

HALF-YEAR FINANCIAL REPORT

31 December 2023

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Corporate Directory

DIRECTORS

Mark Wheatley
Sam Hosack
Gerry Fahey
Zed Rusike
Gaurav Gupta

SECRETARY

Ian Goldberg and Harry Miller

PRINCIPAL & REGISTERED OFFICE

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LEGAL REPRESENTATIVES

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Directors' Report



DIRECTORS' REPORT

The Directors of Prospect Resources Limited ("the Company") submit hereby the interim financial report of the Company and its subsidiaries, (together the "Consolidated Entity" or "Group" or "Prospect") for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

DIRECTORS AND OFFICERS

The names of the Company's directors and officers in office during the period and until the date of this report are as below. Directors and officers were in office for this entire period unless otherwise stated:

Name	Particulars
Mark Wheatley	Non-Executive Director and Chairperson
Sam Hosack	Managing Director
Gerry Fahey	Non-Executive Director
Zivanayi (Zed) Rusike	Non-Executive Director
HeNian Chen (Meng Sun as alternate) (resigned 23 November 2023)	Non-Executive Director
Gaurav Gupta	Non-Executive Director
Ian Goldberg	Chief Financial Officer and Joint Company Secretary
Lee Tamplin (resigned 22 September 2023)	Joint Company Secretary
Harry Miller (appointed 22 September 2023)	Joint Company Secretary

PRINCIPAL ACTIVITY

The principal activity of the Group is exploration, evaluation and development of mineral resources.

REVIEW OF OPERATIONS AND RESULTS

The Group has recognised an overall loss after tax of \$3,158,158 (2023: \$3,092,545).

During the half year Prospect was active on its projects as follow:

Step Aside (Zimbabwe)

Drilling continued at the prospect with the discovery of a potential high grade spodumene feed source for the nearby operating Arcadia Mine (8km away). Activity during the period was focused on finalising definition drilling to establish a global resource tonnage.

Omaruru (Namibia)

Prospect continued to explore the large ground holding which it believes contains significant potential to define a critical mass of lithium resources to justify development. Activity during the period was focused on ongoing exploration programmes targeting large volumes of higher-grade mineralisation at Karlsbrunn and Bergers.

Kesya (Zambia)

The option agreement, including certain conditions precedent pertaining to the grant of the large scale exploration licence, was set to expire on 12 February 2024. The licence condition was not satisfied at expiry date thus the agreement has lapsed and was not renewed or extended.

ADVANCED PROJECT STRATEGY & BUSINESS DEVELOPMENT

Prospect continued to conduct due diligence on a number of projects with the view to acquiring an advanced project at resource defined stage or better to complement the current early-stage portfolio.

Below is a summary of key operational announcements made during the half-year ended 31 December 2023 outlining the key milestones achieved.

Please also refer to the Company's website (www.prospectresources.com.au) as an additional source of information on Prospect.

12 Jul 2023	Phase 3 Drilling Commences at Step Aside Lithium Project
17 Jul 2023	Release of Shares from Voluntary Escrow
26 Jul 2023	Quarterly Activities and Cashflow Report June 2023
23 Aug 2023	Change of Director's Interest Notice - SH
30 Aug 2023	Drilling continues to define Omaruru potential
21 Sep 2023	Annual Report to shareholders
22 Sep 2023	Change of Joint Company Secretary
18 Oct 2023	Significant Lithium Discovery at Step Aside
23 Oct 2023	Retirement of Director at Conclusion of 2023 AGM
26 Oct 2023	Quarterly Activities and Cashflow Report September 2023
13 Nov 2023	WinBin Discovery Rapidly Growing at Step Aside
15 Nov 2023	Significant New Drill Targets Identified at Omaruru
16 Nov 2023	Issue of shares and cleansing notice
20 Dec 2023	Phase 3 Drilling Expands WinBin Discovery

