opportunities result in an acquisition by Prospect, a performance fee will be payable subject to shareholder approval.
- (iii) The Greater Farvic Farm-in Agreement was subject to the Exclusivity Agreement. Accordingly, a performance fee was paid to Continental Minerals Limited. The Company issued 60 million shares for no consideration to Continental Minerals Limited.

**(b) Summary of options granted**

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	<b>2014 No</b>	<b>2014 WAEP</b>	<b>2013 No</b>	<b>2013 WAEP</b>
Outstanding at the beginning of the year	857,500	0.200	12,559,000	0.205
Granted during the year	74,500,000	0.015	-	-
Exercised during the year	-	-	-	-
Expired during the year	(857,500)	(0.200)	(11,701,500)	(0.205)
Outstanding at the end of the year	<u>74,500,000</u>	<u>0.015</u>	<u>857,500</u>	<u>0.200</u>

**(c) Weighted average of remaining contractual life**

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 1.00 years (2013: 0.35 years).

**(d) Range of exercise price**

The range of exercise prices for options outstanding at the end of the year was \$0.015 (2013: \$0.20).

**(e) Weighted average fair value**

The weighted average fair value of options granted during the year was \$0.0054 (2013: \$Nil).

**(f) Share options exercised during the year**

No options were exercised in 2014 or 2013.

**(g) Issue of shares during the year**

During the year, the Company issued in total 232,000,000 fully paid ordinary shares (2013: Nil). Details of the share issued are listed under note 11.

**NOTE 14. COMMITMENTS FOR EXPENDITURE**

**(a) Exploration Commitments**

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (other than detailed below, no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the Directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Not longer than 1 year	179,090	20,000
Longer than 1 year and not longer than 5 years	1,431,810	-
Longer than 5 years	-	-
	1,610,900	20,000

**(b) Operating Lease Commitments**

The Company has no operating lease commitments.

**NOTE 15. CONTINGENT LIABILITIES**

As at 30 June 2014, there were no contingent liabilities. However, subsequent to year end, the Company concluded their proceedings against a Singapore based consortium. Refer to Note 16 below.

**NOTE 16. SUBSEQUENT EVENT**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

- 1) The Company raised USD\$1,000,000 (AUD\$1,078,748) via the issue of 71,916,533 new ordinary shares.
- 2) The Company had commenced proceedings against a Singapore based consortium in relation to the subscription of \$3.9m of shares. The Court dismissed the Company's application and ordered that it pay the defendants' costs. The Company will have to pay the consortium's costs of the litigation, which may be as high as several hundred thousand dollars. The Company has reserved its rights to appeal and until a decision to appeal and/or an outcome of the appeal, quantum of costs will be unknown.

**NOTE 17. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Audit services	30,500	25,400
	30,500	25,400

**NOTE 18. KEY MANAGEMENT PERSONNEL DISCLOSURES**

The aggregate compensation made to Key Management Personnel of the Company is set out below:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	207,624	170,092
Post employment benefits	7,408	9,908
Share based payments	638,225	-
	853,257	180,000

**NOTE 19. RELATED PARTY TRANSACTIONS**

**Pager Partners Corporate Advisory Pty Ltd**

The company paid \$17,500 (2013: \$60,000) to Pager Partners Corporate Advisory Pty Ltd for the services of Mr Jonathon Pager as Non-Executive Director. In addition, the company paid \$3,500 (2013: \$9,333) for rent. Mr Pager is a Director and beneficiary of Pager Partners Corporate Advisory Pty Ltd.

**Anglo Pacific Ventures Pty Ltd**

The company paid \$57,500 (2013: 31,500) to Anglo Pacific Ventures Pty Ltd for rent. Mr Warner is a Director and beneficiary of Anglo Pacific Ventures Pty Ltd.

**Farvic Consolidated Mines (Private) Limited**

The Group owes Farvic Consolidated Mines (Private) Limited ('Farvic') \$18,416 (2013: Nil). This amount payable is interest free and repayable on demand. Harry Greaves and Zed Rusike are directors and shareholders of Farvic.

The Company entered into a conditional agreement to acquire certain mining claims for USD\$400,000 from Mixnote Investments (Pvt) Limited (Mixnote), a subsidiary of Farvic. The Company paid \$26,994 (USD\$24,000) for an exclusive six month option.

