Prospech Limited
ABN 24 602 043 265

7 March 2022

ZEMPLIN PROSPECT PHASE 2 DRILLING COMMENCED
DRONE MAGNETICS COMPLETED

- **Zemplin Phase 2 drilling has commenced**
- **New drill program tests strike and depth potential of previously discovered, high-grade mineralisation (up to 1,220 g/t silver)**
- **Drone magnetics survey completed, with results to guide future exploration and drill planning**
- **Highly detailed LIDAR topographical survey completed over the entire Cejkov-Zemplin exploration licence**

Set up on the first hole of the Zemplin Phase 2 drilling program which is designed to test the strike and depth potential of a fully preserved silver and base metal mineralised system.

The Directors of Prospech Limited ('Prospech' or 'the Company') (ASX: PRS) are pleased to advise that Phase 2 drilling has commenced at the Zemplin silver-lead-zinc prospect within the Cejkov-Zemplin exploration licence, located in the Eastern Slovakian neovolcanic belt.

Zemplin is a high-grade, silver rich epithermal vein system discovered by the Slovak Government and Rio Tinto in the 1990s, which, until recent drilling by Prospech, was never followed up.

This program follows the successful Prospech drilling in April 2021 which intersected over 40 epithermal veins hosted within zones of hydrothermally altered rhyodacitic and andesitic volcanics.

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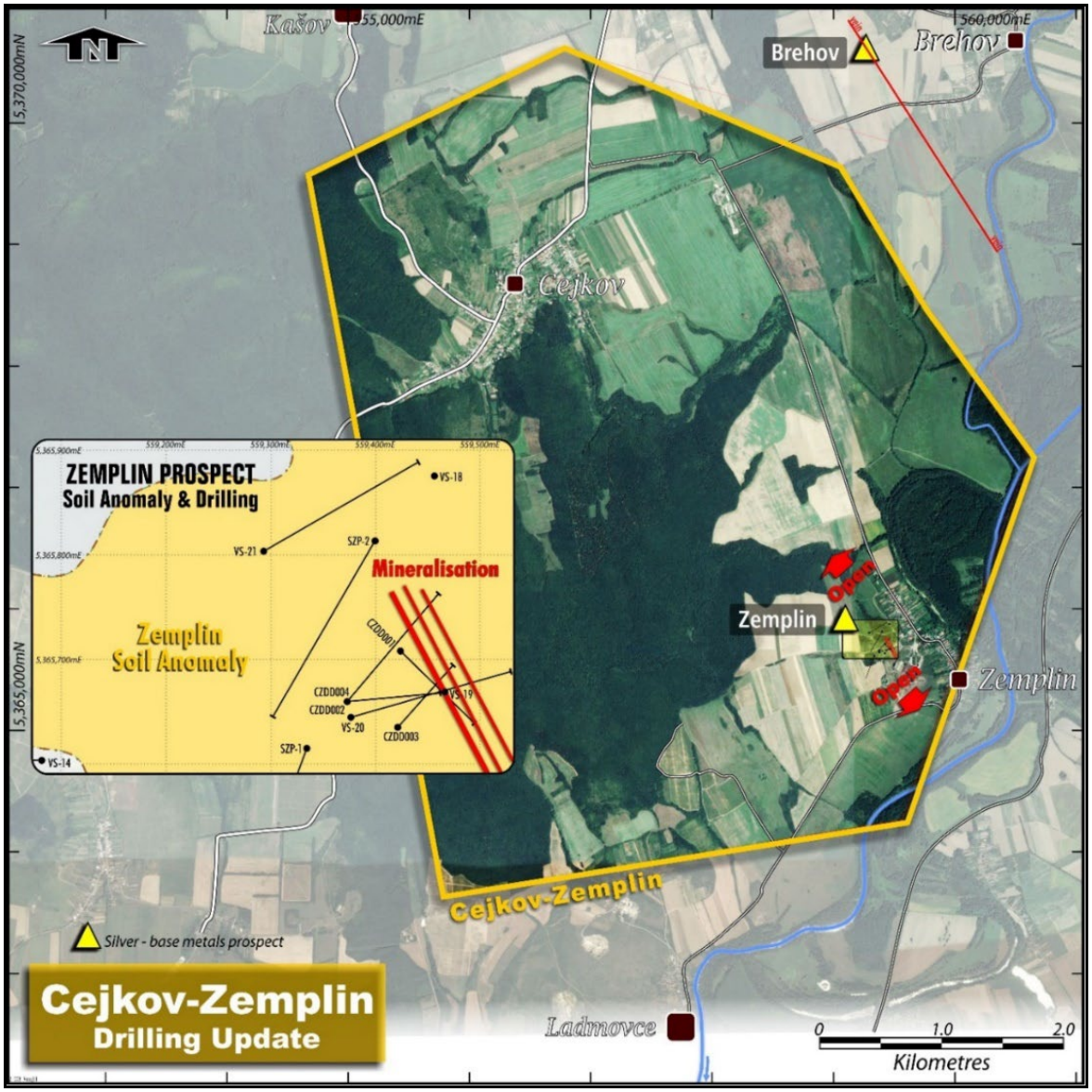
The 2022 field season has commenced early at Zemplin, and ahead of planned drilling at the Company's flagship Hodrusa and Nova Bana tenements, due to its lower-level topography and more temperate climate.

