



PROSPECH LIMITED
and its controlled entities

A.B.N. 24 602 043 265

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
30 JUNE 2024

PROSPECH LIMITED
and its controlled entities

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**PROSPECH LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

The Directors of Prospech Limited (**the Company** or **Prospech**) present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 30 June 2024.

Directors

The names of the Directors of the Company in office during the half year period and until the date of this report were:

Thomas Mann – Chairman since 26 September 2014

Jason Beckton – Director and Chief Executive Officer since 26 September 2014

Peter Nightingale – Director and Chief Financial Officer since 26 September 2014

John Levings – Director since 17 May 2016

Stephen Gemell – Director since 4 March 2021

Highlights

Finland – Rare Earth Elements Projects (100% owned)

- Hard rock deposits:
 - High-grade TREO¹ assay results received from 766 samples across 43 historic Korsnäs drill holes
 - Assay results from a further ~1,200 samples are pending
 - Diamond core drill program being undertaken
- Tailings Storage Facility (TSF):
 - Assay results received:
 - Average TREO: 6,465 ppm
 - Average NdPrO²: 1,896 ppm
 - NdPr enrichment³: 29%
 - Exploration Target for the TSF estimated
 - Metallurgical tests are underway to enhance the exploration target
- Concentrate stockpile:
 - Auger drill testing completed
- Korsnäs project expanded to cover Granskog REE and Petolahti Cu-Ni prospects
- Korsnäs project diamond core drilling program commenced

Slovakia – Strategic and Precious Metal Projects

- Zlatno copper-gold project exploration licence granted
- Pukanec gold-silver project drill program approved

Corporate

- Completed a placement to raise \$1.1 million for further drilling, resource definition and metallurgical test work at the Company's Korsnäs project in Finland and potential drilling at the Pukanec gold-silver project in Slovakia

¹ TREO = Total Rare Earth Oxides which is the sum of La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃ and Y₂O₃.

² NdPrO = the sum of Pr₆O₁₁, Nd₂O₃

³ NdPr enrichment % = NdPrO / TREO

DIRECTORS' REPORT

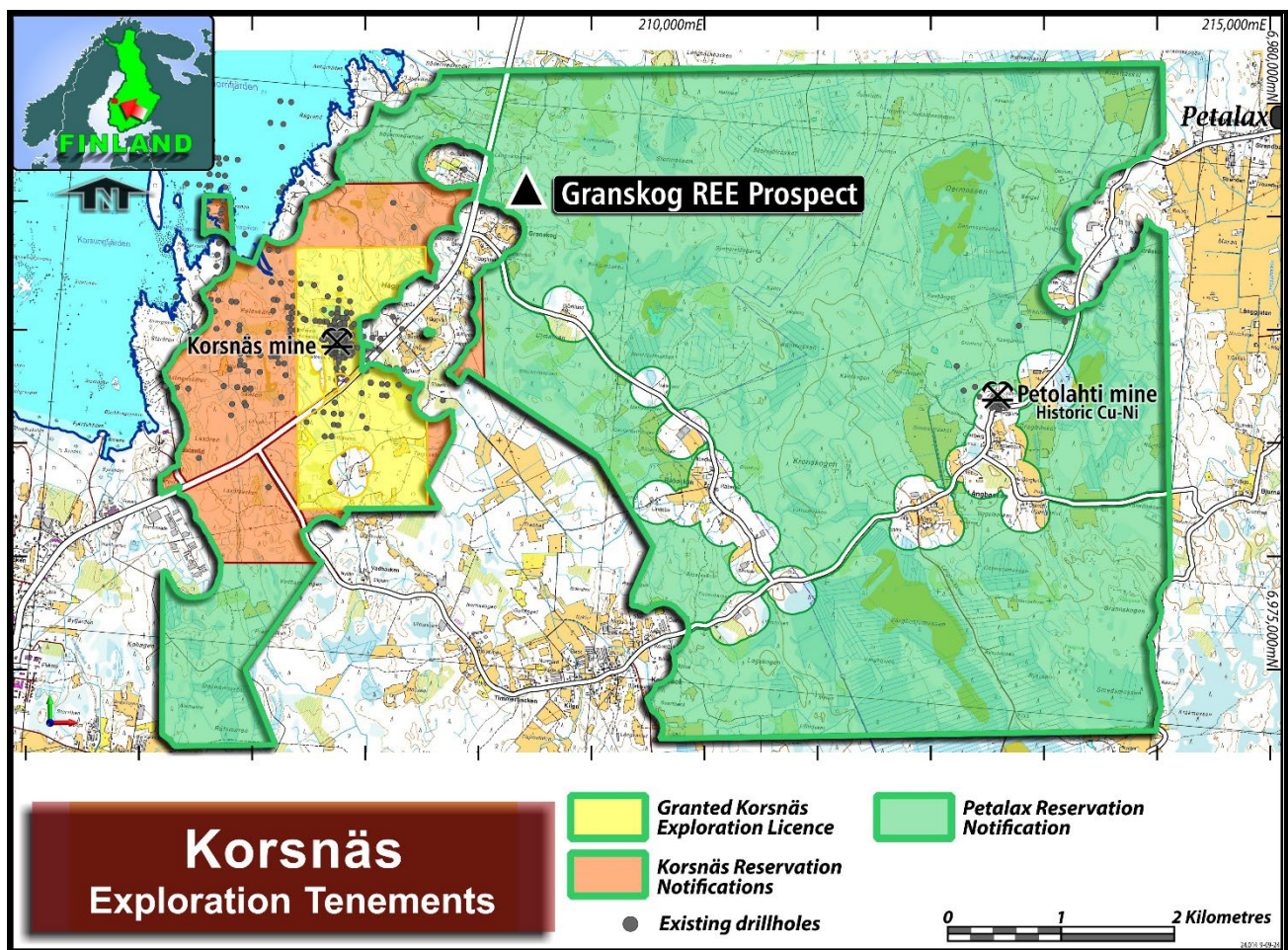
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Korsnäs – REE Project

The Korsnäs rare earth elements (REEs) project is centered around a former lead mine, which operated from 1959 to 1972. During its operation, it extracted 0.87 million metric tons of ore with an average lead content of 3.6%. In addition to lead, the mine also produced a concentrate containing lanthanides. Newly uncovered archival records reveal that from 1966 to 1972, the mine produced 47,150 metric tons of lanthanide concentrate with an average grade of 3.12%, though specific REE grades were not documented.

Beyond the mine, several other exploration targets, drilled by Outokumpu between the 1950s and 1970s, may hold promise. While the primary focus of these efforts was lead mineralisation, some drill holes revealed carbonatite zones, which could contain REEs. However, many of these carbonatites went unsampled if no visible lead ore was present in the drill core.



