



QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 MARCH 2023

Prospect Resources Ltd (ASX: PSC, FRA:5E8) (**Prospect or the Company**) is pleased to report on its activities undertaken during the March 2023 quarter.

Summary

- Commencement of a 2,000 metre, Phase 2 diamond drilling program at the Step Aside Lithium Project in Zimbabwe, following encouraging results from initial drilling.
- Exploratory Phase 1 RC drilling completed at the Omaruru Lithium Project in Namibia.
- Assay results returned from Phase 1 program at Omaruru outlined a new, near-surface shallow-dipping discovery of lithium mineralisation in the southern Brockmans zone and confirmed historical drilling results at Karlsbrunn.
- Follow-up drilling programme designed to target strike and depth extensions at both Brockmans and Karlsbrunn expected to commence during Q2 2023.
- Stage 1 earn-in on Omaruru progressing efficiently and expected to be achieved in current quarter; Prospect investing US\$1.0 million over 12 months to reach a 40% project interest.
- At 31 March 2023, Prospect held A\$28.5 million cash and zero debt.
- High grade lithium underground adit samples and prospective soil geochemical assay results for Omaruru were released post the end of the quarter.

Prospect Managing Director and CEO, Sam Hosack, commented:

"It has been another productive quarter with drilling activities progressing at our two high-quality lithium exploration assets. We have commenced a Phase 2 diamond drilling program at Step Aside designed to deliver up to 2,000m of step-out drilling. This program was based on the Phase 1 assays returning encouraging grades and widths of high-grade lithium mineralisation, predominantly as spodumene."

"Phase 1 drilling at our Omaruru Project was also recently completed with confirmation of the existence of high-grade lithium mineralisation. We are currently planning the next phase of work at Omaruru which is expected to encompass both RC and diamond drilling at the Karlsbrunn and Brockmans prospects. Underground adit sampling at Karlsbrunn also produced excellent results."

"In addition, encouraging assay results from our recent soil geochemical sampling programs have generated numerous regional 'blind' pegmatite targets, with priority areas to be tested with shallow exploratory drilling."

"The Company remains well-funded ahead of our future exploration and drilling activities, with strong cash reserves of approximately A\$28.5 million. Thus far, the results from the Phase 1 drilling programs at Step Aside and Omaruru have validated our strong conviction in these assets. We will

continue to pursue our ambitious exploration programs, which will provide an extensive pipeline of news flow over the coming months. I look forward to updating our shareholders as our project generation activities progress throughout the year.”

Project Development

Omaruru Lithium Project (Namibia); current 20% interest, earning to 40%, and potentially up to 85% PSC

The Omaruru Lithium Project, comprising a single Exploration Prospecting Licence EPL 5533 tenement, is centred on the village of Wilhelmstal, east of Karibib in Namibia and covers 175 square kilometres (see Figure 1). The tenement is situated near several mining developments, including Osino's Twin Hills Gold Project 20 km to the northwest and Lepidico's Karibib Lithium Project, located 10 km to the southwest.

EPL 5533 contains 60 visible outcropping LCT pegmatites, with historical artisanal workings for gemstones common throughout the tenement and considerable prospectivity for the identification of further lithium-enriched deposits occurring below cover in the region.

Prospect currently holds a 20% interest in Omaruru via its equivalent shareholding in Richwing Exploration (Pty) Ltd (Richwing), which is 80%-owned by Osino Resources Corp. (OSI.TSXV). Prospect is currently earning a further 20% interest in Richwing (and thus Omaruru) via an investment of US\$1m over a 12-month period (refer Prospect ASX Announcement dated 29 September 2022). Upon completion of the Stage 1 earn-in, Prospect will hold a 40% stake in Richwing, and thus the Omaruru Project.

Following the completion of conditions precedent to its shareholder agreement with Osino Resources Corp., Prospect commenced a Phase 1 RC drilling program at Omaruru in September 2022. The initial RC program involved the drilling of 22 holes for 2,056 metres.

The Phase 1 program also consisted of initial geophysical and geochemical exploration activities along with a Ground Penetrating Radar (GPR) survey, airborne DTM survey and soil sampling.

Prospect collected three 50kg bulk samples of identified lithium mineralisation from the Karlsbrunn, Brockmans and Hillside deposits. The samples are currently undergoing early-stage metallurgical test work and evaluation in South Africa.

