



Prospech Limited
ABN 24 602 043 265

25 January 2018

QUARTERLY REPORT – DECEMBER 2017

HIGHLIGHTS:

- Drilling of **Schopfer** and **Jan Benedickty** prior to end of 2017.
- Drilling of 1km long **Schopfer** vein system confirmed the top of a mineralised shoot in **SCDD008 (0.5m @ 1.8 g/t AU and 207 g/t Ag adjacent to 2.4m void)** contiguous with four short underground diamond drill holes drilled by Prospech earlier in 2017 which returned average gold (2 g/t Au) and silver (200 g/t Ag) assays. **Additional underground drill proposed for January/February winter period to expand the higher grade shoot.**
- Drilling completed on the **Jan Benedickty** prospect which is along strike from the Rozalia Mine sequence. Results suggest broad moderate grade system and prospect is downgraded.
- High grade Ignac Vein system up to **47 g/t Au (averaging 7.72 g/t Au and 329 g/t Ag)** **Ignac Rabenstein** historically mined surface samples to be drilled from Q1 2018 planned for mid – late February onward.
- **Rudno** area (south of Nova Bana) high-grade rock chip assay results:
 - Zubau - average **11.4 g/t Au, 63 g/t Ag** (5 samples)
 - Johan de Deo - average **9.5g/t Au and 350 g/t Ag** (9 samples)
 - Goldschramm - average **5.73 g/t Au and 416 g/t Ag** (18 samples)
 - Krsla - average **6.8 g/t Au 290 g/t Ag** (7 samples)

Drill permits submitted and planned to commence drilling in Q2 2018.

- Discovery in September of new high grade zone at **Vyhne - Svatotrojicna** shaft. From mullock samples in an area where mining discontinued due to historic water issues, **17 samples averaged 8.6 g/t Au, 464 g/t Ag**. Drill planning underway for 2018 and permits to be submitted by end of January 2018.
- Data compilation underway for **Jasenie Gold Tungsten REE** Project (granted) and **L'ubietová Copper Cobalt** Project (grant pending). Both projects pegged on open ground.
- Completion of an agreement to acquire 100% of the Company's projects.