Korsnäs tenement package with control of most REE exposures in the area.

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Hard Rock Deposits

Assay results from sampling historic drill core at the Korsnäs mine confirm the presence of several high-grade REE mineralisation targets. Within the project area, five gravity anomalies have been identified, spanning a total strike length of over 5 kilometres.

The results received this half year build on previous robust findings and provide valuable insights into the mine's structure. They highlight the potential for mineralisation both in dip and strike, extending below the deepest level of the historic Korsnäs mine and up to 1.5 kilometres northwest of the original site.

During this half year, REE assay results from 766 samples collected from 43 historic drill holes at Korsnäs have returned significant high-grade intersections, with notable NdPr enrichment.

- **KR-127: 23.1m @ 3,949 ppm TREO (28% NdPr enrichment) from 144.2m including 2.0m @ 13,466 ppm TREO (33% NdPr enrichment) from 144.2m**
- **KR-162: 28.2m @ 3,081 ppm TREO (28% NdPr enrichment) from 176.9m including 1.1m @ 29,315ppm TREO (32% NdPr enrichment) from 176.9m**
- **KR-179: 20.0m @ 7,997 ppm TREO (29% NdPr enrichment) from 62.9m including 1.1m @ 17,429 ppm TREO (26% NdPr enrichment) from 65.0m
6.2m @ 15,435 ppm TREO (30% NdPr enrichment) from 70.1m
0.8m @ 22,107 ppm TREO (31% NdPr enrichment) from 81.1m**
- **KR-265: 16.0m @ 3,257 ppm TREO (29% NdPr enrichment) from 114.7m including 2.0m @ 10,071 ppm TREO (30% NdPr enrichment) from 114.7m**
- **KR-266: 15.8m @ 5,745 ppm TREO (30% NdPr enrichment) from 127.0m including 2.0m @ 20,956 ppm TREO (33% NdPr enrichment) from 127.0m**
- **KR-267: 13.9m @ 9,403 ppm TREO (30% NdPr enrichment) from 149.9m including 8.5m @ 13,493 ppm TREO (31% NdPr enrichment) from 149.9m**
- **SO-086: 39.3m @ 2,764 ppm TREO (26% NdPr enrichment) from 42.6m including 17.4m @ 4,393 ppm TREO (28% NdPr enrichment) from 63.5m**
- **SO-178: 6.9m @ 7,313 ppm TREO (30% NdPr enrichment) from 0.0m including 2.1m @ 16,675 ppm TREO (31% NdPr enrichment) from 0.0m**
- **SO-185: 6.8m @ 13,298 ppm TREO (32% NdPr enrichment) from 0.0m including 1.8m @ 41,252 ppm TREO (32% NdPr enrichment) from 0.0m**
- **SO-188: 26.1m @ 3,885 ppm TREO (28% NdPr enrichment) from 68.4m including 4.2m @ 11,413 ppm TREO (32% NdPr enrichment) from 86.5m**
- **SO-196: 21.4m @ 4,347 ppm TREO (28% NdPr enrichment) from 137.2m including 1.2m @ 16,343 ppm TREO (29% NdPr enrichment) from 137.2m**
- **KR-186: 24.0m @ 17,649 ppm TREO from 37.2m including 7.3m @ 49,324 ppm TREO from 37.2m (15,926 ppm NdPrO)**
- **KR-214: 4.6m @ 45,674 ppm TREO from 365.5m
High-grade mineralisation 260 metres below the lowest mine level, showcasing potential depth extension**
- **KR-251: 8.1m @ 10,075 ppm TREO from 73.0m
High-grade mineralisation 1.5 kilometres NW of the mine, showcasing potential strike extension**

Achieving record high assay results for the critical NdPr REEs is an exceptionally positive indicator for the project's economic potential.

These findings bring the total to 2,462 assays reported from 153 drill holes so far. Approximately 1,200 additional drill core samples are currently being processed at the GTK facility in Loppi or the assay laboratory, all of which will contribute to the development of a JORC-compliant resource estimate.

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Subsequent to the end of the half year, a drilling program for a 1,000 to 1,200 metre large-diameter diamond core drilling program has commenced. This drilling will aid in preparing a resource estimate and provide essential material for an enhanced metallurgical testing program.

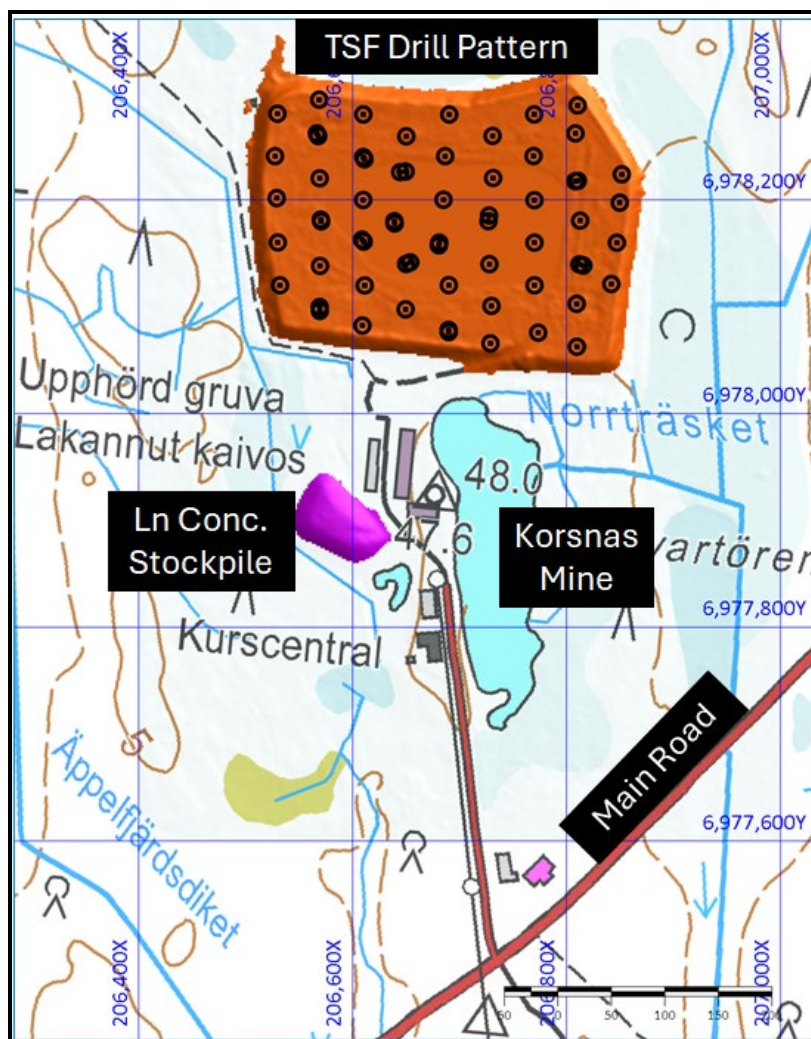
Tailings Storage Facility

During the period, assay results were received for samples collected from 57 drill holes completed over the Korsnäs Mine Tailings Storage Facility (TSF) during the winter. Results from 480 samples, which tested the entire TSF, revealed an average of:

- **6,465 ppm TREO**
- **1,896 ppm NdPr oxide, reflecting a 29% NdPr enrichment**

These results confirm that the old mine tailings contain significant concentrations of REEs, with particularly strong enrichment in the valuable NdPr 'magnet' REEs.

