



23 March 2023

PROSPECH TO ACCELERATE EUROPEAN REE AND LITHIUM EXPLORATION AS EU OUTLINES CRITICAL RAW MATERIALS ACT

Highlights

- **Prospech is preparing for drilling and sampling activities across its portfolio of European critical mineral projects.**
- **Recently signed earn-in acquisition agreement to acquire 100% of Finnish company Bambra Oy, to earn 100% interest in the Jokikangas REE, Korsnas REE and Saarenkylä lithium projects.**
- **Application to extend Kolba exploration licence in Slovakia, aiming to increase the Kolba exploration licence area by 3.8 times along strike of known mineralisation.**
- **Prospech's accelerated exploration program coincides with the European Commission publishing the Critical Raw Materials Act setting targets for key raw materials.**
- **EU aims to supply at least 10% of the EU's annual consumption for extraction by 2030, providing an opportunity for explorers and developers to build long-term sustainable critical minerals production within the EU.**
- **Prospech is attending a Finnish Government organised conference, Circular Minerals – Re-Mining or Designing Out Waste on 22 March as it evaluates opportunities for reprocessing tailings at Korsnas REE Project.**

Prospech Limited ('Prospech' or 'the Company') (ASX: PRS) is pleased to announce exploration activities planned for its expanded portfolio of European critical minerals projects following its recent earn-in acquisition of 100% of Finnish company Bambra Oy, which has lithium and rare earth element exploration projects in Finland.

Prospech believes the brownfield targets of Jokikangas, Korsnas and Saarenkylä in Finland will provide an entry point to the REE and lithium market in Europe at a time when the EU is focused on building its own critical minerals supply chain.

The Finnish projects feature targets which have been explored and prepared since 2018 and add to the Company's portfolio of six underexplored precious metals projects in Slovakia. Access to rich databases will result in cost effective exploration with walk up drill targets and, as such, generate a strong pipeline of results.

After completing a \$1.5 million Share Placement as part of a \$2.5 million equity raising (including a Rights Issue to raise up to \$1.0 million (which closes on 6 April 2023), Prospech has planned activities across its portfolio over the coming months to accelerate its exploration, including:

- Commencement of drilling at the Kolba cobalt-copper-silver-nickel system in Slovakia.
- Resampling of selected drill core from Korsnas REE and Jokikankas REE in April in Finland.
- Field sampling lithium targets at Saarenkylä when conditions permit late April.

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Prospech also acknowledges the European Commission's recently published Critical Raw Materials Act, which aims to set targets for building Europe's critical minerals supply chain and processing capabilities.

As commented by the German Australian Business Council on 18 March 2023:

"The European Commission proposed on 16 March a comprehensive set of actions to ensure Europe's access to a secure, diversified, affordable and sustainable supply of critical raw materials. The critical raw materials are indispensable for a wide set of strategic sectors, including the net-zero industry, the digital industry, aerospace, and defence sectors.

Currently, Europe heavily relies on imports from many countries (including Australia) and often from quasi-monopolistic third-country suppliers. The aim of the action plan is to mitigate the risks for supply chains related to such strategic dependencies to enhance Europe's economic resilience, as highlighted by shortages in the aftermath of Covid-19 and the energy crisis following Russia's invasion of Ukraine.

The Regulation also sets clear benchmarks for domestic capacities along the strategic raw material supply chain and to diversify EU supply by 2030:

- *At least 10% of the EU's annual consumption for extraction.*
- *At least 40% of the EU's annual consumption for processing.*
- *At least 15% of the EU's annual consumption for recycling.*
- *Not more than 65% of the Union's annual consumption of each strategic raw material at any relevant stage of processing from a single third country."*

More information on this is available at <https://gabc.eu/european-union-introduces-draft-critical-raw-materials-act/>.

Comments from Managing Director, Jason Beckton:

"Following our attendance at the PDAC Conference where representatives from the EU and Finland were present, we were encouraged to pursue our goals of drilling targets with resource outcomes that may allow development in a more permissive permitting environment which is a critical outcome for exploration companies. We are also exploring the possibility of reprocessing tailings dams from the Korsnas project dating back to the 1970s, which falls in line with the EU's interest in supporting sustainable resource utilisation."