**Continental Minerals Limited**

The Company issued 120,000,000 new ordinary shares to Continental Minerals Limited during the year, 60,000,000 to enter into an exclusivity agreement with a fair value of \$720,000 and 60,000,000 for performance fee in accordance with the exclusivity agreement with a fair value of \$420,000. Harry Greaves, Zed Rusike, Roger Tyler and Chris Rees are advisors to Continental Minerals Limited.

**Hawkmoth Mining and Exploration (Private) Limited**

The Company has entered into a loan facility agreement to provide up to USD\$950,000 (AUD\$1,007,570) to its 70% owned subsidiary Hawkmoth Mining and Exploration (Private) Limited ('HME'). At 30 June 2014, HME has utilised USD\$362,209 (AUD\$389,599) of this facility. The remaining 30% of HME is owned by Farvic.

**NOTE 20. EARNINGS PER SHARE**

	Consolidated	
	2014	2013
Basic profit/(loss) per share (cents per share)	(0.52)	(0.35)
Amount used in the calculation of basic EPS		
- Profit/(loss) after income tax from members	(2,429,822)	(1,297,109)
- Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	465,533,013	372,593,287

The options of the Company are not considered dilutive for the purpose of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit per share nor increase the net loss per share. Consequently, diluted earnings per share is the same as basic earnings per share.

**NOTE 21. SUBSIDIARIES**

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

	Principal activity	Country incorporation	Ownership and voting interest	
			2014	2013
Prospect Minerals Pte Ltd	Holding company	Singapore	100%	0%
Hawkmoth Mining & Exploration (Pvt) Ltd	Exploration & evaluation	Zimbabwe	70% <sup>(i)</sup>	0%
Coldawn Investments (Private) Limited	Exploration & evaluation	Zimbabwe	70% <sup>(i)</sup>	0%
Prospect Resources (UK) Limited	Holding company (dormant)	United Kingdom	100%	0%

(i) Prospect Minerals Pte Ltd has Zimbabwe Investment Authority approval to own 70% of Hawkmoth Mining & Exploration (Pvt) Ltd (which owns 100% of Coldawn Investments (Private) Limited) with the following conditions:

- Group funds all exploration costs and upon commencement of production, funds development costs;
- Funding to be arranged via secured loans to the subsidiaries carrying a commercial rate of interest having regard to operating risks of the company;
- All loans have priority for repayment in front of any payment of dividends;
- After repayment of loans, dividends may be payable;
- Farvic (owner of 30%), has the right to claw back a 21% equity interest in Hawkmoth via the purchase of shares from Prospect Minerals Pte Ltd. Funds to be used for the purchase must be from dividend payments from Hawkmoth and the valuation per share shall be 'market value' or a valuation calculated as 5xEBIT (whichever is higher);
- Under the laws of Zimbabwe, all operating companies must be either 51% owned by indigenous parties or have the capacity to be 51% owned.

PROSPECT RESOURCES LIMITED  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 21A. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS**

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
		%	%	\$	\$	\$	\$
Hawkmoth	Zimbabwe	30%	N/a		N/a		N/a
Coldawn	Zimbabwe	30%	N/a	-	N/a	-	N/a

Summarised financial information in respect of the Group's Zimbabwe subsidiaries that have non-controlling interests have been aggregated together and is set out below. The summarized financial information below represents amounts before intragroup eliminations.

**Zimbabwe Subsidiaries**

	2014	2013
	\$	\$
<b>ASSETS</b>		
Current assets	56,973	-
Non-current assets	194,995	-
Current liabilities	(24,691)	-
Non-current liabilities	(384,159)	-
Equity attributable to owners of the Company	92,645	-
Non-controlling interest	64,237	-
	<b>Year ended 2014</b>	<b>Year ended 2013</b>
	\$	\$
Revenue	-	-
Expenses	(214,160)	-
Profit / (loss) for the year	(214,160)	-
Profit / (loss) attributable to owners of the Company	(149,912)	-
Profit / (loss) attributable to the non-controlling interests	(64,248)	-
Profit / (loss) for the year	(214,160)	-
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	(149,912)	-
Total comprehensive income attributable to the non-controlling interests	(64,248)	-
Total comprehensive income for the year	(214,160)	-
Dividends paid to non-controlling interests	-	-
Net cash inflow / (outflow) from operating activities	(207,885)	-
Net cash inflow / (outflow) from investing activities	(194,995)	-
Net cash inflow / (outflow) from financing activities	18,416	-
Net cash inflow / (outflow)	(384,464)	-

