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FINANCIAL REPORT

FOR THE YEAR

ENDED 31 DECEMBER 2024

**PROSPECH LIMITED
and its controlled entities**

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**PROSPECH LIMITED
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CHAIRMAN'S LETTER



Dear Fellow Shareholders,

Your Company has achieved significant milestones during the year, culminating in the reporting of a maiden mineral resource estimate in accordance with the JORC Code and an additional grade-tonnage estimate (an exploration target) for the Korsnäs rare earth elements project.

Our focus is now firmly on the advancement of our metallurgical test work program which has commenced with the characterisation of the REE-hosting materials at Korsnäs, a crucial step toward unlocking the full REE potential of the Korsnäs project and determining the selection of appropriate metallurgical tests and the development of an optimal processing route.

We are endowed with a comprehensive, archived dataset at Korsnäs including preserved drill core from 471 drill holes, drill logs, plans and sections of the old Korsnäs lead mine and surrounding areas. During the year, we completed the geologic logging and sampling of the preserved drill core and have reported many spectacular assay results. The last assay results from these historic diamond drill holes, which are estimated to cost in excess of \$10 million to drill today, are currently being finalised and will be reported in the near future.

Another significant event during the year was the completion by the Company of the first modern era diamond core drilling at the Korsnäs project. In addition to returning some impressive assay results, the drilling program validated the correlation between the new and historical drill intercepts, confirmed and improved, the understanding of the geological model of the Korsnäs project and exceeded all of our stated objectives.

With further assay results from the sampling of historic drill core still to be received, future drilling by Prospech and metallurgical test work results, we look forward to improving the quality and quantity of the reported mineral resource estimate and to convert components of the exploration target to a JORC Code compliant resource estimate.

Despite a focus on the Korsnäs REE project, partly driven by geopolitical tensions in the world causing a heightened need for security of supply of critical minerals within the European Union, we continue to advance the precious and critical mineral projects in Slovakia including advancing a new project, Zlatno, which has significant tonnage potential adjoining our Hodrusa-Hamre project. We remain optimistic about our Slovakian portfolio of projects which, constrained by limited financial resources, remain underexplored.

The year ahead is pivotal for the Company with our focus on the short term derisking the metallurgical characteristics of the Korsnäs REE project, aided by a European Union grant (the REMHub Grant), further assay results from sampling of the historic core and additional drilling in both Finland and Slovakia.

Finally, I would like to express my gratitude for the diligent work by our key management and staff.

Yours sincerely

A handwritten signature in blue ink that reads "Thomas Mann".

Thomas Mann
Chairman

PROSPECH LIMITED
and its controlled entities

REVIEW OF OPERATIONS

The Directors present their report together with the financial report of Prospech Limited (**Prospech or the Company**) and its controlled entities (**the Group**), for the year ended 31 December 2024 and the auditor's report thereon:

Principal Activities and Review of Operations

Introduction

The Company has assembled a portfolio of highly prospective critical minerals, precious and base metals projects in Northern and Eastern European jurisdictions that are highly supportive of mining.

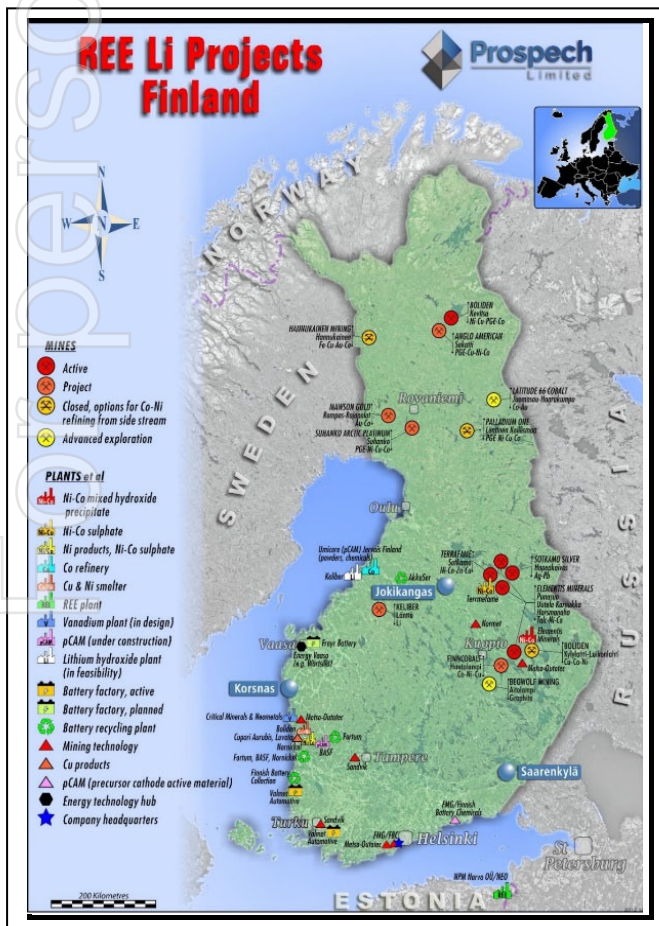
Through its wholly owned subsidiaries Bambra Oy (**Bambra**), Slovenske Kovy s.r.o. (**SLOK**) and Prospech Slovakia s.r.o. (**Prospech SK**), the Company owns 100% of the following exploration projects in Finland and Slovakia:

Finland Projects

- Korsnäs (35.3 km²) – rare earth elements (**REEs**).
- Jokikangas (70.6 km²) – REE and vanadium.
- Saarenkylä (31.3 km²) – lithium and beryllium

Slovakia Projects

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



Location maps of the Company's projects in Finland and Slovakia.

PROSPECH LIMITED
and its controlled entities

REVIEW OF OPERATIONS

Finland is recognised as a favourable location for mining activities within the European Union (EU). It was ranked eighth globally in the 2023 Fraser Institute Annual Survey of Mining Companies Policy Perception Index, an assessment of the attractiveness of mining policies in a jurisdiction.

Adjacent to Austria, Slovakia is a member country of the EU and the Eurozone and, with modern western-style legislation, rule of law under an independent legal system, competitive wages, low tax rates and a well-educated labour force, is an attractive jurisdiction for foreign investment.

Demand in the 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.

Significant Achievements Summary

Since the end of the previous financial year, the Company has successfully completed a number of significant corporate and operational achievements to position the Company to take advantage of the EU's stated move towards self-determination for the supply of critical minerals which include REEs, lithium, beryllium, cobalt, vanadium, tungsten and antimony.