OPERATIONS

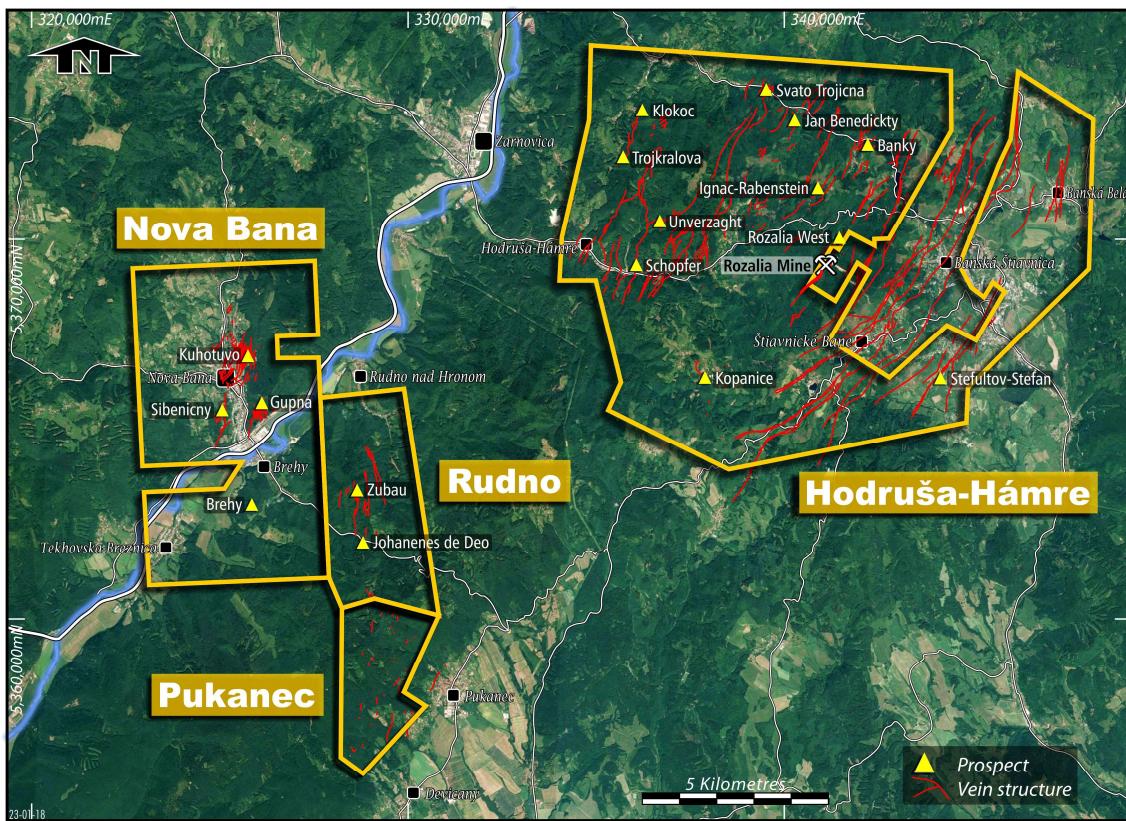


Figure 1. Project results in the quarter include, Schopfer (drilling and commencement of resource modelling) and Jan Benedicky (drilling) and Svatotrojicna (rock chip sampling and void modelling), Zubau and Johannes de Deo high grade rock chips (Rudno) and Pukenech high grade rock chips results.

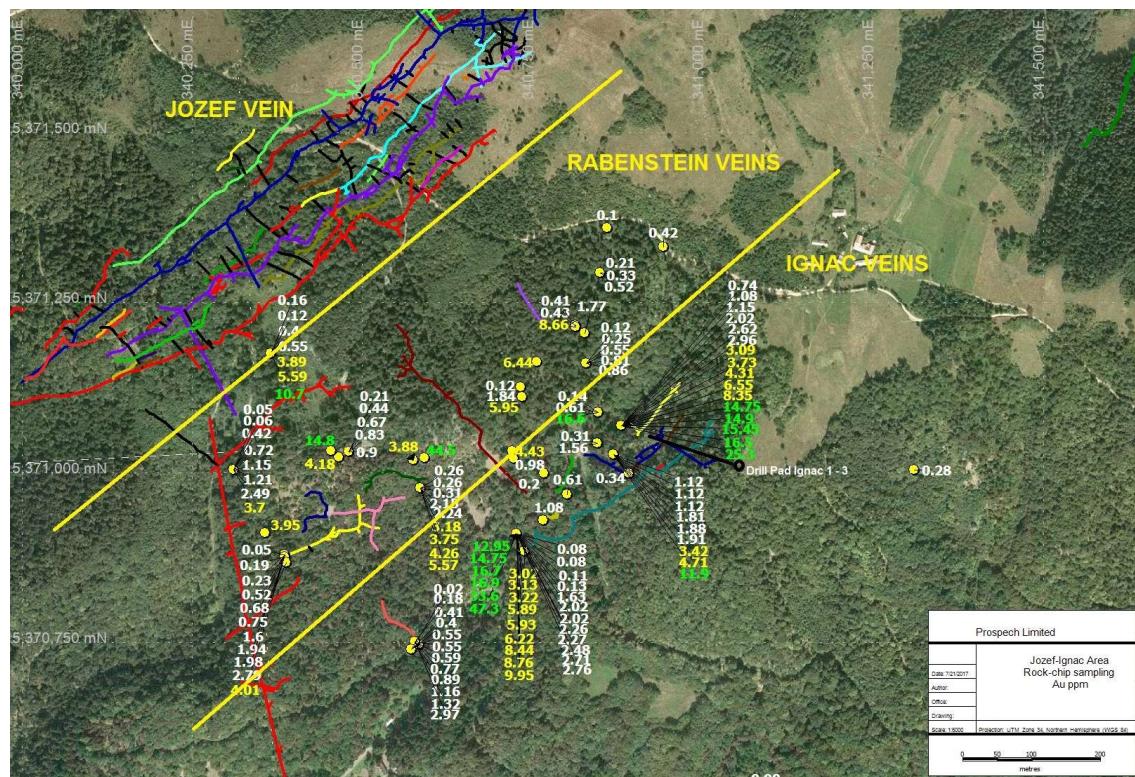


Figure 2. Within the Hodrusa Project, the next drilling area is Ignac planned for mid February (depending on permitting progress of underground drilling at Schopfer). Most high grades (>10 g/t Au) are denoted in green occur along the Eastern up dip vein system of Ignac.

