



Date: 27 April 2022

ASX: PRS

Shares on issue: 88,298,593

Market capitalisation: A\$4.9M
(@ A\$0.056)

Board of Directors

Non-Executive Chairman
Thomas Mann

Managing Director
Jason Beckton

Executive Director
John Levings

Executive Director and CFO
Peter Nightingale

Non-Executive Director
Steve Gemell

Company Secretary

Richard Edwards

Substantial Shareholders

Peter Nightingale	8.7%
Lonway Pty Limited	7.9%
Robust Resources	5.8%
Thomas Mann	5.0%

info@prospech.com.au
+61 2 9300 3333

Level 2, 66 Hunter Street
Sydney, NSW, 2000

QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 March 2022

The Directors are pleased to present the March 2022 Quarterly Activities Report for Prospech Limited ('Prospech' or 'the Company') and its controlled entities ('the Group').

Highlights

DRILLING – ZEMPLIN

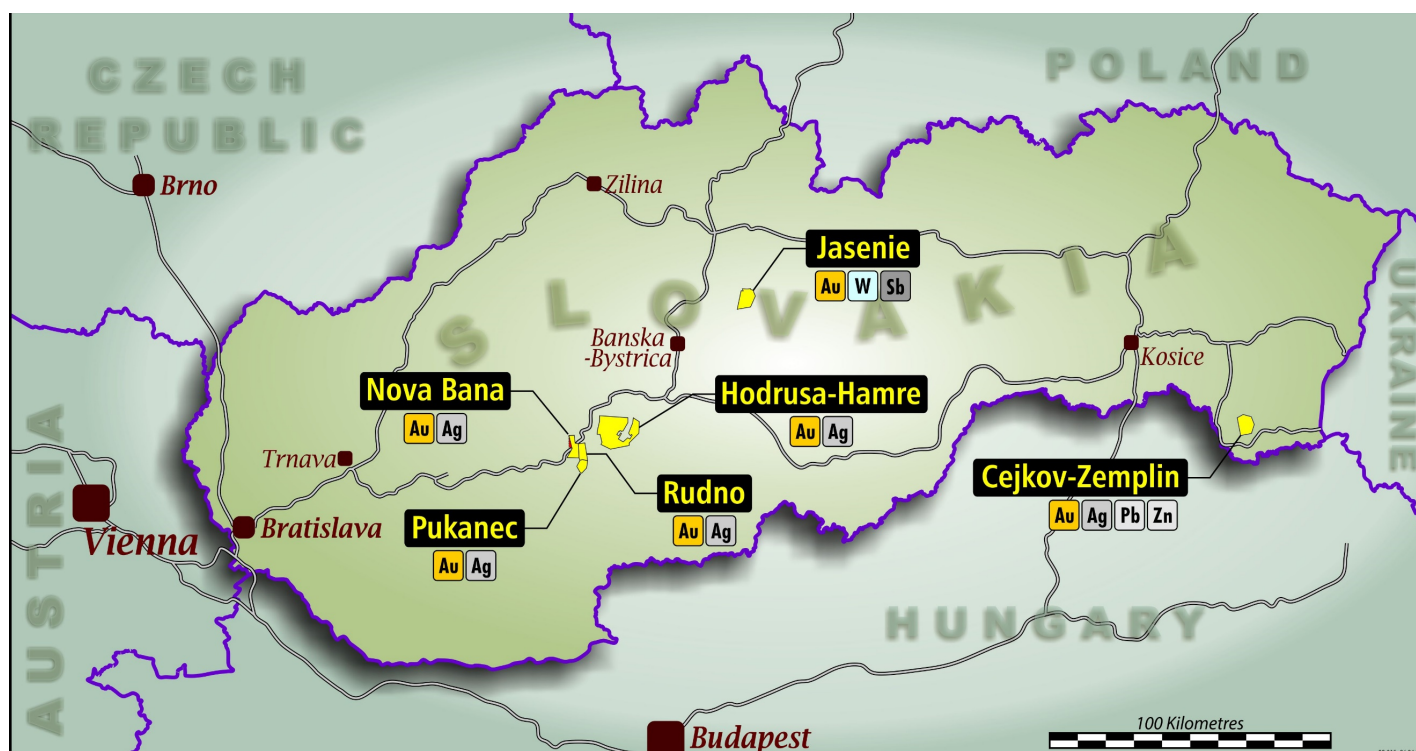
Cejkov Project – Zemplin Silver and Base Metals Prospect