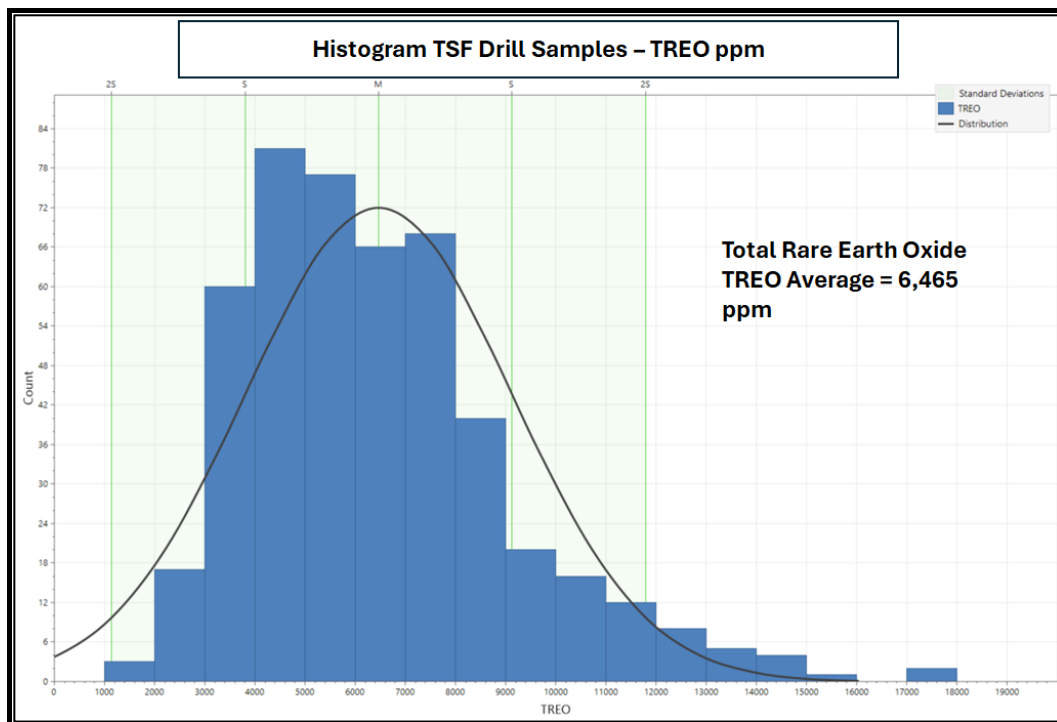
Historical records indicate that the TSF holds approximately 760,000 tonnes of tailings from the former Korsnäs lead mine.



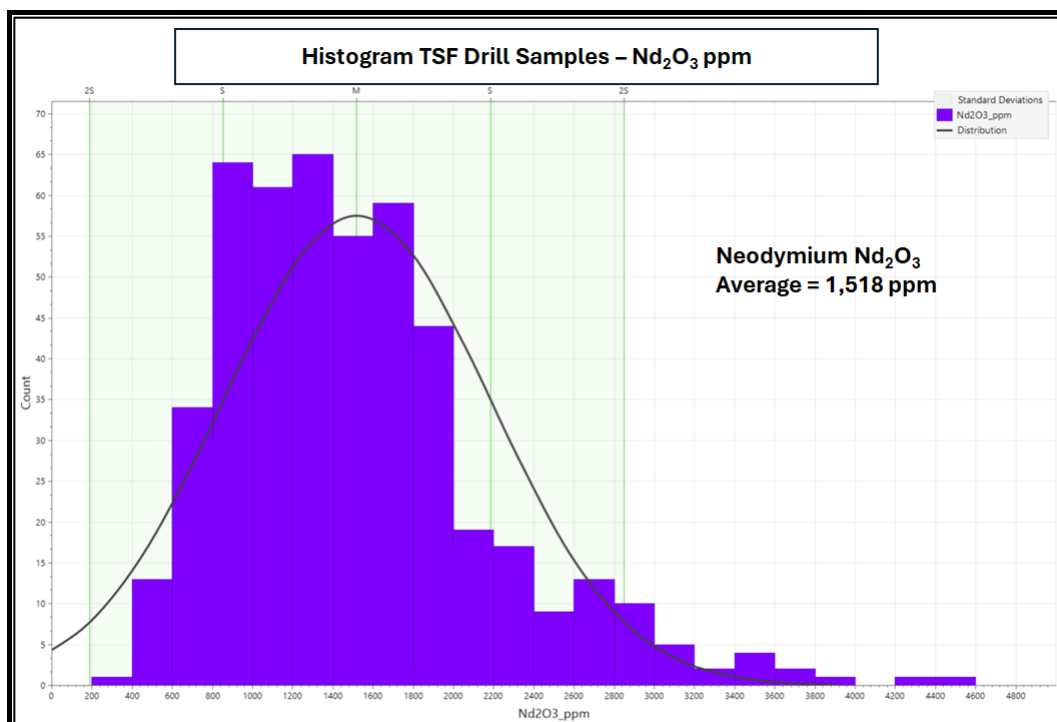
***Korsnäs TSF drill pattern and position near mine and main road.
Also shown is the lanthanide concentrate stockpile.***