Drilling Operations

Hodrusa – Schopfer and Jan Benedickty Drilling

Drilling since September 2017 has been completed for 1,842m. For Schopfer four holes, three complete holes for 1,214.2m (one refunded abandoned hole SCDD007) and two holes for Jan Benedickty 628.6m.

Hole_ID	Prospect	UTM_East	UTM_North	RL	Max_Depth	Dip	MAG_Azimuth	UTM_Azimuth
SCDD001	Schopfer	336367	5369910	350	4.4	26	130	136
SCDD002	Schopfer	336373	5369920	350	7.42	-40	300	306
SCDD003	Schopfer	336367	5369910	350	7.4	-50	240	246
SCDD004	Schopfer	336365	5369895	350	7.15	-60	300	306
SCDD005	Schopfer	336494	5369991	534	246.85	-74	332	337.8
SCDD006	Schopfer	336481	5370016	534	192.85	-66	274	279.8
SCDD007	Schopfer	336419	5369828	580	235.5	-66	291	299.8
SCDD008	Schopfer	336419	5369333	580	256.3	-66	291	296.8
JBDD001	Jan Benedikti	339777	5372097	740	194.5	-45	308	313.8
JBDD002	Jan Benedikti	339805	5372453	760	168.2	-45	309	314.8

Table 1. 2017 Drill coordinates for Schopfer and Jan Benedickty within Hodrusa Project.

Prospech Drill Results to Date								Updated 12-Jan-2018
NSR = No Significant Results								
Project	Prospect	Hole Id	From	To	Interval (m)	Au	Ag	Comments
Hodrusa	Schopfer	SCDD001	0.65	1.1	0.45	1.55	158	Underground Hole
2017 Q2			1.1	1.57	0.47	0.33	18.7	
			1.57	2	0.43	4.14	247	
			2	2.4	0.4	3.54	255	
			2.4	2.9	0.5	1.9	92.5	
			2.9	3.4	0.5	1.73	133	
		SCDD002	0	0.5	0.5	1.79	186	Underground Hole
			0.5	0.9	0.4	1.93	191	
		SCDD003	0	0.5	0.5	2.01	206	Underground Hole
			0.5	1	0.5	5.28	272	
			1	1.5	0.5	1.44	158	
			1.5	2	0.5	3.48	515	
			2	2.5	0.5	1.72	175	
			2.5	3	0.5	0.84	74.8	
		SCDD004	0	0.5	0.5	6.4	285	Underground Hole
			0.5	1	0.5	3	93	
			1	1.5	0.5	7.32	398	
2017 Q4								
Hodrusa	Schopfer	SCDD005	210	215.5	5.5	0.34	61	Surface Drillhole
		SCDD006	177	181	4	0.4	45	Surface Drillhole
		SCDD007						Surface Drillhole - Stopped prior to target jammed rods 233m
		SCDD008	239	242	3	0.68	62	
			including 240.5	241	0.5	1.8	207	
				242	244			<i>Top of Shoot Schopfer Void</i>
Hodrusa	Jan Benedickty	JBDD001	73.2	115		0.42	3	Broad Jan Benedickty Shear Zone
			including 83	86	3	1.26	2	Over 1 g/t and 1m lower cut
				108	109	1	2.27	1
				111	112	1	1.12	1
								Over 1 g/t and 1m lower cut
		JBDD002	153	154	1	0.72	73	Vein with minor Galena

Table 2. Drill results with blue shade indicating surface drilling and grey text previously reported underground diamond drilling. SCDD008 is closest to underground drilling and defines the first shoot drill out target of Schopfer. SCDD008 defines the top of an ore shoot along with underground holes SCDD1-4. Further underground drilling will extend this an additional 100m downdip in January and February.

Company strategy is to drill high grade near surface systems in the first half of 2018, commencing with Ignac (Hodrusa Project) and Gupna (Nova Bana Project). Focus on resource definition remains a parallel strategy with deeper drilling >200m drill holes are required for the now confirmed first Schopfer shoot as per below long projections which will also involve additional underground drilling where possible.

