



PROSPECH LIMITED
and its controlled entities

A.B.N. 24 602 043 265

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

30 JUNE 2023

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PROSPECH LIMITED
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**PROSPECH LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

The Directors of Prospech Limited (**the Company** or **Prospech**) present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half-year ended 30 June 2023.

Directors

The names of the Directors of the Company in office during the half year period and until the date of this report were:

Thomas Mann – Chairman since 26 September 2014

Jason Beckton – Director and Chief Executive Officer since 26 September 2014

Peter Nightingale – Director and Chief Financial Officer since 26 September 2014

John Levings – Director since 17 May 2016

Stephen Gemell – Director since 4 March 2021

Highlights

Finland – Rare Earth Elements and Lithium Projects (51% owned)

- Secured exclusive rights to earn 100% interest in Korsnäs and Jokikangas rare earth elements (**REE**) and Saarenkylä lithium projects.
- Analysed drill core samples from six historic holes, confirming expanded Korsnäs REE mineralisation:
 - KR-289 intersected 18.3m @ 13,201 ppm total REE oxides (**TREO**) starting from 51.7m depth.
 - Consistent high enrichment of Neodymium/Praseodymium (**NdPr**) at an average of 26% in the sampled holes.
- Additional Korsnäs drill core accessible for further logging and sampling.
 - Acquired supplementary data from the GTK Outokumpu archive which, when compiled, will enhance the historical drilling database.

Slovakia – Strategic and Precious Metal Projects

- Rock chip samples at the Kolba project reveal high-grade copper-cobalt-silver findings.
- Ongoing diamond drilling operations at the Kolba site.
- Recent identification of stratabound mineralisation, distinct from veins, with promising implications for continuous mineral presence.
- Standout assay results include 4.5% copper, 1,785 ppm cobalt, and 796 g/t silver.
- Overall assay results average 1.9% copper, 622 ppm cobalt, and 106 g/t silver.

Accelerated exploration program coincides with EU announcing Critical Raw Materials Act, setting targets for key raw materials.

Corporate

- Completed an entitlement offer and a placement to raise \$2.6 million to advance exploration of the Company's exploration projects in Finland and Slovakia.
- Earned 51% ownership of Bambra Oy, the holder of the Finland projects.
- Full ownership of Bambra Oy anticipated during 2023.

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Review of Operations

Finland Projects

Finland is recognised as a favourable location for mining activities within the European Union. It was ranked ninth globally in the 2021 Fraser Institute Annual Survey of Mining Companies, particularly in terms of the Policy Perception Index. Additionally, it secured the 13th position in the Investment Attractiveness Index, surpassing other regions such as Queensland, New South Wales, and Victoria.

Prospech's geologic team has prior experience operating in Finland and the strategic, staged acquisition of Bambra Oy brings on board a dedicated local permitting and administration team with extensive knowledge and experience in the country.

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Location map of Prospech's projects in Finland.

The Geological Survey of Finland (**GTK**) has completed extensive mapping and sampling of the mineralised horizons and Prospech now aims to prioritise grade and tonnage potential of each occurrence to plan and permit exploration drilling of identified targets.

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DIRECTORS' REPORT

Korsnäs – REE Project

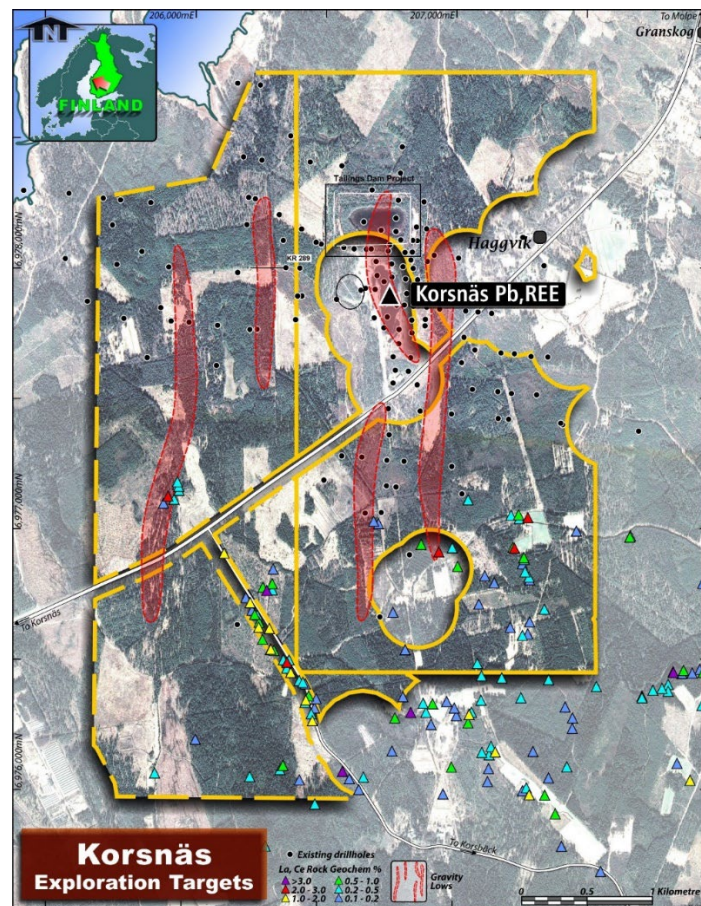
The Korsnäs REE project surrounds a lead mine that operated from 1959 to 1972, extracting 0.87 million metric tons of ore with an average lead content of 3.6%. The mine also produced a concentrate containing lanthanides. Recently uncovered archived information indicates that between 1966 and 1972 the mine yielded 47,150 metric tons of lanthanide concentrate with an average lanthanum grade of 3.12% Ln (the grades of other REEs were not recorded).