- Initial results from the first modern exploration drilling at Zemplin have been received with significant intercepts for drill holes CZDD001 – CZDD004 (Phase 1 drilling) summarised below.
- CZDD006 intersected 40 metres of sulphide breccia from 122 metres.
- Assay results for drill holes CZDD005 – CZDD010 (Phase 2 drilling) are pending.
- The Zemplin drilling program tested strike and depth potential of previously discovered, high-grade mineralisation (up to 1,220 g/t silver).
- Drone magnetics and LIDAR topographical survey completed, defining a covered magnetic high to the south of Phase 2 drilling.



Core from CZDD006 at 130m showing polymetallic (silver, lead, zinc) epithermal mineralisation.

Operations



Tenement location map.

Cejkov-Zemplin Exploration Licence (100% Prospech)

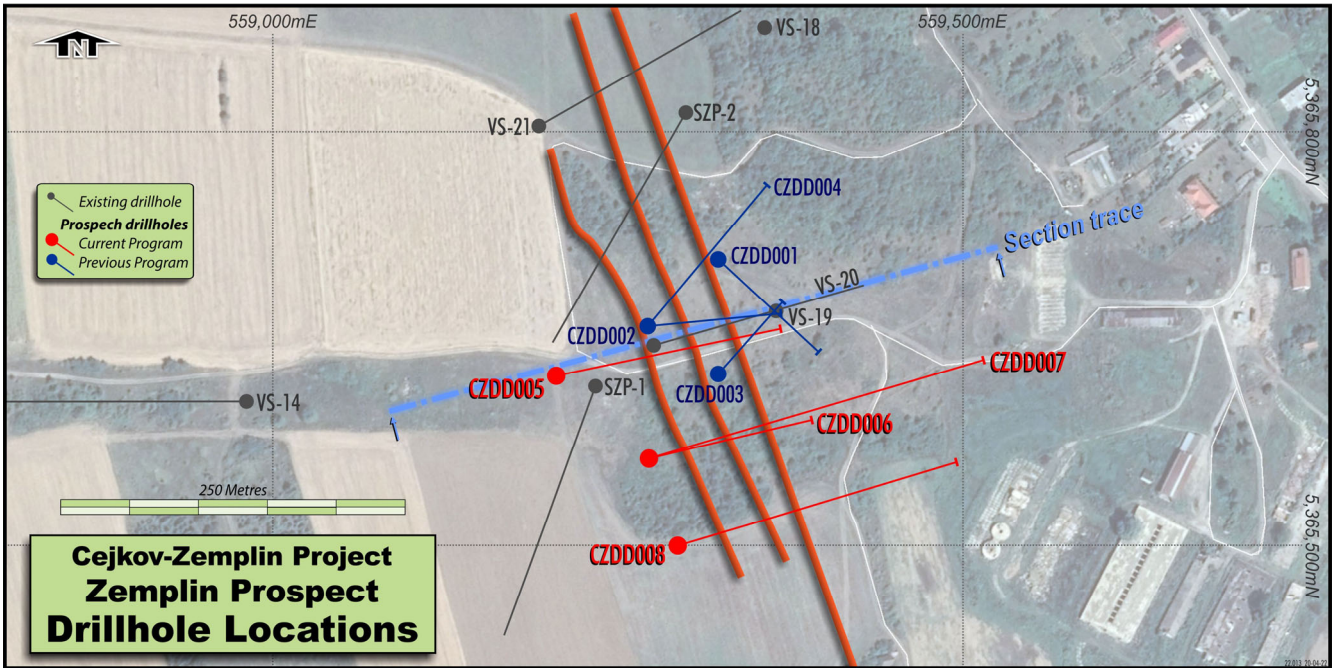
Drilling program at Zemplin

Zemplin Prospect – Silver and Base Metals

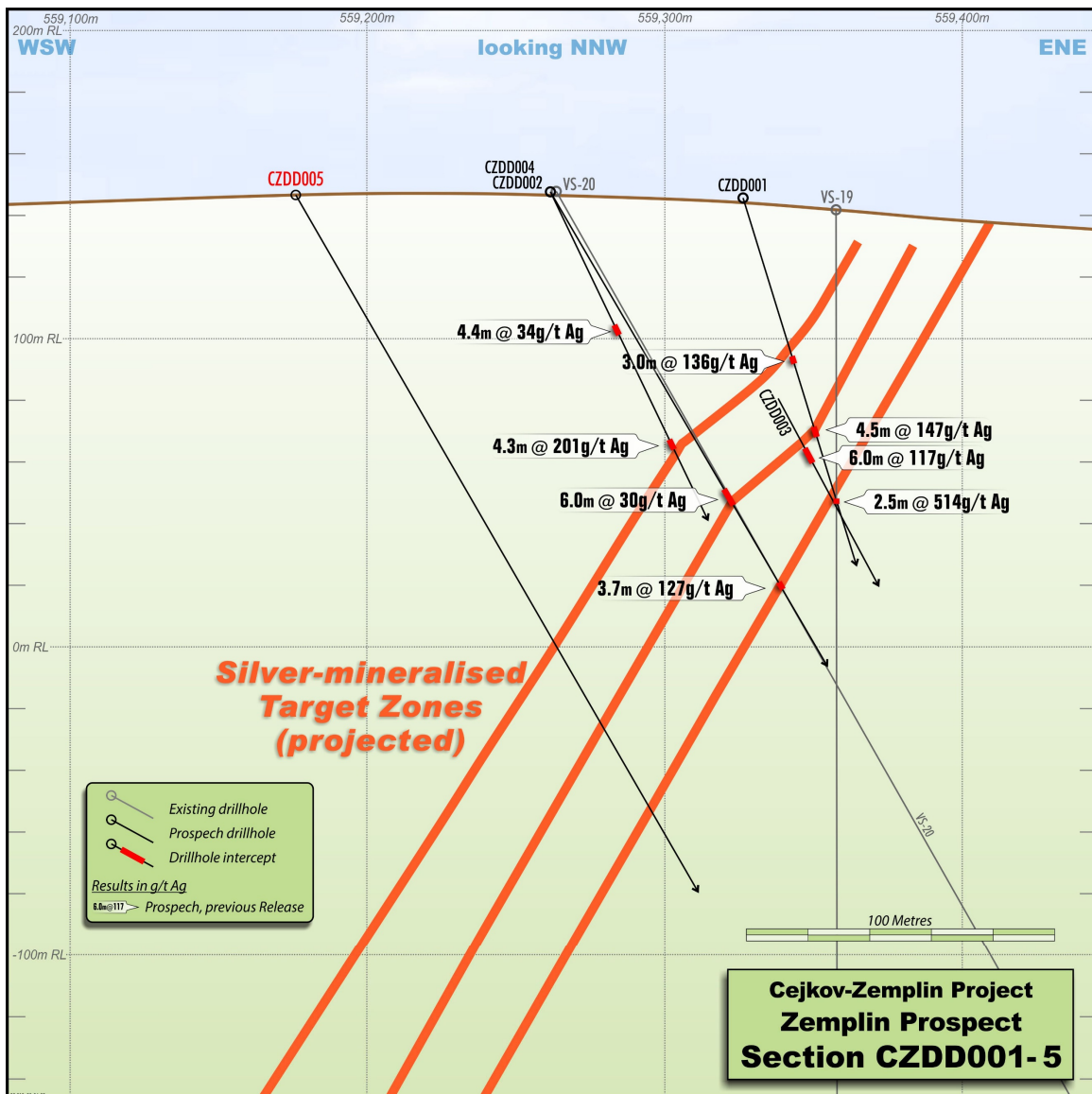
The 2022 drilling season commenced with Phase 2 drilling at Zemplin, a silver rich polymetallic epithermal vein system. The discovery was made by the Slovak Government and Rio Tinto in the early 1990s but was not followed up until Prospech's April 2021 program which produced the following previously reported results:

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

Prospech interprets the main silver zone trending to be open to the north and south - a continuously mineralised silver zone.