On 14 February 2023, Prospect announced the completion of Phase 1 RC drilling at Omaruru across the Karlsbrunn and Brockmans deposits.

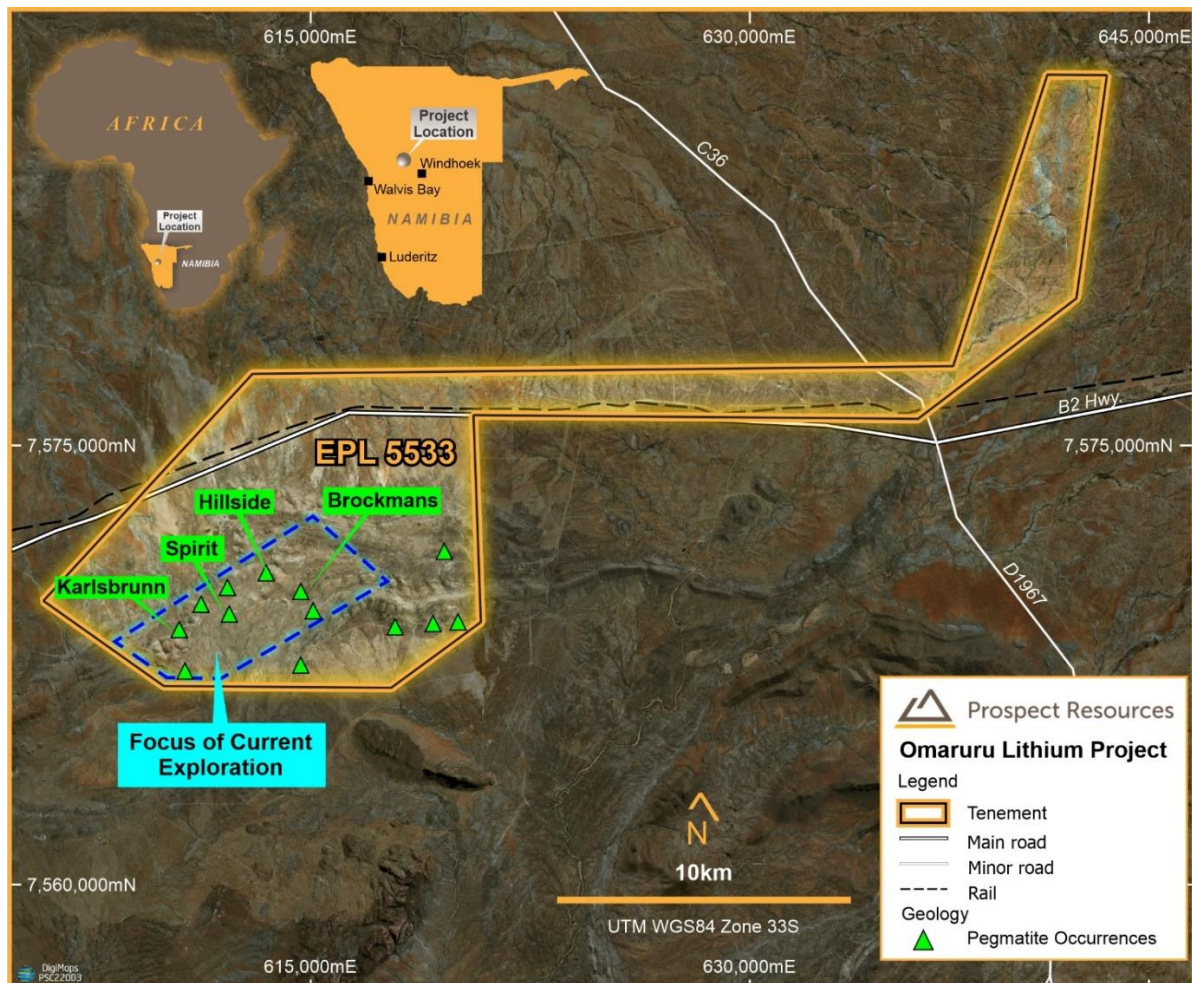


Figure 1: Location of the Omaruru Lithium Project tenement in Namibia

Karlsbrunn

Significant intersections were returned from the recent Phase 1 drilling at Karlsbrunn (see ASX announcement dated 28 March 2023), and included:

- **8m @ 0.99% Li₂O from 6m (OMR010)**
- **11m @ 0.95% Li₂O from 51m (OMR004)**
- **10m @ 0.88% Li₂O from 35m (OMR006)**
- **10m @ 0.82% Li₂O from 15m (OMR007)**
- **11m @ 0.80% Li₂O from 35m (OMR003)**

The Company is not aware of any new information or data that materially affects the information included in the 28 March 2023 announcement. Drill hole locations are shown in Figure 2.