In addition to the REEs found within the mine, there are several other exploration targets that were drilled by Outokumpu from the 1950s to the 1970s. Although the Outokumpu exploration focus was on discovering lead mineralisation, some drilling identified zones of carbonatite that may contain RREs. Many of these carbonatites were not sampled if no visible ore grade lead was present in the drill core.

One example is drill hole KR-289, located on a parallel structure west of the main mine. It intercepted a significant section of 18.3 metres with a TREO content of 1.32%, including high concentrations of Neodymium (3,070 ppm), Praseodymium (745 ppm), and Dysprosium (75 ppm). This intercept occurred in an untouched parallel zone, showing strong enrichment of NdPr, with an average of 26% in the sampled holes.

GTK holds core samples from over 200 additional historical drill holes, which will be examined and, if appropriate, sampled and analysed. Prospech geologists are completing sampling of previously drilled core which has a total estimated drilling cost of \$6 million.

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Korsnäs Project showing re-interpreted historical gravity data and targets.

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In addition to the hard rock REE structures to be sampled, the Korsnäs mine's tailings storage facility, 81% of which falls within the Korsnäs tenement, has an estimated total volume of 0.57 million cubic metres, determined through the analysis of up-to-date LIDAR topographic data. Assay results from four recent grab samples taken from the surface of the tailings storage facility showed an average TREO content of 4,140 ppm.

Jokikangas – REE Project

The project encompasses an area of 28.37 km², consisting of two blocks known as Jokikangas and Honkamäki. Within this area, elongated bodies containing up to 2% REEs are characterised by sericitic alteration and have a spatial association with pegmatites. The mineral assemblage includes fergusonite (Nb, Y, REO), allanite (LREE), and columbite-tantalite (Nb).

Mineralisation database at recently acquired Jokikangas project and surrounding Otanmaki area returns rare earth element oxide (**REO**) intercepts in diamond drill hole samples over a strike length of 4 kilometres. Results include:

- KA02: 0.20m @ 24,448 ppm TREO and 4,700 ppm Niobium from 74.2m
- KA03: 0.15m @ 15,346 ppm TREO and 2,980 ppm Niobium from 9.2m
- KA03: 0.17m @ 8,690 ppm TREO and 2,030 ppm Niobium from 57.3m
- JO11: 0.20m @ 2,106 ppm TREO from 54.1m
- JO12: 0.20m @ 1,704 ppm TREO from 26.9m
- JO12: 0.40m @ 4,509 ppm TREO from 42.2m
- JO13: 0.50m @ 7,556 ppm TREO and 940 ppm Hafnium from 22.6m
- JO13: 0.30m @ 10,445 ppm TREO and 1,160 ppm Hafnium from 32.8m
- KO06: 0.40m @ 2,865 ppm TREO and 510 ppm Hafnium from 85.6m

Drill core sampling was limited to narrow intervals for academic purposes, resulting in only narrow intersection intervals reported.

Prospech's exploration tenure surrounds the Kontioaho and Katajakangas targets, which are currently held by Otanmaki (O5) Oy. The mineralisation in these targets is continuous but has been sparsely drilled. At Katajakangas, there is a central part with a high-grade zone that is approximately 12 metres thick, surrounded by a lower-grade zone at the margins.

Prospech has applied to expand the Jokikangas project to cover open ground with reported vanadium mineralisation.