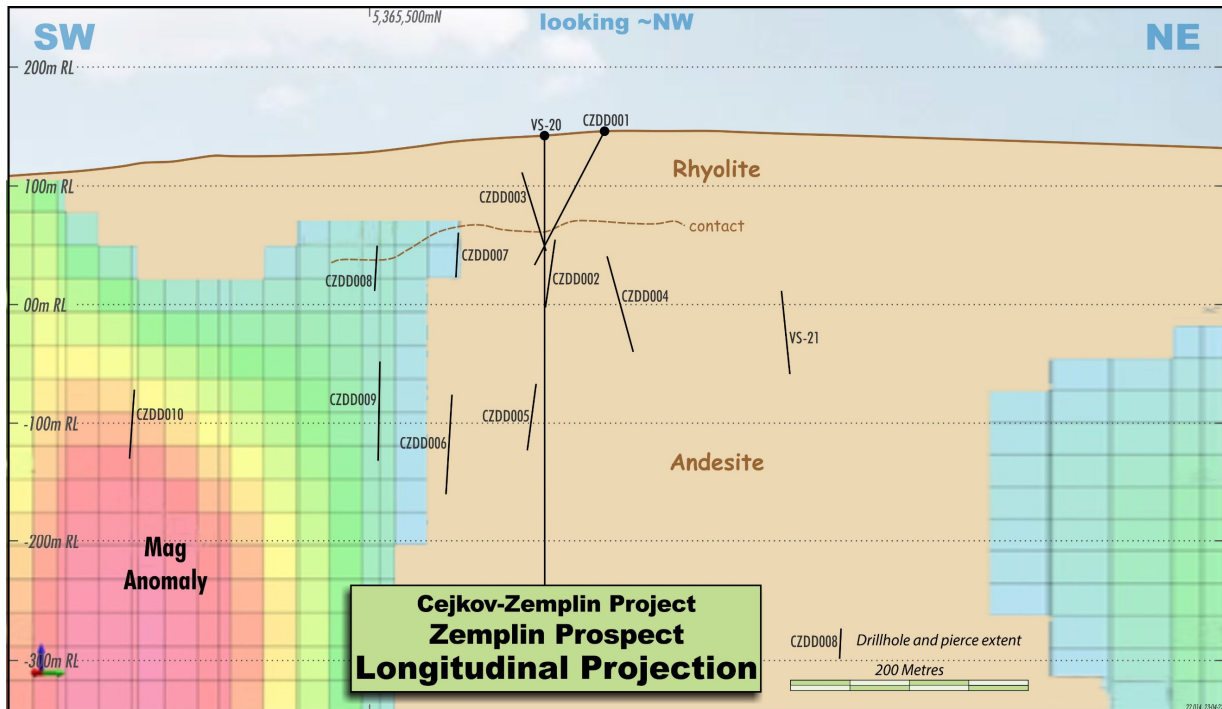
Plan map of current operations, an open plan area with rapid drill out expansion possible.



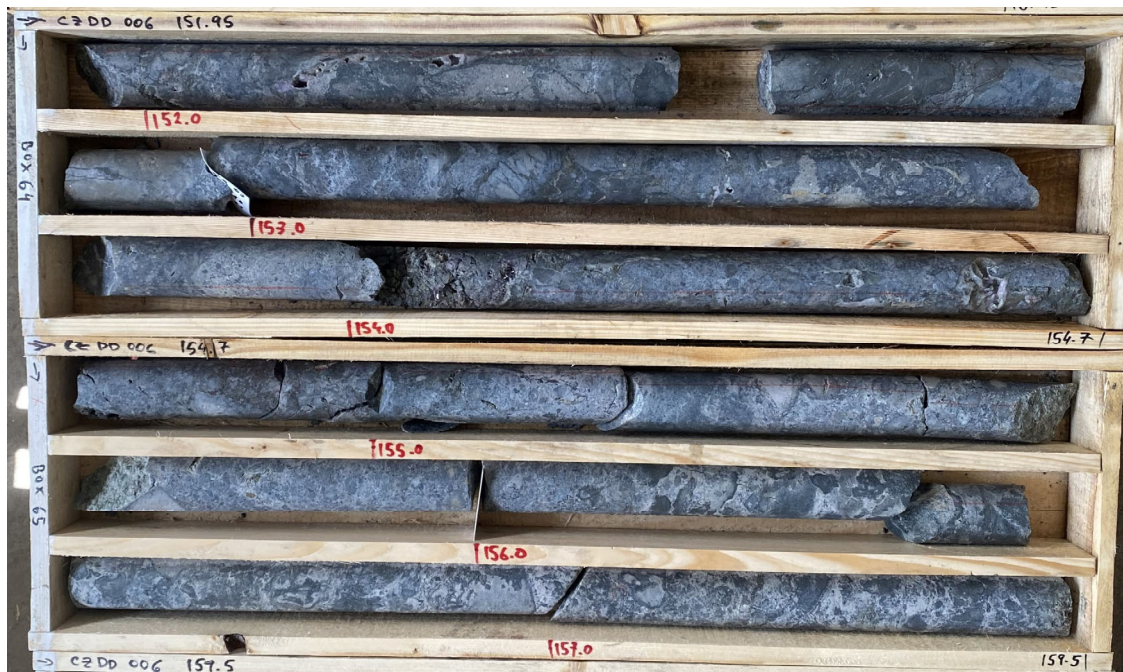
Set up on the first hole of the Zemplin Phase 2 drilling program. CZDD005 was designed to test the strike and depth potential of a fully preserved silver and base metal mineralised system.

