



**Prospech Limited**  
ABN 24 602 043 265

3 August 2022

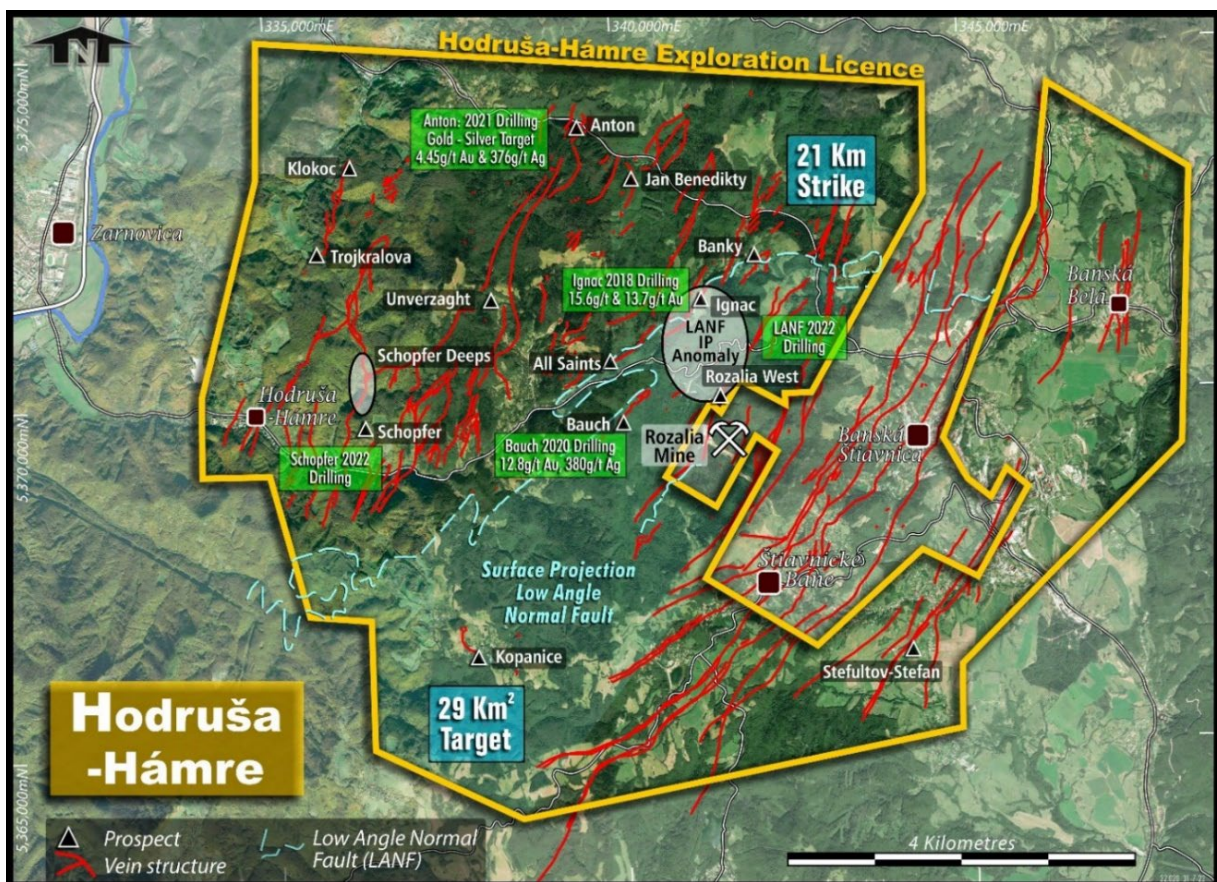
## LANF - GOLD-SILVER DRILLING COMMENCED

- Drilling has commenced at the Hodrusa Project on the LANF structure which hosts the known high grade (12 g/t Au) mineralisation in production at the Rozalia Mine.
- LANF IP geophysics anomalies are being drilled for the first time.

The Directors of Prospech Limited ('Prospech' or 'the Company') (ASX: PRS) are pleased to announce the commencement of diamond core drilling of the Low Angle Normal Fault (or Detachment Fault) ('LANF').

The orebody being exploited at the nearby, operating Rozalia Mine, is believed to be geologically controlled by the LANF, the up-dip surface trace of which falls mainly within Prospech's Hodrusa-Hamre exploration licence.

The LANF drilling program is the culmination of the Company's previous exploration at the Ignac, Banky and Bauch targets (see below), all of which lie on the surface trace of the LANF, and the results of the IP-Resistivity survey completed by the Company in December 2021.



