



Date: 20 July 2022

ASX: PRS

Shares on issue: 88,298,593

Market capitalisation: A\$2.6M  
(@ A\$0.029)

#### 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%

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Level 2, 66 Hunter Street  
Sydney, NSW, 2000

## QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2022

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

### Highlights

#### Hodrusa Project – Schopfer Gold Silver Prospect

- Phase 2 surface drilling commenced at Schopfer to test strike and depth potential of historical high grade gold-silver mineralisation
- Previous surface and underground micro-drilling tested a 200m section of the 1.5km long Schopfer vein system
- Current hole, SCDD025, to intercept target at time of reporting

#### Hodrusa Project – LANF Gold Silver Prospect

- Phase 1 surface drilling to commence July to follow up geophysical target on the LANF
- Drilling to test strike and depth potential of known high grade mineralisation at the currently mined Rozalia mine on the same geological surface at depth

#### Cejkov Project – Zemplin Silver and Base Metals Prospect

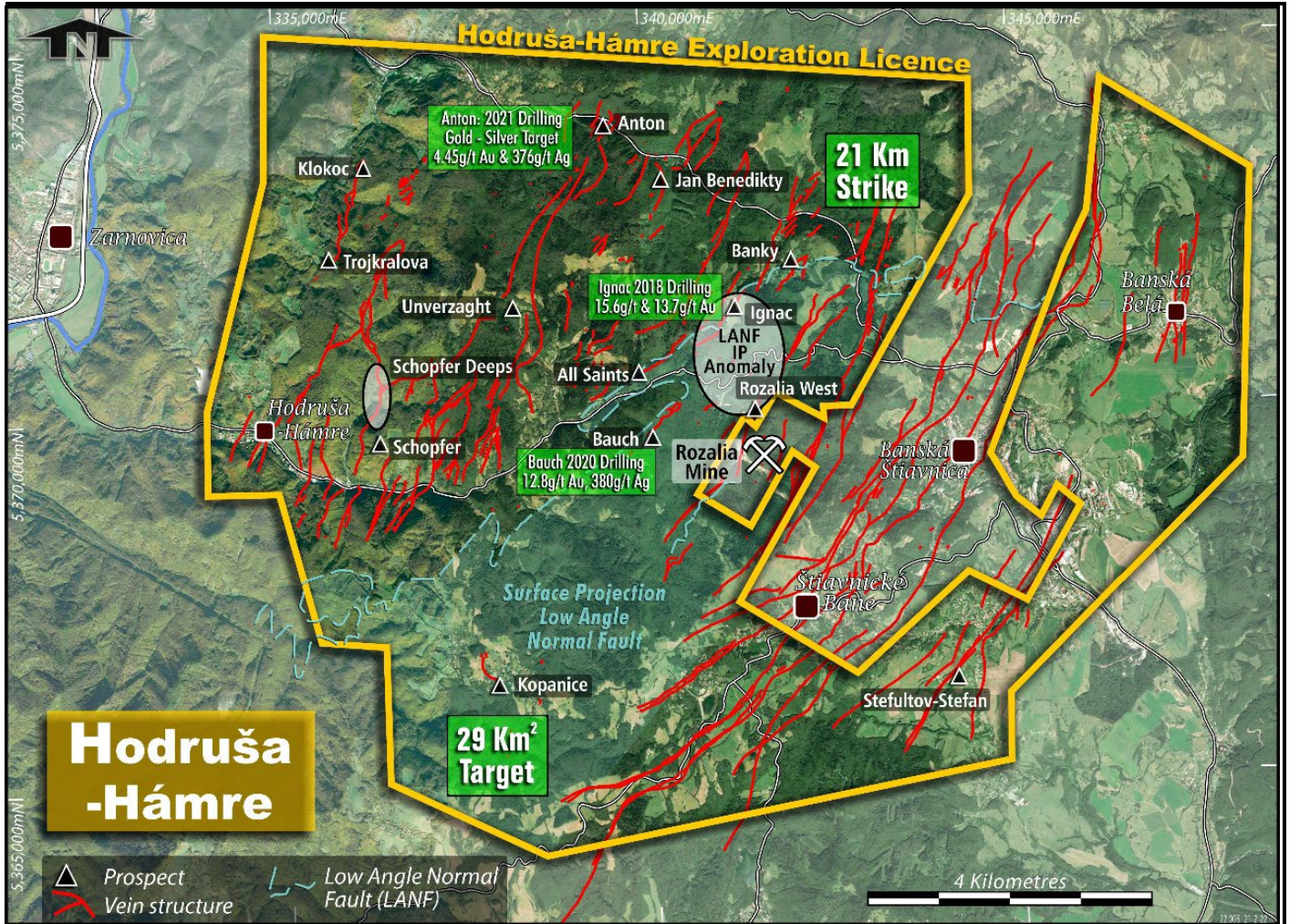
- Phase 2 drilling completed at Zemplin.



