



Prospech Limited
ABN 24 602 043 265

15 March 2023

LITHIUM AND RARE EARTH ELEMENT PROJECTS IN FINLAND EXPANSION OF KOLBA COPPER-COBALT PROJECT

Highlights

- **Increased focus on European critical minerals and preparation for Kolba drilling.**
- **Agreement to earn up to 100% of Bambra Oy, a Finnish company with lithium and rare earth element (REE) exploration projects in Finland.**
- **Earn in agreement enables Prospech to acquire Bambra Oy and its Jokikangas REE, Korsnas REE and Saarenkylä lithium projects.**
- **Application to extend Kolba exploration licence area in Slovakia by 3.8 times along strike of known mineralisation.**
- **Kolba drill targets identified and drill permitting is in progress for the commencement of drilling.**

Prospech Managing Director Jason Beckton commented:

“On the back of our successful exploration results at the Kolba project, Prospech is excited to announce a material expansion of its exploration focus on European critical minerals. We have assembled a portfolio of highly prospective lithium, rare earth elements and precious metals projects in Northern and Eastern European jurisdictions that are highly supportive of mining.

Demand in Europe for locally supplied critical minerals has strong government support to meet as much European demand for critical minerals from local sources as possible.

In addition to imminently planned drilling at Kolba, we have submitted applications that, when granted, will increase the Kolba exploration licence area by 3.8 times along strike of known mineralisation.

We are pleased to announce that agreement has been reached for the earn-in acquisition of 100% of Bambra Oy, a Finnish company with lithium and rare earth element exploration projects in Finland.

The brownfield targets of Jokikangas, Korsnas and Saarenkylä will provide shareholders with an entry point to the REE and lithium market in the EU. These targets in Finland have been worked on and prepared since 2018.

In addition to the exposure to this suite of critical minerals, Prospech retains, with low holding costs, a further six underexplored precious metals projects in Slovakia.

Access to rich data bases will result in cost effective exploration with walk up drill targets and, as such, generate a pipeline of exploration results. News flow in the near term will include drilling at the Kolba cobalt-copper-silver-nickel system, field sampling lithium targets at Saarenkylä and resampling of available REE diamond drill core.”

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Critical Minerals Focus

Prospech has assembled a portfolio of highly prospective lithium, REE and precious metals projects in Northern and Eastern European jurisdictions that are highly supportive of mining.

Demand in the European Union ('EU') for locally supplied critical minerals is supported with government interventions such as the European Critical Raw Material Act which is designed to create a European network of raw materials agencies and to take steps to meet as much of European demand for critical minerals from local sources as possible.

Announcing the European Critical Raw Materials Act in Brussels on 14 September 2022, European Commission President Ursula von der Leyen said:

"Lithium and rare earths are already replacing gas and oil at the heart of our economy.

By 2030 our demand for rare earth metals will increase fivefold. We have to avoid falling into the same dependency [on Russia] as with oil and gas.

We will identify strategic projects all along the supply chain, from extraction to refining, from processing to recycling and we will build up strategic reserves where supply is at risk."

Stated target objectives include:

- 30% of the EU's demand for lithium to originate from the EU by 2030.
- Demand for rare earths to increase five-fold by 2030.
- Dependence for critical minerals on non-European countries to be reduced.

Agreement to acquire Finland projects

The Company has signed an earn-in agreement with the shareholders of Bambra Oy ('Bambra'), a company incorporated in Finland, to earn up to a 100% interest in Bambra and therefore, acquire Bambra's 100% interest in the Jokikangas REE project, the Korsnas REE project and Saarenkylä lithium project in Finland ('Finland Projects').

Earn-in agreement

Prospech's exclusive right to acquire 100% of Bambra is staged over two years with consideration being an initial payment of \$25,000 ('Exclusivity Payment'), a series of exploration and evaluation expenditures and the issuance of Prospech consideration shares.