***The LANF inclined plane is being drilled at a shallow level near previously reported high grade results at Ignac. The LANF, which is currently in production at the Rozalia Mine (third party), occurs predominantly on Prospech tenure.***

Level 2, 66 Hunter Street, Sydney NSW 2000 Australia

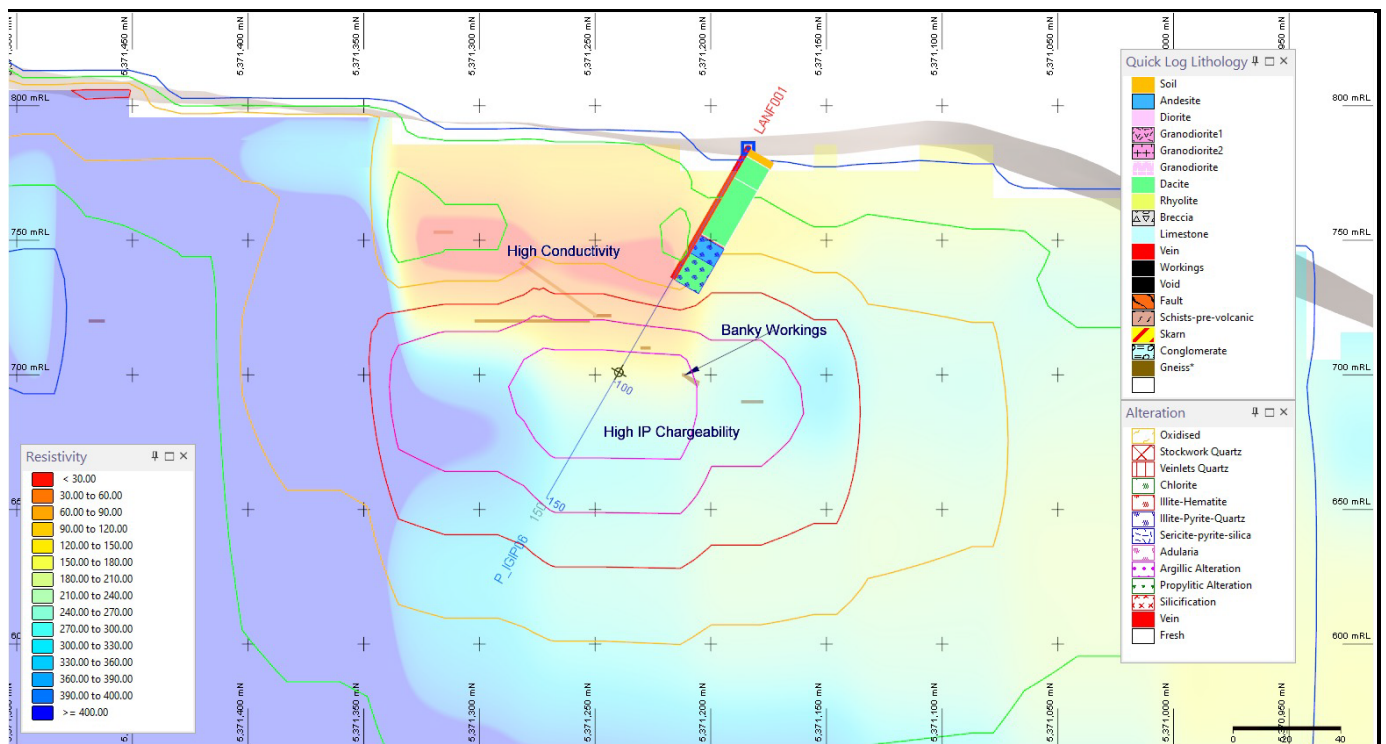
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Previously reported exploration results include:

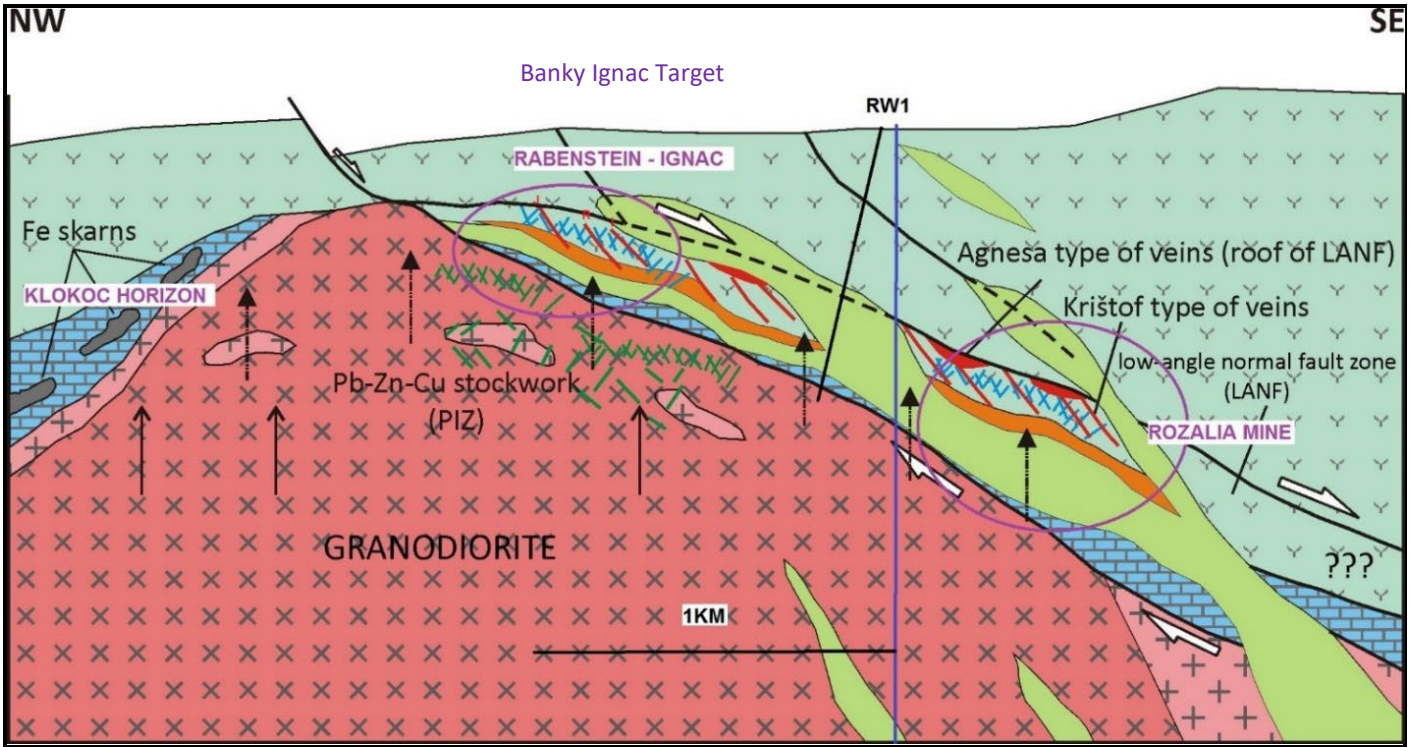
- Rock chip assay results at Ignac of up to 47.3 g/t Au and 1,500 g/t Ag with 42 samples averaging 7.8 g/t Au and 330 g/t Ag (ASX announcement: Prospectus 3 December 2020).
- Ignac drilling results (ASX announcement: Prospectus 3 December 2020) include:
  - IRDD001: 4.0m @ 4.8 g/t Au and 22 g/t Ag from 190.0m including 1.0m @ 13.7 g/t Au and 20 g/t Ag from 190.0m
  - IRDD002: 0.4m @ 15.6 g/t Au and 46 g/t Ag from 174.0m and 0.4m @ 8.3 g/t Au and 117 g/t Ag from 195.8m
- Rock chip assay results at Banky of up to 36.2 g/t Au and 1,300 g/t Ag (ASX announcement: Hodrusa-Hamre IP Survey Completed 9 December 2021).
- Bauch drilling results (ASX announcement: Gold and Silver Intersections in Completed Bauch Program 2 February 2021) include:
  - BADD001: 1.0m @ 12.8 g/t Au and 380 g/t Ag from 89.1m
  - BADD003: 1.0m @ 2.4 g/t Au and 11 g/t Ag from 76.0m

These results from targets on the surface trace of the LANF, together with the recognition that the orebody being exploited at the nearby, operating Rozalia Mine, is believed to be geologically controlled by the LANF, led the Company to complete an IP geophysical survey in 2021 which detected a number of IP and resistivity anomalies, including a standout IP anomaly is situated 300 metres along strike from the Ignac prospect, between the Ignac and Banky prospects (ASX announcement: Hodrusa-Hamre IP Survey Completed 9 December 2021).