*Tenement location map.*

# Operations

## Hodrusa-Hamre Exploration Licence (100% Prospech)

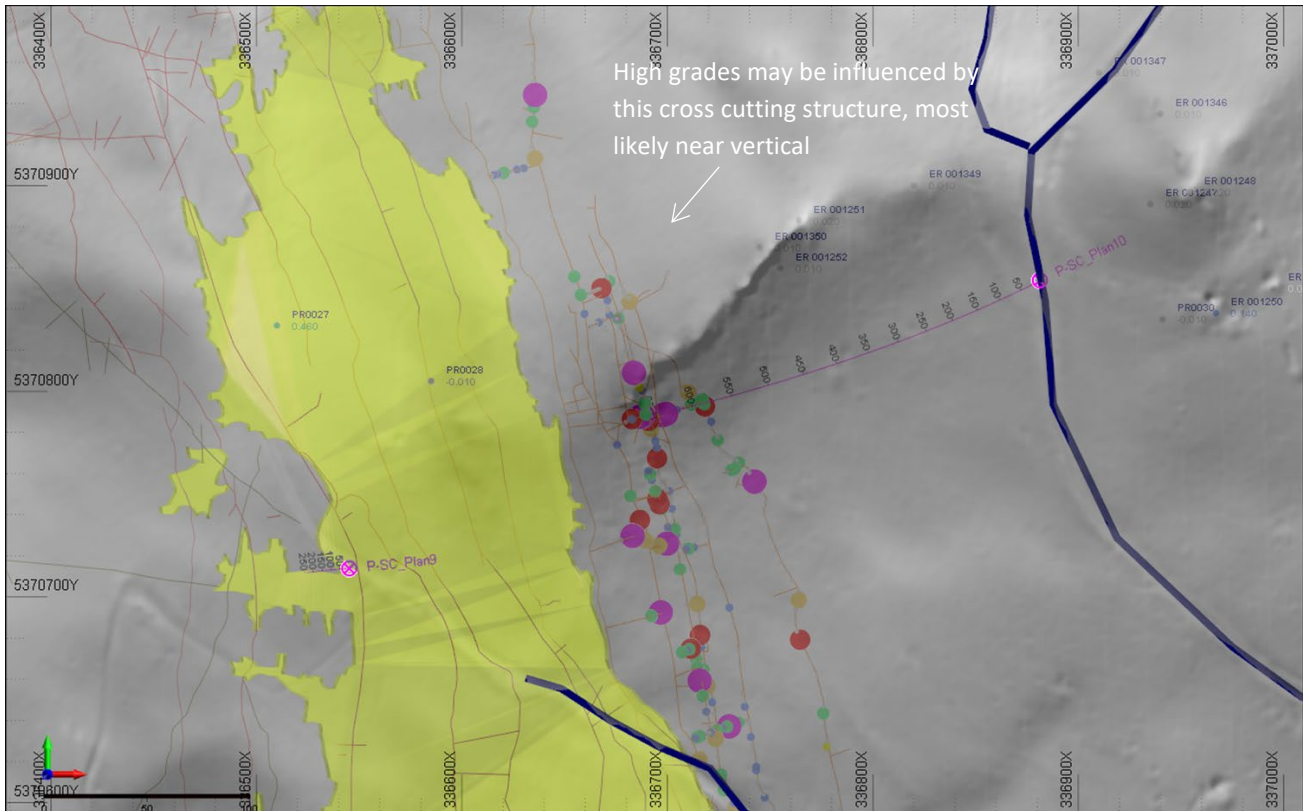


Operations this quarter are focused on the Schopfer and LANF gold silver targets.