PROSPECT RESOURCES LIMITED  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 22. PROPECT RESOURCES LIMITED PARENT COMPANY INFORMATION**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current Assets	267,317	412,127
Non-current Assets	983,058	745,923
<b>TOTAL ASSETS</b>	<u>1,250,375</u>	<u>1,158,050</u>
<b>LIABILITIES</b>		
Current Liabilities	71,658	91,540
<b>TOTAL LIABILITIES</b>	<u>71,658</u>	<u>91,540</u>
<b>EQUITY</b>		
Contributed equity	17,031,380	14,831,130
Reserve	1,301,185	899,650
Retained earnings	(17,153,848)	(14,664,270)
	<u>1,178,717</u>	<u>1,066,510</u>
<b>FINANCIAL PERFORMANCE</b>		
Loss for the year	(2,489,578)	(1,297,109)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>(2,489,578)</u>	<u>(1,297,109)</u>

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The Board of Directors  
Prospect Resources Limited  
Suite 6, 245 Churchill Ave  
Subiaco, WA 6008

26 September 2014

Dear Board Members

### Prospect Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Prospect Resources Limited.

As lead audit partner for the audit of the financial statements of Prospect Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**Neil Smith**  
Partner  
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

# Independent Auditor's Report to the members of Prospect Resources Limited

## Report on the Financial Report

We have audited the accompanying financial report of Prospect Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 16 to 39.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Prospect Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion, the financial report of Prospect Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 2(b) in the financial report which indicates that the Consolidated Entity incurred a loss of \$2,494,070 and had net cash outflows from operating and investing activities of \$1,149,792 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 2 (b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company and the Consolidated Entity to continue as going concerns and therefore, the Consolidated Entity and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of Prospect Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**

