

PROSPECH LIMITED
and its controlled entities

A.B.N. 24 602 043 265

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2020**

**PROSPECH LIMITED
AND ITS CONTROLLED ENTITIES**

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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 2020.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half-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. He retired as the Non-Executive Chairman of ASX listed Aeon Metals Limited in November 2016.

Jason M. Beckton - Director and Chief Executive Officer

Director since 26 September 2014.

Mr Beckton is a professional geologist with over 25 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 became the Project Manager for the Palmarejo silver gold project in Mexico and managed the program that grew the resource base from zero to 3.1 million ounces gold equivalent during 2004. More recently, Mr Beckton was the 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 which, prior to sale, reported an inferred resource estimate of 41.7 million ounces gold equivalent.

Peter J. Nightingale - Director

Director since 26 September 2014.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. 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 30 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, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L. and Bolnisi Gold NL. Mr Nightingale is currently a director of ASX Listed Alpha HPA Limited and Nickel Mines Limited.

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.

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DIRECTORS' REPORT

In 1986 Australian Development Limited was a strong 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, Mr Levings identified the Romang Island polymetallic opportunity which was acquired by Robust Resources Limited. He remains a director of Robust Resources Limited which is now an unlisted public company and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Richard J. Edwards - Company Secretary

Company Secretary since 26 September 2014.

Richard 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. Following eight years as an owner/manager of his own business Mr Edwards has worked for over ten 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 also Company Secretary of ASX listed Alpha HPA Limited and Nickel Mines Limited.

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.

Prospech is the holder of 100% of the following exploration licences which cover an area of 203.67 km²:

- Hodrusa-Hamre (101.92 km²) – multiple gold and silver targets.
- Nova Bana (18.14 km²), Rudno (14.26 km²) and Pukanec (10.71 km²) – gold and silver.
- Jasenie (29.41 km²) – targeting gold, tungsten and antimony.
- Cejkov-Zemplin (29.23 km²) – high grade epithermal silver-lead and zinc.



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DIRECTORS' REPORT

Since acquiring its initial interests in the Hodrusa-Hamre and Nova Bana exploration licence areas, the Company has successfully applied for and been granted exploration licences covering the Jasenie, Rudno, Pukanec and most recently Cejkov-Zemplin.

The activities of the Company during the period were negatively impacted by the COVID-19 pandemic, principally because the Company's preferred drillers are based in Bulgaria and were unable to enter Slovakia. Prospech is pleased to advise that these travel restrictions have now been lifted, and contracts have been signed for drill programs for the Bauch target at the Hodrusa-Hamre project and the Gupna target at the Nova Baňa project. The drillers are currently en route to Slovakia, for planned commencement of drilling in early September.

Despite the impact of restrictions during the period, the Company's Slovakian based exploration staff were able to continue with a number of on the ground activities. Highlights of this include:

- Permitting and site-preparations for the next drill campaign, which will focus on the Ignac - Bauch trend, where rock chip samples returned assays of up to 28.3 g/t Au and 582 g/t Ag. This target is interpreted to be the up-dip expression of the mineralised detachment fault which hosts the operating Rozalia mine's high-grade gold orebodies.
- First drilling (BQ microdrill core) results from Kopanice prospect include:
 - KODD001 - 1.2m @ 4.95 g/t AuEq¹ (3.12 g/t Au and 146 g/t Ag) from 0m
 - KODD004 – 1.0m @ 19.63 g/t AuEq (12.35 g/t Au and 582 g/t Ag) from 0mThe Kopanice prospect is also interpreted to be associated with the mineralised detachment fault
- Independent Geologist² review of the Schopfer Vein System confirms an Exploration Target of 1-2 million tonnes at grades ranging between 2.5 to 3.5 g/t Au and 300 to 400 g/t Ag (6.2 – 8.5 g/t AuEq)..
- Review of drilling proposals for 50 competitively-ranked targets which include the high-priority targets of Ignac - Bauch, Gupna and Schopfer. Over 100 drill holes are currently planned.