DIVIDENDS AND CAPITAL RETURNS

An unfranked dividend of \$0.79 per share and capital return of \$0.17 per share were paid in the prior period. No dividends or capital return have been declared, provided for or paid in respect of the half-year period ended 31 December 2023.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The review of operations section above sets out a number of matters that have had a significant effect on the state of affairs of the consolidated entity. Other than those matters, there were no significant changes in the state of affairs of the consolidated entity during the period.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group's future strategy is to be a battery and electrification minerals focused explorer and developer.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ROUNDING OF AMOUNTS

The Group has applied the relief available to it under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. Accordingly, the amounts in the financial statements and directors' report have been rounded to the nearest \$1,000.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 of this report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



Sam Hosack
Managing Director

7 March 2024

AUDITOR'S INDEPENDENCE DECLARATION



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7 March 2024

Board of Directors
Prospect Resources Limited
Level 2, 33 Richardson Street
West Perth, WA 6005

Dear Sirs

RE: PROSPECT RESOURCES LIMITED

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

As Audit Director for the review of the financial statements of Prospect Resources Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read "Samir Tirodkar".

Samir Tirodkar
Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-Year Ended	
		31 December 2023	31 December 2022
		\$'000	\$'000
Continuing operations			
Revenue			
Interest income		459	382
Expenses			
Depreciation expense		(79)	(51)
Employee benefits expenses		(1,413)	(1,321)
Foreign currency exchange gain/(loss)		(3)	(135)
Interest expense		(3)	(3)
Impairment of exploration and evaluation expenditure		-	(326)
Share based payments expense	14	(494)	(186)
Share of net loss in joint venture		(17)	(19)
Other administrative expenses		(1,608)	(1,434)
Loss from continuing operations before income tax		(3,158)	(3,093)
Income tax expense		-	-
Loss for the period		(3,158)	(3,093)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(211)	156
Other comprehensive loss for the year net of tax		(211)	156
Total comprehensive loss for the year		(3,369)	(2,937)
Loss attributable to:			
Equity holders of the Company		(3,151)	(3,019)
Non-controlling interests		(7)	(74)
		(3,158)	(3,093)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,362)	(2,863)
Non-controlling interests		(7)	(74)
		(3,370)	(2,937)
Loss per share			
Basic loss per share (cents)		(0.68)	(0.65)
Diluted loss per share (cents)		(0.68)	(0.65)

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Consolidated as at	
		31 December 2023	30 June 2023
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	21,165	26,191
Trade and other receivables	5	165	39
Other current assets	6	132	55
Total Current Assets		21,462	26,285
Non-Current Assets			
Investment in joint venture	7	1,850	1,458
Property, plant and equipment		506	389
Exploration and evaluation expenditure	8	2,935	1,635
Other assets		4	7
Total Non-Current Assets		5,295	3,489
Total Assets		26,757	29,774
LIABILITIES			
Current Liabilities			
Trade and other payables	9	377	456
Lease liability		60	57
Provisions		74	118
Total Current Liabilities		511	631
Non-Current Liabilities			
Lease liability		10	41
Provisions		44	36
Total Non-Current Liabilities		54	77
Total Liabilities		565	708
Net Assets		26,192	29,066
EQUITY			
Contributed equity	10	26,797	26,646
Reserves	11	28,195	28,062
Accumulated losses	12	(28,793)	(25,642)
Total Equity Attributable to Shareholders of Parent Company		26,199	29,066
Non-controlling interests		(7)	-
Total Equity		26,192	29,066