*Neil Smith*

**Neil Smith**  
Partner  
Chartered Accountants  
Perth, 26 September 2014

**PROSPECT RESOURCES LIMITED (PSC) – CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance Statement sets out Prospect Resource Limited's (**the Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>1. Lay solid foundations for management and oversight</b>		
1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	<p>The Company's board of Directors (<b>the Board</b>) is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> <li>(a) maintain and increase Shareholder value;</li> <li>(b) ensure a prudential and ethical basis for the Company's conduct and activities; and</li> <li>(c) ensure compliance with the Company's legal and regulatory objectives.</li> </ul> <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> <li>(a) developing initiatives for profit and/or asset growth;</li> <li>(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;</li> <li>(c) acting on behalf of, and being accountable to, the Shareholders; and</li> <li>(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.</li> </ul> <p>The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.</p> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company. The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.</p>
1.2. Companies should disclose the process for evaluating the performance of senior executives.	No	Given the current size of the Company and the fact that the Company currently has no senior executives, the process for evaluating their performance is not relevant.
1.3. Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Directors are given letters of appointment and/or service agreements.
1.4. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The company secretary position is directly accountable to the Board on all matters to do with the proper functioning of the Board.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1.5. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them. The results should be disclosed annually.	No	The Company has not found it necessary to create a diversity policy or to annually report on measurable objectives with respect to achieving gender diversity.  As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a policy.
1.6. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	No	The Company has not found it necessary to disclose the process for evaluating performance. However, performance evaluation will be undertaken by the Chairman against agreed key performance indicators and reported to the Board. In the case of the Chairman, performance evaluation will be undertaken by the Board against agreed key performance indicators, with the Chairman excusing himself from such discussion and not participating in any vote or resolution on the issue.
1.7. Companies should disclose the process for evaluating the performance of senior executives.	No	The Company has not found it necessary to disclose the process for evaluating performance. However, performance evaluation will be undertaken by the Board (or their nominee) against agreed key performance indicators and reported to the senior executives.
<b>2. Structure the board to add value</b>		
2.1. The board should establish a nomination committee.	No	No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.
2.2. Companies should disclose a board skills matrix.	No	The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principle criterion for the appointment of new Directors is their ability to add value to the Company and its business. In light of this, it has not been deemed necessary to create a formal document outlining the particular skills of the existing Board.
2.3. Companies should disclose the names of the directors considered to be independent, interests, positions and associations that might cause doubts as to the independence of a director and the length of service of each director.	No	The Board ensures that each Director is not able to be significantly adversely influenced by the operations of the company by ensuring a diverse range of backgrounds and ongoing involvement in companies which are not the Company. Information with respect to potential issues of independence may be disclosed to the market but no formal policy exists to ensure such disclosure.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
2.4. A majority of the board should be independent Directors.	No	<p>The Board has reviewed the position and associations of each of the four Directors in office and has determined that only one out of four Directors is independent. In making this determination the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.</p> <p>The Board strives to ensure that it is comprised of Directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principle criterion for the appointment of new Directors is their ability to add value to the Company and its business.</p>
2.5. The chair should be an independent Director and should not also exercise the role of chief executive officer.	No	<p>The Company's current Chairman Mr Hugh Warner, does not satisfy the ASX Principles and Recommendations definition of an independent Director. However, the Board considers Mr Warner's role as chairman essential to the success of the Company at this early stage of its restructure and the development of its new business.</p> <p>Mr Warner does not exercise the role of chief executive officer.</p>
2.6. Companies should have a program for inducting new directors.	No	<p>The Company takes care in ensuring that Directors will be able to effectively manage and govern the Company before their nomination as potential Directors.</p>
<b>3. Act ethically and responsibly</b>		
<p>3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity;</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	No	<p>The Board is committed to the establishment and maintenance of appropriate ethical standards. Given the current size and operations of the Company, there is currently no official code of conduct in place.</p> <p>As the Company develops the Board intends to review its practices, and if deemed necessary, establish an appropriate code of conduct.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>4. Safeguard integrity in corporate reporting</b>		
<p>4.1. The board should establish an audit committee which is structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman</li> </ul> <p>And should disclose:</p> <ul style="list-style-type: none"> <li>• the chart of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.</p>	No	<p>The Company does not have a separately constituted audit committee due to its current size and operations.</p> <p>The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.</p>
<p>4.2. The Board should receive from its CEO and CFO a declaration that in their opinion, the financial records have been properly maintained and comply with proper standards.</p>	Yes	<p>The Company does have a CFO and a declaration in this form is prepared.</p>
<p>4.3. An AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.</p>
<b>5. Make timely and balanced disclosure</b>		
<p>5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p>	No	<p>Due to the current size and operations of the Company, there are no written policies in place. The Company is however committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act 2001.</p> <p>The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX and shareholders as well as providing guidance to Directors and employees on disclosure requirements and procedures.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>6. Respect the rights of security holders</b>		
6.1. A listed entity should provide information about itself and its governance to investors via a website.	Yes	The Company's information can be accessed via its website <a href="http://www.prospectresources.com.au">www.prospectresources.com.au</a> The Company will regularly update the website and contents therein as deemed necessary.
6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	The Company has no formal investor relations program in place, but ensures that all material information is conveyed to its investors so as to facilitate communication.
6.3. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	No	Although the Company does not have a formal communications policy in place, all material matters will be disclosed to the market in accordance with the Listing Rules.
6.4. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company encourages shareholders to register for receipt of announcements and updates electronically.
<b>7. Recognise and manage risk</b>		
7.1. The board should establish a risk committee, structured so that it: <ul style="list-style-type: none"> <li>has at least three members;</li> <li>consists only of non-executive directors, a majority of whom are independent directors;</li> <li>is chaired by an independent director who is not the Chairman</li> </ul> <p>And should disclose:</p> <ul style="list-style-type: none"> <li>the chart of the committee;</li> <li>the qualifications of the committee;</li> <li>the number of times the committee meets</li> </ul> <p>If no committee satisfying the above exists, it should disclose the fact and the processes it uses to safeguard the integrity of its reporting.</p>	No	<p>The Company does not have a separately constituted risk committee due to its current size and operations. As the Company develops the Board intends to review its practices, and if deemed necessary, establish a risk committee.</p> <p>The Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation as Board meetings.</p> <p>The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity.</p> <p>The Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<p>7.2. The board should review the Company's risk management framework at least annually and disclose whether such review has taken place.</p>	No	<p>Although the Company does not have a separately constituted risk committee, the Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.</p> <p>The Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation as Board meetings.</p> <p>The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity.</p> <p>The Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.</p>
<p>7.3. Companies should disclose if they have an internal audit function or the processes they employ for evaluating and improving the effectiveness of their risk management.</p>	No	<p>The Company does not have an internal audit function, and does not disclose the processes it uses to improve risk management. Nonetheless, it remains committed to effective management and control of these factors.</p>
<p>7.4. Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if they do, how they manage or intend to manage those risks.</p>	Yes	<p>All material risks are announced to the market, in accordance with the requirements of the ASX listing rules and otherwise.</p>
<b>8. Remunerate fairly and responsibly</b>		
<p>8.1. The Board should establish a remuneration committee, structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman</li> </ul> <p>And should disclose:</p> <ul style="list-style-type: none"> <li>• the chart of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.</p>	No	<p>The Company does not have in place a separately constituted remuneration committee due to the size and current operations of the Company. The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision-making process.</p> <p>The total maximum remuneration of non-executive directors is currently set at \$500,000. Any increases will be the subject of a shareholder resolution in accordance with the Company's constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive director.</p> <p>The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
8.2. Companies should disclose their policies and practices regarding the remuneration of executive directors and other senior executives.	No	The Company has not deemed it necessary to separately disclose its remuneration policies.
8.3. Companies which have an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>• have a policy on whether participants are permitted to enter into transactions (whether use the use of derivatives or otherwise) which limit the economic risk of participating in the scheme;</li> <li>• disclose that policy or summary of it</li> </ul>	No	Although the Company does not have a formal policy, the Company has a securities trading policy that restricts the trading of the Company's securities by those who have interests in equity based remuneration.