For the first year option, Prospech can earn a 51% interest in Bambra by the expenditure of \$100,000, including the Exclusivity Payment, on the exploration and evaluation of the Finland Projects and, if exercised by Prospech, the issue of 3.0 million fully paid ordinary shares in Prospech to the shareholders of Bambra ('First Option').

For the second year option, subject to the completion of the First Option, Prospech can earn the remaining interest in Bambra, so as to own 100% of Bambra, by the expenditure of \$200,000 on the exploration and evaluation of the Finland Projects and, if exercised by Prospech, the issue of a further 3.0 million shares to the shareholders of Bambra.

The Bambra shareholders include 1147 Pty Ltd <ATF The T J & C J Mann Superannuation Fund> ('Mann Trust'), being an entity controlled by Thomas Mann, a Director of the Company, and Jason Beckton, a Director of the Company (together, 'Related Parties').

The Related Parties hold a total of 50.6% interest in Bambra and, should the Company proceed with the acquisition of 100% of Bambra, the Related Parties will receive approximately 3,035,548 Prospech shares with an aggregate value of approximately \$73,000 ('Consideration Shares'), which based on the last trading price of \$0.024 of Prospech shares equates to approximately 1.0% of the equity interests of the Company as set out in the Company's 31 December 2022 Annual Report.

Prior to the issuance of the Consideration Shares to the Related Parties, Prospech will seek any required shareholder approvals for the purposes of the ASX Listing Rules.

About Finland and the Finland Projects

Finland is known to be a favourable mining jurisdiction within the EU, ranked ninth in the world in the 2021 Fraser Institute Annual Survey of Mining Companies, Policy Perception Index and 13th in the Investment Attractiveness Index, ahead of jurisdictions including Queensland, NSW and Victoria.

Prospech's geologic team has had experience in country and the acquisition of Bambra will add a local permitting and administration team with a wealth of country experience.

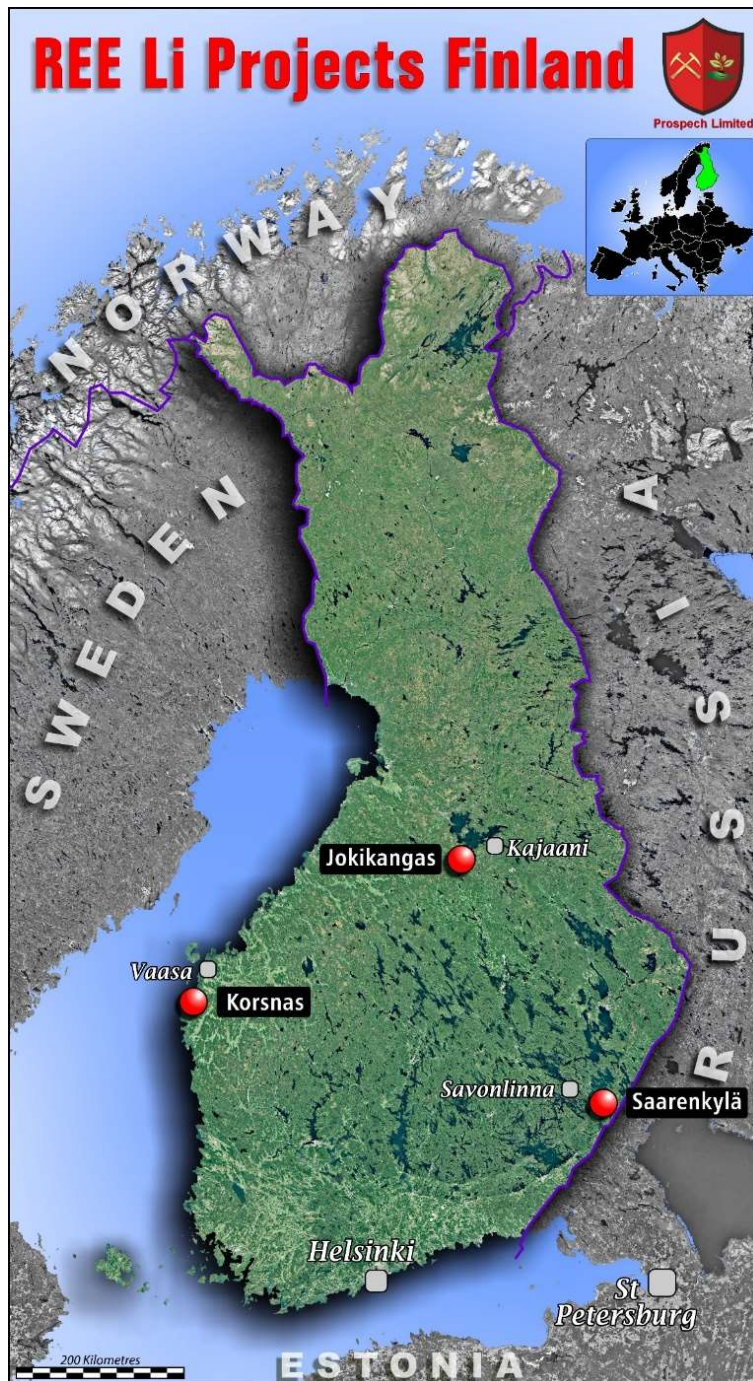
Exploration tenure for the two REE projects has been drilled before and this core will be in the first instance resampled for REE in known mineralised zones.

