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PROSPECH LIMITED
and its controlled entities

A.B.N. 24 602 043 265

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

30 JUNE 2022

PROSPECH LIMITED
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**PROSPECH LIMITED
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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 2022.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the year are:

Thomas J. Mann - Chairman

Director since 26 September 2014.

Mr Mann has over 30 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr Mann is actively involved in capital raising and strategic development initiatives for public and private companies.

Jason M. Beckton - Director and Chief Executive Officer

Director since 26 September 2014.

Mr Beckton is a professional geologist with over 20 years' experience in exploration, project development, production and management in Australia and internationally.

Mr Beckton commenced his career with Pancontinental and Goldfields Ltd throughout Australia from the early 1990s before moving to a senior role with Gympie Gold in 2001. Subsequently, he was Project Manager for the Palmarejo silver-gold project in Mexico during 2004. More recently, Mr Beckton was Manager - Chile for Exeter Resource Corporation and led the team in 2007 that was responsible for the commercial discovery at the Caspiche Porphyry prospect in the Maricunga Gold Copper Belt of Chile.

Mr Beckton is a Corporate Advisor for Baker Young Limited and Investment Bank DGWA - Deutsche Gesellschaft für Wertpapieranalyse GmbH, Germany. Mr Beckton is a Non-Executive Director of unlisted Lode Resources Ltd (NSW) and Bambra Oy (Finland) and is a Member of the Australian Institute of Geoscientists.

Peter J. Nightingale - Director and Chief Financial Officer

Director since 26 September 2014.

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of Chartered Accountants Australia & New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the USA including Bolnisi Gold N.L. and Nickel Mines Limited (now Nickel Industries Limited).

He is currently a director of ASX listed Alpha HPA Limited.

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DIRECTORS' REPORT

John A. Levings - Director

Director since 17 May 2016.

Mr Levings gained a Bachelor of Science degree from the University of Tasmania in 1977 and then worked for several years as a field geologist and geophysicist for Anglo American Limited. In 1985, as Chief Geologist for Australian Development Limited (later re-named Normandy Gold Limited), Mr Levings was responsible for the discovery of the high grade White Devil gold deposit (760,000 ounces of gold at 14.6 grams per tonne) in Tennant Creek. In 1986 Australian Development Limited was the best performing stock on the ASX on the back of this discovery. Relocating to Indonesia, Mr Levings became a founding partner of a successful geological consultancy which was very active during the 1990s. In more recent times, he identified the Romang Island polymetallic opportunity which was acquired by Robust Resources Limited.

John is a Fellow of the Australasian Institute of Mining and Metallurgy.

Stephen G. Gemell - Director

Director since 4 March 2021.

Mr Gemell holds an Honours Degree in Mining Engineering and has more than 40 years' experience in the mining industry, having worked throughout Australasia and in Africa, the Americas, Asia, Europe and Oceania. He has been Principal of Gemell Mining Engineers since its formation in Kalgoorlie in 1984, specialising in mineral property assessment, strategic studies, valuation and operational review.

Steve is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Chartered Professional (Mining), and a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers. He is currently chairman of the AusIMM's Professional Conduct Committee, was a member of the VALMIN Committee from 2010 to 2021 and a VALMIN representative to the International Mineral Valuation Committee (IMVAL), which he chaired in 2018 and 2019.

In the past three years, he held appointments as a non-executive director of Astro Resources NL from March 2018 until October 2020 and Greenvale Mining Limited from June 2019 until September 2020.

Richard J. Edwards - Company Secretary

Company Secretary since 26 September 2014.

Mr Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA.

Mr Edwards has worked for over fifteen years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia, with a focus on the mining sector. He is currently Company Secretary of ASX listed Alpha HPA Limited and Nickel Industries Limited.

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DIRECTORS' REPORT

Operating and financial review

Introduction

The Company's principal 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 204 km² in Slovakia:

- Hodrusa-Hamre (102 km²) – multiple gold and silver targets.
- Cejkov-Zemplin (29 km²) – high grade epithermal silver-lead and zinc.
- Nova Bana (20 km²), Rudno (14 km²) and Pukanec (10 km²) – gold and silver.
- Jasenie (29 km²) – targeting gold, tungsten and antimony.