The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. To ascertain the existence or otherwise of Mineral Resource according to the guidelines of the 2012 edition of the JORC CODE, will require additional drilling over the 1.5km strike length of the Schopfer structure which is intended to be carried out over the next 2 years.

Corporate Activities

With the Company's successfully completing a pre-IPO capital raise of \$750,000 in July 2020 and restrictions arising from the pandemic being lifted, the Company looks forward to reporting on an active period of exploration in the lead up to the Company's anticipated IPO and listing on the Australian Stock Exchange.

The Company has engaged Peloton Capital Pty Ltd ('Peloton') to act as lead manager and book-runner in connection with the pre-IPO capital raising and the IPO itself. The pre-IPO capital raising was successfully completed subsequent to the end of the period, raising \$750,000 at \$0.10 per share.

Competent Person's Statement

The information in this Report that relates to Exploration Targets and 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.

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DIRECTORS' REPORT

¹ Gold Equivalent Grades

Gold equivalent grades (AuEq) are based on:

- An Ag:Au ratio of 80:1 (US\$1800/oz Au and US\$22.50/oz Ag)

Grades have not been adjusted for the metallurgical or refining recoveries and the gold equivalent are an exploration nature only; intended for summarising grade.

² Tim Callaghan, Resource Geology Pty Limited principal.

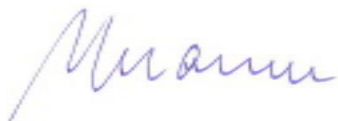
Subsequent Events

A mandate with Peloton Capital Pty Ltd ('Peloton') has been signed under which Peloton will act as lead manager and book-runner in connection with both a pre-IPO raise and the IPO itself. Subsequent to the end of the half year, the Company issued 7,500,000 shares, at \$0.10 each for cash totalling \$750,000. Issue costs were \$30,000.

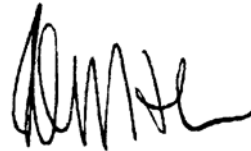
On 26 August 2020, shareholders unanimously approved the consolidation of the Company's issued capital on a 10 for 16 basis.

Other than the matters outlined above, no matters or circumstances have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Signed at Sydney this 31st day of August 2020
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 2020 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

Adam Twemlow
Partner

Brisbane
31 August 2020

**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 2020**

	Notes	30 June 2020 \$	30 June 2019 \$
Administration and consultants' expenses		(202,812)	(166,421)
Depreciation expense		<u>(7,459)</u>	<u>(9,290)</u>
Results from operating activities		(210,271)	(175,711)
Financial income		25	397
Finance expense		<u>-</u>	<u>(101)</u>
Net financing income		25	296
Loss before tax		<u>(210,246)</u>	<u>(175,415)</u>
Income tax expense		<u>-</u>	<u>-</u>
Loss for the period		<u>(210,246)</u>	<u>(175,415)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		<u>50,194</u>	<u>(13,946)</u>
Total comprehensive loss for the period		<u>(160,052)</u>	<u>(189,361)</u>
Earnings per share			
Basic and diluted loss per share (cents)*	6	<u>(0.38)</u>	<u>(0.36)</u>

*Earnings per share has been restated for 30 June 2020 and 30 June 2019 comparatives to reflect the consolidation of the Company's issued capital on a 10 for 16 basis as unanimously approved by the shareholders subsequent to the half-year end on 26 August 2020.

The above Condensed 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 2020**

	Notes	30 June 2020 \$	31 December 2019 \$
Current assets			
Cash and cash equivalents		57,198	404,266
Trade and other receivables		10,046	30,406
Prepayments		2,305	1,930
Total current assets		<u>69,549</u>	<u>436,602</u>
Non-current assets			
Exploration and evaluation expenditure	4	5,495,822	5,180,565
Property, plant and equipment		16,330	23,124
Total non-current assets		<u>5,512,152</u>	<u>5,203,689</u>
Total assets		<u>5,581,701</u>	<u>5,640,291</u>
Current liabilities			
Trade and other payables		498,525	397,063
Total current liabilities		<u>498,525</u>	<u>397,063</u>
Total liabilities		<u>498,525</u>	<u>397,063</u>
Net assets		<u>5,083,176</u>	<u>5,243,228</u>
Equity			
Share capital	5	6,767,823	6,767,823
Reserves	8	927,259	877,065
Accumulated losses		<u>(2,611,906)</u>	<u>(2,401,660)</u>
Total equity		<u>5,083,176</u>	<u>5,243,228</u>