The agreement to acquire Bambra gives Prospech exclusivity to the following exploration rights and all other interests which Bambra may acquire within 2.0 kilometres beyond the perimeter of these properties:

Reservation (Holder Bambra Oy)	Originally Granted	Granting Documentation
ML2021:0017 Jokikangas	Applied on 12 February 2021	Exploration permit application ¹
ML2023:0015 Honkamäki	Applied 10 February 2023	Exploration permit application ¹
ML2021:0019 Hägg	Applied on 19 February 2021	Exploration permit application ¹
VA2022:0027 Saarenkylä	22 June 2022	Reservation notification ²

1. Tenement areas are reserved by Reservation notifications which are followed by Exploration Permit applications. These Exploration Permit applications are currently in handling by the Finnish Mining Authority.
2. Reservation notification expires on 18 April 2024: Exploration Permit to be applied for before Reservation expiry.

A further Reservation notification, which falls within Prospech's exclusive area of interest, has been lodged to expand the Saarenkylä lithium project tenement area and will, when granted, form part of Prospech's exploration rights.



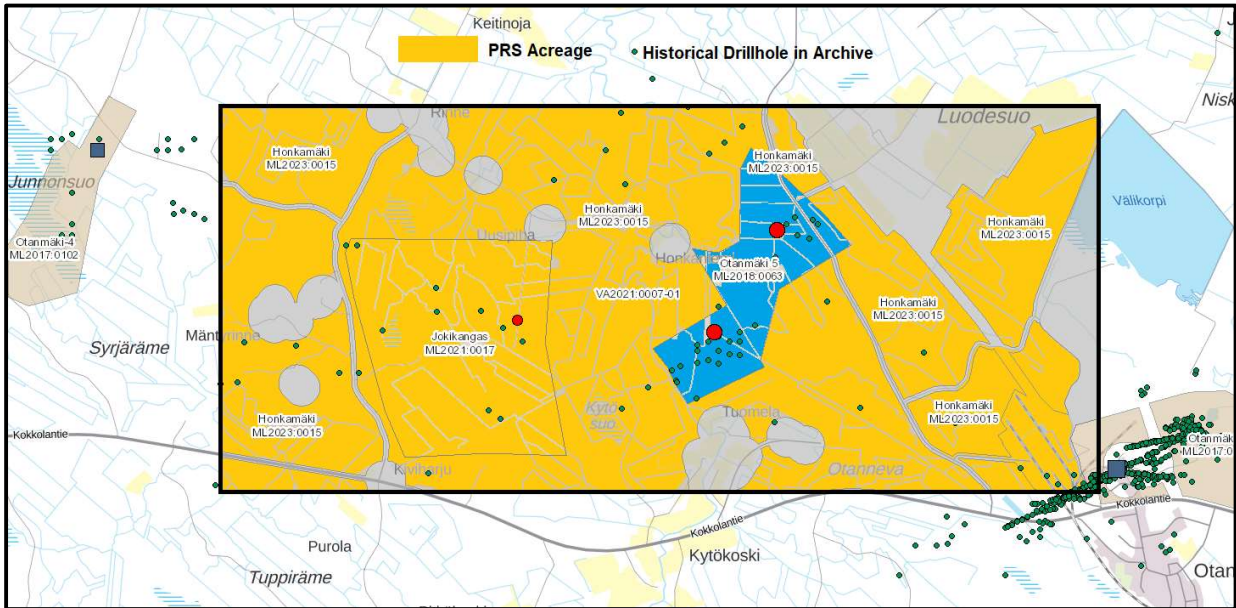
Location map of the Bambra projects in Finland.