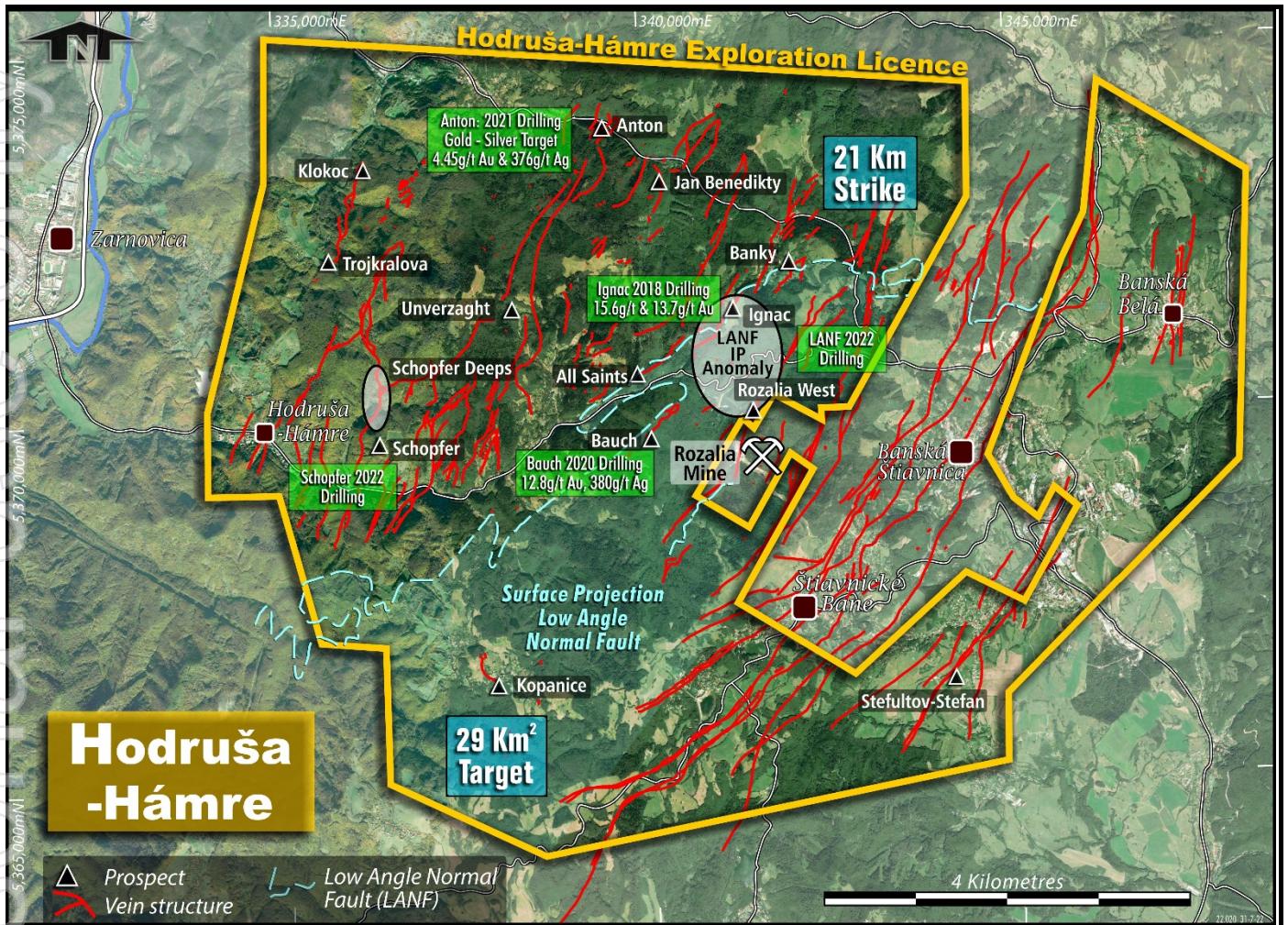


Hodrusa-Hamre Exploration Licence

Located 200 kilometres east of Vienna, the Hodrusa-Hamre exploration licence covers the majority of the Neogene Stiavnica Stratovolcano caldera within the Central Slovakian Volcanic Belt and includes the historic Hodrusa-Hamre/Banska Stiavnica mining district. The exploration licence encompasses some 120 gold-silver-bearing epithermal veins with the major veins individually reaching a length of up to 6 kilometres.