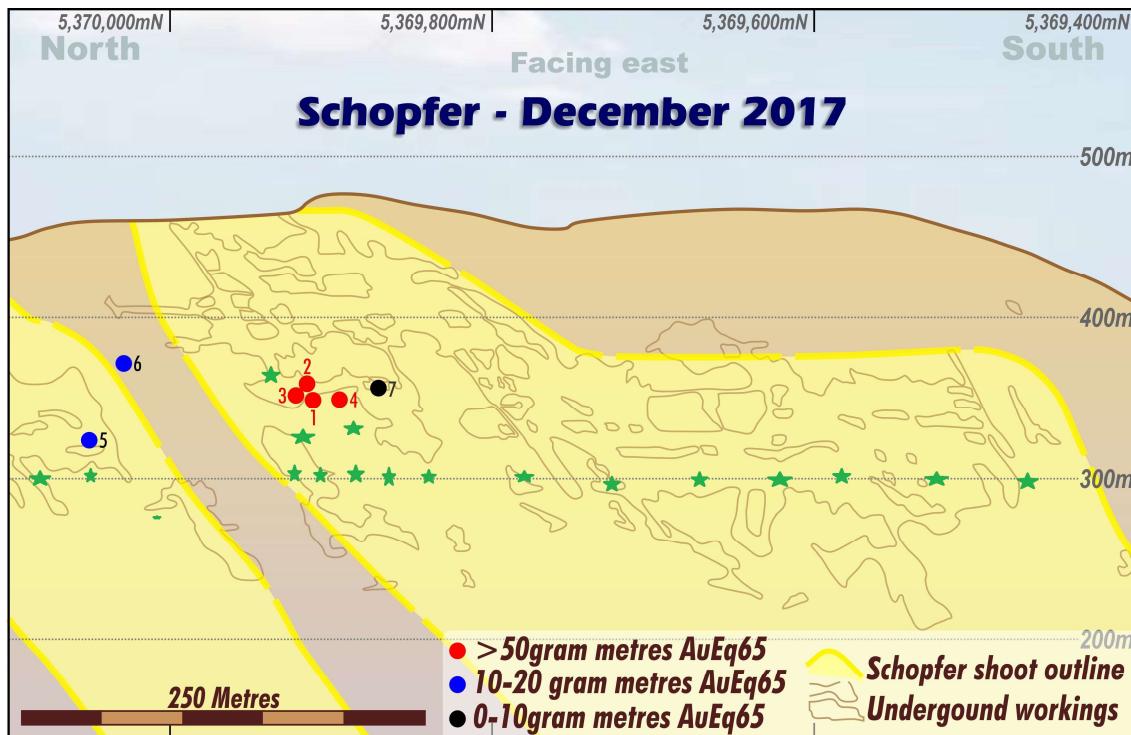


Figure 3. Drill pierce points to date on the Schopfer system (refer to plan location on Figure 1). Green pierce points are proposed and subject to operational priority. A staged growth strategy around the confirmed high grades (nominally >2 g/t Au and 200 g/t Ag) is clustered at depth and along strike of holes 1,2,3,4 and 7. A new round of underground diamond drilling to extend the discovered shoot are being planned for January/February drilling.