### Hodrusa-Hamre – Drilling – Schopfer Exploration Target

A 650m parent hole to test high grade gold-silver mineralisation with potentially 2 or 3 wedged daughter holes (+/-800m) are 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. The assays of 1,005 historic in situ underground channel cut samples from drives and winzes below the documented stopes, averaged 2.6 g/t Au and 261 g/t Ag ranging up to 235 g/t Au and 7,483 g/t Ag.



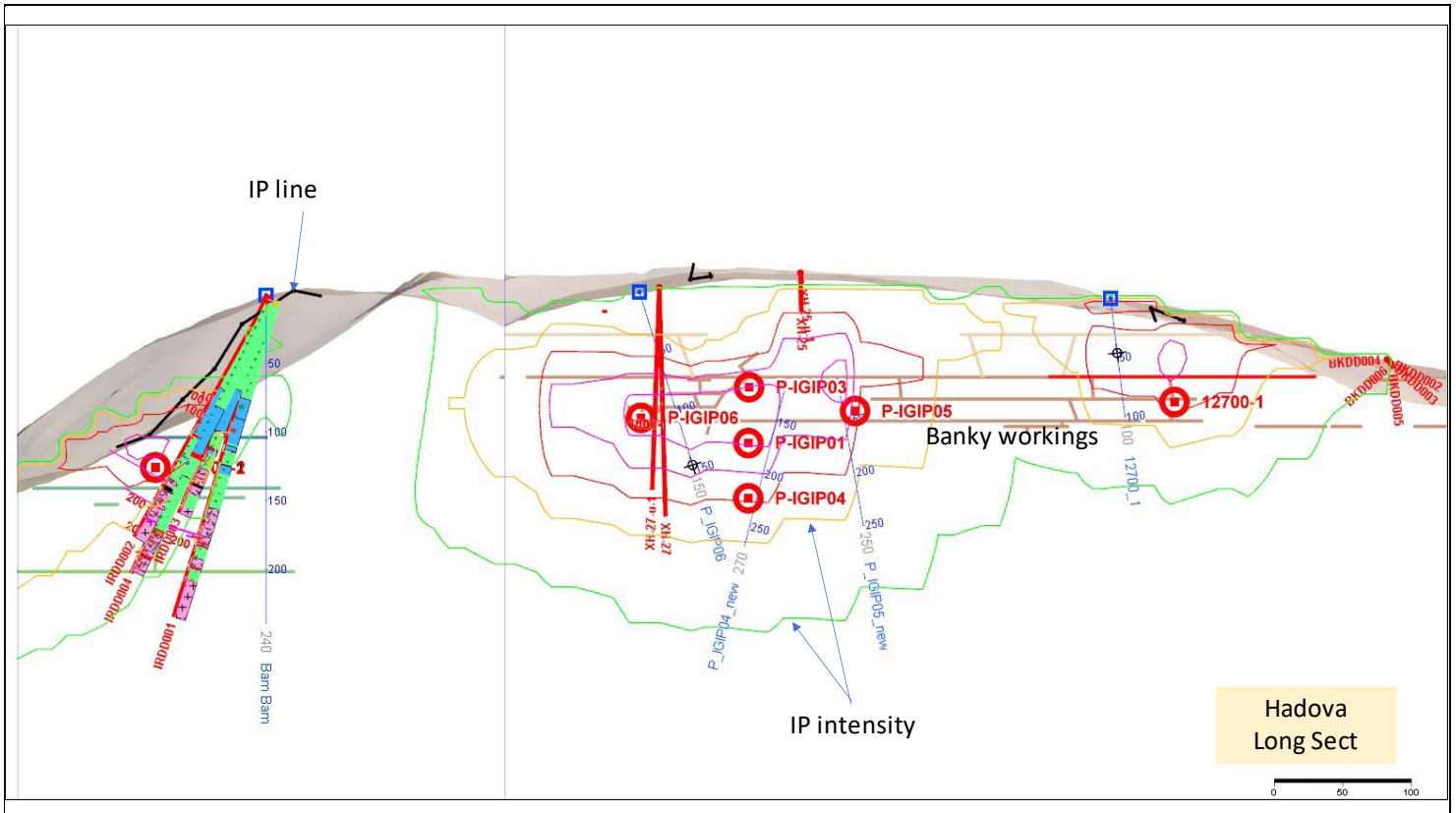
***Deep drilling at Schopfer is targeting historic high grade channel sample results.***