Project summaries

The Geological Survey of Finland ('GTK') has already completed extensive mapping and sampling of the mineralised horizons and the task will be to prioritise grade and tonnage potential of each occurrence to plan and permit drilling in the near term.

Jokikangas REE Project

In two blocks, Jokikangas and Honkamäki, the project covers 28.37km². The blue area is a third party, Otanmaki (05) Oy, tenure.



Jokikangas and Honkamäki cover a REE vanadium mineralised belt of rocks.

Elongated bodies of up to 2.0% REE are characterised by sericitic alteration and a spatial relationship with pegmatites in a mineral assemblage including fergusonite (Nb, Y, REE₀, allanite (LREE) and columbite-tantalite (Nb).

Exploration tenure surrounds the Kontioaho and Katajakangas targets held by Otanmaki (05) Oy with mineralisation continuous and lightly drilled. Mineralisation at Katajakangas has ~12m thick high grade zone in its central part, surrounded by a lower grade zone at the margins.

Based on archived drillhole data, there is an along strike opportunity to the northwest of Otanmaki (05) Oy's Kontioaho operation and to the west of the Katajakangas operation (both shown as red dots in the Otanmaki (05) Oy tenement in the above map) onto the Jokikangas project.

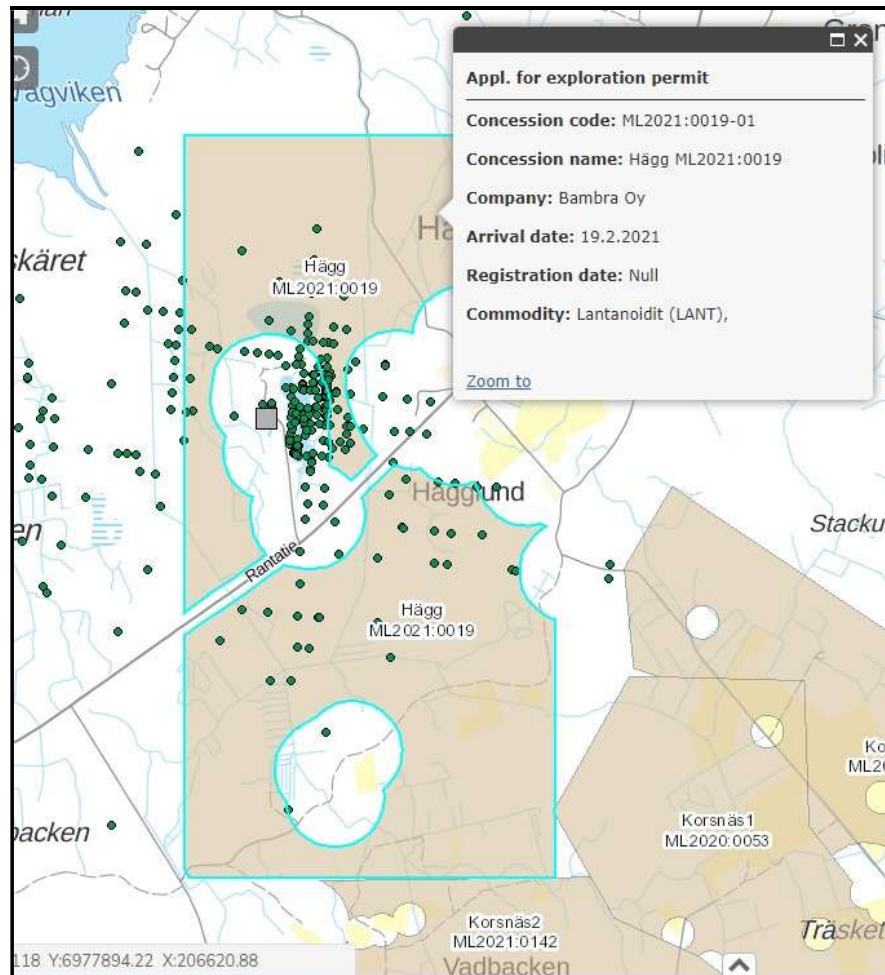
Drill core logging and sampling can be completed with core from at least 36 holes available in the Finnish Government archives.