Saarenkylä – Lithium-Beryllium Project

The Saarenkylä exploration reservation area is located in a region where lithium pegmatites have been previously observed. These pegmatites contain lithium, caesium, tantalum, and sometimes beryllium, as indicated by surface exposures and a series of open pegmatitic outcrops.

The mineralisation in the area includes beryl, bismuthinite (Bi), scheelite (W), cassiterite (Sn), and native gold. To assess the continuity of these occurrences, field mapping and sampling are required at the location.

Prospech has submitted a new reservation notification to the Finnish Mining Authority, seeking to expand the project area surrounding the Saarenkylä reservation. This expansion aims to encompass the known lithium pegmatite occurrence area within the project's scope.

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Slovakia Projects

The Company's projects are located approximately 180 kilometres east of Bratislava in Slovakia. Adjacent to Austria, Slovakia is a member country of the European Union and the Eurozone and, with modern western-style legislation, rule of law under an independent legal system, low wages, low tax rates and a well-educated labour force, is an attractive jurisdiction for foreign investment.

The Company, through its wholly owned subsidiaries Slovenske Kovy s.r.o. (**SLOK**) and Prospech Slovakia s.r.o. (**Prospech SK**), owns 100% of six exploration licences, covering approximately 171 km² in Slovakia:

- Kolba (4.2 km²) copper cobalt silver nickel targets.
- Hodrusa-Hamre (77.6 km²) – multiple gold and silver targets.
- Cejkov-Zemplin (29.2 km²) – epithermal silver-lead and zinc.
- Nova Bana (20.1 km²), and Pukanec (10.7 km²) – gold and silver.
- Jasenie (29.4 km²) – targeting gold, tungsten and antimony.

Following a strategic review of the Company's exploration licences, an eastern portion of the Hodrusa-Hamre exploration licence has been relinquished, reducing the project area from 102.1 km² to 77.6 km² and the Rudno exploration licence was relinquished.



Location map of Prospech's projects in Slovakia.

Kolba – Copper-Cobalt-Nickel-Silver Project

The Kolba project is part of the Svatodusna - Podlipa geologic system with mineralisation consisting of the copper ore mineral tennantite and cobalt-nickel sulpho-arsenides, gersdorffite. Mineralised zones of copper-cobalt-nickel-silver sulphides in primary mineralisation are typically several hundred metres long and extend for at least 150 metres from the granite footwall and the host metamorphic sequence.

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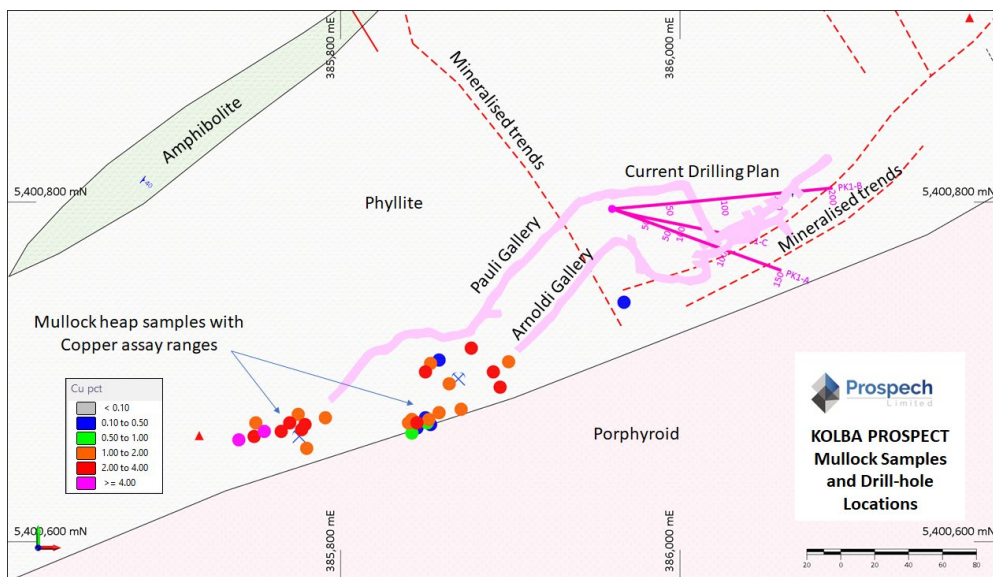
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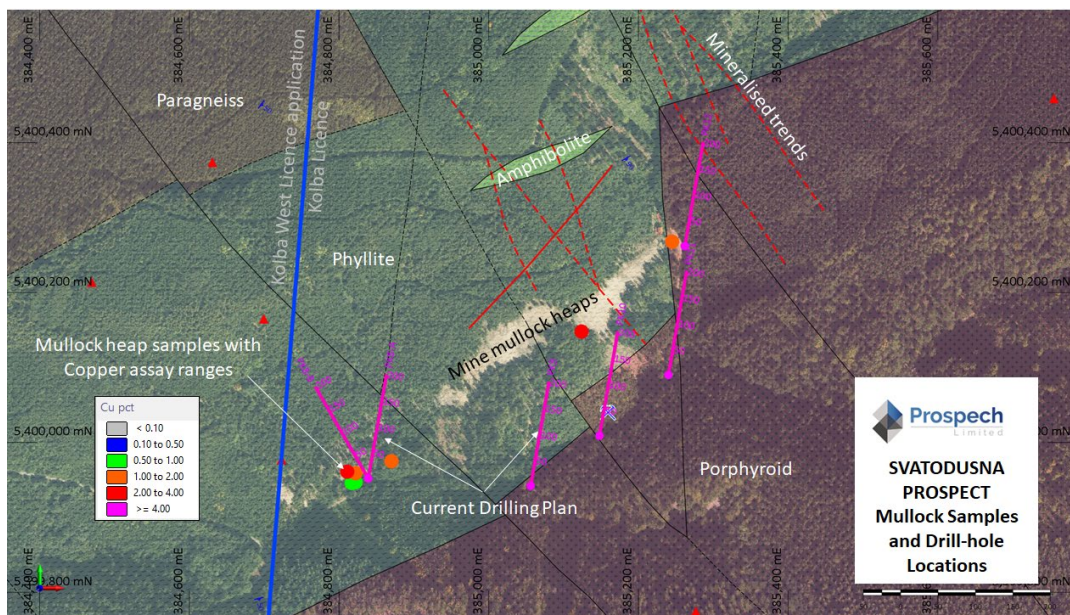
Recently, results reported from 39 samples from historical mullock heaps, confirm presence of high-grade copper, cobalt, nickel and silver at Koba and nearby Svatodusna. Assays results are:

