



ASX ANNOUNCEMENT

6 February 2023

Phase 2 Drilling to Commence at Step Aside Lithium Project

HIGHLIGHTS:

- Phase 2 diamond drilling campaign at Step Aside planned to commence today
- Program will comprise up to 2,000m, targeting strike and dip extensions of pegmatites A, D and E and infill soil geochemical sampling north of Pegmatite E
- Step Aside is located 8km north of the Arcadia Lithium Mine (under construction), owned by Huayou Cobalt following its sale by Prospect for US\$378m last year

Prospect Resources Limited (ASX:PSC) (**Prospect** or **the Company**) is pleased to announce that the Phase 2 diamond drilling program at its Step Aside Lithium Project in Zimbabwe is planned to commence today.

The Phase 2 program is planned to build on the success of the Phase 1 campaign by delivering up to 2,000m of step-out drilling targeted at strike and dip extensions of the key identified pegmatite bodies at Step Aside, the so-called “Colga A”, “D” and “E” pegmatites. The largest pegmatite, D, is interpreted to strike over at least 120m and is open to the south and down dip.

The Phase 1 RC and diamond program at Step Aside (17 RC holes and 13 diamond holes for a total of 1,636m drilled) was completed in October 2022. It demonstrated robust intercepts of strong lithium tenor (dominated by spodumene mineralisation) at relatively shallow depths, and in multiple locations (see Prospect ASX release dated 20 October 2022). Better results from the Phase 1 program included:

- 6.1m @ 1.49% Li₂O from 82.2m (CDD011);
- 9.0m @ 1.02% Li₂O from 38.0m (CRC011B);
- 8.0m @ 1.09% Li₂O from 53.9m (CDD001);
- 4.4m @ 1.43% Li₂O from 52.6m (CDD006); and
- 6.0m @ 1.05% Li₂O from 17.0m (CDD007).

Prospect’s Managing Director, Sam Hosack, commented:

“While still early-stage, our objective at Step Aside is the rapid delineation of a maiden JORC Mineral Resource estimate. Our experienced in-country exploration team is focussed on quickly advancing Step Aside towards this aim.

“The Phase 2 drilling is designed to test the lateral and vertical extents of the three largest observed pegmatites at Step Aside. Pegmatite D, in particular, offers significant existing defined scale and remains open in multiple directions.

“We look forward to reporting on the outcomes from the Step Aside Phase 2 program as they become available. Drilling is also continuing at Omaruru as are project generation activities and the Company is expecting strong news flow in 2023.”

Step Aside Lithium Project Background

Prospect’s 100%-owned Step Aside Lithium Project is located within the Archaean Harare Greenstone Belt, approximately 35 km east of Zimbabwe’s capital city Harare, with the claim covering approximately 100 hectares (see Figure 1).

Step Aside is 8 km north of the Arcadia Lithium Mine (under construction), which was discovered and sold to Huayou Cobalt by Prospect last year for approximately US\$378 million in cash.

The Step Aside Project consists of a folded sequence of meta-sediments of the Gwebi and Mapfeni Members, of the Passford Formation. These meta-sediments are intruded by north trending pegmatites, dolerites and quartz veins of the Mashonaland Suite, which make up the youngest rocks found within the Harare Greenstone Belt.



Figure 1: Locality map of Step Aside Lithium Project, 8 km north of Arcadia

Six visible mineralised pegmatites (denoted “Colga A” to “F”) have been identified within meta-dolerite host rocks at Step Aside. Individual pegmatites, geologically mapped at surface, are all generally parallel to one another, striking roughly north-south with dips of 40-45° to the west geologically mapped at surface. Drilling indicated sub-surface dips of closer to 70°.

Pegmatite A on the eastern side and Pegmatite D to the west are the widest, measuring 5-15m thick and 4-20m thick, respectively. The strike lengths of the A, B, C, D, E and F pegmatite outcrops at surface, are between 50m and 120m long (see Figure 2).

The Phase 1 drilling campaign at Step Aside was undertaken from July to October 2022 and comprised 17 RC drill holes for 783 metres and 13 diamond drill holes for 853 metres (see Figure 2).