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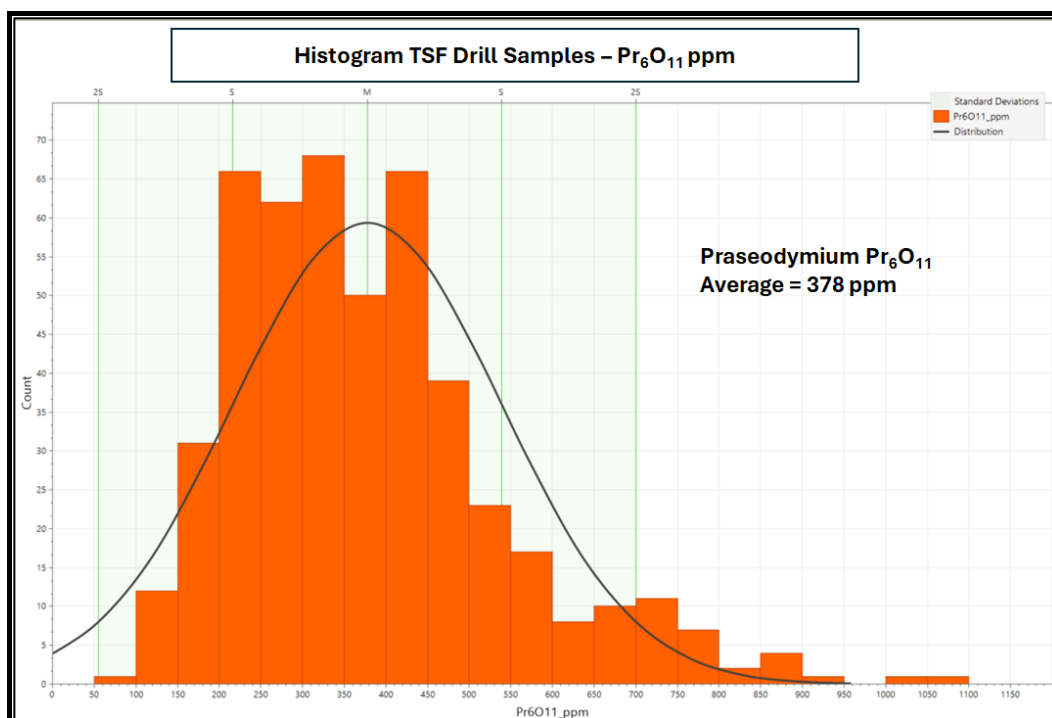
Distribution of TREO from 480 TSF drilling samples, Average = 6,465 ppm.



Distribution of Neodymium Oxide from 480 TSF drilling samples, Average = 1,518 ppm.

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Distribution of Praseodymium Oxide from 480 TSF drilling samples, Average = 378 ppm.

To estimate an Exploration Target, the Korsnäs TSF was modelled in 3D using wireframes that combined Laser Imaging Detecting and Ranging (LiDAR) topography data with surfaces derived from drilling information. Different assumptions regarding the composition of the TSF walls led to the development of two models, representing upper and lower bound volume estimates. After bench compositing, assay data was interpolated into a block model using an inverse-distance weighting algorithm.

Despite the high quality of both assay and spatial data, the TSF grade-tonnage estimate remains classified as an Exploration Target until ongoing metallurgical test work can demonstrate the feasibility of eventual economic extraction.

Based on actual exploration results, the Korsnäs TSF Exploration Target is estimated as:

Tonnage Range Mt	TREO Range ppm	NdPr Oxide Range ppm	Nd ₂ O ₃ ppm	Pr ₆ O ₁₁ ppm	NdPr Enrichment %	Notes
0.93 – 0.72	6200 – 6500	1800-1880	1400-1500	400-380	29 29	Full Wall 54° inner walls

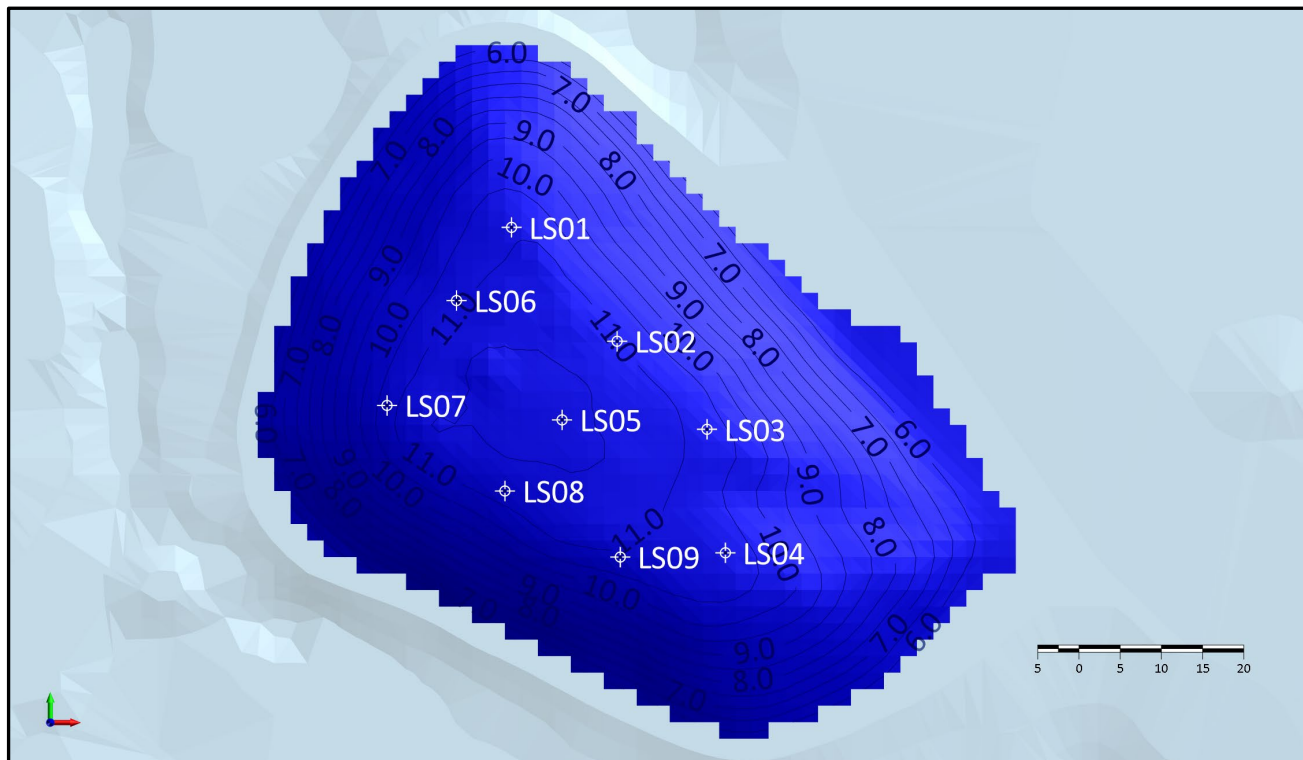
The potential quantity and grade of the Exploration Target estimate are conceptual in nature. Insufficient exploration and metallurgical test work have been conducted to classify this as a Mineral Resource. It remains uncertain whether further exploration will lead to the definition of a Mineral Resource.

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Lanthanide Concentrate Stockpile

During the half year, the Company conducted auger sampling of the lanthanide concentrate stockpile. This sampling will complement the previously defined Exploration Target for the TSF and support further scoping studies aimed at assessing the REE production potential of the Korsnäs project.