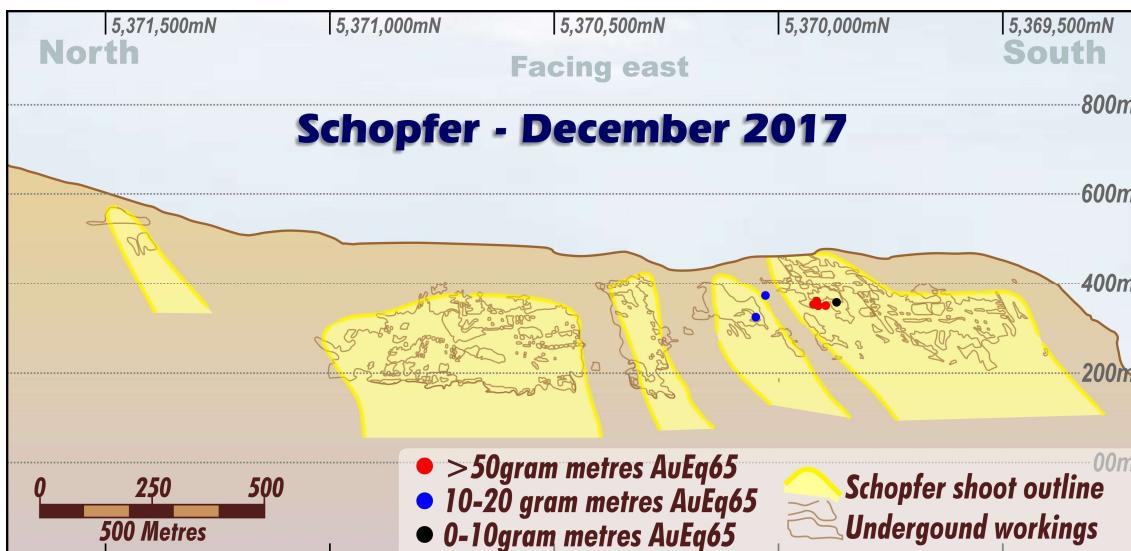


Figure 4. Zoomed out Long Section of the currently modelled Schopfer system of at least 1.5km in strike length, not previously drilled by modern methods. Pierce points of 2017 drill activity depicted including with red points indicating area of current drill definition. Historically the Schopfer Mine was in production intermittently until 1949 producing on average 2 g/t Au and 200 g/t Ag.

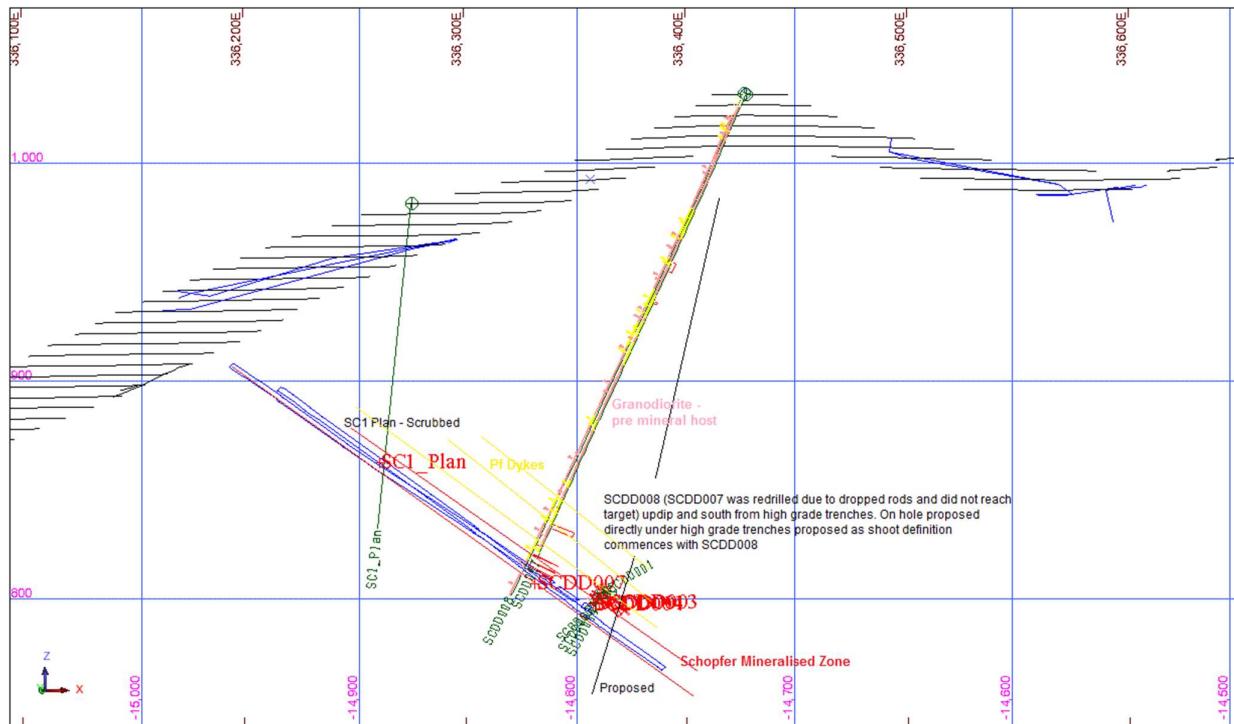


Figure 5. Future drilling to define a mineralised shoot will be at depth along this section and shallower drilling is likely to be above the precious metal zone, refer to Figure 2.