Concurrently with the Phase 2 drilling, a drone magnetics and LIDAR topographical survey was completed, defining a magnetic high under shallow cover to the south of the Phase 2 drilling, increasing the extension of the Zemplin target.

Results from the drone magnetics survey will be used to guide future exploration and drill planning.



Long section of current operations including recently processed drone magnetics defining a covered magnetic high to the south with drilling expansion to the south planned on what remains an open system under shallow cover.



CZDD006 intersected sulphide breccia core from 122m to 162m.

Polymetallic (silver, lead, zinc) epithermal breccia is a new form of mineralisation identified by the Phase 2 drilling which can deliver mineralisation of significant tonnages. A breccia implies a significant, continuous structural control on the mineralisation and is combined with the amenable nature of an already brecciated Andesite host sequence.

Hodrusa-Hamre Exploration Licence (100% Prospech)

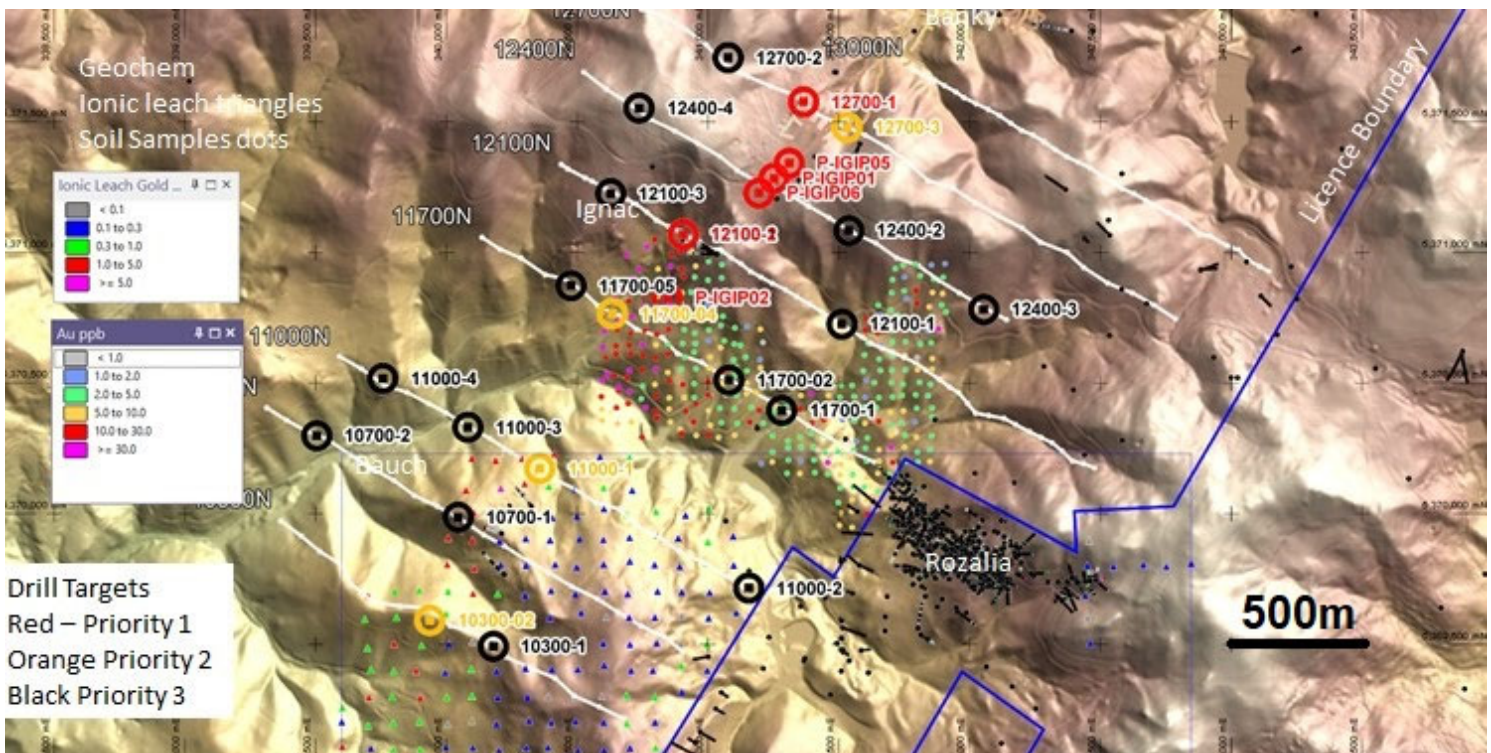
Hodrusa-Hamre – Planned Drilling – Low Angle Normal Fault