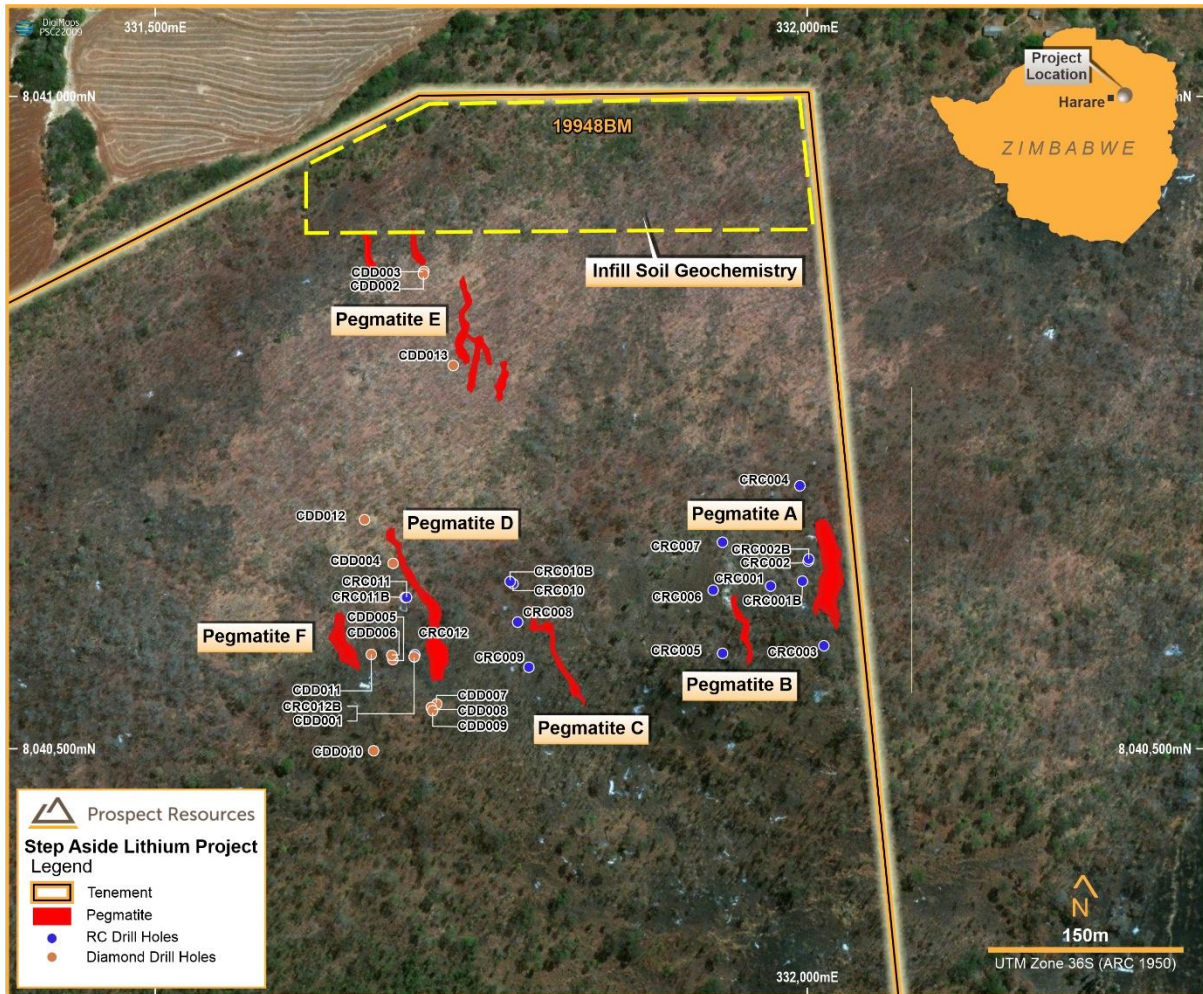


Figure 2: Completed Phase 1 drilling campaign at Step Aside with pegmatite outcrops marked

Phase 1 drilling covered less than 10% of the Step Aside Project claim area, leaving significant potential for further lithium discoveries across this prospective ground holding.

Based on the encouraging drilling intersections returned last year, the Company will also complete additional geochemical soil sampling at the northern end of the claim adjacent to Pegmatite E, which was not completely covered by initial exploration of Step Aside in 2018.

This release was authorised by Sam Hosack, CEO and Managing Director.

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About Prospect Resources Limited (ASX: PSC, FRA:5E8)

Prospect Resources Limited (ASX: PSC, FRA:5E8) is an ASX listed company focused on the exploration and development of mining projects, specifically battery and electrification metals, in Zimbabwe and the broader sub-Saharan African region.

About Lithium

Lithium is a soft silvery-white metal which is highly reactive and does not occur in nature in its elemental form. In nature it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. Lithium has the highest electrochemical potential of all metals, a key property in its role in lithium-ion batteries.

Caution Regarding Forward-Looking Information

This announcement may contain some references to forecasts, estimates, assumptions, and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are in United States currency, unless otherwise stated.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.