***Auger drilling at nine locations to test the Lanthanide concentrate stockpile.
The Company will also drill more auger holes on the edge of the previously drilled TSF
to enhance confidence in a pending resource estimate of the TSF.***

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Slovakia Projects

The Company's projects are situated around 180 kilometres east of Bratislava, Slovakia, near the Austrian border. As a member of the European Union and the Eurozone, Slovakia offers an attractive environment for foreign investment, featuring modern western-style legislation, an independent legal system, low wages, low tax rates, and a well-educated labour force.

Through its wholly owned subsidiaries, Slovenske Kovy s.r.o. (SLOK) and Prospech Slovakia s.r.o. (Prospech SK), the Company holds 100% ownership of six exploration licenses, covering approximately 161 km² in Slovakia.

- **Kolba** (4.2 km²) copper cobalt silver nickel targets.
- **Hodrusa-Hamre** (77.6 km²) – multiple gold and silver targets.
- **Cejkov-Zemplin** (29.2 km²) – epithermal silver-lead and zinc.
- **Nova Bana** (20.1 km²), and **Pukanec** (10.7 km²) – gold and silver.
- **Zlatno** (19.0 km²) – copper and gold.



Location map of Prospech's projects in Slovakia.

Kolba – Copper-Cobalt-Nickel-Silver Project

The Kolba project is part of the Svatodusna-Podlipa geological system, where mineralisation consists of copper ore minerals, including tennantite, as well as cobalt-nickel sulpho-arsenides like gersdorffite. The mineralised zones, containing copper-cobalt-nickel-silver sulphides in primary mineralisation, typically extend several hundred meters in length and reach at least 150 meters from the granite footwall into the host metamorphic sequence.

A drill access road is planned in the coming months to reach the undrilled sulphide target.

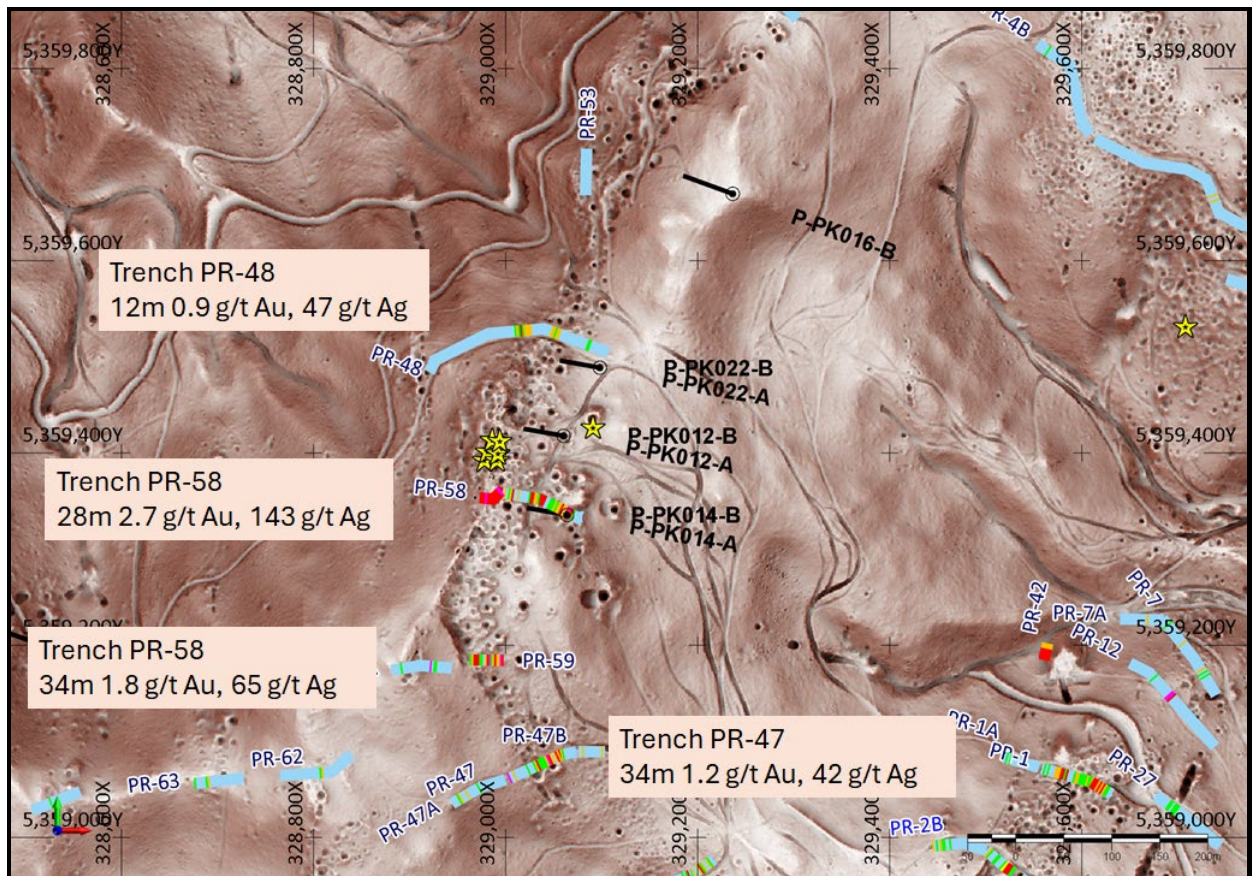
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Pukanec Gold-Silver Project

The Pukanec gold-silver project is located on the western slopes of the Miocene Štiavnica stratovolcano. This tenement encompasses an area with extensive epithermal gold and silver veins, which were historically mined through shallow artisanal workings. Historical trench results, along with more recent rock chip sampling by Prospech, have yielded promising gold and silver values, with visible gold observed in several locations.

The Company has planned a scout drilling program to assess the depth potential of the mineralisation beneath these promising outcrops, particularly at two sites known as Agras and Weitenzecher, located further south.



The Pukanec Agras target highlights several historical surface trench intersections, providing key insights into the potential of the area. The base map, an enhanced LIDAR image, reveals numerous early mining workings, visible as pockmarks across the landscape. Proposed drill sites are marked with black symbols, while gold stars indicate locations where visible gold has been observed in hand specimens. This detailed mapping and historical data underscore the significance of the target for further exploration.

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Zlatno Copper-Gold Project

The Zlatno copper mineralisation was first identified by the Slovak Geological Survey in the 1970s through regional-scale stratigraphic drilling. Between 1970 and 1980, 26 deep holes were drilled, several of which intersected significant copper mineralisation. However, systematic gold assays were not conducted, as the focus at the time was primarily on copper due to the economic needs of pre-democratic Slovakia before 1992.

Prospech's main exploration target is the copper-gold-bearing porphyry stockwork that cuts through sedimentary units. The project also targets copper-gold skarn mineralisation hosted in shales, sandstones, conglomerates, and limestones at the base of the volcanic sequence, which correlates with the LANF and Rozalia gold mine stratigraphy.