Finland Projects

- The EU's newest REE Mineral Resource Estimate (MRE) of 7.1Mt @ 1.08% TREO¹ (lower cut-off grade of 0.5% TREO) reported for the Korsnäs project.
- In addition to this Inferred MRE, the Company also reported a grade-tonnage estimate, classified as an Exploration Target, of 10Mt to 12Mt @ 1.0% to 1.2 % TREO.
- First modern era diamond core drilling completed at the Korsnäs REE project.
- Geologic logging and sampling of historic drill core completed with impressive assay results.
- Tailings storage facility (TSF) drilled and assayed.
- Lanthanide concentrate stockpile (LnCS) drilled and assayed.
- Assay results from ~700 historic drill core samples from the Korsnäs REE project are pending.
- Metallurgical test work advanced and prioritised.
- Encouraged by these results, the Korsnäs REE project tenement area has been expanded to provide added exploitation potential.
- The prospectivity of REE and HFSE High Field Strength Elements – including Hafnium for the Jokikangas project and its surrounding area has been reassessed considering the recent rise in hafnium and niobium prices. Jokikangas project increased to 7,062 hectares

Slovakia Projects

- New Zlatno project with drill design underway – copper, gold porphyry target.
- Ongoing regional exploration activities in an extensive portfolio of underexplored exploration licences.

Corporate

- Up to €432,250 (\$718,000) of European Union grant funding for Korsnäs REE project with initial tranche banked.
- Placement of 32.5 million shares at \$0.033 per share to raise \$1.1 million.
- 1 for 4 Entitlement Offer of 26.2 million shares at \$0.03 per share to raise \$786,000.

Details of these Corporate activities are disclosed in the Financial Statements as part of this Annual Report.

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.

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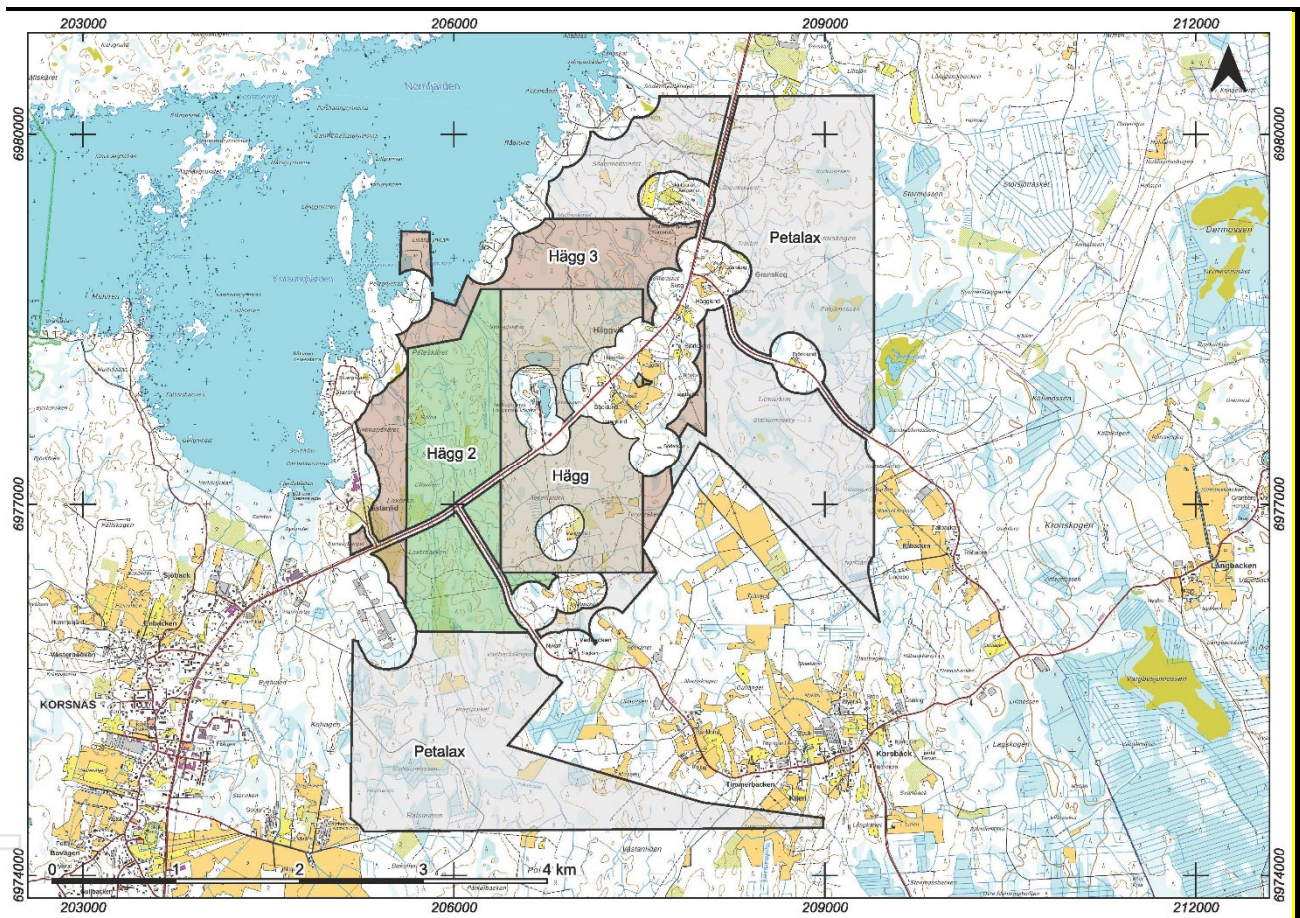
REVIEW OF OPERATIONS

Finland Projects

Korsnäs – REEs (100% Prospech)

There are three components to the Korsnäs REE project. The in situ hard rock aspect clearly has the most potential for scale but the TSF and the nearby LnCS are pre-mined and readily accessible for exploitation.

Prospech has entered into an agreement with the Geologic Survey of Finland (**GTK**) enabling access to a comprehensive, archived dataset at Korsnäs including preserved drill core from 471 drill holes, drill logs, plans and sections of the old Korsnäs lead mine and surrounding areas. The Company is in the enviable position of being able to undertake an extensive REE sampling program of the historical Korsnäs core held by the GTK at their data storage facility without having to incur the cost of drilling.



The Korsnäs REE project tenements were expanded during the year.

Exclusion areas (the ‘bubbles’) inside the Reservation Notifications are due to inhabited buildings and can be explored with consent by their owners in accordance with standard government mandated terms.

The Korsnäs REE project surrounds a mine that operated from 1959 to 1972, extracting 0.87 million metric tons of ore with a reported average lead content of 3.6% Pb. The original mine operator was aware that the Korsnäs orebody contained REEs, however, with a primary focus on lead production, the REEs were initially discarded into the (TSF). Historical records indicate that an REE concentrate was produced from more than 0.5 million tonnes of ore between 1965 and 1972, but it was never sold and remains stockpiled in the LnCS. Recent assay results from auger sampling of the LnCS confirm an average TREO grade of 25,541 ppm (2.55%), with a significant 31% enrichment in neodymium-praseodymium oxide (NdPrO) at 7,869 ppm (0.79%).