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Geophysics IP Survey and LANF Drilling

Previous drilling by Prospech at the Ignac, Banky and Bauch prospects was designed to test shallow surface targets associated with the extension of a major detachment fault (locally known as a Low Angle Normal Fault or LANF). Mineralisation at the nearby, currently operating Rozalia underground gold mine is controlled by the LANF, the up-dip surface trace of which falls mainly on the Company's Hodrusa-Hamre exploration licence.

In late 2021, for the first time within the Hodrusa-Hamre/Banska Stiavnica mining district, an Induced Polarisation-Resistivity (IP) geophysical survey was conducted to explore the LANF at depth.

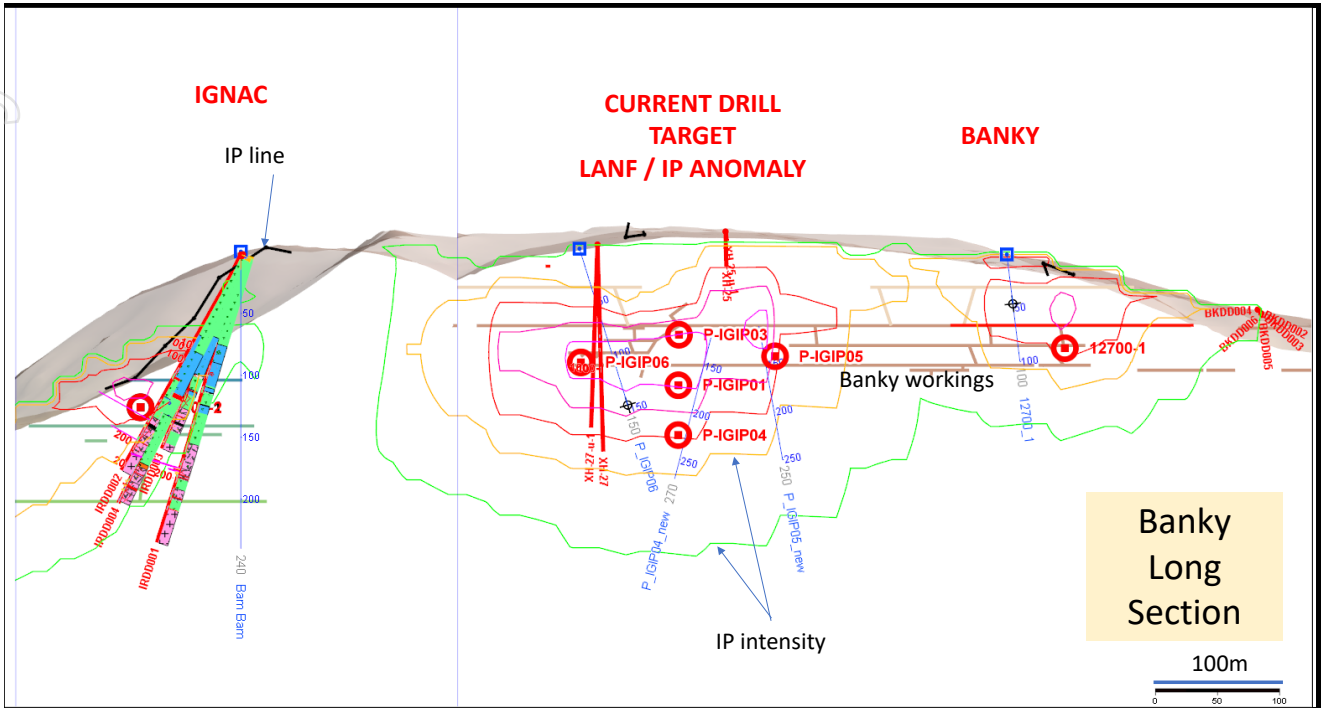
A number of IP and resistivity anomalies were detected by the survey including a standout IP anomaly situated 300 metres along strike from the Ignac prospect, between the Ignac and Banky prospects.