These results show robust lithium grades and pegmatite widths across the deposit and are broadly in line with the initial drilling of Karlsbrunn completed by Osino Resources in 2020 and previously reported by Prospect (see ASX announcement dated 29 September 2022).

The Company is not aware of any new information or data that materially affects the information included in the 29 September 2022 announcement.

The lithium mineralisation appears zoned either side of an unmineralised quartz core at Karlsbrunn, dominated by lepidolite and petalite, and hosted in a folded sequence of marbles and calc-silicates.

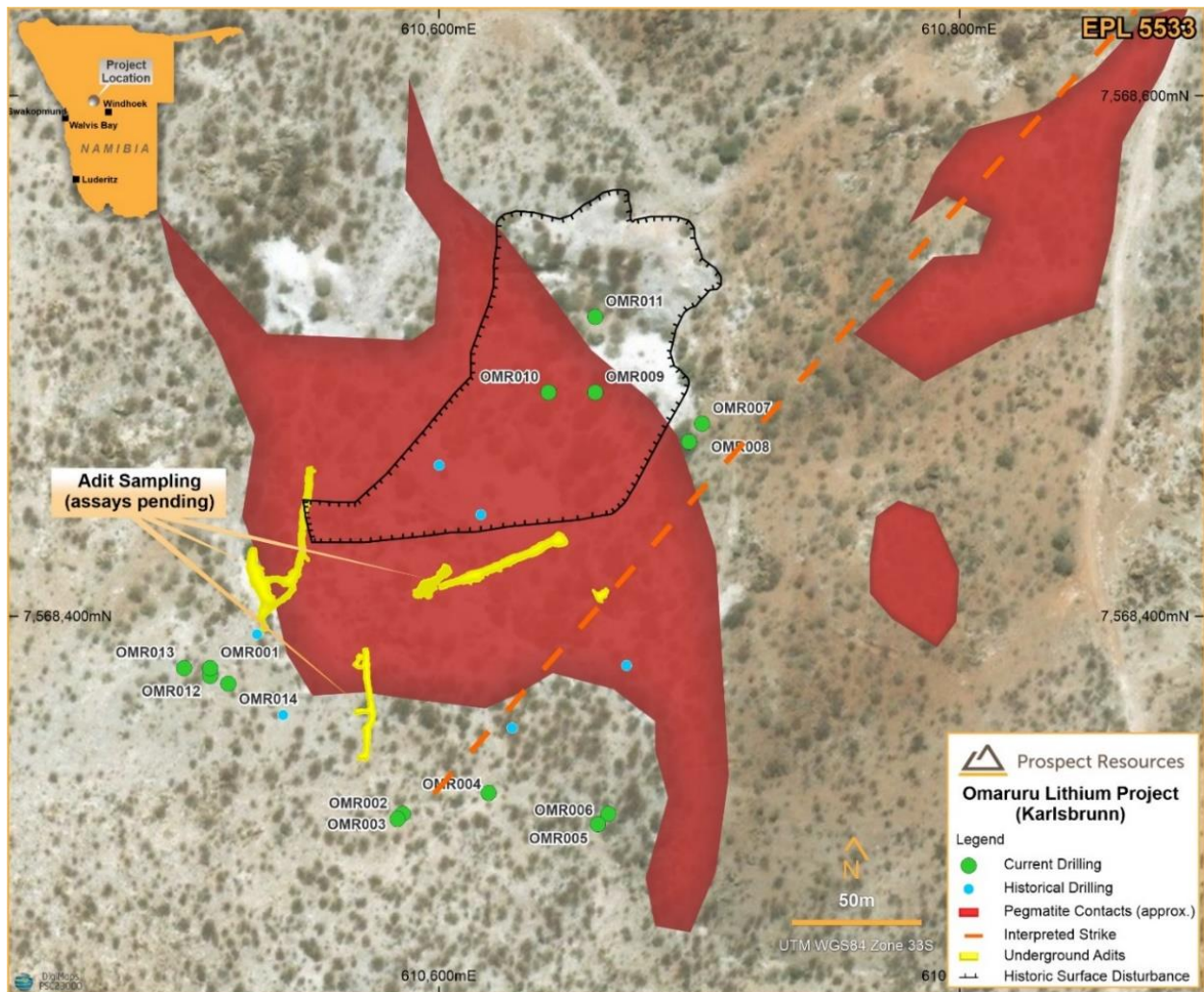


Figure 2: Location map showing completed RC drill holes at Karlsbrunn

Brockmans

The Brockmans deposit is located just over 4km to the northeast of Karlsbrunn. Assay results returned from the Phase 1 RC drilling programme were highly encouraging with two adjacent holes completed in the southwest zone evidencing a new discovery of continuous lithium mineralisation. Drill hole locations and mapped extent of the Brockmans deposit are shown below in Figure 3. A drilling cross section through the mineralised pegmatite is shown in Figure 4.