In addition to the REEs found within the mine, there are several other exploration targets that were drilled by Outokumpu from the 1950s to the 1970s. Although the Outokumpu exploration focus was on discovering lead mineralisation, some drilling identified zones of carbonatite that may contain REEs.

PROSPECH LIMITED
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REVIEW OF OPERATIONS

Assay results from extensive geologic logging and sampling of historic drill core by Prospech geologists, which have been validated by results from the Company's 2024 drilling program, confirm the presence of several high-grade REE mineralisation targets. The Korsnäs project is a series of stacked rare earth hosting carbonatite zones up to 20 metres in horizontal thickness, generally 50 metres to 100 metres apart across strike with zones highlighted by known gravity anomalies. To date, 5 gravity anomalies have been identified with a total strike length exceeding 5 kilometres.

Hard Rock Target

Supported by the Company's sampling and assaying of historic drill core and the Company's diamond core drilling program completed during the year, the first in the modern era, the Company has reported an initial JORC Code 2012 Inferred Mineral Resource Estimate (MRE) at the selected lower cut-off grade of 0.5% TREO of:

7.1Mt @ 1.08% TREO - lower cut-off grade of 0.5% TREO

| Cut-Off (ppm) | Resource (Mt) | TREO (ppm) | Nd ₂ O ₃ (ppm) | Pr ₆ O ₁₁ (ppm) | Tb ₄ O ₇ (ppm) | Dy ₂ O ₃ (ppm) |
|---------------|------------------|---------------|--------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| 10,000 | 2,258,877 | 19,358 | 3,130 | 957 | 12 | 48 |
| 9,000 | 2,861,077 | 17,286 | 2,855 | 859 | 12 | 48 |
| 8,000 | 3,387,422 | 15,917 | 2,684 | 798 | 12 | 47 |
| 7,000 | 4,236,651 | 14,237 | 2,459 | 720 | 12 | 47 |
| 6,000 | 5,294,482 | 12,686 | 2,237 | 647 | 12 | 45 |
| 5,000 | 7,094,979 | 10,851 | 1,955 | 558 | 11 | 41 |
| 4,000 | 10,316,895 | 8,852 | 1,634 | 459 | 9 | 36 |
| 3,000 | 15,068,598 | 7,148 | 1,341 | 373 | 8 | 31 |
| 2,000 | 23,042,002 | 5,520 | 1,047 | 289 | 7 | 26 |
| 1,000 | 38,157,086 | 3,911 | 744 | 204 | 5 | 19 |

Korsnäs Inferred Mineral Resource Estimate at various TREO cut-offs.

In addition to this Inferred MRE, the Company also reported a grade-tonnage estimate, classified as an Exploration Target, of:

10Mt to 12Mt @ 1.0% to 1.2 % TREO

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration (including metallurgical test work) to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A total of 481 drill holes have been collated in a modern MS Access relational database. Total metreage included in the estimate is 51,814 metres and average depth of 108 metres.

Prospech estimates the value of the previously drilled diamond drill core, almost all of which is preserved, to be in excess of \$10 million. Observed carbonatite zones were primarily sampled from BQ and AQ drill cores. Half-core or quarter-core samples were initially processed at GTK's Loppi facility and more recently at Palsatech Oy's facility in Kemi. In total there are currently 3,709 assays records in the resource estimate database which were assayed by ALS in Outokumpu.

During the year, the first modern era diamond core drilling was completed by the Company at the Korsnäs project. In addition to returning some impressive assay results, the drilling program validated the correlation between the new and historical drill intercepts, confirmed and improved, the understanding of the geological model of the Korsnäs project and exceeded all of our stated objectives.

**PROSPECH LIMITED
and its controlled entities**

REVIEW OF OPERATIONS

Assay results from sampling the historic drill core and from drill core from the Company's diamond drill program have been received and reported during the year. Amongst many, spectacular assay results include:

- KR-309: 12.0m @ 19,400 ppm TREO (NdPrO 3,567 ppm)
including 4.0m @ 51,096 ppm (5.1%) TREO (NdPrO 9,157 ppm)
- KR-139: 21.5m @ 25,827 ppm TREO (NdPrO 4,605 ppm)
including 10.8m @ 43,758 ppm (4.4%) TREO (NdPrO 7,659 ppm)

Additional Work Program

Planned activities aim to improve the status of the current exploration target to a mineral resource estimate. The work program includes commencement of additional metallurgical tests, likely at GTK Mintec laboratory in Finland. Focus on the likely Fluorapatite dominated feedstock outcome with liaison with EU based processing facilities.

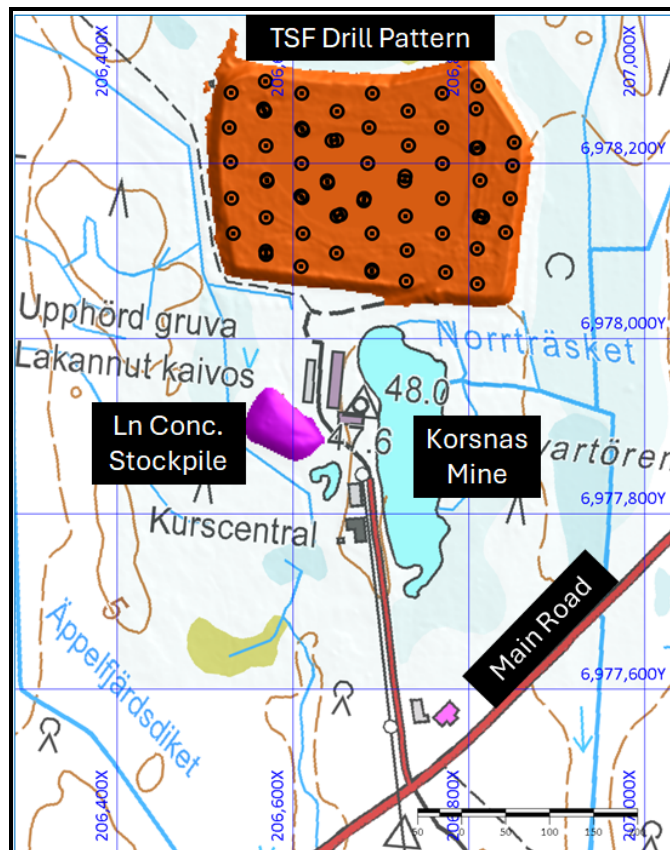
Tailings Storage Facility (TSF)

During the year, the TSF was drill tested and assay results were received for samples collected from 57 drill holes. Results from 480 samples, which tested the entire TSF, returned 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 NdPrO 'magnet' REEs.