The LANF is currently being drilled to test the strike and depth potential of a silver and base metal mineralised system along the strike of the LANF surface from the previously drilling Ignac area to the south. In total, there is 700 metres of strike from Banky with IP and resistivity targets shown as red bullseyes on the long section below.

Assay results from the LANF drilling program are pending.

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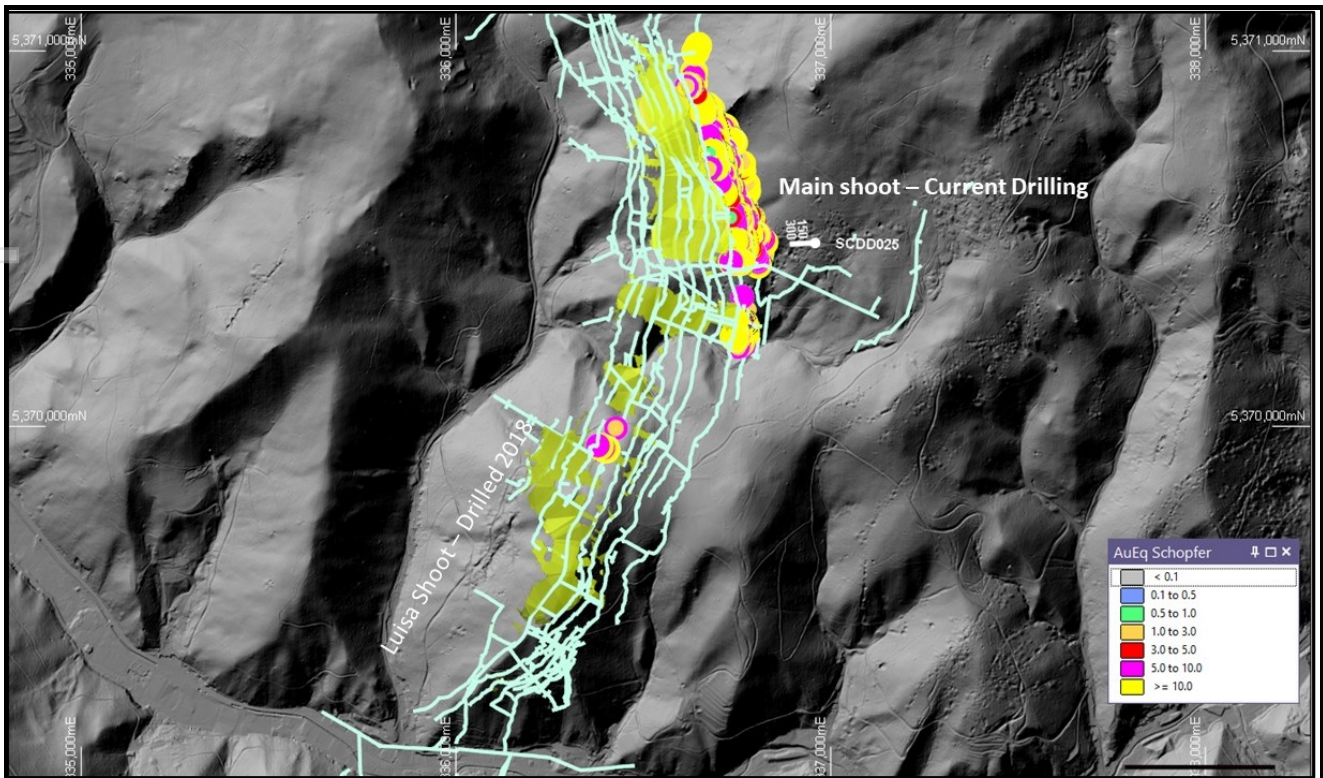
DIRECTORS' REPORT



Schopfer Drilling

During the half year, Phase 2 drilling commenced at the Schopfer gold-silver prospect. The drilling target consists of hanging wall and footwall of the Schopfer vein and area around the intersection of the Schopfer with the Keleti and Klement-Stefan veins, as well as the main vein structure at depth.

The intersection of vein trends is observed to coincide with intensive historical underground exploration and mining, which is probably related to structural dilation zones hosting thicker zones of higher grade material.