Historical drilling was completed at the northern end of Brockmans by Osino Resources in 2020 (light blue dots in Figure 3). This work targeted artisanal workings with visual lithium mineralisation as lepidolite in that vicinity, but the drilling returning only low lithia (Li_2O) grades from narrow pegmatite intersections.

Significant lithium mineralisation returned from the recent southern Brockmans RC drilling (see ASX announcement dated 28 March 2023) includes:

- **6m @ 1.30% Li_2O from 13m within 14m @ 0.79% Li_2O from 13m (OMR018)**
- **7m @ 0.90% Li_2O from 17m and 8m @ 0.60% Li_2O from 28m (OMR022)**

The Company is not aware of any new information or data that materially affects the information included in the 28 March 2023 announcement.

Like Karlsbrunn, mineralisation at Brockmans is dominated by lepidolite and petalite, although cookeite is also present. The mineral cookeite can form from the alteration of lepidolite, spodumene or amblygonite, although neither of the latter minerals have been identified to date at Omaruru.

The results at Brockmans indicate a significant thickening of the pegmatite in the south, which is considered a key aspect for the zoning of lithium mineralisation in the Karibib District (e.g. Karlsbrunn).

The limited drilling undertaken at Brockmans indicates significant prospectivity and scope for identifying larger tonnages of higher-grade lithium mineralisation within the Omaruru Project region.