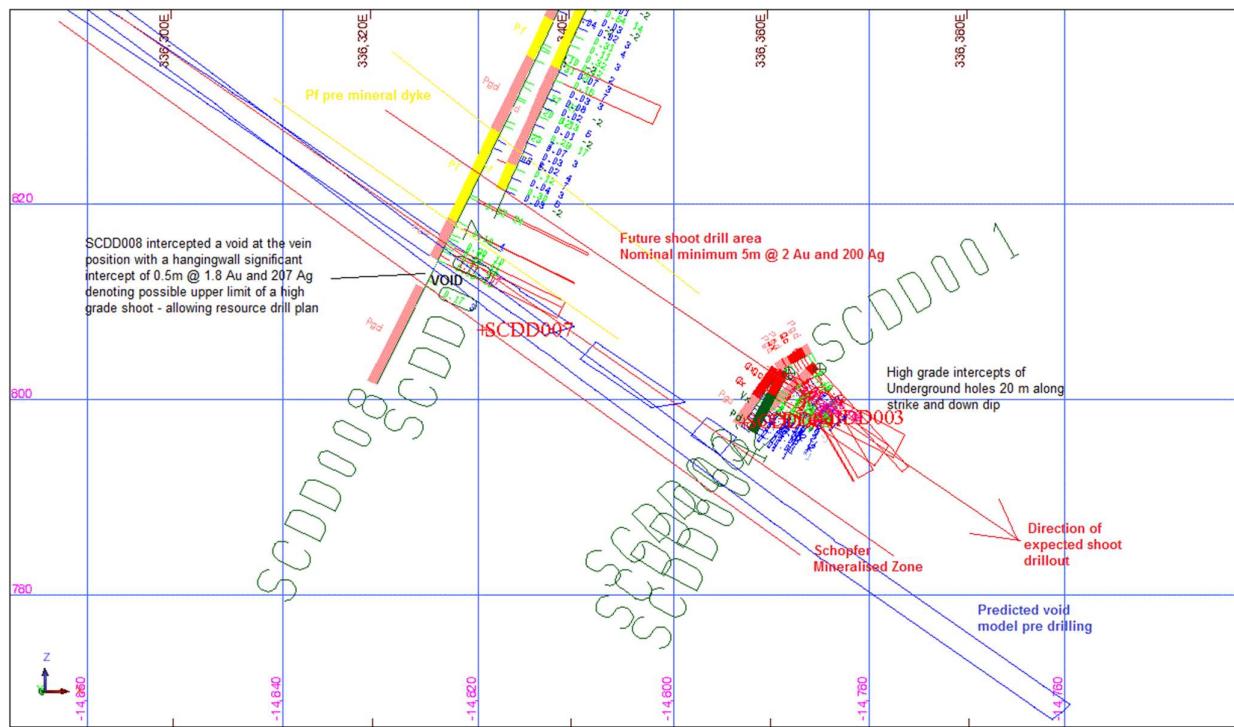


Figure 6. A zoomed in view of the recent drill hole SCDD008 (note SCDD007 depicted did not reach target and SCDD008 was its redrill at zero cost to PRS). The section is 100m wide to capture the 20m along strike underground drilling completed in early 2017 which remains open at depth and along strike. Future drilling is proposed to continue to grow this shoot at depth and along strike.