The Zlatno project exhibits geological similarities to the mineralisation style found at Dundee Precious Metals' Čoka Rakita skarn in Serbia, located south of Slovakia.

Historical drilling at Zlatno yielded significant copper porphyry intersections, making it a promising area for further exploration⁴:

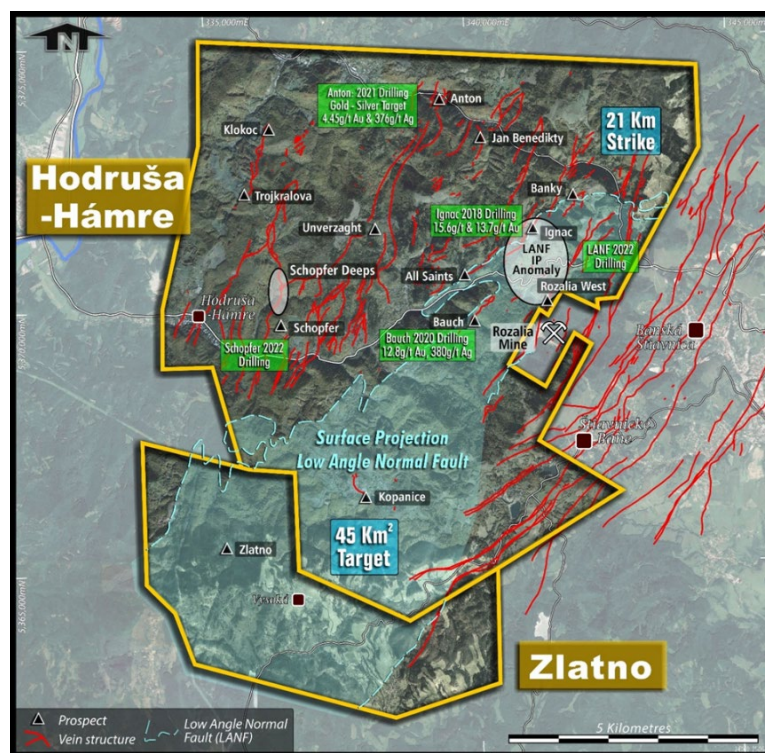
- **HDS-03:** 180m @ 0.31% Cu from 781m
including 36m @ 0.66% Cu from 826m
- **R-06:** 108m @ 0.40% Cu from 902m
including 52m @ 0.63% Cu from 952m
- **R-07:** 184m @ 0.29% Cu from 817m
including 69m @ 0.42% Cu from 921m
- **R-07A:** 165m @ 0.30% Cu from 805m
including 45m @ 0.50% Cu from 920m
- **R-09:** 111m @ 0.32% Cu from 849m
including 18m @ 0.50% Cu from 849m
10m @ 1.20% Cu from 950m
- **R-14:** 59m @ 0.30% Cu from 927m
including 9m @ 0.71% Cu from 949m
- **R-20:** 158m @ 0.30% Cu from 916m
including 34m @ 0.50% Cu from 952m
- **R-25:** 164m @ 0.34% Cu from 772m
including 31m @ 0.78% Cu from 777m
20m @ 0.54% Cu from 916m

The reported results are not reported within the JORC Code, the Competent Person has not done sufficient work to classify the reported results as mineral resources or ore reserves in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the reported results will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.

⁴ PRS ASX announcements 19 July 2024 "Slovak Projects Update" and 22 July 2024 "Additional Information on Slovak Projects Update".

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Location of the Company's Zlatno exploration licence.

Licence Areas and Status

Project	Tenement Number	Country	Interest
Cejkov-Zemplin	11006/2022-5.3	Slovakia	100%
Hodrusa-Hamre	7120/2023-5.3	Slovakia	100%
Jokikangas	ML2021:0017 Jokikangas ¹ ML2023:0015 Honkamäki ¹ VA2023:0038 Honkamäki 2 ²	Finland	100%
Kolba	9313/2022-5.3	Slovakia	100%
Korsnäs	ML2021:0019 Hägg ¹ VA2023:0040 Hägg 2 ² VA2023:0083 Hägg 3 ² VA2023:0093 Petalax ²	Finland	100%
Nova Bana	P22/15	Slovakia	100%
Pukanec	9313/2022-5.3	Slovakia	100%
Saarenkylä	VA2023:0013 Saarenkylä 2 ²	Finland	100%
Zlatno	9355/2024-5.3	Slovakia	100%

¹ Tenement areas are reserved by Reservation Applications followed by Reservation Notifications then Exploration Permits approved by the Finnish Safety and Chemicals Agency (TUKES), the Finnish mining authority. These Exploration Permit applications are currently in handling by TUKES.

² Reservation Notification provides priority for Exploration Permit applications.

No field activities were undertaken during the period at the Hodrusa-Hamre, Nova Bana, Cejkov-Zemplin, Jokikangas and Saarenkyla exploration licences.

During the period the Company did not renew the licence for the Jasenie project.

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**Corporate
Capital Raising**

During the half year the Company successfully completed a placement of 32,479,033 shares with sophisticated investors at \$0.033 per share, raising \$1,071,808 before costs.

The funds raised will be used for further drilling, resource definition and metallurgical test work at the Company's Korsnäs project in Finland, initial exploration and potential drilling at the Pukanec gold-silver project in Slovakia and working capital purposes.

Competent Person's Statement

The information in this Report that relates to Exploration Results and the Exploration Target are 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.

Subsequent Events

Subsequent to the end of the half year, the Company's wholly owned subsidiary Bambra Oy was approved as a joint participant in a €16.0 million European Health and Digital Executive Agency, under the powers delegated by the European Commission, grant agreement program known as the REMHub (rare earth and magnets hub for a resilient Europe) project. A total of €432,250 (~\$718,000) has been awarded to Bambra to rebate drilling, assaying, metallurgical testing and other ancillary costs associated with the Company's wholly owned Korsnäs REE project.

Other than the matters outlined above, there have been no matters arise in the interval between the end of the half year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 14 as required under Section 307C of the *Corporations Act 2001* is attached to and forms part of the Directors' Report for the half year ended 30 June 2024.

Signed at Sydney this 13th day of September 2024
in accordance with a resolution of the Board of Directors:

Thomas J. Mann
Chairman

Peter J. Nightingale
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Prospech Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Prospech Limited for the half-year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Patrice Scott'.