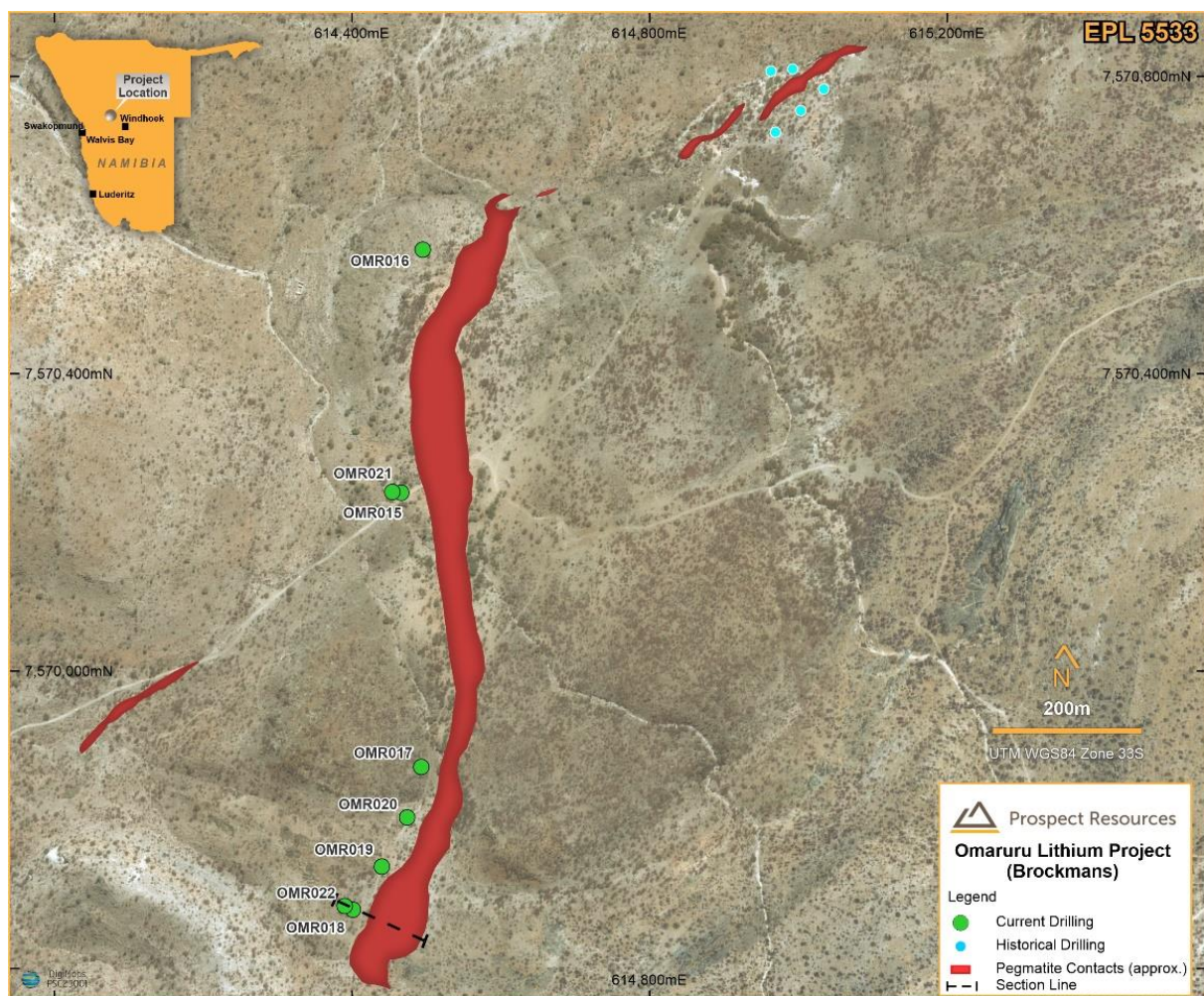


Figure 3: Location map showing completed RC drill holes at Brockmans

Post Quarter End Activities

On 26 April 2023, Prospect released high grade lithium assay results from its underground adit sampling at the Karlsbrunn prospect at Omaruru. The work identified extensive horizontal intersections of mineralisation, and the data set will be used to complement the drill hole data, in completing a maiden Mineral Resource estimate for Karlsbrunn later this year.

Additionally, multi-element soil geochemistry programs conducted across regional areas of the Omaruru Project, outlined significant coherent anomalies conducive to 'blind' LCT pegmatite drilling targets, which will be tested by shallow, scout drilling programs during Q2 2023 in priority positions.

The Company is not aware of any new information or data that materially affects the information included in the 26 April 2023 announcement.