The above Condensed Consolidated Interim Statement of Financial Position should be read
in conjunction with the accompanying notes

**PROSPECH LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Share capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2020	6,767,823	877,065	(2,401,660)	5,243,228
Total comprehensive income for the period				
Loss for the period	-	-	(210,246)	(210,246)
Total other comprehensive income	-	50,194	-	50,194
Total comprehensive loss for the period	-	50,194	(210,246)	(160,052)
Transactions with owners, recorded directly in equity				
Balance at 30 June 2020	6,767,823	927,259	(2,611,906)	5,083,176
Balance at 1 January 2019	5,682,823	964,960	(2,016,818)	4,630,965
Total comprehensive income for the period				
Loss for the period	-	-	(175,415)	(175,415)
Total other comprehensive income	-	(13,946)	-	(13,946)
Total comprehensive loss for the period	-	(13,946)	(175,415)	(189,361)
Transactions with owners, recorded directly in equity				
Issue of shares	500,000	-	-	500,000
Balance at 30 June 2019	6,182,823	951,014	(2,192,233)	4,941,604

The above Condensed 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 2020**

	30 June 2020	30 June 2019
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(65,836)	(148,197)
Interest received	25	397
Net cash used in operating activities	<u>(65,811)</u>	<u>(147,800)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(281,257)	(239,577)
Net cash used in investing activities	<u>(281,257)</u>	<u>(239,577)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	-	400,000
Net cash from financing activities	<u>-</u>	<u>400,000</u>
Net increase/(decrease) in cash and cash equivalents	(347,068)	12,623
Effect of exchange rate adjustments on cash held	-	(20)
Cash and cash equivalents at the beginning of the financial period	<u>404,266</u>	<u>347,822</u>
Cash and cash equivalents at the end of the financial period	<u><u>57,198</u></u>	<u><u>360,425</u></u>

The above Condensed Consolidated Interim Statement of Cash Flows should be read
in conjunction with the accompanying notes

**PROSPECH LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

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 2020 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 2019 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

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

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 2019.

These condensed consolidated interim financial statements were approved by the Board of Directors on 31 August 2020.

Use of estimates and judgements

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

Additional judgements and key sources of estimation uncertainty that have been applied to the condensed consolidated interim financial statements as at and for the half-year ended 30 June 2020 are described in the following notes:

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

Going Concern

The consolidated interim financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss after tax of \$210,246 (2019: \$175,415) for the 6 month period ended 30 June 2020. At 30 June 2020 the Group had cash and cash equivalents of \$57,198 (31 December 2019: \$404,266) and net assets of \$5,083,176 (31 December 2019: \$5,243,228). In addition, the Group used \$347,068 (2019: \$387,377) of cash in operations, including exploration activities, for the 6 month period ended 30 June 2020.

Subsequent to the end of the half year, the group issued shares for cash totalling \$750,000.

**PROSPECH LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

NOTE 2 - BASIS OF PREPARATION (Cont.)

Going Concern (Cont.)

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group raises additional funding from shareholders or other parties to continue planned exploration activities. The group has successfully raised funds in the past, however, such funding is inherently uncertain until secured. If such funding is not achieved, the Group plans to reduce expenditure to the level of funding available. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event that the Group does not obtain additional funding and 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.

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 2019.