Patrice Scott
Partner

Sydney
13 September 2024

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Notes	30 June 2024 \$	30 June 2023 \$
Other income		-	-
Administration and consultants' expenses		(525,170)	(533,315)
Share based payment expense		(98,473)	-
Impairment losses	4	(567,191)	(402,482)
Depreciation expense		(5,876)	(38,309)
Results from operating activities		<u>(1,196,710)</u>	<u>(974,106)</u>
Financial income		6,186	10,785
Financial expense		(5,703)	-
Net financial income		<u>483</u>	<u>10,785</u>
Loss before income tax		(1,196,227)	(963,321)
Income tax benefit		<u>47,328</u>	<u>-</u>
Loss for the period		<u>(1,148,899)</u>	<u>(963,321)</u>
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<u>(63,449)</u>	<u>195,165</u>
Total comprehensive loss for the period		<u><u>(1,212,348)</u></u>	<u><u>(768,156)</u></u>
Earnings per share			
Basic and diluted loss per share (cents)	6	<u><u>(0.42)</u></u>	<u><u>(0.71)</u></u>

The above consolidated interim statement of profit or loss and other comprehensive income should be read
in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	30 June 2024 \$	31 December 2023 \$
Current assets			
Cash and cash equivalents		1,127,433	1,604,675
Trade and other receivables		61,877	53,216
Prepayments		7,502	37,599
Total current assets		1,196,812	1,695,490
Non-current assets			
Exploration and evaluation expenditure	4	9,713,028	9,420,972
Property, plant and equipment		42,037	48,007
Total non-current assets		9,755,065	9,468,979
Total assets		10,951,877	11,164,469
Current liabilities			
Trade and other payables		324,570	412,084
Total current liabilities		324,570	412,084
Non-current liabilities			
Deferred tax liability		126,277	173,605
Total non-current liabilities		126,277	173,605
Total liabilities		450,847	585,689
Net assets		10,501,030	10,578,780
Equity			
Share capital	5	16,537,926	15,501,801
Reserves	8	1,454,713	1,419,689
Accumulated losses		(7,491,609)	(6,342,710)
Total equity		10,501,030	10,578,780

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024**

	Notes	Share capital \$	Reserves \$	Accumulated losses \$	Total \$	NCI \$	Total equity \$
Balance at 1 January 2024		15,501,801	1,419,689	(6,342,710)	10,578,780	-	10,578,780
Total comprehensive income for the period							
Loss for the period		-	-	(1,148,899)	(1,148,899)	-	(1,148,899)
Total other comprehensive income		-	(63,449)	-	(63,449)	-	(63,449)
Total comprehensive loss for the period		-	(63,449)	(1,148,899)	(1,212,348)	-	(1,212,348)
Transactions with owners, recorded directly in equity							
Issue of shares		1,071,808	-	-	1,071,808	-	1,071,808
Costs of issue		(35,683)	-	-	(35,683)	-	(35,683)
Share based payments		-	98,473	-	98,473	-	98,473
Balance at 30 June 2024		16,537,926	1,454,713	(7,491,609)	10,501,030	-	10,501,030
Balance at 1 January 2023		12,081,396	1,900,540	(6,255,447)	7,726,489	-	7,726,489
Total comprehensive income for the period							
Loss for the period		-	-	(963,321)	(963,321)	-	(963,321)
Total other comprehensive income		-	195,165	-	195,165	-	195,165
Total comprehensive loss for the period		-	195,165	(963,321)	(768,156)	-	(768,156)
Transactions with owners, recorded directly in equity							
Issue of shares		2,607,583	-	-	2,607,583	-	2,607,583
Costs of issue		(263,771)	-	-	(263,771)	-	(263,771)
Non-controlling interest arising on acquisition		-	-	-	-	300,748	300,748
Balance at 30 June 2023		14,425,208	2,095,705	(7,218,768)	9,302,145	300,748	9,602,893

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 \$	30 June 2023 \$
Cash flows from operating activities			
Cash payments in the course of operations		(556,110)	(487,607)
Interest received		<u>6,320</u>	<u>8,262</u>
Net cash used in operating activities		<u>(549,790)</u>	<u>(479,345)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(942,816)	(337,916)
Cash acquired in acquisition		-	14,267
Payments for acquisition of exploration assets		<u>-</u>	<u>(110,983)</u>
Net cash used in investing activities		<u>(942,816)</u>	<u>(434,632)</u>
Cash flows from financing activities			
Issue of shares	5	1,071,808	2,559,583
Cost of issue	5	<u>(50,741)</u>	<u>(252,191)</u>
Net cash used in investing activities		<u>1,021,067</u>	<u>2,307,392</u>
Net increase/(decrease) in cash and cash equivalents		(471,539)	1,393,415
Effect of exchange rate adjustments on cash held		(5,703)	2,497
Cash and cash equivalents at the beginning of the period		<u>1,604,675</u>	<u>227,807</u>
Cash and cash equivalents at the end of the period		<u>1,127,433</u>	<u>1,623,719</u>

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 1 – REPORTING ENTITY

Prospech Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in exploration for precious metals.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2023 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.prospech.com.au.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ('IASB').

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 September 2024.

Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated interim financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries Bambra Oy, Prospech Slovakia s.r.o and Slovenske Kovy s.r.o is Euros.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the interim financial statements are described in the following notes:

- Note 2 – Going concern
- Note 4 – Exploration and evaluation expenditure

The accounting policies set out below have been applied consistently by entities in the Group.

**PROSPECH LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024**

NOTE 2 – BASIS OF PREPARATION (Con't)

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. For the period ended 30 June 2024 the Group has incurred a loss of \$1,148,899 and has accumulated losses of \$7,491,609. The Group used \$549,790 of cash in operations, in addition to \$942,816 of cash in investing activities, including exploration and evaluation expenditure, for the period ended 30 June 2024 and had cash on hand of \$1,127,433 at 30 June 2024.

The Directors have prepared cash flow projections for the period from 1 July 2024 to 30 September 2025 that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group continues substantial exploration activities in the areas of interest, which will require additional funding from shareholders or other parties that is yet to be secured at the date of this report.

The Group have successfully raised additional funding in prior years, however such fundraising is inherently uncertain until secured.

The Group's trade and other payables at 30 June 2024 of \$324,570 include payments owing to Directors and related parties of \$154,751. The Directors and related parties have provided a commitment to not call these outstanding amounts owing from the Group until the Group has sufficient funds available to enable repayment of the outstanding amounts without adversely impacting the ability of the Group to continue as a going concern.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operations of the Group are dependent upon the Group raising additional funding from shareholders or other parties or reducing discretionary expenditure in line with available funding.