## **Hodrusa-Hamre – Planned Drilling – Low Angle Normal Fault**

As previously reported, a number of IP and resistivity anomalies were detected by a geophysical survey completed by the Company in December 2021.

Recent in situ underground rock chip sampling located approximately 270 metres north-northeast, along strike from the strongest IP target, assayed 36.2 g/t Au and 1,300 g/t Ag. Initially, 3 holes are planned to commence once the Schopfer drilling has been completed to drill test this IP target.

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 long section review of impending drilling on an open mineralised 'ramp' that has been mined by a third party company since 1992 at a head grade of 12 g/t Au.*

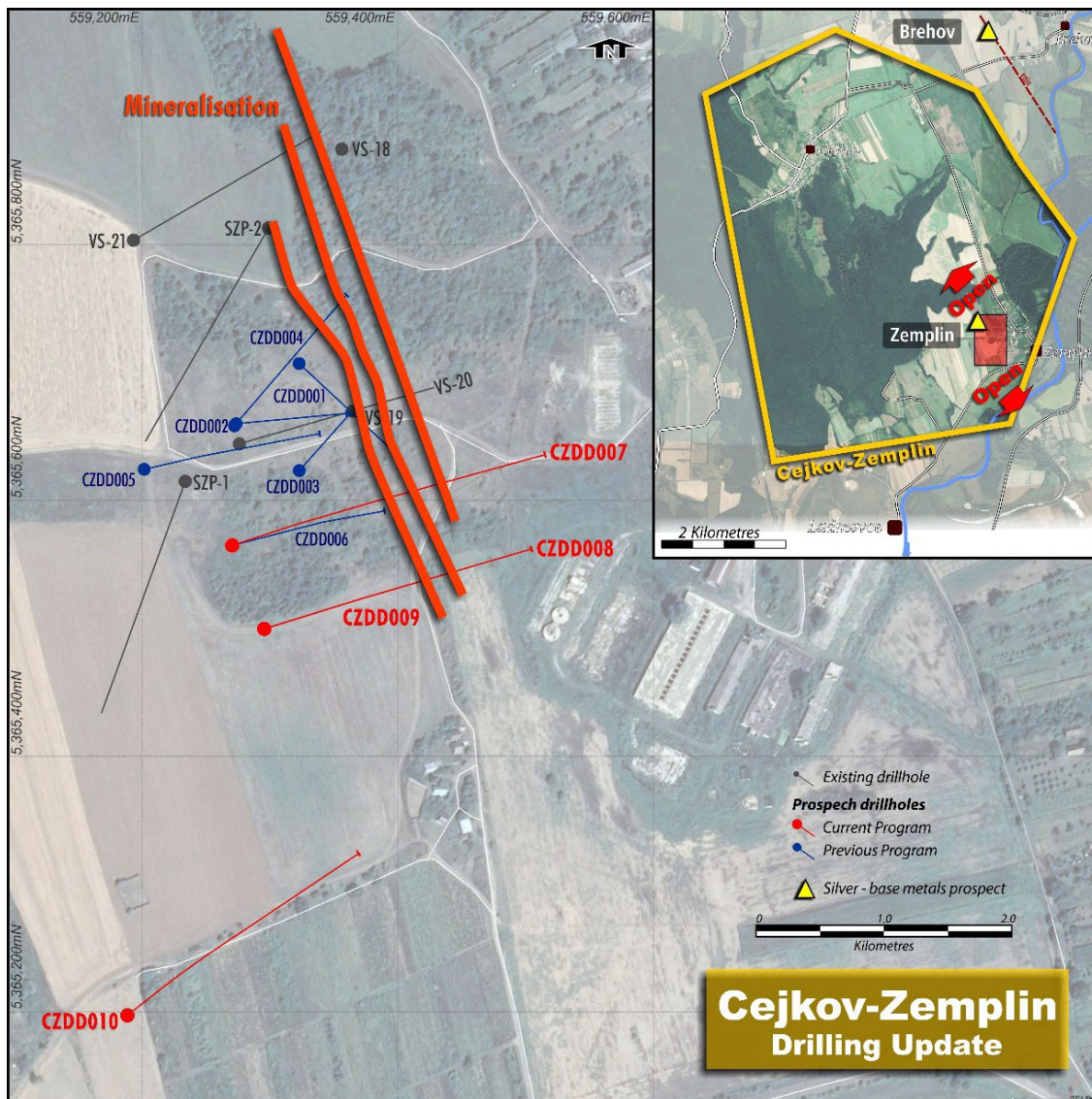
## Cejkov-Zemplin Exploration Licence (100% Prospech)