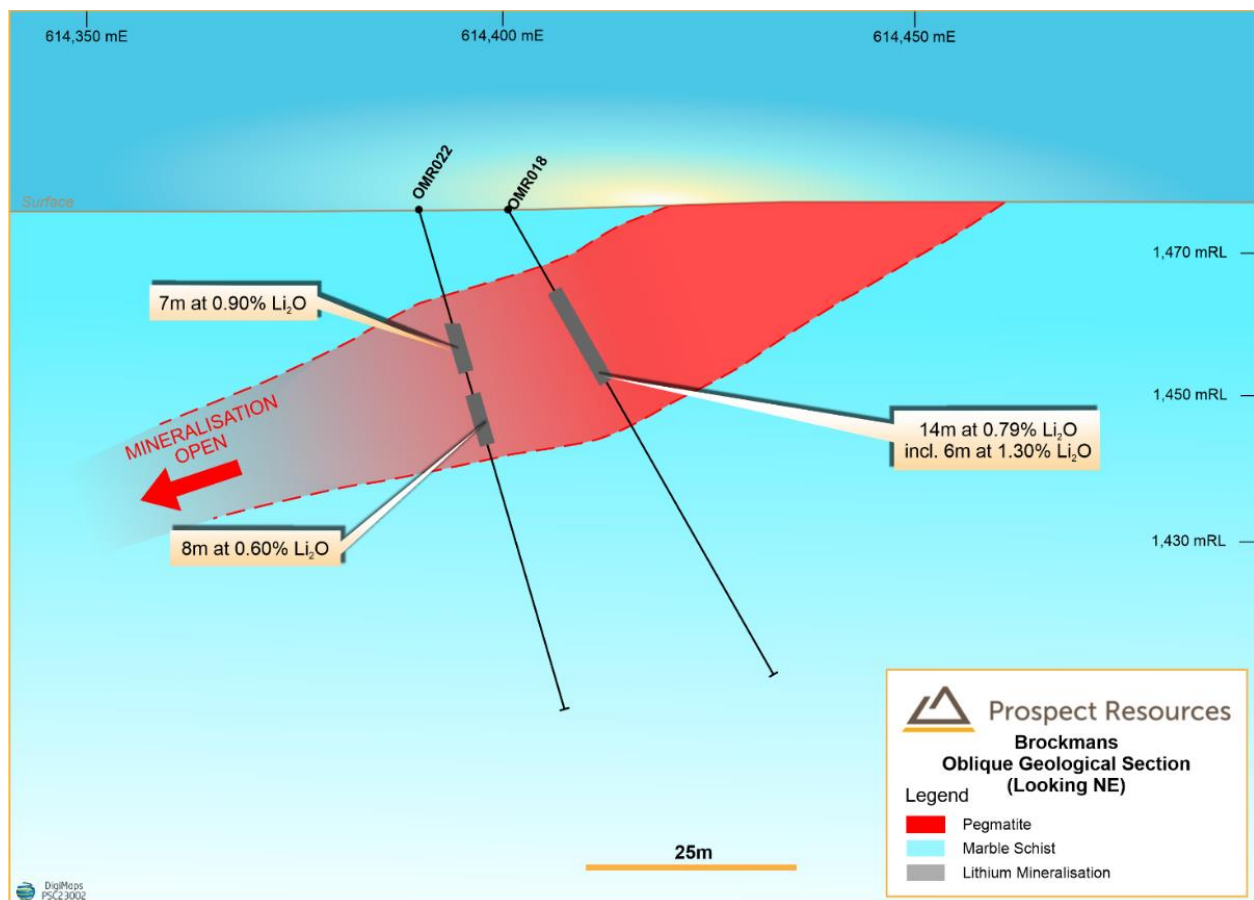


Figure 4: Drilling cross section showing continuous robust grades at Brockmans

Step Aside Lithium Project (Zimbabwe); 100% PSC

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 5).

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

The lithium potential of this area was confirmed by positive historical regional stream and soil sample geochemistry results. Six mineralised pegmatites (Pegmatites A to F) have been mapped on the

eastern side of the tenement, within a meta-dolerite host rock. These pegmatites are parallel to each other, lying in a north-south orientation and have dip angles averaging 40-45° to the west, as mapped at the surface.

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 6).

Prospect commenced its initial RC and diamond drilling programme at Step Aside in early July 2022, targeting lateral, depth and strike extents of the outcropping, surface pegmatites mapped and identified at Step Aside. The objective of this program was to delineate the geometry and grade of the pegmatites and the nature of the lithium mineralisation. The Phase 1 drilling programme was completed in October 2022 (see Figure 6 for drill collar location plan for the completed drilling programme).



Figure 5: Locality Map of Step Aside Lithium Project, within 8km north of Arcadia