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



Plan of the Korsnäs TSF drill pattern, the LnCS and position near the historic mine and main road.

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REVIEW OF OPERATIONS

Lanthanide Concentrate Stockpile (LnCS)

During the year, the Company completed auger sampling of the LnCS located adjacent to the Korsnäs mine. Assay results from the stockpile, which was created during historical operations, had an average TREO grade of 25,541 ppm (2.55%), with a substantial 7,869 ppm (31%) NdPrO enrichment.

These results highlight the potential of the stockpile as a readily accessible source of REE material, reinforcing the strategic importance of Korsnäs in the European Union's push for securing critical mineral supplies.

Metallurgical Test Work

The Company's metallurgical testing program is progressing in parallel with ongoing drilling and sampling activities. Prospech has initiated an advanced metallurgical test work program, supported by the EU-funded REMHub project, which provides €432,250 (~A\$718,000) in funding. This program is further strengthened by significant contributions from our REMHub partners at the Oulu Mining School (University of Oulu) and GTK Mintec (Geological Survey of Finland).

Significant progress was made in characterising the REE-hosting materials at Korsnäs, a crucial step toward unlocking the full REE potential of the Korsnäs project and determining the selection of appropriate metallurgical tests and the development of an optimal processing route.

Two distinct types of REE-hosting materials have been defined at Korsnäs:

- Carbonate vein-associated material (carbonatite), the primary target of historical lead mining activities at the Korsnäs Mine. As a result, the TSF, LnCS and areas extending around the historical mine site offer significant potential for REE recovery.
- Skarn-related material, found in zones peripheral to the carbonatite. Skarn zones contain exceptionally high concentrations of REEs and are located adjacent to the historical Korsnäs Mine, representing a highly promising resource for further exploration and development.

The metallurgical test work program has been tailored to include advanced Laser-Induced Breakdown Spectroscopy (LIBS) scanning, Micro XRF scanning, Quantitative Evaluation of Minerals by Scanning Electron Microscopy (QEMSCAN) and Mineral Liberation Analyzer (MLA) analyses. These advanced automated mineralogical analysis systems use scanning electron microscopy (SEM) combined with energy-dispersive X-ray spectroscopy (EDS) to identify and quantify mineralogical properties.

These analytical techniques will be followed by comminution (testing the grinding and crushing characteristics of the material), gravity separation, flotation and magnetic separation (evaluating physical separation methods for mineral concentration) and leaching and purification tests (determining the most effective chemical processing routes for REE recovery).

All these tests are designed to identify the optimal processing methodologies for REE recovery from the TSF, the LnCS and the hard rock resource.

Jokikangas – REEs (100% Prospech)

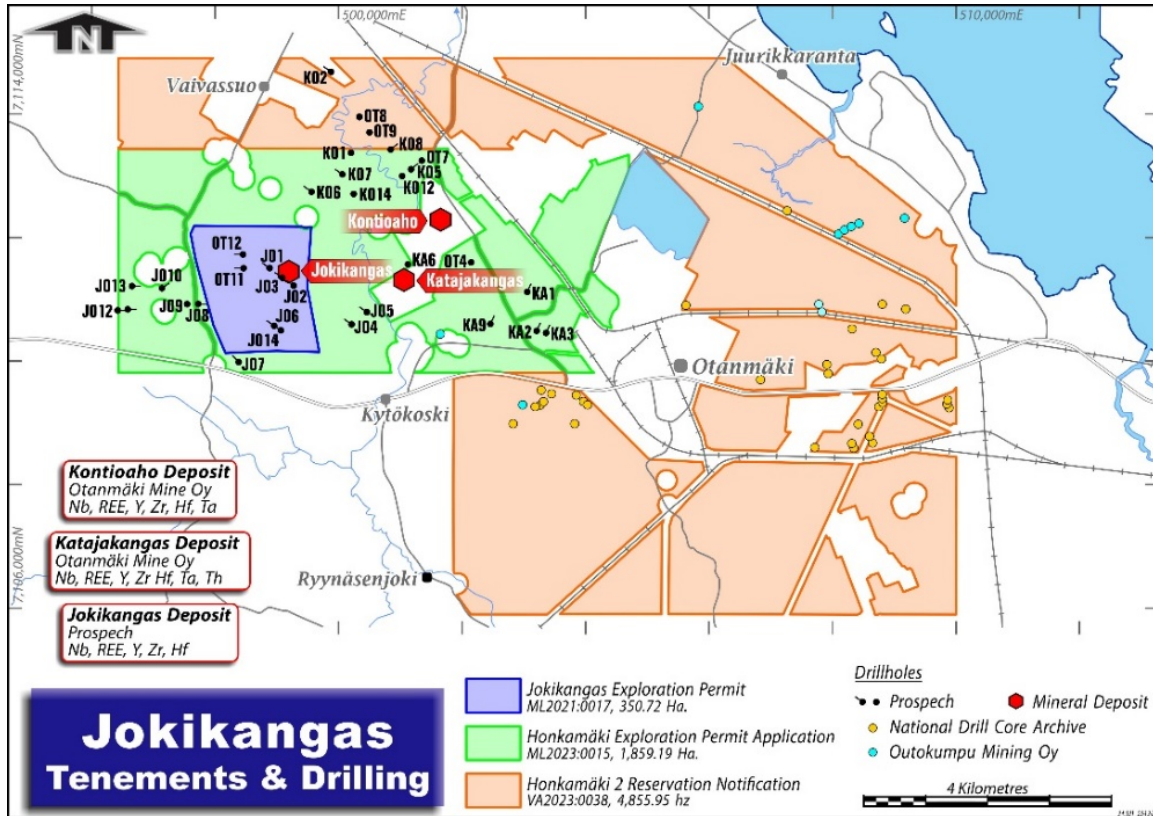
The Finnish Government's GTK website identifies a cluster of three REE/niobium/hafnium deposits, one being Jokikangas. Prospech's exploration tenure surrounds the Kontioaho and Katajakangas targets, which are currently held by a third party. Iron-hosted, zircon-rich zones containing hafnium are visibly present at Jokikangas and whilst these zones have been defined, the drill core remains largely unsampled for these critical elements.

A GTK database includes drill core from 81 historic diamond core holes. Historic sampling of these holes, limited to narrow intervals for academic purposes, indicate encouraging grades of hafnium, niobium and REEs. Prospech geologists are organising a program to further sample the preserved drill core to further assess the project's potential.

**PROSPECH LIMITED
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REVIEW OF OPERATIONS

The prospectivity of the Jokikangas project and its surrounding area has been reassessed considering the recent rise in hafnium and niobium prices and, during the year, the Jokikangas project was increased to 7,062 hectares by incorporating the 4,852 hectare Honkamäki 2 Reservation Notification.