- 8.22% copper (average 2.02%)
- 4,650 ppm Co (average 734ppm)
- 2.73% Ni (average 0.36%)
- 246.0 g/t Ag (average 37.0 g/t)

A drill program has commenced to test a long thick copper-cobalt-silver-nickel zone. This program aims to test a strike length of over 300m for the Kolba cobalt-copper-nickel-silver prospect and 500m for the Svatodusna copper-cobalt-nickel prospect. At report date, drilling at Kolba is complete and advanced to Svatodusna and assay results are awaited.



Map of the Kolba prospect showing the locations recent rock-chip sampling coloured by copper assay range, planned drill holes and interpreted bedrock geology.

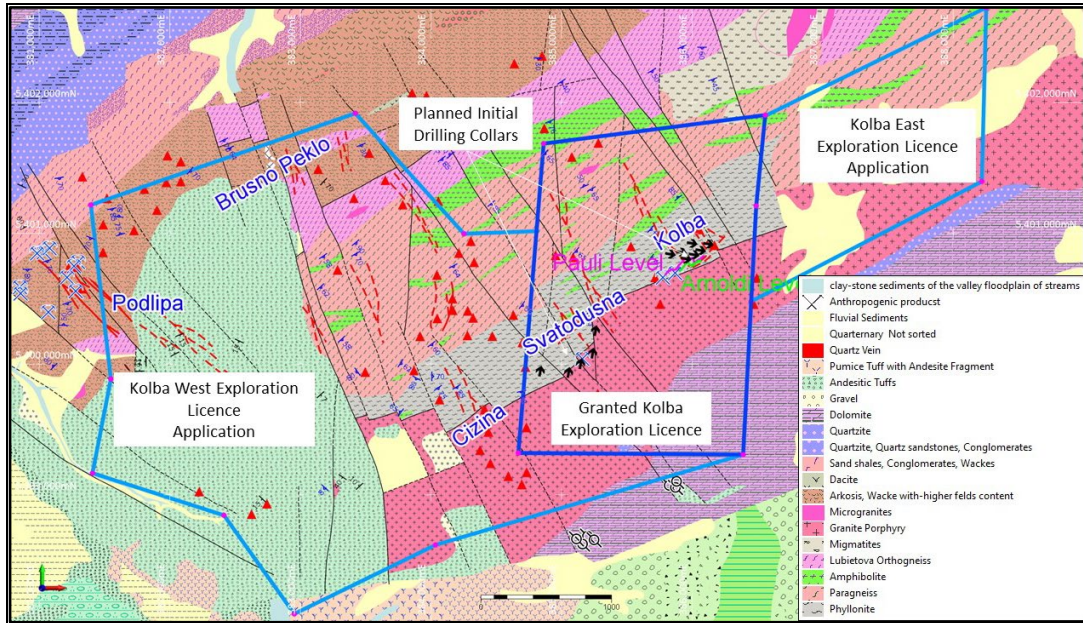


Map of the Svatodusna prospect showing the locations recent rock-chip sampling coloured by copper assay range, planned drill holes and interpreted bedrock geology. The base air photo image clearly show the historic mine mullock heaps.