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Half-Year Ended	
	31 December 2023	31 December 2022
Notes	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(3,353)	(2,384)
Interest received	459	382
Payment for development costs expensed	-	-
Income tax paid	-	-
Net cash outflow from operating activities	(2,894)	(2,002)
Cash flows from investing activities		
Payments for capitalised exploration and evaluation expenditure	(1,415)	(687)
Payment for property, plant and equipment	(209)	(94)
Payment for investment in joint venture	(474)	(991)
Net cash outflow from investing activities	(2,098)	(1,772)
Cash flows from financing activities		
Payment for lease	(31)	(23)
Payment of dividends	-	(365,185)
Payment for return of capital	-	(78,584)
Proceeds from exercise of options	-	3,405
Net cash outflow from financing activities	(31)	(440,387)
Net decrease in cash and cash equivalents	(5,023)	(444,161)
Cash and cash equivalents at beginning of period	26,191	474,288
Effects of exchange rate changes on the balance of cash held in foreign currencies	(3)	137
Cash and cash equivalents at end of period	21,165	30,264

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Note	Contributed equity	Share based payments reserves	Foreign currency translation reserves	Other reserves	(Accumulated losses) / retained earnings	Attributable to owners of the parent	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	26,646	10,703	18,236	(877)	(25,642)	29,066	-	29,066
Loss for the year from continuing operations	-	-	-	-	(3,151)	(3,151)	(7)	(3,158)
Other comprehensive income	-	-	(211)	-	-	(211)	-	(211)
Total comprehensive income for the year	-	-	(211)	-	(3,151)	(3,362)	(7)	(3,369)
Issue of shares on exercise of performance rights	151	(151)	-	-	-	-	-	-
Share based payments	-	495	-	-	-	495	-	495
Balance at 31 December 2023	26,797	11,047	18,025	(877)	(28,793)	26,199	(7)	26,192
Balance at 1 July 2022	101,344	10,509	18,281	-	345,025	475,159	(900)	474,259
Loss for the year from continuing operations	-	-	-	-	(3,019)	(3,019)	(74)	(3,093)
Other comprehensive income	-	-	156	-	-	156	-	156
Total comprehensive income for the year	-	-	156	-	(3,019)	(2,863)	(74)	(2,937)
Issue of shares on exercise of options	3,886	(481)	-	-	-	3,405	-	3,405
Capital return to shareholders	(78,584)	-	-	-	-	(78,584)	-	(78,584)
Dividends paid	-	-	-	-	(365,185)	(365,185)	-	(365,185)
Increase in ownership in subsidiary	-	-	-	(877)	-	(877)	974	97
Share based payments	-	186	-	-	-	186	-	186
Balance at 31 December 2022	26,646	10,214	18,437	(877)	(23,179)	31,241	-	31,241

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

The consolidated financial statements of Prospect Resources Limited ("the Company") and its subsidiaries (collectively "the Group") for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 7 March 2024.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company and its subsidiaries are for-profit entities.

The principal activity of the Group is exploration, evaluation and development of mineral resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the most recent annual financial report of the Group, together with any public announcements made during the period.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Accounting policies and adoption of new and revised accounting standards and interpretations

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2023, except for the impact of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SEGMENT INFORMATION

(a) Identification of reportable segments

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

In the current year the Group engaged in exploration for minerals and project development activities in Zimbabwe, Namibia, and Zambia. The operations were located in Australia, Singapore, Zimbabwe, Mauritius, Namibia, and Zambia with the head office being in Australia. Singapore balances were included within Australian operations and exploration activities and other transactions in Zimbabwe, Namibia, Mauritius, and Zambia being included within the African operations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(b) Geographical segments

Segment revenue, results and depreciation exclude discontinued operations for the half year period ended 31 December:

	Australia		Africa		Consolidated	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations						
Revenue from external customers						
Other income	459	535	-	1	459	536
Total segment revenue	459	535	-	1	459	536
Results						
Segment net loss before tax	(1,488)	(2,031)	(1,670)	(1,062)	(3,158)	(3,093)
Other segment information						
Depreciation expense	34	41	45	10	79	51

Segment assets and liabilities as at balance dates are as follows:

	Australia		Africa		Consolidated	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Segment assets	20,879	25,355	5,878	4,419	26,757	29,774
Liabilities						
Segment liabilities	442	540	123	168	565	708