Drilling of SCDD025 was designed to test the strike and depth potential of a fully preserved silver and base metal mineralised system under the main shoot at Schopfer. Historic grades of at least 5.0 g/t AuEq¹ are shown in in magenta.

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Mining at Schopfer finished in the late 1940s when the emphasis shifted to base metal production at other production centres in the Hodrusa caldera.

Assay results from the Schopfer drilling program are pending.

¹ Gold is deemed to be the appropriate metal for equivalent calculations as gold is the most common metal to all mineralisation zones. Schopfer gold equivalent grades are based on assumptions: $AuEq(g/t) = Au(g/t) + 76/Ag(g/t)$ calculated from December 2021 spot prices of US\$22/oz silver, US\$1800/oz gold and metallurgical recoveries of 91% silver, 94% based on current production of a nearby mine operated by a third party (Slovenska Banska sro) and historic recoveries from Schopfer from the 1940s. These individual underground back channels are not able to be accessed physically and cannot be currently used in standard JORC reporting and are utilised and represented for targeting purposes only.

Anton Target

During the half year, final assay results for the Anton prospect 2021 drilling were received. The Anton target is a large system of epithermal gold and silver of veins, with a known strike length of at least 3.5 kilometres. The broader Anton structural zone trends further for more than 6.0 kilometres into the Unverzaght and Schopfer historical mines and exploration targets.

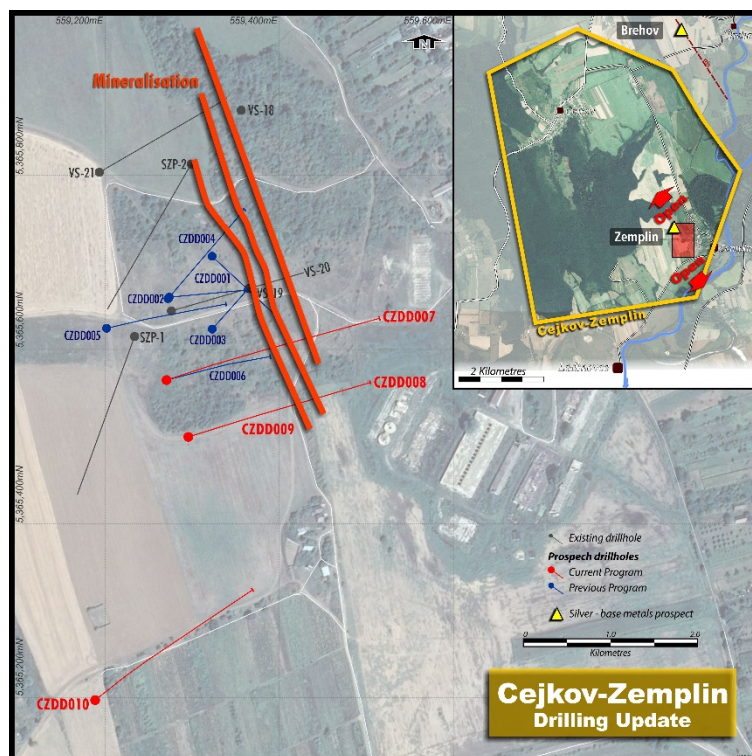
Whilst assay results are generally sub-economic, a series of stacked gold and silver mineralised quartz veins were intersected in the drilling, warranting follow up drilling. VADD006 was the final drill hole at Anton for the 2021 campaign and returned assay results up to 3.49 g/t Au and 214 g/t Ag. The Sprochova vein target has now been intersected by 3 holes (VADD004, 5 and 6), providing reliable structural data to assist in the design of the follow up drilling program.

This was the first modern exploration drilling at Anton where past records report mining to a depth of over 500 metres below surface. Drill sites selected by the Company for this initial drill program are generally shallower targets where historical records indicate that effective mining was prevented by water ingress due to the capability of primitive pumps of the era.

Spoil heap samples, which are thought to originate from the Anton structure near the drilling targets are strongly mineralised with the average of assays from 57 grab samples being 3.95 g/t Au and 214 g/t Ag. The peak assays from this group of samples were 52.6 g/t Au and 1,445 g/t Ag.