Korsnas REE Project

The Korsnas REE project surrounds an old mine at Korsnas which was mined between 1959 and 1972, yielding 0.87Mt of ore averaging 3.6% Pb, allanite and a few other REE minerals which made the deposit prospective for REE.

During pilot production of a REE concentrate in the early 1970s, the ore proved to contain 0.83% RE₂O₃. The occurrence is in a north-south trending fault zone filled with a vein comprising coarse grained calcite, feldspar, diopside, REE bearing apatite.

The total REE content of samples taken by previous mine operators ranges from 0.7% to 2.2% with LREE dominating the REE budget. Eu content is high, ranging from 66 to 242 ppm and Th content ranges from 107 to 604 ppm.



In the immediate vicinity of the Korsnäs mine, there is core from 68 government stored drillholes which remain unsampled and also a group of unexploited, 1-20m wide carbonate veins or dykes that may contain REE grades.

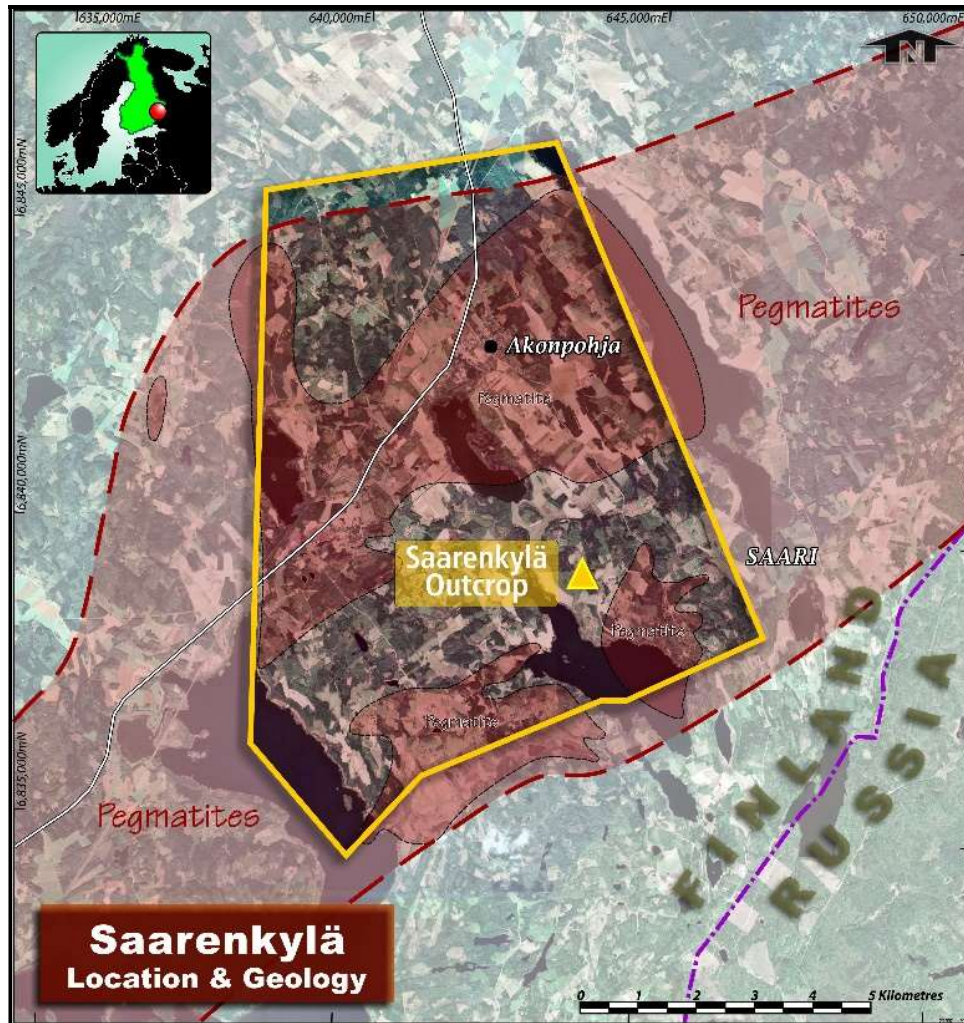
Saarenkylä Lithium-Beryllium Project

The Saarenkylä exploration reservation area is in a known lithium pegmatite occurrence area with lithium-caesium-tantalum (+/- beryllium) noted in outcrop, open sequence of pegmatitic outcrops.

Within the Northern Ladoga belt known for Sn, Zn, Pb, U, Au, W, Fe, V, is a mineral occurrence in pyroxene skarn with possible association of nearby mineralisation within the Myerskaja Fault zone.

Conformable mineralisation there includes occurrences of beryl, bismuthinite (Bi) scheelite (W), cassiterite (SnO₂) and native gold. Field mapping and sampling is required of the location to determine continuity of the occurrence.

A new reservation notification has been filed with the Finnish Mining Authority around Saarenkylä reservation area to extend the project area over the known lithium pegmatite occurrence area.



Kolba Project, Slovakia

Kolba is part of the Svatodusna - Podlipa geologic system with mineralisation consisting of cobalt-nickel sulpho-arsenides. Mineralised zones of copper-cobalt-nickel-silver sulphides in primary mineralisation are typically several hundred metres long and extend for at least 150 metres from the granite footwall and the host metamorphic sequence. The most abundant sulphide minerals are chalcopyrite (copper-iron-sulphide mineral) and tetrahedrite (copper-antimony-sulfosalt mineral) with common inclusions of gersdorffite (nickel-arsenic-sulphide mineral) and cobaltite (cobalt-arsenic-sulphide mineral).

As previously reported, results from the Company's exploration programs in 2022 and data from an ionic leach soil geochemistry program, extended the Kolba project's exploration potential to more than 1.8 kilometre strike length with exploration potential remaining open along strike.