4. CASH AND CASH EQUIVALENTS

	31 December 2023	30 June 2023
	\$'000	\$'000
Cash in bank	21,126	26,156
Petty Cash	39	35
Total cash and cash equivalents	21,165	26,191

5. TRADE AND OTHER RECEIVABLES

	31 December 2023	30 June 2023
	\$'000	\$'000
GST / VAT receivable	128	-
Related party receivable	35	33
Other receivables	2	6
Total trade and other receivables	165	39

None of these are past due or impaired as at 31 December 2023 (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. OTHER CURRENT ASSETS

	31 December 2023	30 June 2023
	\$'000	\$'000
Prepayments	101	24
Deposits	31	31
Total other current assets	132	55

7. INVESTMENT IN JOINT VENTURE

	31 December 2023	30 June 2023
	\$'000	\$'000
Investment in joint venture	1,850	1,458

The movements during the period are as follows:

	6 months to 31 December 2023	12 months to 30 June 2023
At the beginning of the financial period	1,458	-
Initial investment	-	870
Funding for exploration activities	471	616
Share in net loss of the investee	(17)	(15)
Effect of foreign currency exchange differences	(62)	(13)
Investment in joint venture	1,850	1,458

On 27 October 2022, the Group signed the Earn-In and Shareholders Agreement ("the Agreement") with Osino Gold Exploration and Mining (Pty) Ltd ("Osino") and Richwing Exploration (Pty) Ltd ("Richwing"). The agreement outlines that the Group has agreed to buy and Osino has agreed to sell the initial interest in Richwing and upon completion, Richwing will serve as a special purpose company to facilitate the joint venture between the Group and Osino for the purpose of exploring and developing a lithium project on the Executive Prospecting Licence.

The Group agreed to pay US\$560,000 as initial investment to acquire 20% interest in Richwing. In addition to that, the Group must fund solely the Phase 1 Earn-in Expenditure of Richwing amounting to US\$440,000 in exchange for an additional 20% interest in Richwing. The Group may also elect to fund the Phase 2 Earn-in Expenditure of Richwing amounting to US\$560,000 in exchange for additional interest in Richwing which will be calculated based on formula outlined in the agreement.

As at 30 June 2023, the Group has paid the initial investment of US\$560,000 and has funded a total of US\$416,584 of the Phase 1 Earn-in expenditure.

During the current period, the remaining required funding for the Phase 1 Earn-in Expenditure was fulfilled and the Group was issued with the additional 20% interest in Richwing. In addition, the Group elected to proceed with funding the Phase 2 Earn-in Expenditure and have funded a total of US\$310,000 as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023	30 June 2023
	\$'000	\$'000
Step Aside - Lithium	2,935	1,635

The movements during the period are as follows:

	6 months to 31 December 2023	12 months to 30 June 2023
At the beginning of the financial period	1,635	486
Expenditure incurred	1,350	1,437
Impairment of exploration and evaluation expenditure	-	(324)
Effect of foreign currency exchange differences	(50)	36
Total exploration and evaluation expenditure	2,935	1,635

9. TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
	\$'000	\$'000
Trade payables	9	113
Accruals	368	343
Total trade and other payables	377	456

10. CONTRIBUTED EQUITY

	31 December 2023	30 June 2023
	No. of Shares	No. of Shares

(a) Issued share capital

Ordinary shares fully paid	463,331,962	462,259,462
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(b) Movement in ordinary share capital

Date	Details	No. of Shares	\$'000
Balance at 30 June 2022		448,759,462	101,344
8 July 2022	Issue of shares upon exercise of options	13,500,000	3,886
4 August 2022	Capital return to shareholders (note 12)	-	(78,584)
Balance at 30 June 2022		462,259,462	26,646
15 November 2023	Issue of shares upon exercise of performance rights (note 11(a)(iii))	1,072,500	151
Balance at 30 June 2023		463,331,962	26,797

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

11. RESERVES

	31 December 2023	30 June 2023
	\$'000	\$'000
Share based payments reserves	11,047	10,703
Other reserves	(877)	(877)
Foreign currency translation reserve	18,025	18,236
Total reserves	28,195	28,062

NATURE AND PURPOSE OF RESERVES

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

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and translation differences on intercompany loans.