Cejkov-Zemplin Exploration Licence

The Zemplin prospect is part of the 100%-owned Cejkov-Zemplin licence, located in the eastern Slovakian neovolcanic belt. Zemplin is prospective for epithermal precious metals and base metals vein-style mineralisation and has potential also for VMS deposits. The mineralisation is hosted within a sequence of acid to intermediate volcanic rocks, comprising mainly andesite, rhyodacite and quartz-diorite porphyry.



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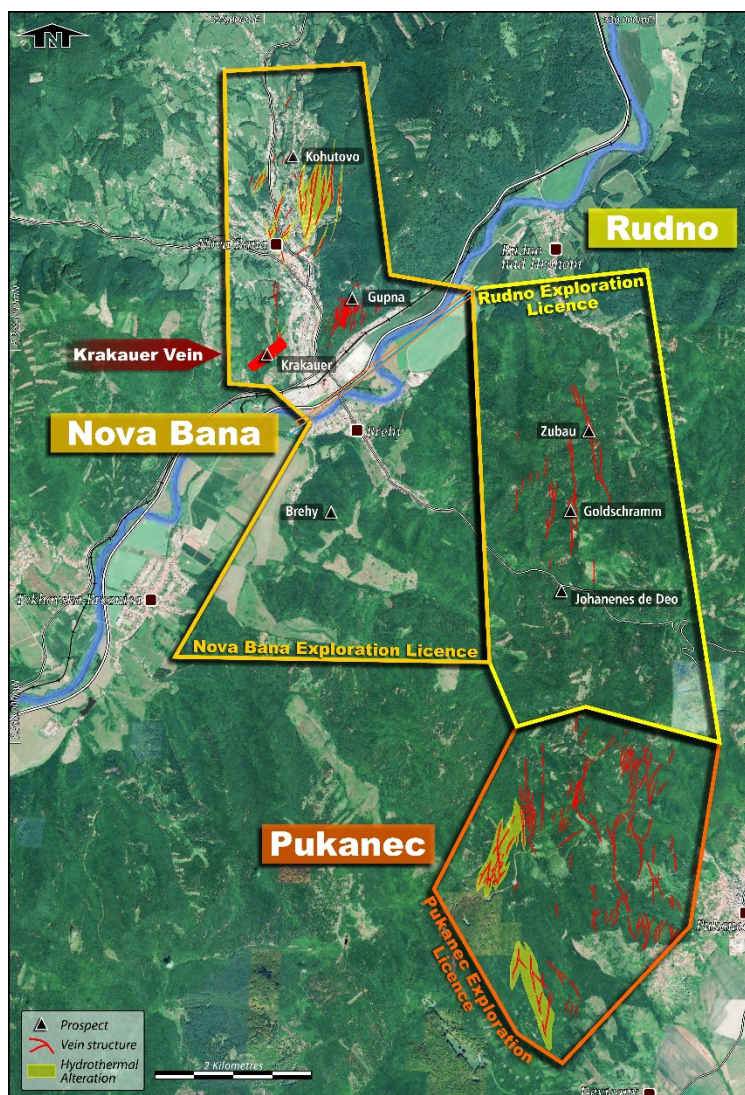
Zemplin Target

During the half year, a Phase 2 drilling program comprising 6 holes for 2,050 metres was completed concurrently with a drone magnetics and LIDAR topographical survey which defined a magnetic high under shallow cover to the south of the Phase 2 drilling, increasing the extension of the Zemplin target.

Whilst intersecting a Polymetallic (silver, lead, zinc) epithermal breccia which could deliver mineralisation of significant tonnages, drill assay results are generally sub-economic and an assessment of the Cejkov-Zemplin exploration licence is underway.

Nova Bana (incorporating Rudno and Pukanec) Exploration Licence

Located on the western flanks of the Stiavnica Strato Volcano within the Central Slovakian Volcanic Belt, the Nova Bana exploration licence contains the newly discovered, high grade epithermal silver and gold mineralisation within the Krakauer vein system. Mineralisation style is typical of low-sulfidation epithermal, banded veins (ginguro). Krakauer is an almost fully preserved epithermal system with demonstrated depth potential.