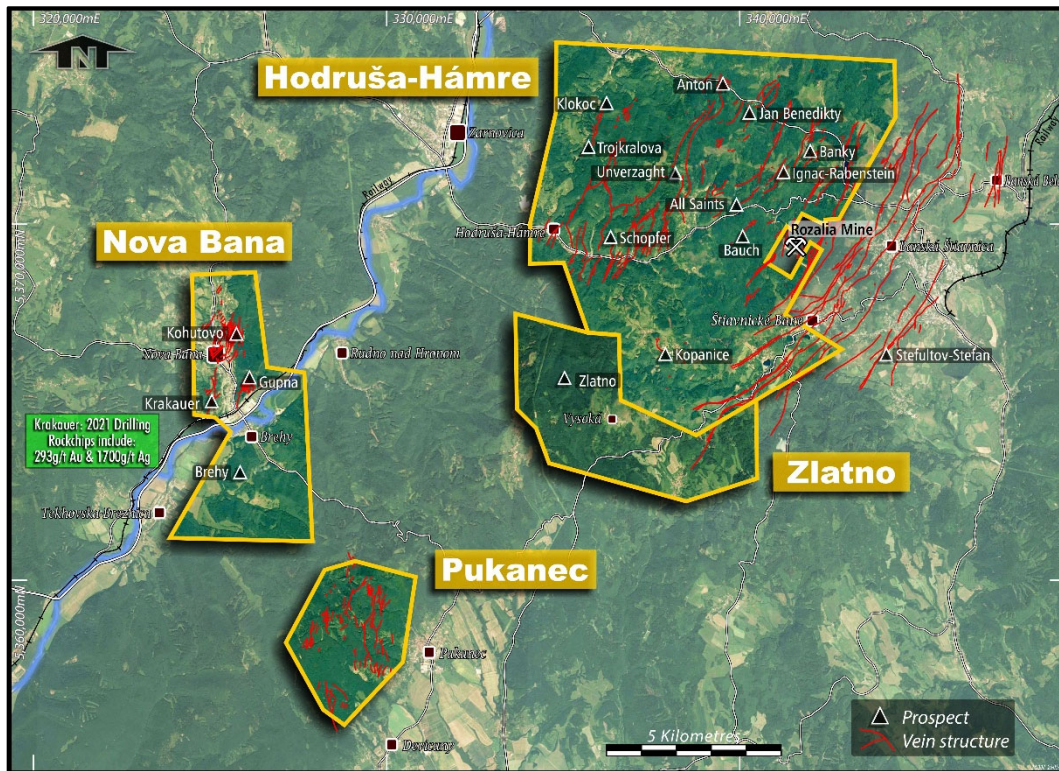


Jokikangas project tenements.

Saarenkylä – Lithium-Beryllium (100% Prospech)

The Saarenkylä Reservation Notification areas are located in a region where lithium pegmatites have been previously observed. Results from initial sampling and review of local landownership density over prospective lithologies suggest this project will not be continued.

Slovakia Projects



Hodruša-Hámre, Zlatno, Pukanec, Nova Bana – (100% Prospech)

Situated 200 kilometres to the east of Vienna, the Hodruša-Hamre exploration licence spans across the majority of the Neogene Stiavnica Stratovolcano caldera in the Central Slovakian Volcanic Belt. This area also includes the historically significant Hodruša-Hamre/Banska Stiavnica mining district. The exploration licence encompasses approximately 120 epithermal veins that contain gold and silver, some of which extend up to 6 kilometres in length.

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.

Kolba, Pukanec, Cejkov-Zemlin – (100% Prospech)

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 metres in length and reach at least 150 metres from the granite footwall into the host metamorphic sequence.

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REVIEW OF OPERATIONS

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.

Mineral Resource Statement

The following table summarises the Company's Inferred Resource for the Korsnäs REE project.

| Cut-Off (ppm) | Resource (Mt) | TREO (ppm) | Nd ₂ O ₃ (ppm) | Pr ₆ O ₁₁ (ppm) | Tb ₄ O ₇ (ppm) | Dy ₂ O ₃ (ppm) |
|------------------|------------------|---------------|---|--|---|---|
| 5,000 | 7,094,979 | 10,851 | 1,955 | 558 | 11 | 41 |

As this is the Company's maiden resource estimate, the resource statement as at 31 December 2023 was nil.

Project Licences

| 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 | Finland | 100% |
| Kolba | 9313/2022-5.3 | Slovakia | 100% |
| Korsnäs | ML2021:0019 Hägg ¹ VA2023:0040 Hägg ² VA2023:0083 Hägg ³ VA2023:0093 Petalax ² | Finland | 100% |
| Nova Bana | P22/15 | Slovakia | 100% |
| Pukanec | 9313/2022-5.3 | Slovakia | 100% |
| Saarenkylä | VA2023:0013 Saarenkylä ² | Finland | 100% |
| Zlatno | 9355/2024-5.3 | Slovakia | 100% |

- 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.
- Reservation Notification provides priority for Exploration Permit applications.

Competent Person Statement

The information in this Report that relates to Exploration Results, Mineral Resources and the Exploration Target 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.

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

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REVIEW OF OPERATIONS

Corporate Governance Statement

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Corporate Governance Statement is dated as at 26 March 2025, reflecting the corporate governance practises throughout the 2022 financial year and was approved by the Board of Directors of the Company on 26 March 2025. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at <https://prospech.com.au/corporate-governance>.

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DIRECTORS' REPORT

Financial position

The Group reported a loss for the year ended 31 December 2024 of \$1,820,276 (2023 - \$1,600,611).

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the year are:

Thomas J. Mann - Chairman

Director since 26 September 2014.

Mr Mann has over 30 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr Mann is actively involved in capital raising and strategic development initiatives for public and private companies.

Jason M. Beckton - Director and Chief Executive Officer

Director since 26 September 2014.

Mr Beckton is a professional geologist with over 20 years' experience in exploration, project development, production and management in Australia and internationally.

Mr Beckton commenced his career with Pancontinental and Goldfields Ltd throughout Australia from the early 1990s before moving to a senior role with Gympie Gold in 2001. Subsequently, he was Project Manager for the Palmarejo silver-gold project in Mexico during 2004. More recently, Mr Beckton was Manager - Chile for Exeter Resource Corporation and led the team in 2007 that was responsible for the commercial discovery at the Caspiche Porphyry prospect in the Maricunga Gold Copper Belt of Chile.

Mr Beckton is a Non-Executive Director of Lode Resources Ltd and is a Member of the Australian Institute of Geoscientists.

Peter J. Nightingale - Director and Chief Financial Officer

Director since 26 September 2014.