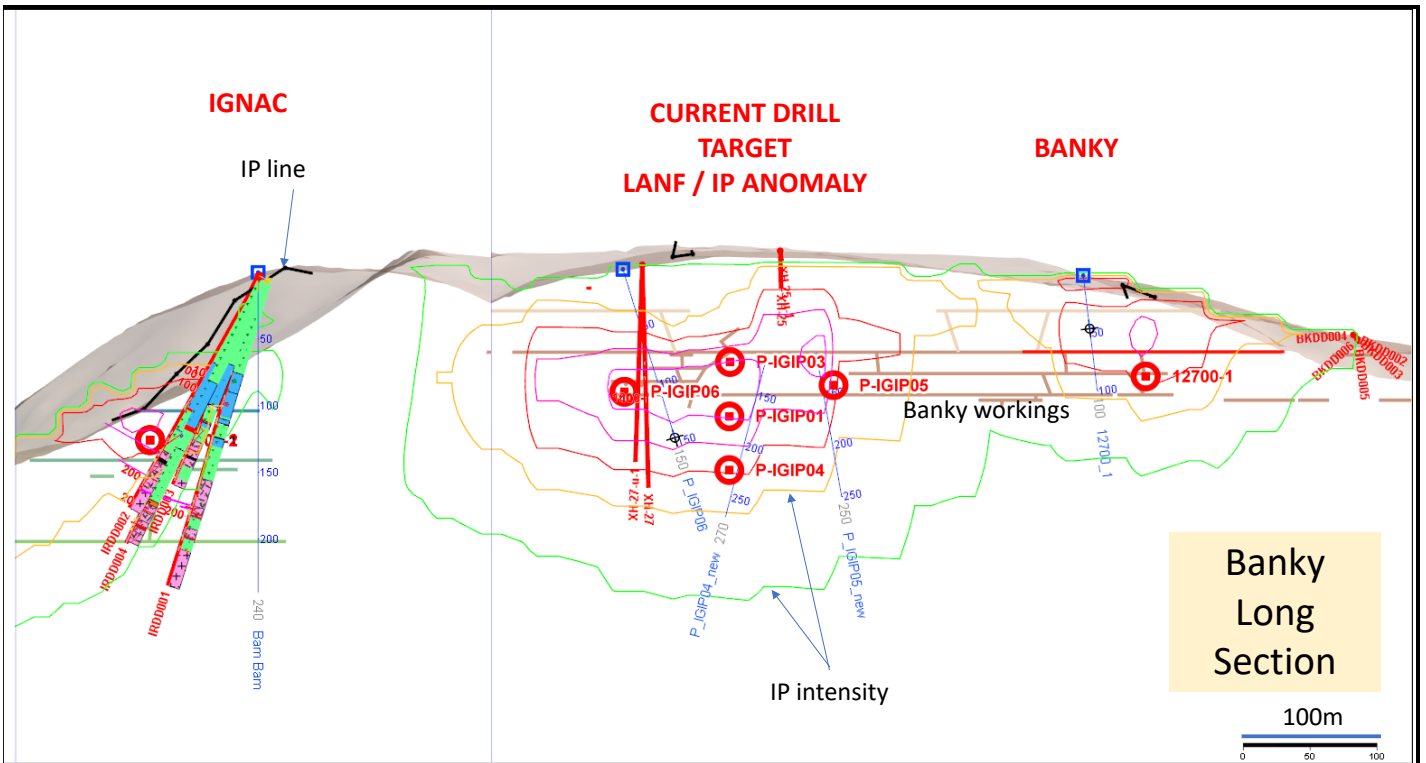
**Drilling is approaching the IP maximum anomaly coinciding with Banky workings. The LANF dips gently from surface on the left (west) to 600m depth at the Rozalia Mine 1km to the right (east).**