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**ASX Additional Information**

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 18 September 2014.

**(a) Substantial Shareholders**

The substantial shareholders are:

Name	Number Held	Percentage of Issued Shares
MBM CAP PTNRS LLP	85,000,000	12.49%
ELLIOT HOLDINGS PTY LTD – HD & DM WARNER	76,300,000	11.21%
CONTINENTAL MINERALS LTD	73,699,066	10.83%
ARMOURED FOX CAP PL	71,916,533	10.57%
STEPHENS B O + E J <STEPHENS GRP S/F A>	40,000,000	5.88%

**(b) Voting Rights**

Ordinary Shares

On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options

**(c) Distribution of Equity Security Holders**

Category	Ordinary Fully Paid Shares	% Issued Capital
1 – 1,000	3,340	0.00
1,001 – 5,000	345,179	0.05
5,001 – 10,000	1,067,181	0.16
10,001 – 100,000	17,499,146	2.57
100,001 and over	661,594,974	97.22
<b>Total</b>	<b>680,509,820</b>	<b>100.00</b>

There were 619 holders of less than a marketable parcel of ordinary shares.

**ASX Additional Information (continued)**

**(d) Equity Security Holders**

The names of the twenty largest holders of quoted equity securities are listed below:

<b>Name</b>	<b>Number Held</b>	<b>Percentage of Issued Shares</b>
1. MBM CAP PTNRS LLP	85,000,000	12.49%
2. CONTINENTAL MINERALS LTD	73,699,066	10.83%
3. ARMOURED FOX CAP PL	71,916,533	10.57%
4. STEPHENS B O + E J <STEPHENS GRP S/F A>	40,000,000	5.88%
5. WARNER HUGH + DIANNE <CBM S/F A/C>	39,800,000	5.85%
6. ELLIOT HLDGS PL <CBM FAM A/C>	34,500,000	5.07%
7. HOLLOWAY COVE PL <HOLLOWAY COVE S/F>	23,900,000	3.51%
8. UNITED EQUITY PTNRS PL <POLYCORP FAM A/C>	21,000,000	3.09%
9. LEILANI INV PL <RICE FAM INV A/C>	20,000,000	2.94%
10. RUSIKE ZIVANAYI	12,403,738	1.82%
11. DING BENJAMIN	10,000,000	1.47%
12. SIRIUS TTEES LTD <ABANGANE A/C>	10,000,000	1.47%
13. TALLTREE HLDGS PL <NERD FAM S/F A/C>	9,000,000	1.32%
14. SIBANDA PHILEMON	9,000,000	1.32%
15. POLFAM PL <POLLAK SUPER A/C>	8,333,333	1.22%
16. RUSIKE Z L + SIBANDA P <FARVIC WORKERS A/C >	6,000,000	0.88%
17. RUSIKE Z L + SIBANDA P <FARVIC COMMUNITY A>	6,000,000	0.88%
18. WALL STREET NOM PL < A T BRENNAN S/F A/>	5,000,000	0.73%
19. PAVLOVICH DANNY ALLEN < PAVLOVICH FAM A/C>	5,000,000	0.73%
20. SAMLISA NOM PL	5,000,000	0.73%
<b>TOTAL</b>	<b>495,552,670</b>	<b>72.80%</b>