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of Chartered Accountants Australia & New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA including Alpha HPA Limited, Bolnisi Gold N.L. and Nickel Industries Limited. He is currently a director of ASX listed Fulcrum Lithium Ltd.

John A. Levings - Director

Director since 17 May 2016.

Mr Levings gained a Bachelor of Science degree from the University of Tasmania in 1977 and then worked for several years as a field geologist and geophysicist for Anglo American Limited. In 1985, as Chief Geologist for Australian Development Limited (later re-named Normandy Gold Limited), Mr Levings was responsible for the discovery of the high-grade White Devil gold deposit (760,000 ounces of gold at 14.6 grams per tonne) in Tennant Creek. In 1986 Australian Development Limited was the best performing stock on the ASX on the back of this discovery. Relocating to Indonesia, Mr Levings became a founding partner of a successful geological consultancy which was very active during the 1990s. In more recent times, he identified the Romang Island polymetallic opportunity which was acquired by Robust Resources Limited.

John is a Fellow of the Australasian Institute of Mining and Metallurgy.

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DIRECTORS' REPORT

Stephen G. Gemell - Director

Director since 4 March 2021.

Mr Gemell holds an Honours Degree in Mining Engineering and has more than 45 years' experience in the mining industry, having worked throughout Australasia and in Africa, North and South America, Asia, Eastern and Western Europe. He has been Principal of Gemell Mining Engineers since its formation in Kalgoorlie in 1984, specialising in mineral property assessment, strategic studies and valuation.

Steve is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Chartered Professional (Mining), and a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers. He was an AusIMM representative on the VALMIN Committee from 2010 until 2021 and was also a VALMIN representative to the International Mineral Valuation Committee (IMVAL), which he chaired in 2018 and 2019.

Richard J. Edwards - Company Secretary

Company Secretary since 26 September 2014.

Mr Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA.

Mr Edwards has worked for over twenty years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia, with a focus on the mining sector. He is currently Company Secretary of ASX listed Alpha HPA Limited and Nickel Industries Limited.

Directors' Meetings

The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company, while they were a Director, during the year are:

| Director | Board Meetings | |
|----------------------|----------------|----------|
| | Held | Attended |
| Thomas J. Mann | 5 | 5 |
| Jason M. Beckton | 5 | 5 |
| Stephen G. Gemell | 5 | 4 |
| John A. Levings | 5 | 5 |
| Peter J. Nightingale | 5 | 5 |

PROSPECH LIMITED
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DIRECTORS' REPORT

Directors' Interests

At the date of this report, the beneficial interests of each key management personnel of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

| Director | Fully Paid Ordinary Shares | Options | Option Terms (Exercise Price and Term) |
|----------------------|----------------------------|-----------|---|
| Thomas J. Mann | 12,294,309 | 1,325,625 | \$0.04, expiry 26 April 2025 |
| Jason M. Beckton | 7,115,743 | 500,000 | \$0.04, expiry 26 April 2025 |
| Stephen G. Gemell | 1,900,653 | 346,772 | \$0.04, expiry 26 April 2025 |
| John A. Levings | 9,259,305 | 1,500,000 | \$0.04, expiry 26 April 2025 |
| Peter J. Nightingale | 17,804,953 | 2,307,814 | \$0.04, expiry 26 April 2025 |

Unissued Shares Under Option

At the date of this report, unissued ordinary shares of the Company under option are:

| Number of unissued shares | Exercise Price | Expiry Date |
|---------------------------|----------------|------------------|
| 71,668,343 | \$0.04 | 26 April 2025 |
| 8,000,000 | \$0.08 | 31 January 2027* |

* Options expire on the earlier of their expiry date or termination of the employee's employment.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2024. No dividends have been paid or declared during the year.

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2024 were as follows:

- In June 2024 the Company completed a placement to raise \$1.1 million for further exploration of the Company's projects in Finland and Slovakia and working capital.
- In December 2024 the Company completed a 1 for 4 Entitlement Issue raise \$786,000 million for further exploration of the Company's projects in Finland and Slovakia and working capital.
- The advancement of the Korsnäs REE project culminating in the reporting of a maiden JORC Code compliant mineral resource estimate and an additional grade-tonnage estimate (an exploration target)

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year ended 31 December 2024 other than as disclosed in this Directors' Report, or in the financial statements.

Impact of Legislation and Other External Requirements

There were no environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Group.

Environmental Regulations

The Group's operations are subject to Slovakian and Finnish environmental regulations in relation to its exploration activities.

The Board of Directors regularly monitors compliance with these environmental regulations and are not aware of any significant breaches of these regulations during the year covered by this report.

PROSPECH LIMITED
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DIRECTORS' REPORT

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Indemnification of Officers and Auditors

During or since the end of the year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

Events Subsequent to Balance Date

There have been no matters arise in the interval between the end of the year and the date of this report any item, transaction or event 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.

Non-Audit Services

During the year ended 31 December 2024, KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to KPMG and its network firms for audit services provided during the year are set out below.

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Audit and review of financial statements | <u>102,850</u> | <u>124,820</u> |
| | <u>102,850</u> | <u>124,820</u> |

PROSPECH LIMITED
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DIRECTORS' REPORT

Business Risk Disclosures

| | | |
|---|---|--|
| <p>Environmental, social and governance risk</p> | <p>Stakeholders require proactive environmental, social and governance (ESG) management. Failure to consider and adequately implement effective ESG measures and provide adequate disclosures may result in reduced investments, delays in approvals, regulatory intervention, community action, increased operating and insurance costs, damaged reputation and impacts to talent attraction and retention.</p> | <p>The Company has put in place ESG policies and procedures that are appropriate for an entity of its size and scale.</p> <p>The Company works to conduct its activities (including operating entities within its control) in an environmentally responsible manner, in accordance with applicable laws and regulations.</p> <p>The Company maintains strong community relations to ensure that the local stakeholders are supportive of the Company's operations.</p> |
| <p>Cyber risk</p> | <p>The Company and its Group Entities rely on IT infrastructure and systems. The Company's IT infrastructure, systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. Interruptions would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue and damaged reputation.</p> | <p>The Company engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.</p> |
| <p>Jurisdiction risk</p> | <p>Some of the Group's exploration and evaluation activities are in a region bordering Ukraine.</p> | <p>The Group have assessed the current and future potential impacts of ongoing political conflict in the region and have not been, or expect to be, impacted by any trade or supply restrictions and the planned exploration and evaluation activities in this region have continued as planned.</p> |
| <p>Liquidity and access to capital</p> | <p>Although the Company believes that it will have sufficient capital to develop and commission the Stage 2 and meet its business objectives, there can be no assurance that these objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all.</p> | <p>The Company actively monitors and manages its liquidity position through cash flow forecasting to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due, under both normal and stressed conditions.</p> |
| <p>Management and key personnel risk</p> | <p>The Company's business and future success depends upon the continued services of a small group of executive management and other key personnel.</p> <p>If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all.</p> <p>The Company's business may be disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.</p> | <p>The Company seeks to remunerate its management and key personnel appropriately so as to retain the continued access to their services.</p> |

PROSPECH LIMITED
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DIRECTORS' REPORT

Remuneration Report

All amounts in this remuneration report are in Australian Dollars unless otherwise stated.