Field inspection of the western areas of the Rudno licence was completed with a view to reducing concession size and focusing on high grade silver gold working of Zubua in the east.

Drill permits for a 17 hole, 2,800 metre program, covering targets over a 2 kilometre strike length in the Pukanec exploration licence have been approved.

With the focus on the Hodrusa-Hamre and Cejkov-Zemplin exploration licences, no field work was completed during the half year ended 30 June 2022.

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Jasenie Exploration Licence

The Jasenie exploration licence hosts a gold-tungsten project located approximately 90 kilometres northeast of the Hodrusa-Hamre licence area on the southern side of the Nízke Tatry mountains, north of Jasenie village. In the 1950s an 18 kilometre long and 400 metre to 1,000 metre wide scheelite-gold anomaly was identified at Jasenie.

A technical review of antimony and gold zones in the east of the current Kysla tungsten-gold resource area was completed.

With the focus on the Hodrusa-Hamre and Cejkov-Zemplin exploration licences, no field work was completed during the half year ended 30 June 2022.

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

There have been no matters arise in the interval between the end of the year and the date of this report any item, transaction or event 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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 9 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 2022.

Signed at Sydney this 12th day of September 2022
in accordance with a resolution of the Board of Directors:

Thomas J. Mann
Chairman

Peter J. Nightingale
Director



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 2022 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
12 September 2021

PROSPECH LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Notes	30 June 2022 \$	30 June 2021 \$
Other income		-	-
Administration and consultants' expenses		(383,421)	(468,290)
Impairment losses		(909,295)	-
Depreciation expense		(3,122)	(5,981)
Results from operating activities		<u>(1,295,838)</u>	<u>(474,271)</u>
Financial income		482	-
Financial expense		(37,722)	-
Net financial income		<u>(37,240)</u>	<u>-</u>
Loss before income tax		(1,333,078)	(474,271)
Income tax expense		-	-
Loss for the period		<u>(1,333,078)</u>	<u>(474,271)</u>
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<u>(126,878)</u>	<u>(13,447)</u>
Total comprehensive loss for the period		<u>(1,459,956)</u>	<u>(487,718)</u>
Earnings per share			
Basic and diluted loss per share (cents)	6	<u>(1.51)</u>	<u>(0.54)</u>

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

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022 \$	31 December 2021 \$
Current assets			
Cash and cash equivalents		950,218	2,036,694
Trade and other receivables		34,329	31,704
Prepayments		24,522	38,354
Total current assets		<u>1,009,069</u>	<u>2,106,752</u>
Non-current assets			
Exploration and evaluation expenditure	4	7,115,212	7,385,094
Property, plant and equipment		30,367	35,437
Total non-current assets		<u>7,145,579</u>	<u>7,420,531</u>
Total assets		<u>8,129,115</u>	<u>9,527,283</u>
Current liabilities			
Trade and other payables		171,167	83,846
Total current liabilities		<u>171,167</u>	<u>83,846</u>
Total liabilities		<u>171,167</u>	<u>83,846</u>
Net assets		<u>7,983,481</u>	<u>9,443,437</u>
Equity			
Share capital	5	12,081,396	12,081,396
Reserves	8	1,740,009	1,866,887
Accumulated losses		(5,837,924)	(4,504,846)
Total equity		<u>7,983,481</u>	<u>9,443,437</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 2022**

Notes	Share capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2022	12,081,396	1,866,887	(4,504,846)	9,443,437
Total comprehensive income for the period				
Loss for the period	-	-	(1,333,078)	(1,333,078)
Total other comprehensive income	-	(126,878)	-	(126,878)
Total comprehensive loss for the period	-	(126,878)	(1,333,708)	(1,459,956)
Balance at 30 June 2022	12,081,396	1,740,009	(5,837,924)	7,983,481
Balance at 1 January 2021	12,081,396	1,932,805	(3,600,907)	10,413,294
Total comprehensive income for the period				
Loss for the period	-	-	(474,271)	(474,271)
Total other comprehensive income	-	(13,447)	-	(13,447)
Total comprehensive loss for the period	-	(13,447)	(474,271)	(487,718)
Balance at 30 June 2021	12,081,396	1,919,358	(4,075,178)	9,925,576