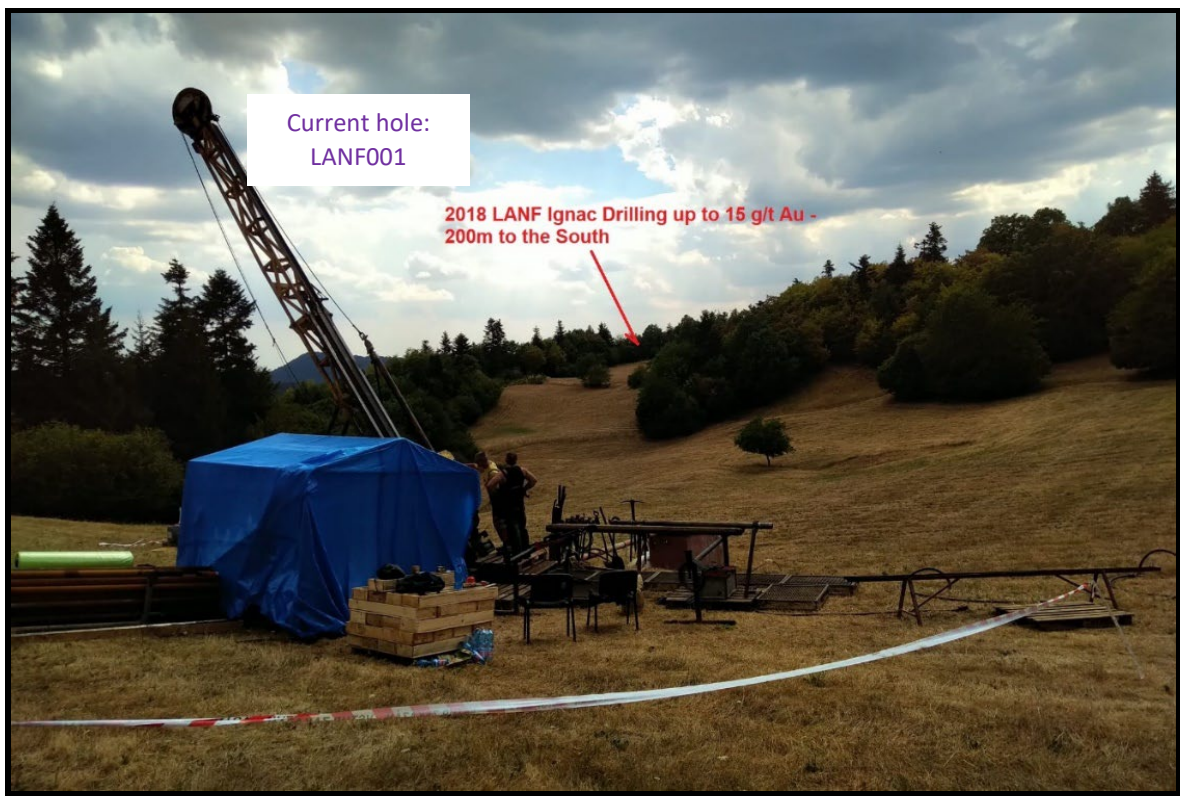




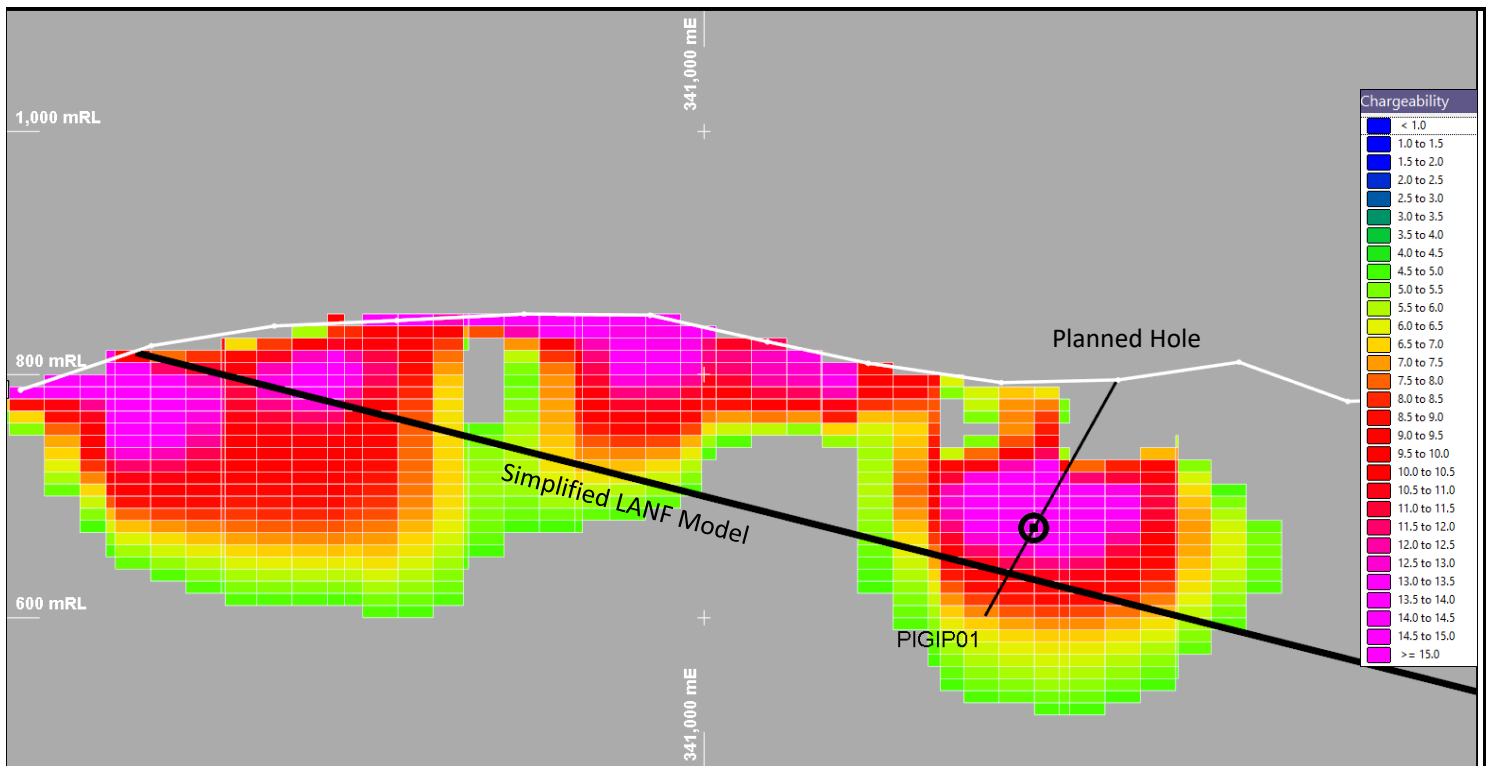
**LANF cross section schematic pre the later faulting of mineralised Horst Graben boundary faults which are themselves mineralised.**