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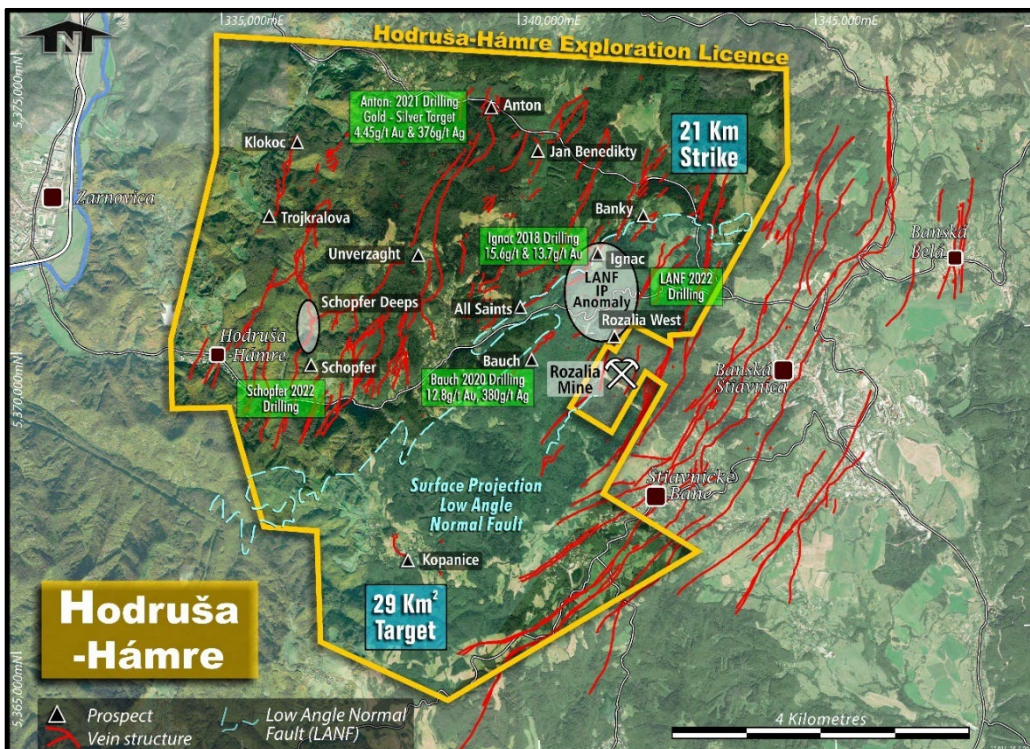
DIRECTORS' REPORT



The plan above shows the collated historical geological information of the Kolba - Svatodusna structure together with Prospech's planned drill holes (black arrows).

Hodruša-Hámre – LANF Gold-Silver Project

Situated 200 kilometers to the east of Vienna, the Hodruša-Hámre exploration licence spans across the majority of the Neogene Stiaavnica Stratovolcano caldera in the Central Slovakian Volcanic Belt. This area also includes the historically significant Hodruša-Hámre/Banska Stiaavnica mining district. The exploration licence encompasses approximately 120 epithermal veins that contain gold and silver, some of which extend up to 6 kilometres in length.



Hodruša-Hámre Exploration Licence.

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In early 2023, four holes were drilled, and all four of them encountered substantial geological features characteristic of epithermal deposits. Notably, hole LANF001 yielded assay results of 4.62 g/t Au and 598 g/t Ag from the backfill in historical mining workings.

Licence Areas and Status

Project	Area Km ²	Prospech Ownership
Korsnäs	3.7	51%
Jokikangas	19.1	51%
Saarenkylä	68.2	51%
Hodruša-Hámre	77.6	100%
Nova Bana	20.1	100%
Pukanec	10.7	100%
Cejkov-Zemplin	29.2	100%
Jasenie	29.4	100%
Kolba	4.2	100%

No field activities were undertaken during the period at the Nova Bana, Pukanec, Cejkov-Zemplin and Jasenie exploration licences.