As previously reported, a number of IP and resistivity anomalies were detected by a large scale geophysical the survey completed by the Company in December 2021 (see Figures below).

A standout IP anomaly is situated 300 metres along strike from the Ignac prospect, between the Ignac and Banky prospects. The anomaly has a peak chargeability of 16 mV/V and is centred approximately 110 metres below surface. Ignac was drilled by the Company in late 2018 and encountered classic epithermal style quartz veining, visible gold and assays up to 15.6 g/t Au.

Recent in situ underground rock chip sampling located approximately 270 metres north-north-east, along strike from the IP target, assayed 36.2 g/t Au and 1,300 g/t Ag.

Permitting is being finalised to drill the plane of the Low Angle Normal Fault during the next few months. This style of mineralisation of high grade detachment faults is noted elsewhere in the Tethyan Belt at Ada Tepe Bulgaria and for the Emperor Gold deposit in Fiji (Refer October 2021 Prospech presentation <https://prospech.com.au/s/Prospech-Society-Resource-Geology-Final.pdf>).

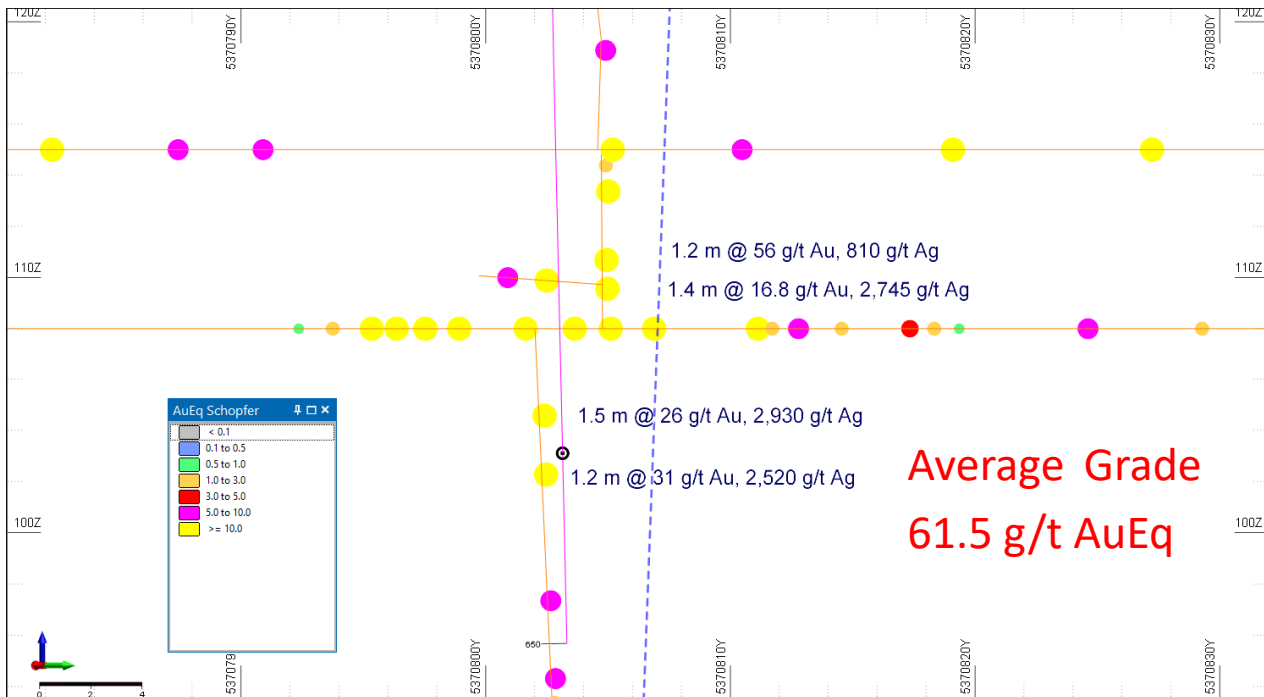
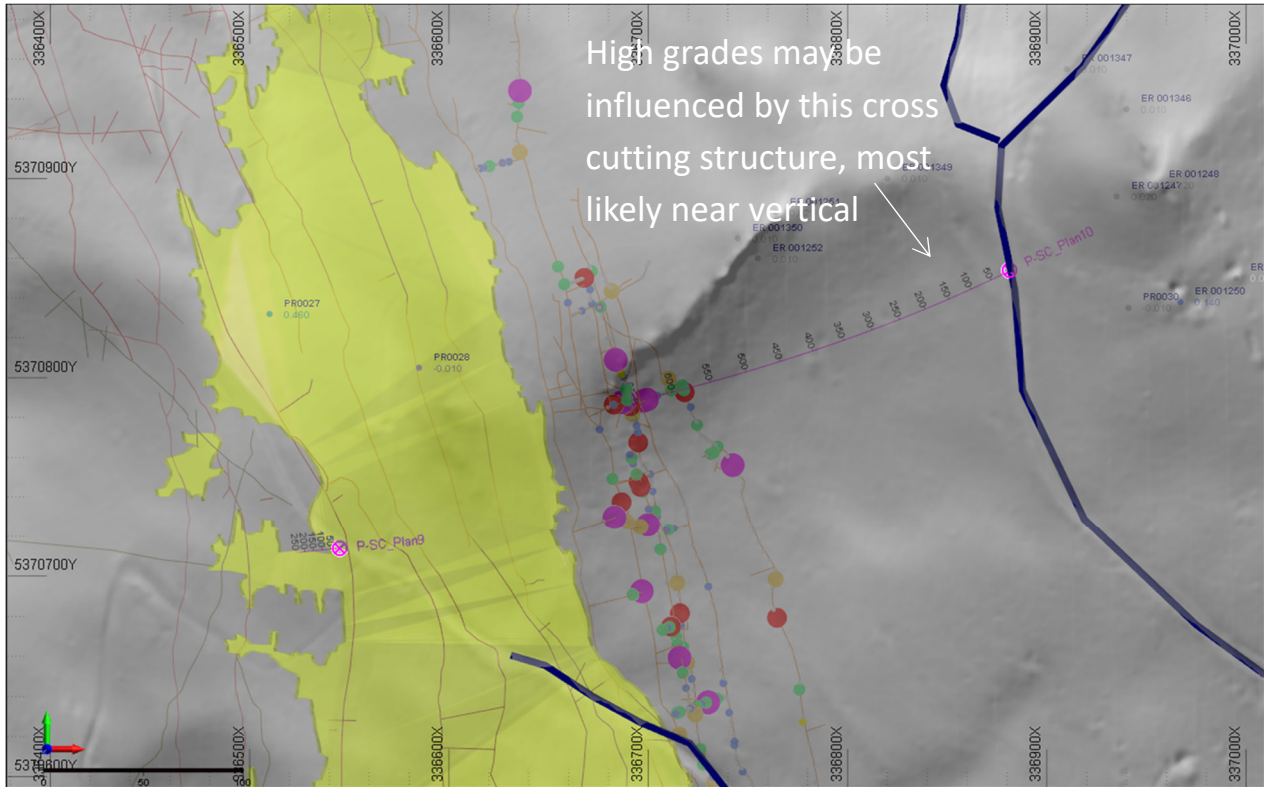


Hodrusa-Hamre IP survey located in the eastern part of the Hodrusa-Hamre exploration licence. White lines with dots are the as-surveyed lines. The adjacent Rozalia Mine footprint is shown along with nearby historical mine workings such as Banky and Ignac. Historical mine workings are also depicted (scale not shown).