The planned LANF drillholes LANF001 to LANF003 are designed 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 700m of strike from Banky with IP and resistivity targets shown as red bullseyes on the long section below.





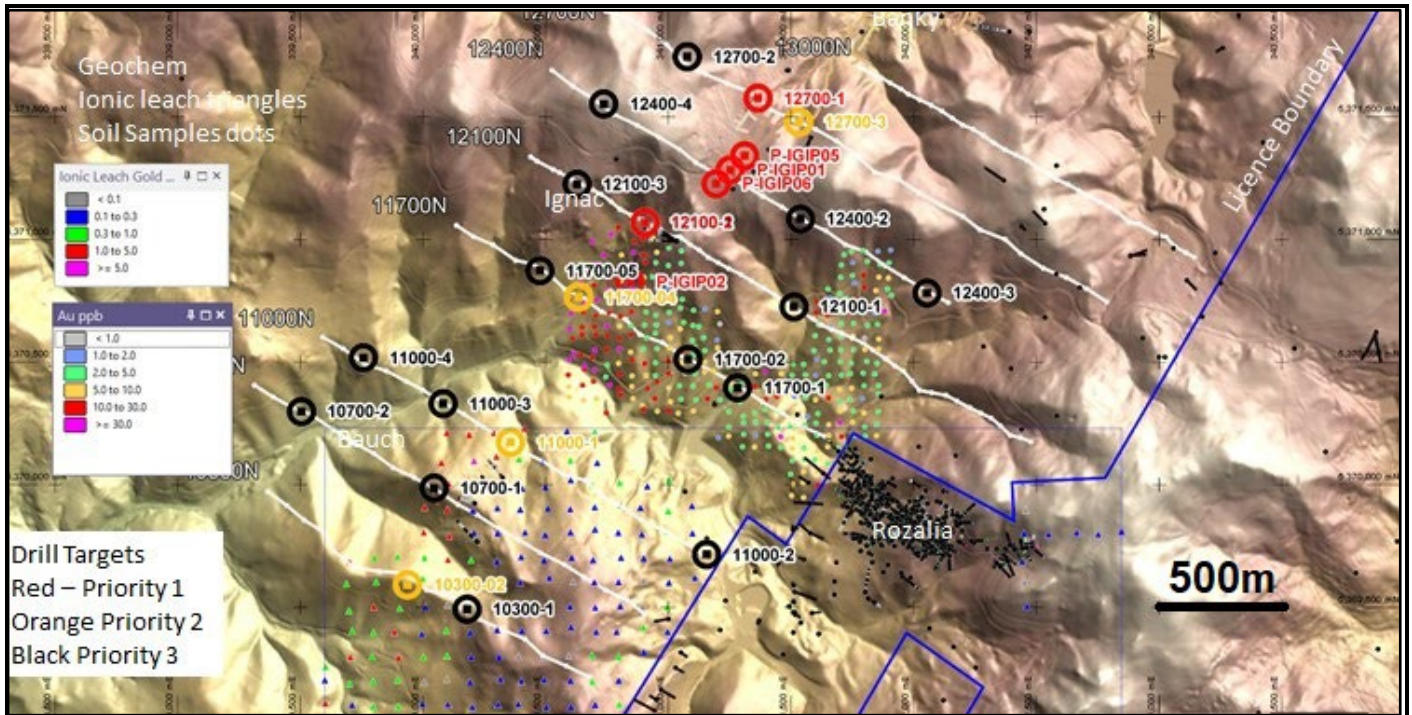
**The first time the Rozalia Mine sequence has been targeted under stratigraphic cover using IP survey results. The targeted mineralised LANF dips gently from surface on the right (west) to 600m depth at the Rozalia Mine 1km to the left (east).**