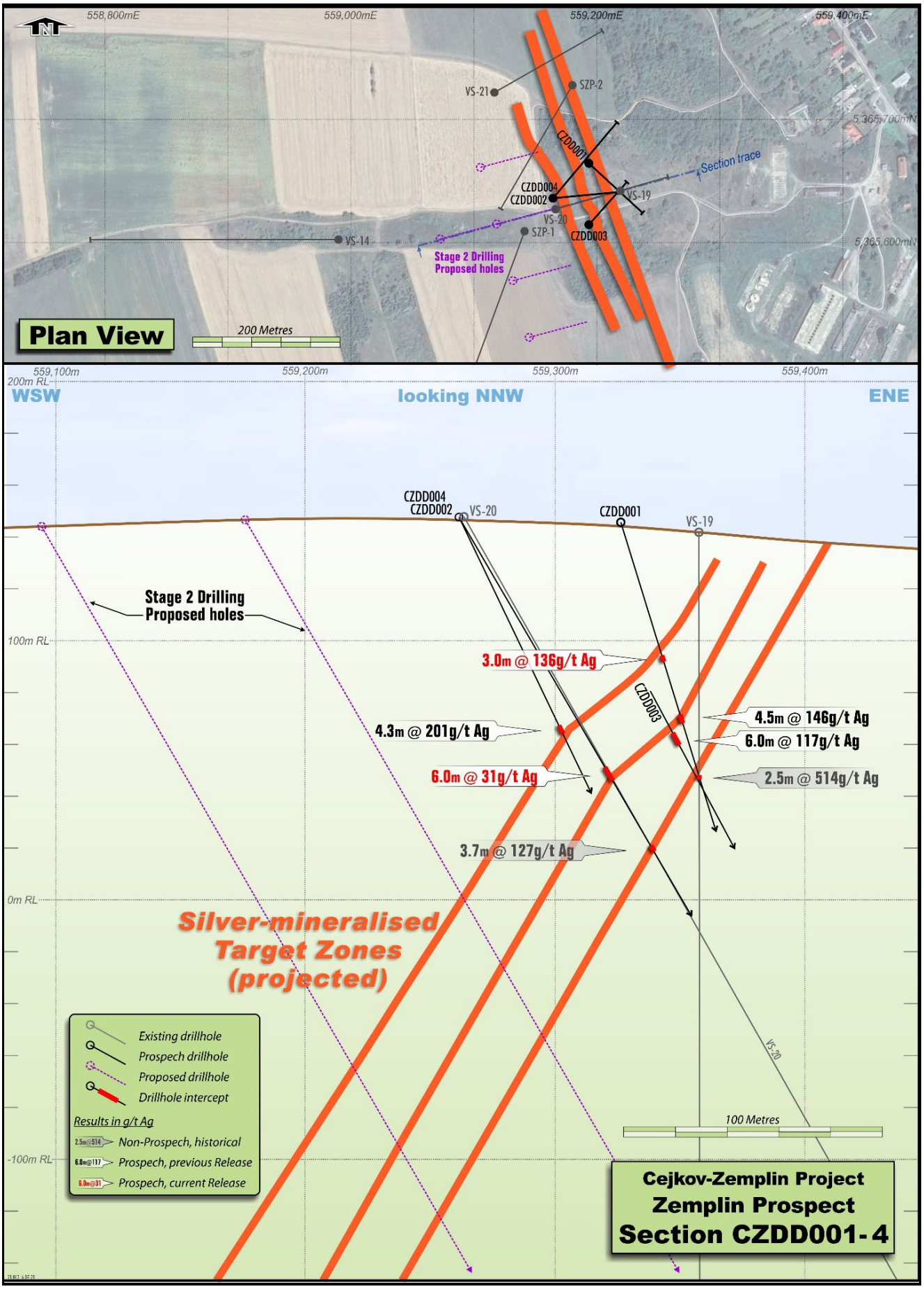
Recently, the Company's geologists, together with French contractor Terremys of Strasbourg, completed a detailed drone magnetics survey which, whilst not critical to the planning of the Zemplin Phase 2 drilling, will guide future drilling within the Cejkov-Zemplin exploration licence.