NOTE 4 - EXPLORATION AND EVALUATION EXPENDITURE

	2020	2019
	\$	\$
Opening balance at 1 January	5,180,565	4,385,942
Additions	261,199	837,390
Foreign exchange impact	54,058	(42,767)
Closing balance at 30 June	<u>5,495,822</u>	<u>5,180,565</u>

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

NOTE 5 - ISSUED CAPITAL

	30 June 2020		31 December 2019	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 January	88,664,098	6,767,823	77,814,098	5,682,823
Issue of shares	-	-	10,850,000	1,085,000
Balance at end of period	<u>88,664,098</u>	<u>6,767,823</u>	<u>88,664,098</u>	<u>6,767,823</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year ended 31 December 2019:

- The Company issued 10,850,000 shares, at \$0.10 each for cash totalling \$1,085,000. At 31 December 2019 there was \$20,000 unpaid on the shares issued. This was subsequently paid following the end of the year. There were no share issue costs.

**PROSPECH LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	30 June 2020	30 June 2019
	\$	\$
NOTE 6 - LOSS PER SHARE		
Basic and diluted loss per share have been calculated using:		
Net loss for the year	<u>(210,246)</u>	<u>(175,415)</u>
	N° of shares	N° of shares
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	55,415,061	48,633,822
Effect of shares issued in June 2019	-	260,416
Weighted average number of shares for the period	<u>55,415,061</u>	<u>48,894,228</u>

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

On 26 August 2020, at a General Meeting of Shareholders, the Shareholders unanimously approved the consolidation of the Company's issued capital on a 10 for 16 basis. The weighted average number of shares have been restated as at 30 June 2020 and 30 June 2019 to reflect the share consolidation.

NOTE 7 - RELATED PARTY DISCLOSURE

During the half year ended 30 June 2020, Peter Nightingale, a director had an interest in an entity, MIS Corporate Pty Limited ('MIS'), which provided full administrative services, including administrative and accounting staff rental accommodation, services and supplies, to the Group. Fees charged by MIS during the half-year amounted to \$30,000 (2019: \$30,000). The amounts outstanding as at 30 June 2020 is \$50,000 (2019: \$20,000).

At 30 June 2020, the amount outstanding payable to directors of the Company is \$325,343 (2019: \$126,081).

NOTE 8 - RESERVES

	30 June 2020	30 June 2019
	\$	\$
Minority interest acquisition reserve	375,578	375,578
Foreign currency translation reserve	147,891	97,697
Option premium reserve	403,790	403,790
	<u>927,259</u>	<u>877,065</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

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

A mandate with Peloton Capital Pty Ltd ('Peloton') has been signed under which Peloton will act as lead manager and book-runner in connection with both a pre-IPO raise and the IPO itself. Subsequent to the end of the half year, the Company issued 7,500,000 shares, at \$0.10 each for cash totalling \$750,000. Issue costs were \$30,000.

On 26 August 2020, shareholders unanimously approved the consolidation of the Company's issued capital on a 10 for 16 basis.

Other than the matters outlined above, no matters or circumstances have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

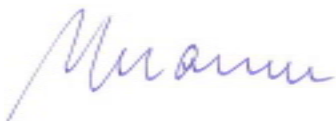
**PROSPECH LIMITED
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DIRECTORS' DECLARATION


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

- (1) the condensed consolidated interim financial statements and notes set out on pages 6 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) 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 31st day of August 2020
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 is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2020 and of its performance for the half-year 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 2020;
- 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 half-year ended on that date;
- Notes 1 to 10 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 half year's end or from time to time during the half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 2, "Going Concern" in the Interim Financial Report. The 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim 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 30 June 2020 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Prospech Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Adam Twemlow
Partner
Brisbane
31 August 2020

**PROSPECH LIMITED
AND ITS CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Directors:

Mr Thomas J. Mann (Chairman)
Mr Jason M. Beckon
Mr Peter J. Nightingale
Mr John A. Levings

Company Secretary:

Mr Richard Edwards

Principal Place of Business and Registered Office:

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SYDNEY NSW 2000

Phone: 61-2 9300 3333
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Email: info@prospech.com.au
Homepage: www.prospech.com.au

Auditors:

KPMG
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71 Eagle Street
BRISBANE QLD 4000

Share Registrar:

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Solicitors:

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