**Cross section along IP line 12,400N showing an IP anomaly centered just above the plane of the LANF model. The anomaly is along strike between Ignac and Banky mine workings and will be tested by the second hole in the current drill program.**

This style of mineralisation of the 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>).





**Current drilling targets the up-dip position of the surface trace of the LANF from the Rozalia Mine onto Prospech tenure.**

Prospech Managing Director Jason Beckton comments:

*“Drilling continues on the Company’s flagship Hodrusa exploration licence. The drilling program will test the detachment fault (or LANF) geophysics anomaly identified by the IP survey completed to perfect a target zone we have been preparing for some years. The LANF hosts the neighbouring Rozalia gold mine which operates at an average head grade of 12 g/t Au.*

*In addition, assay results from the recently completed Schopfer drilling are expected in mid-August with samples dispatched last week.”*

This announcement has been approved by the Managing Director, Jason Beckton.

**For further information, please contact:**

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 Managing Director  
 Prospech Limited  
 +61 (0)438 888 612

**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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Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>Rock chip grab samples were collected from outcrops, spoil heaps and accessible surface and underground workings of quartz veins, and zones of silicification, within Neogene volcanics under the supervision of a qualified geologist. Sample locations were surveyed with a handheld GPS and marked into sample books.</p>
Drilling techniques	<p><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></p>	<p>Diamond HQ, NQ and BQ drilling.</p>
Drill sample recovery	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>Core is measure in the triple tube split for HQ and NQ only - before laying in the core boxes to ensure minimum disturbance and most accurate calculation of core recoveries. Overall core recoveries of past drilling have been very high at 98%.</p> <p>Any relationship between core recovery and grade cannot be determined at this time, but due to the high core recovery, bias is considered very unlikely..</p>
Logging	<p><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>The complete core is logged in detail by qualified geologists. Core is photographed wet and dry. All core is oriented. Detail structural measurements are collected. Core logging is a combination of qualitative and quantitative information..</p>
Sub-sampling techniques and sample preparation	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>Approximately 1 to 2 Kg of material from each rock chip was sent to the laboratory for analysis.</p> <p>All sampling done under supervision of a qualified geologist.</p>
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory</i></p>	<p>Samples are stored in a secure location in Companies storage facilities and transported to the ALS laboratory in Romania for sample preparation of fine crush, riffle split and pulverizing of 1kg to 85% &lt; 75µm.</p> <p>Pulps are analysed by ALS Romania using method code ME-ICP61, a 33 element determination using a four acid digestion and 30 gram charge fire assay with AA finish (Au-AA25) for gold. Ore grades are analysed by OG62 – 4 acid digestion method for each element when identified.</p>

Criteria	JORC Code explanation	Commentary
	<i>checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	
<i>Verification of sampling and assaying</i>	<i>The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.</i>	Laboratory provides assay certificates, which are stored electronically both in ALS and Company's servers. Laboratory CSV files are merged with GPS Location data files using unique sample numbers as the key. No adjustments made to assay data.
<i>Location of data points</i>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.</i>	Rock chip samples are located using handheld GPS receivers with accuracy from 10-5m. UTM projection WGS84 Zone 34N and local grid SJTSK03. Conversion between local and UTM grid is run through national certified web portal. The topographic control, using handheld GPS, was adequate for the survey.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.</i>	Reconnaissance sampling of available outcrop. Results will not be used for resource estimation. No compositing has been applied.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No bias is believed to be introduced by the sampling method.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Samples were delivered to ALS Minerals laboratory in Romania by Prospech trusted contractor and were not left unattended at any time. There were no incident reports from ALS lab on sample receiver cell.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews of the data management system have been carried out.