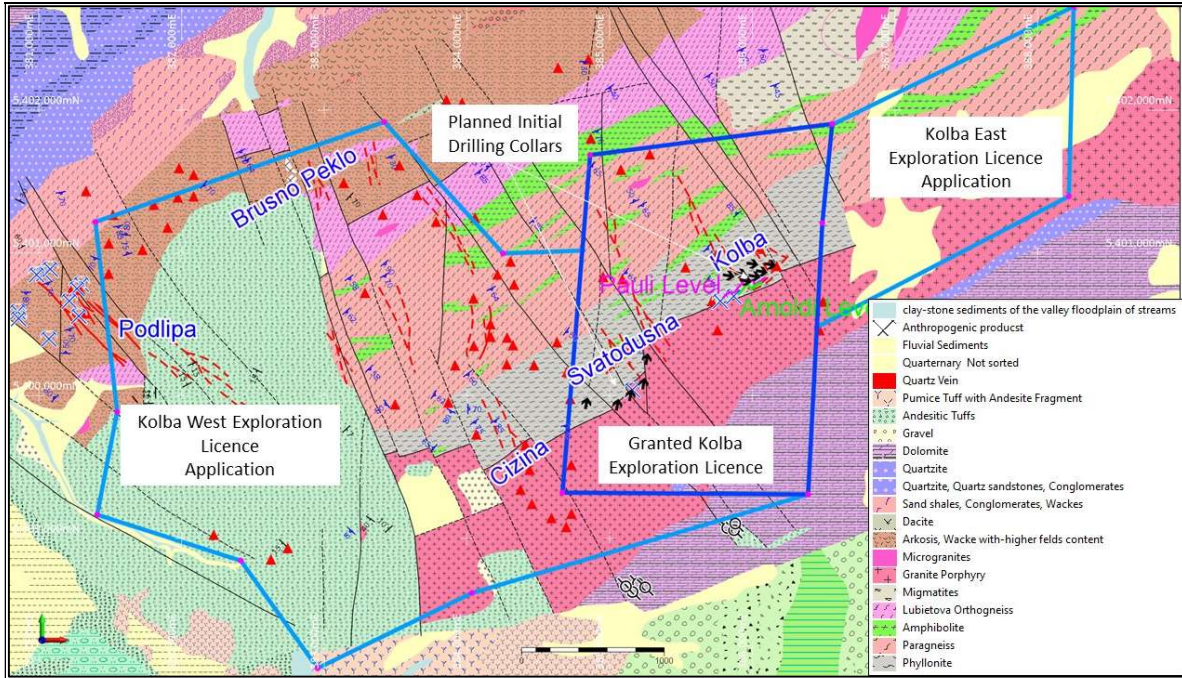
Prospech collected 20 grab rock samples from mullock dumps associate with two historical mine workings at Kolba. The results, originally released in the Company's ASX announcement dated 15 November 2022, demonstrated the high grade tenor of the Kolba mineralisation returning:

- | | | |
|------------------|---------------------|-----------------------|
| • Silver: | Average: 22 g/t Ag | Maximum: 63 g/t Ag |
| • Copper: | Average: 1.88% Cu | Maximum: 4.99% Cu |
| • Cobalt: | Average: 967 ppm Co | Maximum: 8,110 ppm Co |
| • Nickel: | Average: 0.73% Ni | Maximum: 6.91% Ni |

Assay results from a further 36 mullock dump grab rock samples taken at the Svatodusna prospect, which is located 1.5km south-east of Kolba, originally released in the Company's ASX announcement dated 17 January 2023, were equally encouraging:

- **Silver:** Average: 106 g/t Ag Maximum: 796 g/t Ag
- **Copper:** Average: 1.92% Cu Maximum: 4.54% Cu
- **Cobalt:** Average: 622 ppm Co Maximum: 1,785 ppm Co
- **Nickel:** Average: 0.22% Ni Maximum: 1.14% Ni

At no acquisition cost, the Company has applied for extensions of the Kolba project along strike of known mineralisation to the east and west of the granted Kolba tenement which will increase the exploration licence area by approximately 3.8 times.



The plan above shows the collated historical geological information of the Kolba - Svatodusna structure together with the currently planned drill holes (black arrows) which will be commenced during the current northern hemisphere spring. Active and cleared dormant Forestry Department tracks are utilised for all drill pads.

For further information, please contact.

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This announcement has been authorised for release to the market by the Board of Prospech Limited. Authorised for release to the market by the Board of Directors.

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.