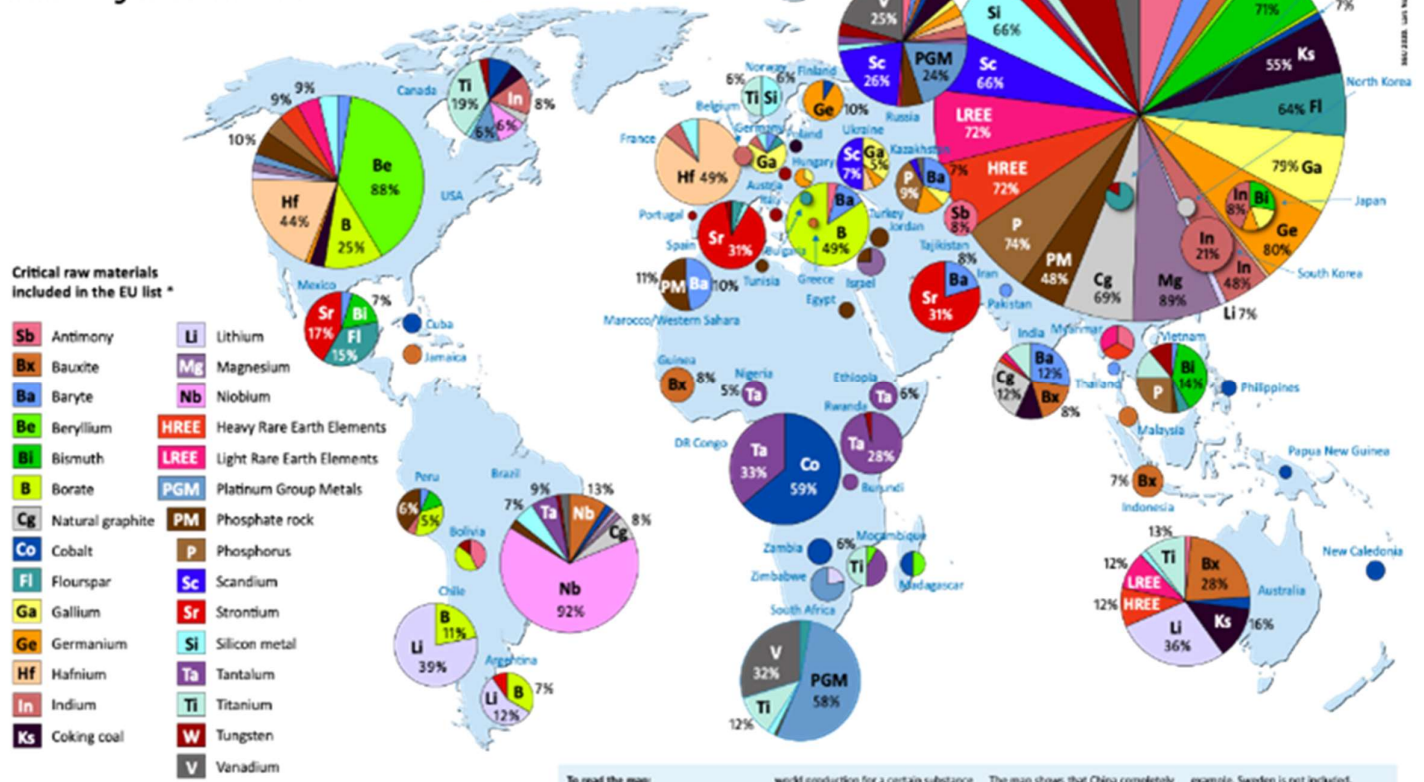
For further information, please contact.

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This announcement has been authorised for release to the market by the Managing Director.

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Global production of critical raw materials (CRM) according to EU definition



* Natural rubber not included

To read the map:
 Each circle shows each country's total production of various critical minerals and metals, calculated as a percentage by weight. The percentages show the share of world production for a certain substance (the total area of the pie charts for a certain substance together makes up 100 percent, still based on weight). For example, Brazil accounts for 92 percent of the world's niobium production.

The map shows that China completely dominates the total production even if they do not produce all the critical substances.

Note that this map applies to critical metals and minerals. Therefore, for example, Sweden is not included, otherwise a major producer within the EU of iron ore, precious metals and base metals.

Sources: USGS, European Commission, SGU