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i>	Prospech Limited, through subsidiaries and contractual rights, holds 100% rights on the Hodrusa-Hamre - Banska Stiavnica, Nova Bana, Rudno, Pukanec and Jasenie tenements. The laws of Slovakia relating to exploration and mining have various requirements. As the exploration advances specific filings and environmental or other studies may be required. There are ongoing requirements under Slovakian mining laws that will be required at each stage of advancement. Those filings and studies are maintained and updated as required by Prospech's environmental and permit advisors specifically engaged for such purposes. The Company is the manager of operations in accordance with generally accepted mining industry standards and practices.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Anciently, the target was silver, the currency of the day, and more recently, during the Communist era, the targets were industrial base metals, copper, lead, zinc and others. As a result, much of the country, including the Company's exploration license areas, has not been subject to modern western exploration methodology or exploitation. Slovakia has a known mining history dating to Celtic times and earlier. Tools used by prehistoric miners at Spania Dolina, near Banska Bystrica are dated as early as 2000-1700 BC. Major production of metals (primarily copper and silver) occurred during the medieval period. The second oldest mining institute in the world is located at Banska Stiavnica and the local population is proud of their mining heritage, holding a three day mining festival every year. The mint at nearby Kremnica has operated for over six hundred years and continues to operate today. Communist era base metal and coal production was substantial and smelting of aluminium and nickel (material



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		imported from Hungary and Albania) was carried out. Coal, gold, silver, talc, anhydrite and magnesite (and limestone, dolomite and gravel), bentonite, zeolite and industrial minerals are being mined in Slovakia today. An underground gold mine on a third party mining lease enclosed within the HHBS exploration license, the Rozalia Mine, continues in operation today, trucking a gravity/flotation concentrate to a smelter in Belgium..																
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Located within the Stiavnica Stratovolcano within the Central Slovakian Volcanic Belt, the Hodrusa Exploration Licence covers quartz veins with classically banded, low-sulphidation epithermal textures with sulphidic “ginguro” zones, which are commonly associated with high grades of precious metals. Native gold and silver-sulphide minerals were observed in the hand specimens.																
Drill hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <p><i>easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length.</i></p> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	<p>Drill Hole Collar Information (All WGS84 Zone 34N)</p> <table border="1"> <thead> <tr> <th>ole_ID_drilled</th> <th>UTM_E</th> <th>UTM_N</th> <th>RL</th> <th>Mag Grid</th> <th>Azi_Grid</th> <th>Dip</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>ANF001</td> <td>341,260.0</td> <td>5,371,190.0</td> <td>784.2</td> <td>323.3</td> <td>330</td> <td>-60.00</td> <td>200</td> </tr> </tbody> </table> <p>Drill Hole Survey Information (UTM Mag Declination 6.8)</p> <p>√/A as per above.</p>	ole_ID_drilled	UTM_E	UTM_N	RL	Mag Grid	Azi_Grid	Dip	Depth	ANF001	341,260.0	5,371,190.0	784.2	323.3	330	-60.00	200
ole_ID_drilled	UTM_E	UTM_N	RL	Mag Grid	Azi_Grid	Dip	Depth											
ANF001	341,260.0	5,371,190.0	784.2	323.3	330	-60.00	200											
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>A minimum sample length is 0.4m generally. Intercepts are geological in that no bulk and carry rules are applied to the geological boundary of the quartz vein metal host only. Metal equivalents are used only for graphical purposes due to the age of the silver gold assaying completed in the past (1950s) in which silver and gold were assayed and a silver factor applied. This occurs for the long sections and plans views depicting previous sampling.</p> <p>No numeric gold silver equivalents are reported in the Prospech generated data despite a long history of ore processing suggesting recoveries of gold of 95% and silver of 91% using standard flotation techniques.</p>																
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</i></p>	Mineralisation is epithermal vein related.																
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	The location and results received for some drill-core samples are displayed in the attached maps and/or tables. Coordinates are UTM Zone 34N.																
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Results for all samples collected in this program are displayed on the attached maps and/or tables.																
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	No metallurgical or bulk density tests were conducted at the project by Prospech.																
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	Prospech proposes to carry out additional drilling of the LANF Zone at depth toward the Rozalia Mine in preparation for definition of a possible resource in the 2023 field season.																