The other reserves is used for any other equity transactions that are not directly attributed to other component of the equity accounts.

(a) Share Based Payments Reserve

(i) Balance at period end

	No. of Options and Rights	\$'000
31 December 2023		
Options	26,516,333	10,865
Rights	5,072,115	182
	31,588,448	11,047
30 June 2023		
Options	17,850,000	10,510
Rights	4,400,000	193
	22,250,000	10,703

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(ii) Movement in options

Date	Details	No. of Options	\$'000
Balance at 30 June 2022		13,500,000	10,509
8 July 2022	Options exercised	(13,500,000)	(481)
7 October 2022	Grant of options	10,250,000	-
23 November 2022	Grant of options	8,600,000	-
31 January 2023	Grant of options	500,000	-
January to June 2023	Forfeiture	(1,500,000)	(11)
30 June 2023	Share based payment expense	-	493
Balance at 30 June 2023		17,850,000	10,510
10 August 2023	Grant of options	7,257,000	-
23 November 2023	Grant of options	2,076,000	-
23 November 2023	Forfeiture	(666,667)	(23)
31 December 2023	Share based payment expense	-	378
Balance at 31 December 2023		26,516,333	10,865

(iii) Movement in performance rights

Date	Details	No. of Rights	\$'000
Balance at 30 June 2022	-	-	-
7 October 2022	Grant of performance rights	2,400,000	-
23 November 2022	Grant of performance rights	2,000,000	-
30 June 2023	Share based payment expense	-	193
Balance at 30 June 2023		4,400,000	193
10 August 2023	Grant of performance rights	1,800,000	-
21 August 2023	Forfeiture	(1,540,000)	-
15 November 2023	Exercise of performance rights	(1,072,500)	(151)
23 November 2022	Grant of performance rights	1,484,615	-
31 December 2023	Share based payment expense	-	140
Balance at 31 December 2023		5,072,115	182

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(b) Foreign Currency Translation Reserve

	6 months to 31 December 2023	12 months to 30 June 2023
	\$'000	\$'000
Movement in reserve		
Opening balance	18,236	18,281
Increase in ownership in subsidiary	-	(97)
Currency translation differences	(211)	52
Closing balance	<u>18,025</u>	<u>18,236</u>

(c) Other Reserves

	6 months to 31 December 2023	12 months to 30 June 2023
	\$'000	\$'000
Movement in Other Reserves		
Opening balance	(877)	-
Increase in ownership in subsidiary	-	(877)
Closing balance	<u>(877)</u>	<u>(877)</u>

12. ACCUMULATED LOSSES

	6 months to 31 December 2023	12 months to 30 June 2023
	\$'000	\$'000
Balance at the beginning of the period	(25,642)	345,025
Payment of dividends	-	(365,185)
Net loss attributable to equity holders of the Company	(3,151)	(5,482)
Accumulated losses at end of the period	<u>(28,793)</u>	<u>(25,642)</u>

On 4 August 2022, the Company paid dividend of \$365,184,975 to its shareholders. This represents a payment of \$0.79 per share. At the same time the Company paid a Capital return of \$78,584,109 to its shareholders. This represents a payment of \$0.17 per share.