### Drilling program at Zemplin

#### Zemplin Prospect – Silver and Base Metals

Results from the Phase 2 drilling at Zemplin include:

- **CZDD007:** 0.5m @ 98 g/t Ag from 103.5m  
and 0.5m @ 191 g/t Ag from 171.0m
- **CZDD008:** 1.0m @ 21 g/t Ag from 269.0m
- **CZDD009:** 1.0m @ 42 g/t Ag from 180.8m  
and 0.5m @ 516 g/t Ag and 0.74 g/t Au from 180.8m  
and 0.5m @ 23 g/t Ag and 1.35 g/t Au from 194.0m
- **CZDD010:** 1.0m @ 34 g/t Ag and 0.17 g/t Au from 140.0m



**Drilling was designed to test the strike and depth potential of a fully preserved silver and base metal mineralised system.**

## **Rudno Exploration Licence (100% Prospech)**

No activity.

## **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 but will be drilled post review of Schopfer and LANF results currently being drilled.

## **Jasenie Exploration Licence (100% Prospech)**

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 and may be submitted for drill permitting in the future.

## September 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 will be completed at time of reporting.

**Cejkov Project** – Phase 2 drilling collation to ascertain future programs.

**Pukanec Project** – A drilling program is approved to follow Schopfer and LANF drilling in the Hodrusa project.

## 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 \$537,000. 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 \$170,000 comprising \$140,000 of payments to Directors or Director related entities for Directors' consulting fees and \$30,000 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:

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+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.

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## 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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(537)	(775)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(172)	(273)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(709)</b>	<b>(1,048)</b>

<b>2. Cash flows from investing activities</b>		
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 (6 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(709)</b>	<b>(1,048)</b>
4.1	Cash and cash equivalents at beginning of period	1,645	2,038
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(709)	(1,048)
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	8	(46)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>944</b>	<b>944</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	944	1,645
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>944</b>	<b>1,645</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	170
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(709)
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)	(709)
8.4 Cash and cash equivalents at quarter end (item 4.6)	944
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	944
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>1.33</b>
<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: Yes.	
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: No.	

## 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: Yes. The Company has sufficient funds on hand to undertake the current drill program at the Schopfer prospect at the Hodrusa project and a series of holes planned to test the detachment fault geophysics anomaly identified by an IP survey at the Hodrusa project. Following receipt and review of results from these drill programs the Company will undertake steps to fund further operations.

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: 20 July 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.