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.

Subsequent Events

Subsequent to the end of the period, on 3 July 2023 the Company issued 1,482,226 shares in the Company to shareholders of Bambra Oy as Phase One consideration for the Company to acquire a 51% interest in Bambra Oy. In due course the Company will seek shareholder approval for the issuance of a further 1,517,774 to Bambra Oy shareholders and Company Directors Jason Beckton and Thomas Mann to complete the Phase One consideration for the 51% interest in Bambra Oy now held by the Company.

Other than the matters outlined above there have been no matters arise in the interval between the end of the half-year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

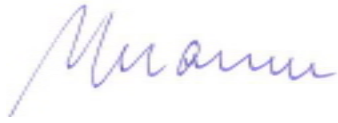
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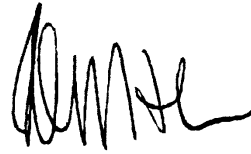
LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 10 as required under Section 307C of the *Corporations Act 2001* is attached to and forms part of the Directors' Report for the half-year ended 30 June 2023.

Signed at Sydney this 13th day of September 2023
in accordance with a resolution of the Board of Directors:



Thomas J. Mann
Chairman



Peter J. Nightingale
Director

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Prospech Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Prospech Limited for the half-year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jeff Frazer
Partner

Brisbane
13 September 2023

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023 \$	30 June 2022 \$
Other income		-	-
Administration and consultants' expenses		(533,315)	(383,421)
Impairment losses	4	(402,482)	(909,295)
Depreciation expense		(38,309)	(3,122)
Results from operating activities		<u>(974,106)</u>	<u>(1,295,838)</u>
Financial income		10,785	482
Financial expense		-	(37,722)
Net financial income		<u>10,785</u>	<u>(37,240)</u>
Loss before income tax		(963,321)	(1,333,078)
Income tax expense		-	-
Loss for the period		<u>(963,321)</u>	<u>(1,333,078)</u>
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<u>195,165</u>	<u>(126,878)</u>
Total comprehensive loss for the period		<u>(768,156)</u>	<u>(1,459,956)</u>
Earnings per share			
Basic and diluted loss per share (cents)	6	<u>(0.71)</u>	<u>(1.51)</u>

The above consolidated interim statement of profit or loss and other comprehensive income should be read
in conjunction with the accompanying notes.

PROSPECH LIMITED
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 \$	31 December 2022 \$
Current assets			
Cash and cash equivalents		1,623,719	227,807
Trade and other receivables		47,933	30,408
Prepayments		6,073	29,294
Total current assets		<u>1,677,725</u>	<u>287,509</u>
Non-current assets			
Exploration and evaluation expenditure	4, 10	8,343,646	7,835,617
Property, plant and equipment		19,620	21,486
Total non-current assets		<u>8,363,266</u>	<u>7,857,103</u>
Total assets		<u>10,040,991</u>	<u>8,144,612</u>
Current liabilities			
Trade and other payables		438,098	418,123
Total current liabilities		<u>438,098</u>	<u>418,123</u>
Total liabilities		<u>438,098</u>	<u>418,123</u>
Net assets		<u>9,602,893</u>	<u>7,726,489</u>
Equity			
Share capital	5	14,425,208	12,081,396
Reserves	8	2,095,705	1,900,540
Accumulated losses		(7,218,768)	(6,255,447)
Total equity attributable to equity holders of the Company		9,302,145	7,726,489
Non-controlling interest		300,748	-
Total equity		<u>9,602,893</u>	<u>7,726,489</u>

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Notes	Share capital \$	Reserves \$	Accumulated losses \$	Total \$	NCI \$	Total equity \$
Balance at 1 January 2023		12,081,396	1,900,540	(6,255,447)	7,726,489	-	7,726,489
Total comprehensive income for the period						-	-
Loss for the period		-	-	(963,321)	(963,321)	-	(963,321)
Total other comprehensive income		-	195,165	-	195,165	-	195,165
Total comprehensive loss for the period		-	195,165	(963,321)	(768,156)	-	(768,156)
Transactions with owners, recorded directly in equity							
Issue of shares		2,607,583	-	-	2,607,583	-	2,607,583
Costs of issue		(263,771)	-	-	(263,771)	-	(263,771)
Non-controlling interest arising on acquisition		-	-	-	-	300,748	300,748
Balance at 30 June 2023		14,425,208	2,095,705	(7,218,768)	9,302,145	300,748	9,602,893
Balance at 1 January 2022		12,081,396	1,866,887	(4,504,846)	9,443,437	-	9,443,437
Total comprehensive income for the period						-	
Loss for the period		-	-	(1,333,078)	(1,333,078)	-	(1,333,078)
Total other comprehensive income		-	(126,878)	-	(126,878)	-	(126,878)
Total comprehensive loss for the period		-	(126,878)	(1,333,708)	(1,459,956)	-	(1,459,956)
Balance at 30 June 2022		12,081,396	1,740,009	(5,837,924)	7,983,481	-	7,983,481