Mineralisation & Alteration

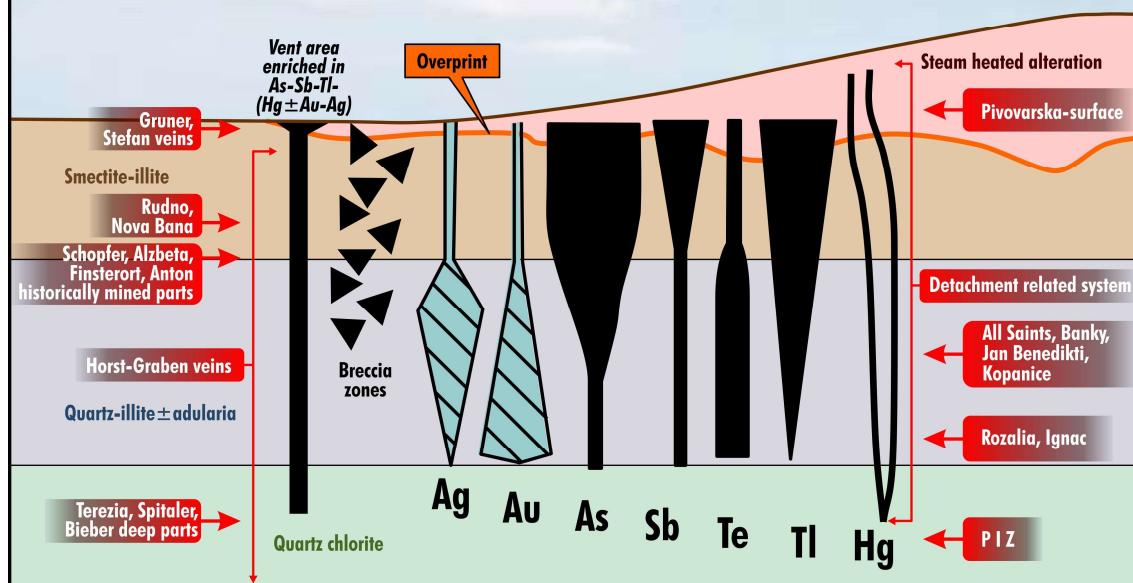


Figure 7. Schopfer has been modelled as a 'Horst-Graben Vein' style of mineralisation and Jan Benedicky as a 'Detachment System – Rozalia' style.

Pre Drilling Operations

Hodrusa – Ignac Rabenstein

Assay results have been received for 40+ samples (**up to 47 g/t Au and 1,500 g/t Ag and averaging 7.72 g/t Au and 329 g/t Ag**) taken from the Ignac-Rabenstein prospect confirming the high grade target. Drilling is permitted and ready to test with holes average depth of 150 metres to commence late February.

Importantly a pre-production underground development for drilling and evaluation can proceed without the need for a mining licence, thereby expediting production from Ignac-Rabenstein which is only 400 metres from the existing Rozalia Mine haulage drive.

Recent geological breakthrough indicates that the Ignac-Rabenstein system is on the same geological structure – the Detachment as the Rozalia Mine but up-dip to surface (Detachment System as referred to above in Figure 7 Mineralisation and Alteration figure).

Hodrusa – Anton Svatotrojicna

Up to **52.6 g/t Au** rock chips from dump samples returned from the Svatotrojicna shaft area with a clear area of previous production targeted at depth. Sample locations are generally from dump locations so higher grade locations being researched with the Anton stope areas for drill target selection. Drill proposal to be completed and permitting commenced by late January 2018.