Results from the Phase 1 drilling at Zemplin include:

- **CZDD001:** 3.0m @ 136 g/t Ag from 59.0m
  and 4.5m @ 147 g/t Ag from 85.3m
  including 2.3m @ 240 g/t Ag from 87.5m
- **CZDD002:** 6.0m @ 30 g/t Ag from 111.0m
- **CZDD003:** 6.0m @ 117 g/t Ag from 94.0m
  including 1.8m @ 291 g/t Ag from 97.2m
- **CZDD004:** 4.4m @ 34 g/t Ag, from 49.6m
  and 4.3m @ 201 g/t Ag from 92.5m
  including 0.5m @ 1,220 g/t Ag from 92.5m



The main silver zone is now interpreted as being hosted in a series of parallel structures trending further west of north than previously interpreted. Drilling is planned at depth and along strike.


Plan View
558,800mE
559,000mE
559,200mE
559,400mE
5,365,700mN
5,365,600mN
VS-21
SZP-2
CZDD001
Section trace
CZDD004
CZDD002
VS-19
VS-20
SZP-1
CZDD003
VS-14
Stage 2 Drilling
Proposed holes
200 Metres
559,100m
559,200m
559,300m
559,400m
200m RL
WSW
looking NNW
ENE
CZDD004
CZDD002
VS-20
CZDD001
VS-19
Stage 2 Drilling
Proposed holes
100m RL
3.0m @ 136g/t Ag
CZDD003
4.3m @ 201g/t Ag
4.5m @ 146g/t Ag
6.0m @ 117g/t Ag
6.0m @ 31g/t Ag
2.5m @ 514g/t Ag
3.7m @ 127g/t Ag
0m RL
Silver-mineralised
Target Zones
(projected)
Existing drillhole
Prospech drillhole
Proposed drillhole
Drillhole intercept
Results in g/t Ag
Non-Prospech, historical
Prospech, previous Release
Prospech, current Release
VS-20
100 Metres
-100m RL
Cejkov-Zemplin Project
Zemplin Prospect
Section CZDD001-4

A short video 'Prospech Limited – Field Update – March 2022 (ASX:PRS)'can be seen using the following link:

https://youtu.be/wm-ioe-T-44

Prospech Managing Director Jason Beckton comments:

"The Zemplin prospect is an underexplored, high-grade, silver rich epithermal vein system which, unusually for the Western Tethyan mineral belt, is mostly covered by a thin layer of younger rocks or sediments. The drone magnetics, along with a recently completed, very detailed LIDAR survey will provide valuable data to assist in planning the follow up drilling and the discovery of new targets.

Further west, on the Company's flagship Hodrusa exploration licence, drilling is planned to start once the Zemplin program has been completed and the summer field season commences. Prospective drill targets include those derived from the recent, successful, IP geophysics survey over the detachment fault (or LANF) which hosts the nearby and actively mined Rozalia gold deposit. A number of IP anomalies have been defined and a first-pass drilling program has been designed and is permitted.

Another exciting target to be drilled in 2022 is the large gold-silver rich historic Schopfer mine. This mine closed when the communist leaders decided to focus on base metals at Hodrusa leaving documented evidence of high-grade gold and silver shoots remaining at depth. These shoots are the target for Prospech's new drilling campaign at Schopfer."

This announcement has been approved by the Managing Director, Jason Beckton.