In the event that the Group does not obtain additional funding, the achievement of which is inherently uncertain, or reduce expenditure in line with available funding it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets, including capitalised exploration and evaluation expenditure of \$9,713,028, and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial report.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2024	31 December 2023
Reconciliation of the carrying amount is set out below:		
Opening balance	9,420,972	7,835,617
Additions, including impact of FX movements	859,247	1,987,837
Impairment	(567,191)	(402,482)
Closing balance	<u>9,713,028</u>	<u>9,420,972</u>
 Hodrusa	 5,999,972	 5,938,943
Nova Bana	1,041,673	1,040,931
Jasenie	-	550,533
Pukanec	281,673	251,730
Kolba	578,496	535,126
Korsnäs	<u>1,811,214</u>	<u>1,103,709</u>
	<u>9,713,028</u>	<u>9,420,972</u>

Judgements are made in regard to the technical feasibility and commercial viability of the exploration and evaluation assets which includes evaluation of results from exploration activities by a competent person. The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

Following a review by Directors of the carrying value of the Company's projects, the carrying value of the Jasenie project was fully impaired.

NOTE 5 – ISSUED CAPITAL

	30 June 2024		31 December 2023	
	Number of shares	\$	Number of shares	\$
Balance at the beginning of the period	270,148,722	15,501,801	88,298,593	12,081,396
Issue of shares	32,479,033	1,071,808	181,850,129	3,781,596
Cost of issue	-	(35,683)	-	(361,191)
Balance at the end of the period	<u>302,627,755</u>	<u>16,537,926</u>	<u>270,148,722</u>	<u>15,501,801</u>

During the half year period ended 30 June 2024 the Company issued 32,479,033 shares to sophisticated investors in a placement at \$0.033 per share, raising \$1,071,808. There were no amounts unpaid on the shares issued and the share issue costs amounts to \$35,683.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

6 months to	6 months to
30 June	30 June
2024	2023
\$	\$

NOTE 6 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Net loss for the period	<u>(1,148,899)</u>	<u>(963,321)</u>
	N° of	N° of
	shares	shares
Issued ordinary shares at the beginning of the half year	270,148,722	88,298,593
Effect of shares issued on 27 March 2023	-	7,024,860
Effect of shares issued on 28 April 2023	-	18,732,961
Effect of shares issued on 1 May 2023	-	21,486,563
Effect of shares issued on 24 June 2024	<u>1,249,194</u>	-
Weighted average number of shares at the end of the half year	<u>271,397,916</u>	<u>135,542,977</u>

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

NOTE 7 – RELATED PARTIES

During the half year ended 30 June 2024, Peter Nightingale, a director had an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative and accounting staff rental accommodation, services and supplies, to the Group. Fees charged by MIS Corporate Pty Limited during the half year ended 30 June 2024 amounted to \$60,000 (2023: \$60,000). At 30 June 2024 \$40,000 (31 December 2023: \$40,000) remained outstanding.

NOTE 8 – RESERVES

	30 June	31 December
	2024	2023
	\$	\$
Acquisition reserve	676,326	676,326
Foreign currency translation reserve	132,041	195,489
Option premium reserve*	<u>646,346</u>	<u>547,874</u>
	<u>1,454,713</u>	<u>1,419,689</u>

* During the half year period the Company issued 8,000,000 options with a strike price of \$0.08, expiring on 31 January 2027 to employees and contractors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 9 – SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items relate to corporate operations in Australia and comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year in that geographic region.

Geographical segments

For the half year ended 30 June 2024, the Group had two segments, being mineral exploration in Finland and Slovakia. The Group has two reportable geographical segments as follows:

	Finland	Slovakia	Unallocated	Total
	\$	\$	\$	\$
30 June 2024				
External revenues	-	-	-	-
Reportable segment loss before tax	140,016	604,838	451,373	1,196,227
Interest income	-	-	6,186	6,186
Impairment of exploration and evaluation	-	567,191	-	567,191
Reportable segment assets	1,924,344	7,950,687	1,076,846	10,951,877
Reportable segment non-current assets	1,811,214	7,916,547	27,304	9,755,065
Reportable segment liabilities	78,171	129,491	243,185	450,847
30 June 2023				
External revenues	-	-	-	-
Reportable segment loss before tax	-	459,391	503,930	963,321
Interest income	-	-	8,262	8,262
Impairment of exploration and evaluation assets	-	402,482	-	402,482
Reportable segment assets	415,725	8,011,856	1,613,410	10,040,991
Reportable segment non-current assets	398,923	7,964,343	-	8,363,266
Reportable segment liabilities	3,993	3,103	431,002	438,098

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTE 9 – SEGMENT INFORMATION (Con’t)

	30 June 2024	30 June 2023
	\$	\$
Reconciliations of reportable segment profit or loss		
Profit or loss		
Total loss for reportable segments	744,854	459,391
Unallocated amounts:		
Net other corporate expenses	451,373	503,930
Consolidated loss before tax	1,196,227	963,321
Reconciliations of reportable segment profit or loss		
Assets	9,875,031	8,427,581
Total assets for reportable segments		
Unallocated corporate assets:	1,076,846	1,613,410
Consolidated total assets	10,951,877	10,040,991
Liabilities		
Total liabilities for reportable segments	207,662	7,096
Unallocated corporate liabilities:	243,185	431,002
Consolidated total liabilities	450,847	438,098

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to the end of the half year, the Company’s wholly owned subsidiary Bambra Oy was approved as a joint participant in a €16.0 million European Health and Digital Executive Agency, under the powers delegated by the European Commission, grant agreement program known as the REMHub (rare earth and magnets hub for a resilient Europe) project. A total of €432,250 (~\$718,000) has been awarded to Bambra to rebate drilling, assaying, metallurgical testing and other ancillary costs associated with the Company’s wholly owned Korsnäs REE project.

Other than the matter described above, there have been no matters arise in the interval between the end of the half year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

PROSPECH LIMITED
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DIRECTORS' DECLARATION

In the opinion of the Directors of Prospech Limited ('the Company'):

1. (a) the condensed consolidated interim financial statements and notes set out on pages 15 to 24, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 13th day of September 2024
in accordance with a resolution of the Board of Directors:



Thomas J. Mann
Chairman



Peter J. Nightingale
Director

Independent Auditor's Review Report

To the shareholders of Prospech Limited,

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Prospech Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Prospech Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed Consolidated Interim statement of financial position as at 30 June 2024
- Condensed Consolidated Half-year statement of profit or loss and other comprehensive income, Condensed Consolidated Interim statement of changes in equity and Condensed Consolidated Interim statement of cash flows for the Half-year Period ended on that date
- Notes 1 to 10 including selected explanatory notes
- The Directors' Declaration.

The **Group** comprises Prospech Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the Condensed Interim Financial Report. The events or conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Condensed Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Patrice Scott
Partner

Sydney
13 September 2024

PROSPECH LIMITED
and its controlled entities
CORPORATE DIRECTORY

Directors:

Thomas Mann
Jason Beckton
Stephen Gemell
John Levings
Peter Nightingale

Company Secretary:

Richard Edwards

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