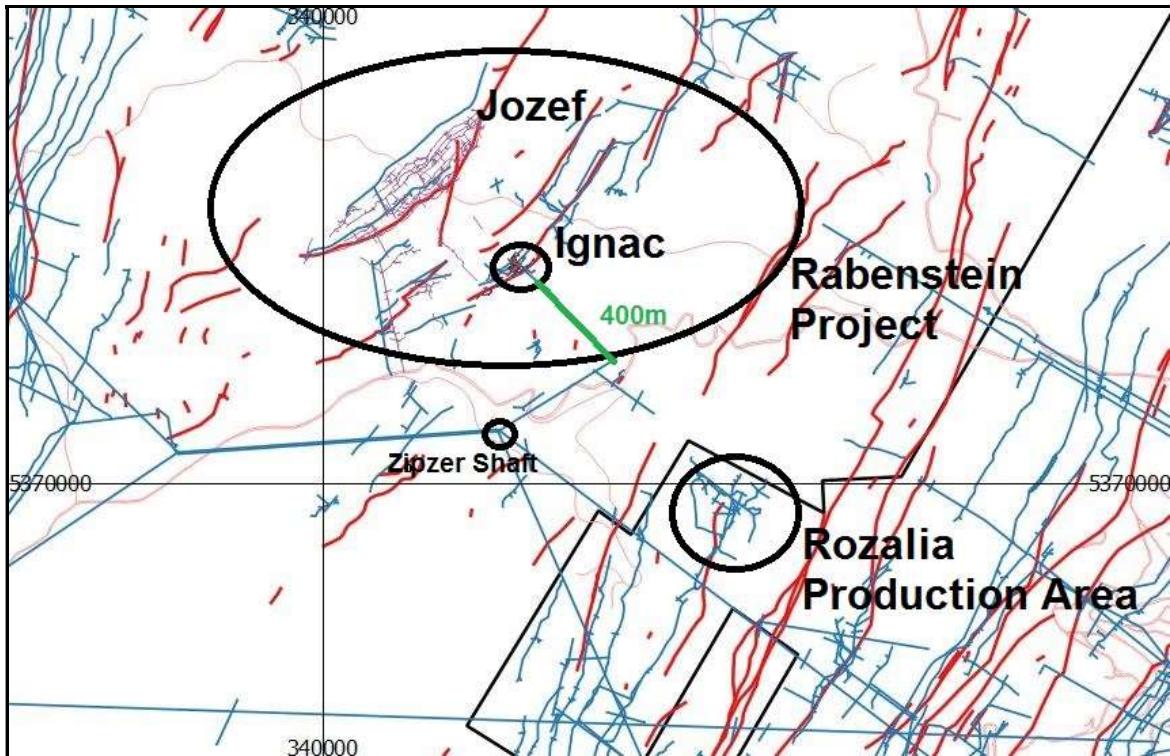


Figure 8. Zipzer shaft and an associated drive (Hoffer) allow development of only 400m to the Ignac-Rabenstein system should the high grade gold discovery be confirmed by drilling. Development can occur pre grant of a mining lease and application for a mining lease can occur in parallel with development and reserve definition.

Rudno

Rudno tenement covers an approximately 2 kilometre long epithermal vein system mined in the past.

Up to 42.7 g/t Au from underground sampling Johan de Deo within Rudno received. Drill pads are being permitted to allow Q2 2018 drilling of high grade near surface vein systems.

Nova Bana

No activity this quarter. Drill permits are complete for future Gupna drill program to target the 2016 discovered feeder zone utilising a small track mounted diamond rig to test near surface a 30m wide zone.

Pukanec

Samples collected in Pukanec area up to **9.8 g/t Au and 478 g/t Ag** from the Michelka area 2km from Pukanec town. The average grade of these samples is 3.68 g/t Au and higher grades are clearly associated with presence of manganese oxides. Second group of samples was collected on NW part of the tenement. The samples are very different from typical Pukanec samples, with abundant coarse crystalline calcite gangue and small inclusions of sulphides (sphalerite, galena). The average of all nine samples is 3.58 g/t Au and 56 g/t Ag.



Figure 9. Drill rig of maximum width 1.5m to allow use of pre-existing forestry tracks and to drill to depths of at least 150m will be commissioned by mid-February, allowing shallow testing of Gupna (Nova Bana), Kopanice, Rudno and Ignac-Rabenstein targets.

Planned 2018 Operations

- Drill commence for Ignac and possibly Kopanice, Gupna.
- Underground diamond drill program for Schopfer Resource target.
- Drill permitting Rudno, Svatotrojicna.
- Data compilation Pukanec, Jasenie.

Corporate

During the quarter, the Company negotiated and completed a Share and Rights Purchase and Sale Agreement whereby the Company acquired the remaining 19% interest in the Company's Slovakian projects for 833,333 shares and 416,667 options, each at an exercise price of \$0.25 to acquire one fully paid ordinary share at any time up to 30 September 2019. As a result, the Company now holds 100% of all projects in Slovakia.

COMPANY DETAILS

Company	Prospech Limited
Shares on issue	71.9m

BOARD MANAGEMENT

Managing Director	Jason Beckton
Chairman	Thomas Mann
Exec Director & CFO	Peter Nightingale
Non-Exec Director	John Levings
Company Secretary	Richard Edwards
Country Manager	Marian Urban

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