Hodrusa-Hamre – Planned Drilling – Schopfer Exploration Target

A 650m parent hole to test high-grade with 2 or 3 wedged daughter holes (+/-800m) is planned to support the rationale to reopen the Schopfer underground workings.

The target is the most consistent area of high grade gold and silver mineralisation on Level 9 and Sub-level Level 9 where four historic insitu underground channel cut samples averaged 61.5 g/t AuEq.



Planned deep drilling at Schopfer is targeting historic high grade channel sample results.

Rudno Exploration Licence (100% Prospech)

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

Pukanec Exploration Licence (100% Prospech)

Pukanec, an extensive system gold and silver mineralised veins and more than 800 historic workings, lies on the western side of the Hodrusa Caldera. Surface rock chip samples, collected from some of these workings, returned gold and silver assays up to 31.2 g/t Au and 1,703 g/t Ag.

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

Jasenie Exploration Licence (100% Prospech)

The process of renewing the tenement is complete. No field activities were undertaken during the quarter. A technical review of antimony and gold zones in the east of the current Kysla tungsten-gold Inferred Resource area was completed.

June 2022 Quarter Planned Activities

Hodrusa Project - Commence drill testing IP targets. One parent hole for the high grade zone of Schopfer 3 kilometres to the southeast.

Nova Bana Project - The Gupna program requires a small portable diamond rig which is currently being sourced from a Slovakian drilling contractor. These targets are likely to be drilled in 2022.

Cejkov Project - Phase 2 drilling collation to ascertain future ground selection and drilling of the Zemplin mineralisation in a potential Phase 3 growth program.

Pukanec Project – A drilling program is approved with drilling is to be scheduled after Schopfer and LANF drilling in the Hodrusa project and probable Phase 3 for the Zemplin project.

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

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

Prospech Managing Director Jason Beckton comments:

“The Zemplin prospect is an underexplored, high-grade, silver rich epithermal vein system which, unusually for the Western Tethyan mineral belt, is mostly covered by a thin layer of younger rocks or sediments. The drone magnetics, very detailed LIDAR survey have helped generate decision points for the drill program. Results including a limited metallurgical testing program will be reviewed in the current quarter.

Further west, on the Company’s flagship Hodrusa exploration licence, drilling is planned on the large gold-silver rich historic Schopfer mine. This mine closed when the communist leaders decided to focus on base metals at Hodrusa leaving documented evidence of high-grade gold and silver shoots remaining at depth.

Prospective drill targets include those derived from the recent, successful, IP geophysics survey over the detachment fault (or LANF) which hosts the nearby and actively mined Rozalia gold deposit.”

Corporate

Normal post Covid operations underway since February – Expatriate staff are now able to travel freely to and from the EU as required.

Expenditures

Expenditure on mine exploration activities during the quarter totalled \$238,000. There were no expenditures on mine production and development activities during the quarter.

Related Party Expenditures

During the March quarter the aggregate amount of payment to related parties and their associates totalled \$164,000 comprising \$144,000 of payments to Directors or Director related entities for Directors' consulting fees and \$20,000 in fees were paid to MIS Corporate Pty Limited ('MIS'), an entity in which Director Peter Nightingale has a controlling interest. MIS provides full administrative services, including administrative, accounting, company secretarial staff, rental accommodation and supplies to the Group.

For further information please contact:

Jason Beckton
Managing Director
j.beckton@prospech.com
+61 (0)438 888 612

Peter Nightingale
Director and Chief Financial Officer
pnightingale@prospech.com.au
+61 2 9300 3333

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.



Temporary core logging facility the Zemplin prospect, March 2022.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Prospech Limited

ABN

24 602 043 265

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(238)	(238)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(101)	(101)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(339)	(339)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period	(339)	(339)
4.1	Cash and cash equivalents at beginning of period	2,038	2,038
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(339)	(339)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(54)	(54)
4.6	Cash and cash equivalents at end of period	1,645	1,645

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,645	1,645
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,645	1,645

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	164
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(339)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(339)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,645
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,645
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.85
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.