No similar payments were made during the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

13. SUBSIDIARIES

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

	Principal activity	Country of incorporation	Ownership and voting interest	
			31 December 2023	30 June 2023
Prospect Minerals Pte Ltd	Holding company	Singapore	100%	100%
Promin Resource Holdings Pte Ltd	Holding company	Singapore	100%	100%
Hawkmoth Mining & Explorations (Pvt) Limited	Exploration & evaluation	Zimbabwe	100%	100%
Harrier Nickel Resources (Private) Limited	Exploration & evaluation	Zimbabwe	100%	100%
Eagle Lithium Resources (Private) Ltd	Exploration & evaluation	Zimbabwe	90%	100%
Hawk Rare Earth (Private) Limited	Exploration & evaluation	Zimbabwe	100%	100%
Stepaside Lithium Pte Ltd	Holding company	Singapore	100%	100%
Prospect Resources (Mauritius) Limited	Holding company	Mauritius	100%	100%
Belham Investments (Proprietary) Limited	Exploration & evaluation	Namibia	100%	100%
Sarita Mineral Resources Limited	Mining and quarrying	Zambia	99.93%	-

In July 2023, the Group entered into a shareholder agreement that reduced its ownership in Eagle Lithium Resources (Private) Ltd, the subsidiary entity that holds the Step Aside exploration project, by 10% through the issue of ordinary shares to three minority shareholders based in Zimbabwe as a consideration for the land access and future support of the exploration activities and local community.

In November 2023, the Group incorporated Sarita Minerals Resources Limited that will serve as the operating company for future business operation in Zambia.

14. SHARE-BASED PAYMENTS

During the period, the Group recognised share based payments expense of \$494,224 (2022: \$186,215) from equity-settled share based payment transactions.

The following table lists the inputs to the model used in determining the current and prior period expense:

Series	Options issued during the half year ended 31 December 2023	
	Managing Director Long Term Incentive	Management Long Term Incentive
No. of options	2,076,000	7,257,000
Grant date	23/11/2023	10/08/2023
Share price	\$0.096	\$0.110
Exercise price	\$0.200	\$0.200
Asset Interest rate	4.14%	3.77%
Expiry date	09/08/2027	09/08/2027
Volatility	110%	110%
Fair value at grant date	\$0.060	\$0.071
Vesting condition and period	(i)	(i)

(i) Management's long term incentive options are subject to two performance hurdles:

- The Company's underlying share price exceeding \$0.33 per share for a continuous period of 30 days during a 3 year period from the grant date; and
- Remaining in employment of the company 3 years after grant date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Series	Rights issued during the half year ended 31 December 2023	
	Managing Director Short Term incentive	Other Key Management Personnel Short Term Incentive
No. of Rights	1,484,615	1,800,000
Grant date	23/11/2023	10/08/2023
Share price	\$0.096	\$0.110
Exercise price	\$0.00	\$0.00
Expiry date	09/08/2026	09/08/2026
Fair value at grant date	\$0.096	\$0.110
Vesting condition and period	(i)	(i)

Managing director and other key management personnel have been granted rights in lieu of a cash based short term incentive scheme. The rights on offer are subject to satisfaction of targets as defined by the Company's annual scorecard which is based on both exploration and corporate targets and approval by the Board. Performance against the scorecard is assessed annually based on the company's performance in the 12 months up to the assessment date. The vesting of these incentives is subject to vesting conditions as discussed above. 50% of the incentive will vest at the end of the year after the grant date and the remaining 50% will vest 24 months after the grant date, provided the employee remains employed by the Group.

Series	Options issued from prior years			
	Managing Director Long Term Incentive	Non-Executive Directors Long Term Incentive	Management Long Term Incentive	Management Long Term Incentive
No. of options	3,000,000	5,600,000	10,250,000	500,000
Grant date	23/11/2022	23/11/2022	7/10/2022	31/01/2023
Share price	\$0.170	\$0.170	\$0.096	\$0.115
Exercise price	\$0.150	\$0.150	\$0.150	\$0.170
Asset Interest rate	3.27%	3.27%	3.34%	3.17%
Expiry date	07/10/2026	07/10/2026	07/10/2026	07/10/2026
Volatility	110%	110%	110%	110%
Fair value at grant date	\$0.130	\$0.130	\$0.064	\$0.080
Vesting condition and period	(i)	(ii) (iii)	(i) (iv)	(i)

(i) Management's long term incentive options are subject to two performance hurdles:

c) The Company's underlying share price exceeding \$0.25 per share for a continuous period of 30 days during a 3 year period from the grant date; and

d) Remaining in employment of the company 3 years after grant date.