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Cash payments in the course of operations		(487,607)	(314,697)
Interest received		<u>8,262</u>	<u>482</u>
Net cash used in operating activities		<u>(479,345)</u>	<u>(314,215)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(337,916)	(734,539)
Cash acquired in acquisition	10	14,267	-
Payments for acquisition of exploration assets		<u>(110,983)</u>	<u>-</u>
Net cash used in investing activities		<u>(434,632)</u>	<u>(734,539)</u>
Cash flows from financing activities			
Issue of shares	5	2,559,583	-
Cost of issue	5	<u>(252,191)</u>	<u>-</u>
Net cash used in investing activities		<u>2,307,392</u>	<u>-</u>
Net increase in cash and cash equivalents		1,393,415	(1,048,754)
Effect of exchange rate adjustments on cash held		2,497	(37,722)
Cash and cash equivalents at the beginning of the period		<u>227,807</u>	<u>2,036,694</u>
Cash and cash equivalents at the end of the period		<u>1,623,719</u>	<u>950,218</u>

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 1 – REPORTING ENTITY

Prospech Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in exploration for precious metals.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2022 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.prospech.com.au.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ('IASB').

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 September 2023.

Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated interim financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries Bambra Oy, Prospech Slovakia s.r.o and Slovenske Kovy s.r.o is Euros.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the interim financial statements are described in the following notes:

- Note 2 – Going concern
- Note 4 – Exploration and evaluation expenditure

The accounting policies set out below have been applied consistently by entities in the Group.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 2 – BASIS OF PREPARATION (Con't)

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss after tax of \$963,321 (2022: \$1,333,078) and used \$913,977 of cash in operating and investing activities (2022: \$1,048,754) for the half year ended 30 June 2023. As at 30 June 2023, the Group had cash and cash equivalents of \$1,623,719 and net current assets of \$1,239,627.

The Group's main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

The Directors have prepared cash flow forecasts that support the ability of the Group to continue as a going concern for the period of at least 12 months from the date of the directors' declaration. The cash flow projections include significant exploration expenditure on all tenements held by the Group and assume the Group will obtain sufficient additional funding from shareholders or other parties. If such funding is not achieved, which is inherently uncertain until secured or realised, the Group plans to reduce exploration expenditure, which is not committed, in line with available funding. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ongoing operation of the Group is dependent on the Group raising additional funding from shareholders or other parties and managing expenditure in line with available funding. In the event that the Group does not obtain additional funding, and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2022.

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	30 June	31 December
	2023	2022
Reconciliation of the carrying amount is set out below:		
Opening balance	7,835,617	7,385,094
Additions, including impact of FX movements	511,588	1,357,982
Acquisition of controlled entity	398,923	-
Impairment	(402,482)	(910,795)
Closing balance	<u>8,343,646</u>	<u>7,835,617</u>
Hodrusa	5,920,226	5,704,213
Nova Bana	1,004,273	1,002,221
Rudno	-	378,749
Jasenie	573,272	534,947
Pukanec	232,866	186,487
Kolba	214,086	29,000
Finland Projects	398,923	-
	<u>8,343,646</u>	<u>7,835,617</u>

PROSPECH LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE (Cont'd)

Judgements are made in regard to the technical feasibility and commercial viability of the exploration and evaluation assets which includes evaluation of results from exploration activities by a competent person. The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

Following a review by Directors of the carrying value of the Company's projects, the carrying value of the Rudno project was fully impaired.

NOTE 5 – ISSUED CAPITAL

	30 June 2023		31 December 2022	
	Number of shares	\$	Number of shares	\$
Balance at the beginning of the period	88,298,593	12,081,396	88,298,593	12,081,396
Issue of shares	129,979,156	2,607,583	-	-
Cost of issue	-	(263,771)	-	-
Balance at the end of the period	<u>218,277,749</u>	<u>14,425,208</u>	88,298,593	12,081,396

During the half year period ended 30 June 2023 the Company issued the Company issued 52,979,156 shares at \$0.02 per share via a Rights Issue raising \$1,059,583, as well 75,000,000 shares in a placement at \$0.02 per share, raising \$1,000,000. An attaching \$0.04 option, exercisable for two years from the date of issue, was issued for every two share subscribed for under both the placement and rights issue. There were no amounts unpaid on the shares issued and the share issue costs amounts to \$263,771.