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 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Cash flows from operating activities			
Cash payments in the course of operations		(314,697)	(413,752)
Interest received		482	-
Net cash used in operating activities		<u>(314,215)</u>	<u>(413,752)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(734,539)	(458,199)
Net cash used in investing activities		<u>(734,539)</u>	<u>(458,199)</u>
Net increase in cash and cash equivalents			
Effect of exchange rate adjustments on cash held		(37,722)	-
Cash and cash equivalents at the beginning of the period		<u>2,036,694</u>	<u>4,514,982</u>
Cash and cash equivalents at the end of the period		<u>950,218</u>	<u>3,643,031</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 2022

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 2022 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 2021 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 2021.

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 September 2022.

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 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 2022**

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 \$1,333,078 (2021: \$474,271), including net cash outflows of \$1,048,754 (2021: \$871,951) for the half year ended 30 June 2022.

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, 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. In the event that the Group does not obtain additional funding, the achievement of which is inherently uncertain until secured or realised, 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 2021.

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2022	31 December 2021
Reconciliation of the carrying amount is set out below:		
Opening balance	7,385,094	5,960,567
Additions, including impact of FX movements	639,413	1,424,527
Impairment	(909,295)	-
Closing balance	7,115,212	7,385,094
Hodrusa	5,208,907	5,078,652
Nova Bana	864,093	905,876
Rudno	362,193	369,947
Jasenie	519,299	520,345
Pukanec	160,720	130,723
Cejkov Zemplin	-	379,551
	7,115,212	7,385,094

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

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 of the Directors of the carrying value of the Company's exploration and evaluation assets, the carrying value of the Cejkov Zemplin was impaired (\$909,295).

NOTE 5 – ISSUED CAPITAL

	30 June 2022		31 December 2021	
	Number of shares	\$	Number of shares	\$
Opening balance – fully paid	88,298,593	12,081,396	88,298,593	12,081,396
Closing balance – fully paid	<u>88,298,593</u>	<u>12,081,396</u>	<u>88,298,593</u>	<u>12,081,396</u>

30 June 2022	30 June 2021
\$	\$

NOTE 6 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Net loss for the period	<u>(1,333,078)</u>	<u>(474,271)</u>
	N° of shares	N° of shares
Issued ordinary shares at the beginning of the half year	<u>88,298,593</u>	<u>88,298,593</u>
Weighted average number of shares at the end of the half year	<u>88,298,593</u>	<u>88,298,593</u>

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

NOTE 7 – RELATED PARTIES

During the half year ended 30 June 2022, 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 2022 amounted to \$60,000 (2021: \$60,000). At 30 June 2022 \$10,000 (31 December 2021: \$0) remained outstanding.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

NOTE 8 – RESERVES

	30 June	31 December
	2022	2021
	\$	\$
Acquisition reserve	375,578	375,578
Foreign currency translation reserve	(134,830)	(7,952)
Option premium reserve	1,499,261	1,499,261
	<u>1,740,009</u>	<u>1,866,887</u>

NOTE 9 - OPERATING SEGMENTS

For management purposes, the consolidated entity is organised into one main operating segment, which involves the exploration of minerals in Slovakia. All of the consolidated entity's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment.

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

NOTE 10 – SUBSEQUENT EVENTS

There have been no matters arise in the interval between the end of the year and the date of this report any item, transaction or event 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

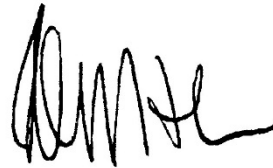
In the opinion of the Directors of Prospech Limited ('the Company'):

1. (a) the condensed consolidated interim financial statements and notes set out on pages 10 to 17, 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 2022 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 12th day of September 2022
in accordance with a resolution of the Board of Directors:



Thomas J. Mann
Chairman



Peter J. Nightingale
Director



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 2022 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 statement of financial position as at 30 June 2022;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information
- 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 2022.

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 2022 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 an 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
12 September 2022

PROSPECH LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Thomas Mann
Jason Beckton
Stephen Gemell
John Levings
Peter Nightingale

Company Secretary:

Richard Edwards

Principal Place of Business and Registered Office:

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Share Registrar:

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