For further information, please contact:

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Competent Person's Statement

The information in this Report that relates to Exploration Results is based on information compiled by Mr Jason Beckton, who is a Member of the Australian Institute of Geoscientists. Mr Beckton, who is Managing Director of the Company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Beckton consents to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

pjn11155

JORC Code, 2012 Edition – Table 1 Zemplin Silver Prospect Drilling

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Rock chip grab samples **not reported in this report** were collected from outcrops, spoil heaps and accessible surface and underground workings of quartz veins, and zones of silicification, within Neogene volcanics under the supervision of a qualified geologist. • Sample locations were surveyed with a handheld GPS and marked into sample books.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling HQ3 size triple tube.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core is measure in the triple tube split before laying in the core boxes to ensure minimum disturbance and most accurate calculation of core recoveries. • Overall core recoveries have been very high at 98%. • Any relationship between core recovery and grade cannot be determined at this time, but due to the high core recovery, bias is considered very unlikely.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The complete core is logged in detail by qualified geologists. Core is photographed wet and dry. All core is oriented. Detail structural measurements are collected. Core logging is a combination of qualitative and quantitative information.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Approximately 1 to 2 Kg of material from each rock chip was sent to the laboratory for analysis. • All sampling done under supervision of a qualified geologist. • Core is manually split in to 2 equal halves using a diamond saw. The core is split along the core orientation reference line, where available. • Half-core is considered to be a high-quality and very representative method of sample. • Sample lengths are nominally 1 metre but vary to honour geological contacts.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples are stored in a secure location in Companies storage facilities and transported to the ALS laboratory in Romania for sample preparation of fine crush, riffle split and pulverizing of 1kg to 85% < 75µm. • Pulps are analyzed by ALS Romania using method code ME-ICP61, a 33 element determination using a four acid digestion and 30 gram charge fire assay with AA finish (Au-AA25) for gold. Ore grades are analysed by OG62 – 4 acid digestion method for each element when identified. • Where Au repeatability is observed or where visible gold is observed, check assays are performed using the Screen Fire Assay technique. • Standards and blanks are included with each batch of drill core samples. • At this stage of the project, field duplicates and external laboratory checks are not employed in order to manage costs. Should a prospect advance to the resource estimation stage, this procedure will be reviewed.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Laboratory provides assay certificates, which are stored electronically both in ALS and Company's servers. • Laboratory CSV files are merged with GPS Location data files using unique sample numbers as the key. • No adjustments made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Rock chip samples are located using handheld GPS receivers with accuracy from 10-5m. • UTM projection WGS84 Zone 34N and local grid SJTSK03. Conversion between local and UTM grid is run through national certified web portal. • The topographic control, using handheld GPS, was adequate for the survey. • Drill collars are surveyed using a differential GPS or by triangulation depending of the tree cover and other environmental factors. • Downhole surveys are taken at nominal 50m intervals down the hole. Excessive deviation is not generally a problem in this field and this interval is considered sufficient. Downhole azimuth readings at magnetic and converted to Grid by adding 6.6 degrees.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• It is not yet determined whether the results from this drilling will be used in a mineral resource estimate.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• No bias is believed to be introduced by the sampling method. • Drilling is designed to intersect the target structure as close to normal as is possible given the constraints of topography and access. In this program no holes were drilled at acute angles to the target structure.
Sample security	• *The measures taken to ensure sample security.*	• Samples were delivered to ALS Minerals laboratory in Romania by Prospech trusted contractor and were not left unattended at any time. There were no incident reports from ALS lab on sample receiver cell.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of the data management system have been carried out.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• Prospech Limited, through subsidiaries and contractual rights, holds 100% rights on the Cejkov Zemplin tenement. • The laws of Slovakia relating to exploration and mining have various requirements. As the exploration advances specific filings and environmental or other studies may be required. There are ongoing requirements under Slovakian mining laws that will be required at each stage of advancement. Those filings and studies are maintained and updated as required by Prospech's environmental and permit advisors specifically engaged for such purposes. • The Company is the manager of operations in accordance with generally accepted mining industry standards and practices.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Anciently, the target was silver, the currency of the day, and more recently, during the Communist era, the targets were industrial base metals, copper, lead, zinc and others. As a result, much of the country, including the Company's exploration license areas, has not been subject to modern western exploration methodology or exploitation. • Communist-era base metal and coal production was substantial and smelting of aluminium and nickel (material imported from Hungary and Albania) was carried out. Coal, gold, silver, talc, anhydrite and