(ii) The non-executive directors long term incentive options vest evenly on 7 October 2023, 7 October 2024, and 7 October 2025 and require they remain directors of the Group at the end of each vesting periods.

(iii) A total of 1,000,000 of options were lapsed on 23 January 2023 and 666,667 on 23 November 2023 following the resignations of two directors on 23 January 2023 and 23 November 2023, respectively.

(iv) A total of 500,000 options were lapsed in the prior year following the resignation of an employee.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

Series	Rights issued from prior years	
	Managing Director Short Term incentive	Other Key Management Personnel Short Term Incentive
No. of Rights	2,000,000	2,400,000
Grant date	23/11/2022	7/10/2022
Share price	\$0.170	\$0.096
Exercise price	\$0.00	\$0.00
Expiry date	07/10/2025	07/10/2025
Fair value at grant date	\$0.170	\$0.096
Vesting condition and period	(i)	(i)

(i) Managing director and other key management personnel have been granted rights in lieu of a cash based short term incentive scheme. The rights on offer are subject to satisfaction of targets as defined by the Company's annual scorecard which is based on both exploration and corporate targets and approval by the Board. Performance against the scorecard is assessed annually based on the company's performance in the 12 months up to the assessment date. The vesting of these incentives is subject to vesting conditions as discussed above. 50% of the incentive will vest at the end of the year after the grant date and the remaining 50% will vest 24 months after the grant date, provided the employee remains employed by the Group.

In August 2023, a total of 1,540,000 performance rights have lapsed which equates to the 35% of the 2023 short term incentive performance hurdles that have not been met.

In November 2023, a total of 1,072,500 performance rights have been exercised.

15. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture and/or acquisition agreements. Outstanding exploration commitments are as follows:

	31 December 2023	30 June 2023
	\$'000	\$'000
Not longer than 1 year	650	880
Longer than 1 year and not longer than 5 years	-	-
	650	880

The above does not include the potential commitments for Kesya Rare Earths Project ("Kesya"). On 12 May 2023, the Company signed an option agreement with Antler Exploration Zambia Limited ("Antler") whereby the Company will have the right to earn a 51% interest in Kesya, an exploration project in southern part of Zambia. The transaction is subject to the satisfaction of conditions precedent, which have not been fully satisfied as at balance dates. Upon fulfilment of these preceding conditions, the Company will be committed to spend US\$950,000 within one year, which US\$500,000 will be through the issue of the Company shares. The option agreement expired on 12 February 2024 and was not renewed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(b) Lease Commitments

The Group has an operating lease commitment for office rentals totaling \$27,214 (30 June 2023: \$42,483).

(c) Other Commitments

The Group has entered into contracts with its directors and certain executives and consultants whereby minimum notice periods (usually three months) have been provided by the Group. This totals to \$633,338 as at 31 December 2023 (30 June 2023: \$648,000).

16. CONTINGENT LIABILITIES

The Group has no contingent liabilities.

17. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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DIRECTORS' DECLARATION

1. In accordance with a resolution of the directors of Prospect Resources Limited, I state that:

(a) the financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half year then ended; and

(ii) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Sam Hosack

Managing Director



Perth, Western Australia

Dated 7 March 2024

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PROSPECT RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Prospect Resources Limited ("the Company") and its controlled entities (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of Prospect Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Prospect Resources Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 7 March 2024.

Responsibility of the Directors for the Financial Report

The directors of Prospect Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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INDEPENDENT AUDITOR'S REVIEW REPORT

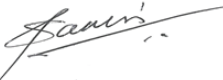


Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
7 March 2024

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