*Unquoted equity securities*

	<b>Number on Issue</b>	<b>Number of Holders</b>
Options – exercisable at 1.5 cents before 30 June 2015	134,500,000	19

PROSPECT RESOURCES LIMITED  
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**Exploration licenses granted:**

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

- 1) Prospect Resources Limited ("Prospect")
- 2) Coldawn Investment (Private) Limited ("Coldawn")
- 3) Hawkmoth Mining and Exploration (Private) Limited ("Hawkmoth")
- 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
E66/56	Australia	Mary Springs	Prospect	100%
20560 BM	Zimbabwe	Penhalonga	Coldawn	70%
10675	Zimbabwe	Penhalonga	Coldawn	70%
21795 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%
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%
G2335	Zimbabwe	Penhalonga	Coldawn	70%
Special Grant	Zimbabwe	Bushtick	Hawkmoth	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%
140300 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140297 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140295 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140299 J	Zimbabwe	Greater Farvic	Farvic	-(i)
140298 J	Zimbabwe	Greater Farvic	Farvic	-(i)
179176 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)
482950 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482951 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482952 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482953 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482954 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482955 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

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Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter
482956 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482957 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482958 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482959 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482904 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482905 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482906 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482907 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482908 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482909 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482909 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482909 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482912 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482913 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482914 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482916 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482915 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482917 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482918 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482919 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482920 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482940 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482941 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482942 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482943 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482944 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482945 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482946 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482947 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482948 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482949 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482901 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482902 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435235 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435236 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435237 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435238 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435239 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435240 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435241 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435242 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435243 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435244 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435245 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435246 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435247 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435248 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435249 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435250 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435251 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435252 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

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Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter
435253 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435254 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435255 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482903 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483034 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483033 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483035 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483047 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483048 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483045 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483016 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483055 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483056 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483057 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483058 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483059 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483005 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
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)
483008 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483060 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)
483054 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483053 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483014 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483051 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483052 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483050 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483049 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483048 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483019 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)
435234 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435233 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435232 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

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Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter
435231 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435230 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435229 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435228 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)
435216 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435218 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435220 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483222 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435224 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435223 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435203 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435212 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435204 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435205 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435206 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435202 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435207 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
435208 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483020 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483021 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483023 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483025 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483043 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483044 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483032 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483030 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483041 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483042 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483029 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483028 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483026 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483027 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483040 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483036 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483037 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483038 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

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Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter
483039 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482994 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482992 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482991 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482993 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482990 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482983 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482984 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482982 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482989 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482988 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482985 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482987 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482986 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482981 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482980 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482979 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482978 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482977 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482975 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
482974 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)
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)
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)
483473 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483472 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)
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)
483473 J	Zimbabwe	Greater Farvic	Tannahill	-(i)

PROSPECT RESOURCES LIMITED  
ASX ADDITIONAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2014

Tenement Type & Number	Country	Project	Registered Company Name	% Held at End of Quarter
483475 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483476 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483478 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483479 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483480 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483481 J	Zimbabwe	Greater Farvic	Tannahill	-(i)
483482 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)
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)
003509 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003530 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003527 M	Zimbabwe	Greater Farvic	Mixnote	-(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)
003524 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003525 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046677	Zimbabwe	Greater Farvic	Mixnote	-(i)
003522 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046678	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 46679	Zimbabwe	Greater Farvic	Mixnote	-(i)
003508 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
H 046680	Zimbabwe	Greater Farvic	Mixnote	-(i)
003523 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003510 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003511 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003512 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003513 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003514 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003515 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003516 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003517 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003518 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003519 M	Zimbabwe	Greater Farvic	Mixnote	-(i)
003520 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.