Criteria	JORC Code explanation	Commentary
		magnesite (and limestone, dolomite and gravel), bentonite, zeolite and industrial minerals are being mined in Slovakia today. An underground gold mine on a third party mining lease enclosed within the HHBS exploration license, the Rozalia Mine, continues in operation today, trucking a gravity/flotation concentrate to a smelter in Belgium. • Communist-era gold assays used in Government and private exploration programs have been proven to be unreliable and this must be taken into account when interpreting reports from the Communist era. • Prospech holds 100% of Cejkov Zemplin Exploration Concession which has been explored in the past by the Slovak Geological Survey pre 1990s, RTZ (Rio Tinto Zinc) in the late 1990s and Arc Minerals predecessor Ortac Minerals Plc in 2011 to 2012. • The Cejkov Zemplin concession is located approximately 66 kilometres south of Eastern Regional city of Kosice in Slovakia, a country member of the European Union and Eurozone.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Located on the Bogrom river the Zemplin prospect is part of the 29.23 Km2, 100%-owned Cejkov-Zemplin Licence, located in eastern Slovakia. Zemplin is prospective for epithermal precious metals and base metals vein-style mineralization in Neogene Volcanics as per the company's projects at Hodrusa, Nova Bana, Rudno and Pukanec.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		All below WGS 84 Zone 34N Grid
		
		Collar Coordinates
		
		DH_Collar
		Hole_ID / UTM_East / UTM_North / RL / Max_Depth
		CZDD001 / 559323 / 5365708 / 146 / 197.5
		CZDD002 / 559273 / 5365660 / 148 / 177.75
		CZDD003 / 559323 / 5365623 / 144 / 147.5
		CZDD004 / 559272 / 5365659 / 148 / 271.7

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• The default sample interval is 1 metre but this may vary to take into account geological boundaries. Aggregate intercepts are length-weighted, and no cutting of high grades is considered necessary. • Lower cut off of 20 g/t Ag was used. • Table below details all intersection with silver grades of 20 g/t or greater over a drilled interval of 0.5m or greater • Yellow highlight indicates new results.

Hole_ID	Including	mFrom	mTo	mThick	Ag_ppm	Cu_%	Pb_%	Zn_%
CZDD001		59.0	62.0	3.0	136	0.01	0.02	0.01
CZDD001	including	59.0	60.0	1.0	324	0.02	0.04	0.01
CZDD001		66.0	67.0	1.0	22	0.00	0.03	0.00
CZDD001		85.3	89.8	4.5	147	0.02	0.17	0.05
CZDD001	including	87.5	89.8	2.3	240	0.02	0.21	0.05
CZDD001		128.0	129.0	1.0	25	0.02	0.20	0.78
CZDD001		134.0	135.0	1.0	22	0.04	0.27	1.25
CZDD001		139.0	140.0	1.0	20	0.01	0.02	0.07
CZDD001		159.0	160.0	1.0	27	0.01	0.03	0.26
CZDD002		96.0	97.0	1.0	24	0.01	0.02	0.18
CZDD002		111.0	117.0	6.0	31	0.01	0.03	0.04
CZDD003		82.5	83.5	1.0	34	0.00	0.03	0.01
CZDD003		94.0	100.0	6.0	117	0.02	0.17	0.01
CZDD003	including	97.2	99.0	1.8	291	0.01	0.26	0.02
CZDD003		113.7	114.2	0.5	202	0.02	0.57	1.35
CZDD003		143.8	144.7	0.9	23	0.00	0.01	0.04
CZDD004		49.6	54.0	4.4	34	0.00	0.02	0.01
CZDD004		60.0	61.1	1.1	25	0.01	0.01	0.02
CZDD004		92.5	96.8	4.3	201	0.01	0.11	0.02
CZDD004	including	92.5	93.0	0.5	1220	0.00	0.10	0.02

• Metal equivalents are not reported

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All drill holes results returned from four-hole program. • All thickness reported are down-hole • At this stage the relationship between drilled width and true width cannot be reliably estimated.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The location and results received for drill-core samples are displayed in the attached maps and/or tables. Coordinates are UTM Zone 34N.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results for all mineralised samples collected in this program are displayed on the attached maps and/or tables.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No metallurgical or bulk density tests were conducted at the project by Prospech.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further drilling has been planned at Zemplin to test the silver-bearing lodes along strike and at depth.