Principles of Compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. No other employees have been deemed to be key management personnel. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Compensation levels have been, and will be, set to be in line with Australian listed entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments comprising both short-term salaries and share based payments. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements. Share based payments are issued to Directors to incentivise performance that contributes to shareholder wealth.

There were no remuneration consultants used by the Company during the years ended 31 December 2024 or 2023.

Consultancy Agreements with key management personnel

Consultancy Agreement – Managing Director

The Company entered into an executive consultancy agreement with a company associated with Jason Beckton, Beckton Gledhill Pty Ltd ('Beckton Gledhill') on 10 September 2020. Under this executive consultancy agreement, Beckton Gledhill agrees to make Mr Beckton available to perform the duties and responsibilities of the position of Managing Director of the Company. Beckton Gledhill receives a monthly fee of \$20,000 (exclusive of GST) for the period January 2023 to August 2023. From September 2023 the fee was reduced to \$15,000 per month. As a Director of the Company, Mr Beckton is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or Beckton Gledhill by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Beckton.

Consultancy Agreement – Chief Financial Officer and Executive Director

The Company has entered into an executive consultancy agreement with a company associated with Peter Nightingale, Rosignol Consultants Pty Ltd ('Rosignol') on 10 September 2020. Under this executive consultancy agreement, Rosignol agrees to make Mr Nightingale available to perform the duties and responsibilities of the position of Chief Financial Officer and Executive Director of the Company. Rosignol receives a monthly fee of \$10,000 (exclusive of GST). As a Director of the Company, Mr Nightingale is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or Rosignol by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Nightingale.

PROSPECH LIMITED
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DIRECTORS' REPORT

Consultancy Agreement – Executive Director

The Company has entered into an executive consultancy agreement with a company associated with John Levings, International Business Services Ltd ('IBS'). Under this executive consultancy agreement, IBS agrees to make Mr Levings available to perform the duties and responsibilities of Executive Director. IBS received a monthly fee of \$10,000 per month (exclusive of GST) from January 2023 to July 2023 and from August 2023 the fee was increased to \$15,000 per month (exclusive of GST). As a Director of the Company, Mr Levings is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or IBS by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Levings.

Letter of Appointment – Non-Executive Chairman

The Company's Non-Executive Chairman, Thomas Mann, has entered into a Letter of Appointment with the Company to serve as Non-Executive Chairman. The Letter of Appointment provides that in consideration for his services, the Company will pay Mr Mann \$80,000 per annum for his services. As a Director of the Company, Mr Mann is also eligible to participate in the Company's Incentive Option Plan and there are no termination payments within the contract.

Letter of Appointment – Non-Executive Director

The Company's Non-Executive Director Stephen Gemell has entered into a Letter of Appointment with the Company to serve as a Non-Executive Director. The Letter of Appointment provides that in consideration for his services, the Company will pay Mr Gemell \$40,000 per annum for his services. As a Director of the Company, Mr Gemell is also eligible to participate in the Company's Incentive Option Plan and there are no termination payments within the contract.

Consequences of performance on shareholders' wealth

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Net loss attributable to equity holders of the parent | 1,820,276 | 1,586,524 | 1,750,601 | 903,939 | 1,398,053 |
| Dividends paid | - | - | - | - | - |
| Change in share price | (\$0.002) | \$0.002 | \$(0.036) | \$(0.135) | \$0.04* |

* Based on an opening share price of \$0.10 per share, adjusted to \$0.16 per share following the 10 for 16 consolidation of capital in August 2020 and a closing share price on 31 December 2020 of \$0.20.

The overall level of key management personnel's compensation has been determined based on market conditions, the advancement of the Group's projects and the financial performance of the Group.

PROSPECH LIMITED
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DIRECTORS' REPORT

Details of Remuneration for the Year Ended 31 December 2024

Details of Director remuneration and the nature and amount of each major element of the remuneration of each Director of the Company are set out below.

Remuneration for year ended 31 December 2024:

| Key management personnel | Short term Salary and fees \$ | Post-employment Superannuation \$ | Share based payments Options \$ | Total \$ | Proportion of remuneration performance related % | Value of options as a proportion of remuneration % |
|--------------------------------|-------------------------------------|---|--|----------------|--|---|
| Executive Directors | | | | | | |
| Jason Beckton | 180,000 | - | - | 180,000 | - | - |
| John Levings | 180,000 | - | - | 180,000 | - | - |
| Peter Nightingale | 120,000 | - | - | 120,000 | - | - |
| Non-Executive Directors | | | | | | |
| Thomas Mann | 80,000 | - | - | 80,000 | - | - |
| Stephen Gemell | 40,000 | - | - | 40,000 | - | - |
| Total | 600,000 | - | - | 600,000 | - | - |

The total expense from salaries and fees paid to key management personnel for the year ended 31 December 2024 was \$600,000.

Remuneration for year ended 31 December 2023:

| Key management personnel | Short term Salary and fees \$ | Post-employment Superannuation \$ | Share based payments Options \$ | Total \$ | Proportion of remuneration performance related % | Value of options as a proportion of remuneration % |
|--------------------------------|-------------------------------------|---|--|----------------|--|---|
| Executive Directors | | | | | | |
| Jason Beckton | 220,000 | - | - | 220,000 | - | - |
| John Levings | 145,000 | - | - | 145,000 | - | - |
| Peter Nightingale | 120,000 | - | - | 120,000 | - | - |
| Non-Executive Directors | | | | | | |
| Thomas Mann | 80,000 | - | - | 80,000 | - | - |
| Stephen Gemell | 40,000 | - | - | 40,000 | - | - |
| Total | 605,000 | - | - | 605,000 | - | - |

The total expense from salaries and fees paid to key management personnel for the year ended 31 December 2023 was \$605,000.