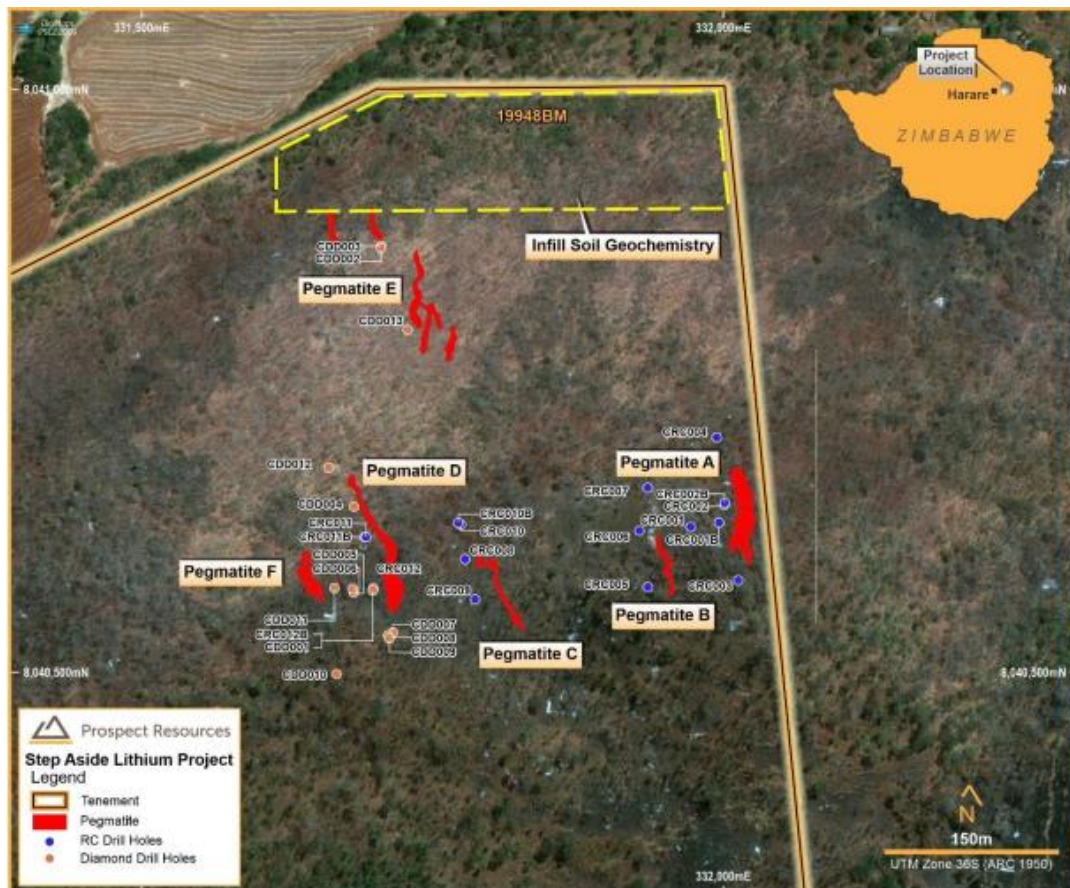


Figure 6: Step Aside Project showing lithium mineralised pegmatite locations

Very encouraging grades and widths of high-grade lithium mineralisation (primarily as spodumene) were returned from this programme, with three of the targeted pegmatites indicating potential economic lithia grades including:

- 7.4m @ 1.28% Li_2O from 43.6m (CDD013) - Pegmatite E
- 6.1m @ 1.49% Li_2O from 82.2m (CDD011) - Pegmatite D
- 4.4m @ 1.43% Li_2O from 52.6m (CDD006) - Pegmatite D
- 4.3m @ 1.15% Li_2O from 19.2m (CDD013) - Pegmatite E
- 9.0m @ 1.02% Li_2O from 38.0m (CRC011B) - Pegmatite D
- 8.0m @ 1.09% Li_2O from 53.9m (CDD001) - Pegmatite D
- 6.0m @ 1.05% Li_2O from 17.0m (CDD007) - Pegmatite D
- 7.0m @ 0.82% Li_2O from 24.0m (CRC001B) - Pegmatite A

Details are included in Prospect ASX announcement dated 20 October 2022. The Company is not aware of any new information or data that materially affects the information included in the 20 October 2022 announcement.

During February 2023, Prospect commenced its Phase 2 diamond drilling campaign, designed to build upon the success of the initial Phase 1 campaign. The program is designed to deliver up to

2,000 metres of step-out drilling targeted at strike and dip extensions of the key identified pegmatite bodies at Step Aside, the so-called “Colga D”, “E” and “F” pegmatites.

As at the end of the quarter, the Phase 2 diamond drilling program is well advanced with all assays expected to be returned during Q2 2023.

Based on the encouraging drilling intersections returned last year, the Company also completed additional geochemical soil sampling at the northern end of the claim adjacent to Pegmatite E, and infill soil sampling, south of Pegmatites D and F, which were not completely covered by initial exploration of Step Aside during 2018. Results are pending.