In May 2023 the Company issued 2,000,000 shares to nominees of DGWA nominees as compensation for services in relation to the Company's proposed dual listing on the Frankfurt Stock Exchange. The shares issued were ascribed a value of \$0.02 per share.

6 months to 30 June 2023	6 months to 30 June 2022
\$	\$

NOTE 6 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Net loss for the period	<u>(963,321)</u>	<u>(1,333,078)</u>
	N° of shares	N° of shares
Issued ordinary shares at the beginning of the half year	88,298,593	88,298,593
Effect of shares issued on 27 March 2023	7,024,860	-
Effect of shares issued on 28 April 2023	18,732,961	-
Effect of shares issued on 1 May 2023	<u>21,486,563</u>	-
Weighted average number of shares at the end of the half year	<u>135,542,977</u>	88,298,593

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

**PROSPECH LIMITED
and its controlled entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023**

NOTE 7 – RELATED PARTIES

During the half year ended 30 June 2023, Peter Nightingale, a director had an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative and accounting staff rental accommodation, services and supplies, to the Group. Fees charged by MIS Corporate Pty Limited during the half year ended 30 June 2023 amounted to \$60,000 (2022: \$60,000). At 30 June 2023 \$100,000 (31 December 2022: \$40,000) remained outstanding.

NOTE 8 – RESERVES

	30 June 2023	31 December 2022
	\$	\$
Acquisition reserve	375,578	375,578
Foreign currency translation reserve	220,866	25,701
Option premium reserve	1,499,261	1,499,261
	2,095,705	1,900,540

NOTE 9 - OPERATING SEGMENTS

For management purposes, the consolidated entity is organised into two main geographical segments, which involves the exploration of minerals in Finland in one segment and Slovakia in the other segment. Financial information is reported to the Board as two segments. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as two segments.

The financial results from these segments are equivalent to the financial statements of the consolidated entity as a whole.

NOTE 10 - ACQUISITION OF CONTROLLED ENTITY

During the half year period ended 30 June 2023 the Company acquired 51% of the issued capital of Bambra Oy ('Bambra'), a company incorporated in Finland. This followed the Company's expenditure on the Finland Projects exceeding the Phase One exploration expenditure requirement to move to a 51% ownership interest in Bambra. The Company lodged an Expenditure notice with Bambra in June 2023, as per the terms of the Earn-in Agreement with Bambra and Bambra confirmed with the Company its agreement that the expenditure threshold requirements had been reached and that 30 June 2023 was the date on which the transfer of a 51% interest in the issued capital of Bambra to the Company was completed. The above transaction has been accounted for as an acquisition of assets rather than a business combination as Bambra has no business operations and its sole assets are the exploration licences applications it holds in relation to the Finland Projects.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent to the end of the period, on 3 July 2023 the Company issued 1,482,226 shares in the Company to shareholders of Bambra Oy as Phase One consideration for the Company to acquire a 51% interest in Bambra Oy. In due course the Company will seek shareholder approval for the issuance of a further 1,517,774 to Bambra Oy shareholders and Company Directors Jason Beckton and Thomas Mann to complete the Phase One consideration for the 51% interest in Bambra Oy now held by the Company.

Other than the matters outlined above there have been no matters arise in the interval between the end of the half-year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

PROSPECH LIMITED
and its controlled entities

DIRECTORS' DECLARATION

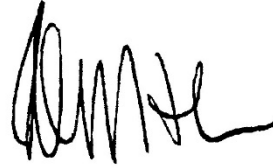
In the opinion of the Directors of Prospech Limited ('the Company'):

1. (a) the condensed consolidated interim financial statements and notes set out on pages 11 to 18, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 13th day of September 2023
in accordance with a resolution of the Board of Directors:



Thomas J. Mann
Chairman



Peter J. Nightingale
Director

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Independent Auditor's Review Report

To the shareholders of Prospech Limited,

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Prospech Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Prospech Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated interim statement of financial position as at 30 June 2023;
- Condensed consolidated interim statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Prospech Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 30 June 2023.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Jeff Frazer
Partner

Brisbane
13 September 2023

PROSPECH LIMITED
and its controlled entities
CORPORATE DIRECTORY

Directors:

Thomas Mann
Jason Beckton
Stephen Gemell
John Levings
Peter Nightingale

Company Secretary:

Richard Edwards

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