Corporate

Non-Executive Director Appointment

On 23 January, Prospect appointed Mr Gaurav Gupta to the Prospect Board as a non-executive director. Mr Gupta replaced Mr Dev Shetty who retired from the Prospect Board. Mr Gupta has over 25 years’ experience in international trade and is a qualified Chartered Accountant. He holds a Bachelor of Commerce Degree from the University of Delhi.

Mr Gupta manages a Monetary Authority of a Singapore (**MAS**) registered family office with high-growth investment holdings across the mineral and biotech industries. Within the mining sector, these investments encompass base and precious metals, coloured gemstones, and the broader Electric Vehicle (EV) supply chain, including a major holding in Prospect Resources through Eagle Eye Asset Holdings Pte Limited (Eagle Eye). Mr Gupta is being appointed to the Prospect Board as a nominee of Eagle Eye.

Project Generation

The Prospect business development and exploration teams have continued to develop and evaluate a pipeline of prospective battery and electrification mineral targets throughout sub-Saharan Africa. Project generation activities are advancing, and the Company is well capitalised and positioned to identify, assess, invest and advance projects that have the potential to meet scale and grade criteria hurdles.

Cash Balance

Prospect finished the quarter with a cash balance of approximately A\$28.5 million and zero debt (excluding typical trade creditors).

Issued Capital

The Company confirms it currently has 462,259,462 ordinary shares on issue and zero options outstanding.

Appendix 5B – Related Party Payments

During the Quarter, the Company made payments of A\$410,000 to related parties and their associates.

This release was authorised by Sam Hosack, Managing Director of Prospect Resources Ltd.

For further information, please contact:

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Ian Goldberg
Chief Financial Officer
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About Prospect Resources Limited (ASX: PSC, FRA:5E8)

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

Competent Persons Statements

The information in this announcement that relates to Exploration Targets and Exploration Results, 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 Consultant 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.

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.

APPENDIX A: PROSPECT TENEMENT SCHEDULE

As at 31st March 2023, Prospect Resources Limited has interests in tenements via the following companies:

- 1) Eagle Lithium Resources (Private) Ltd – Step Aside Project
- 2) Richwing Exploration (Pty) Limited – Omaruru Project

Tenement Type & Number	Tenement Name	Country	Project	Registered Company Name	% Held at End of Quarter	% Acquired During Quarter	% Disposed During Quarter
ME19948BM	Step Aside	Zimbabwe	Step Aside	Eagle Lithium	100%	0%	0%
EPL 5533	Omaruru	Namibia	Omaruru	Richwing Exploration	20%	0%	0%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PROSPECT RESOURCES LIMITED

ABN

30 124 354 329

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	0	0
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(371)	(475)
	(b) development	0	0
	(c) production	0	0
	(d) staff costs	(996)	(2,144)
	(e) administration and corporate costs	(219)	(981)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	372	754
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)	0	0
1.9	Net cash from / (used in) operating activities	(1,214)	(2,846)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	0	0
	(b) tenements		0
	(c) property, plant and equipment	0	(95)
	(d) exploration & evaluation (if capitalised)	(202)	(1,407)
	development expenditure	0	0
	(e) investments	(278)	(1,145)
	(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	1
	(d) investments	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
	Net proceeds from assets held for sale		
	Cash flows for loans to minority interest		
	Interest received		
2.6	Net cash from / (used in) investing activities	(480)	(2,646)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	3,405
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	(365,186)
3.9	Other (return of capital)	0	(78,584)
3.10	Net cash from / (used in) financing activities	0	(440,365)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30,264	474,288
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,214)	(2,846)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(480)	(2,646)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	(440,365)
4.5	Effect of movement in exchange rates on cash held	(118)	21
4.6	Cash and cash equivalents at end of period	28,452	28,452

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	455	475
5.2	Call deposits	25,420	26,071
5.3	Bank overdrafts	0	0
5.4	Other (provide details)		
	US dollars at bank	2,555	3,674
	Zimbabwe dollars at bank	3	1
	Petty cash	19	43
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,452	30,264

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(410)

0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

In addition to the standard quarterly payments made for directors' fees and associated superannuation, the current quarter payment includes amounts paid to directors as fee in consideration for consultancy services rendered and special exertions made in contribution to corporate transactions during the year to 30 June 2022.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	0	0
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,214)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(448)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,662)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	28,452
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	28,452
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	17.12
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/a	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/a	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/a	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023

Authorised by: Sam Hosack
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.