PROSPECH LIMITED
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DIRECTORS' REPORT

Movement in shares and options

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Key management personnel | Held at 1 January 2024 | Purchased | Sold | Held at 31 December 2024 |
|--------------------------|------------------------|-----------|------|--------------------------|
| Thomas J. Mann | 9,835,447 | 2,458,862 | - | 12,294,309 |
| Jason M. Beckton | 7,115,743 | - | - | 7,115,743 |
| Stephen G. Gemell | 1,447,522 | 453,131 | - | 1,900,653 |
| John A. Levings | 8,259,305 | 1,000,000 | - | 9,259,305 |
| Peter J. Nightingale | 14,243,962 | 3,560,991 | - | 17,804,953 |

| Key management personnel | Held at 1 January 2023 | Purchased | Granted* | Sold | Held at 31 December 2023 |
|--------------------------|------------------------|-----------|-----------|------|--------------------------|
| Thomas J. Mann | 4,418,749 | 3,618,992 | 1,797,706 | - | 9,835,447 |
| Jason M. Beckton | 3,910,159 | 1,967,742 | 1,237,842 | - | 7,115,743 |
| Stephen G. Gemell | - | 1,447,522 | - | - | 1,447,522 |
| John A. Levings | 4,291,563 | 3,967,742 | - | - | 8,259,305 |
| Peter J. Nightingale | 7,692,798 | 6,551,164 | - | - | 14,243,962 |

* Granted following shareholder approval as part of the Company's acquisition of 100% of Bambra Oy.

At the date of this report, the number of options over ordinary share of each key management personnel of the Company are:

| Key management personnel | Held at 1 January 2024 | Lapsed | Purchased | Options Vested at 31 December 2024 | Exercisable Options Held at 31 December 2024 |
|--------------------------|------------------------|--------|-----------|------------------------------------|--|
| Thomas J. Mann | 1,325,625 | - | - | 1,325,625 | 1,325,625 |
| Jason M. Beckton | 500,000 | - | - | 500,000 | 500,000 |
| Stephen G. Gemell | 346,722 | - | - | 346,722 | 346,722 |
| John A. Levings | 1,500,000 | - | - | 1,500,000 | 1,500,000 |
| Peter J. Nightingale | 2,307,814 | - | - | 2,307,814 | 2,307,814 |

| Key management personnel | Held at 1 January 2023 | Lapsed | Purchased | Options Vested at 31 December 2023 | Exercisable Options Held at 31 December 2023 |
|--------------------------|------------------------|-------------|-----------|------------------------------------|--|
| Thomas J. Mann | 2,500,000 | (2,500,000) | 1,325,625 | 1,325,625 | 1,325,625 |
| Jason M. Beckton | 3,125,000 | (3,125,000) | 500,000 | 500,000 | 500,000 |
| Stephen G. Gemell | - | - | 346,722 | 346,722 | 346,722 |
| John A. Levings | 1,250,000 | (1,250,000) | 1,500,000 | 1,500,000 | 1,500,000 |
| Peter J. Nightingale | 3,125,000 | (3,125,000) | 2,307,814 | 2,307,814 | 2,307,814 |

**PROSPECH LIMITED
and its controlled entities**

DIRECTORS' REPORT

Transactions with Key Management Personnel

Peter Nightingale has an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting, company secretarial and investor relations staff, rental accommodation, services and supplies to the Group. Fees charged by MIS Corporate Pty Limited during the year ended 31 December 2024 amounted to \$120,000 (31 December 2023: \$120,000), a fee of \$10,000 per month. At 31 December 2024 \$90,000 (2023 - \$40,000) remained outstanding.

No loans were made to key management personnel or their related parties during the year and no amounts were outstanding at 31 December 2024.

Other than outlined above there were no additional transactions with key management personnel or their related parties.

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

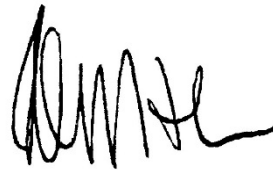
The lead auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the year ended 31 December 2024.

Signed at Sydney this 26th day of March 2025

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 audit of Prospech Limited for the financial year ended 31 December 2024 there have been:

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

KPMG

KPMG

Patrice Scott

Partner

Sydney

26 March 2025

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PROSPECH LIMITED
and its controlled entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | Notes | 2024 | 2023 |
|--|-------|--------------------|-------------|
| | | \$ | \$ |
| Other income | | - | - |
| Administration and consultants' expenses | | (1,109,622) | (997,800) |
| Share based payments expense | 12 | (145,279) | (48,000) |
| Depreciation expense | | (11,752) | (9,781) |
| Impairment | 8 | (567,191) | (402,482) |
| Results from operating activities | | (1,833,844) | (1,458,063) |
| Financial income | 4 | 4,288 | 31,057 |
| Loss before income tax | | (1,829,556) | (1,427,006) |
| Income tax benefit (expense) | 6 | 9,280 | (173,605) |
| Loss for the year | | (1,820,276) | (1,600,611) |
| Other comprehensive income | | | |
| Items that may be classified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | 202,925 | 169,788 |
| Total comprehensive loss for the year | | (1,617,351) | (1,430,823) |
| Loss attributable to: | | | |
| Owners of the Company | | (1,820,276) | (1,586,524) |
| Non-controlling interest | | - | (14,087) |
| Loss for the year | | (1,820,276) | (1,600,611) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (1,617,351) | (1,416,736) |
| Non-controlling interest | | - | (14,087) |
| Total comprehensive loss for the year | | (1,617,351) | (1,430,823) |
| Earnings per share | | | |
| Basic and diluted loss per share (cents) | 7 | (0.63) | (0.90) |

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

PROSPECH LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

| | Notes | 31 December 2024 \$ | 31 December 2023 \$ |
|--|-------|---------------------------|---------------------------|
| Current assets | | | |
| Cash and cash equivalents | 16 | 795,730 | 1,604,675 |
| Other receivables | 5 | 47,975 | 53,216 |
| Prepayments | | <u>16,834</u> | <u>37,599</u> |
| Total current assets | | <u>860,539</u> | <u>1,695,490</u> |
| Non-current assets | | | |
| Exploration and evaluation expenditure | 8 | 11,060,209 | 9,420,972 |
| Property, plant and equipment | 9 | <u>36,725</u> | <u>48,007</u> |
| Total non-current assets | | <u>11,096,934</u> | <u>9,468,979</u> |
| Total assets | | <u>11,957,473</u> | <u>11,164,469</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 514,888 | 412,084 |
| Deferred grant funding | 13 | <u>349,483</u> | <u>-</u> |
| Total current liabilities | | <u>864,371</u> | <u>412,084</u> |
| Non-current liabilities | | | |
| Deferred tax liability | 6 | <u>164,325</u> | <u>173,605</u> |
| Total non-current liabilities | | <u>164,325</u> | <u>173,605</u> |
| Total liabilities | | <u>1,028,696</u> | <u>585,689</u> |
| Net assets | | <u>10,928,777</u> | <u>10,578,780</u> |
| Equity | | | |
| Share capital | 11 | 17,323,870 | 15,501,801 |
| Reserves | 11 | 1,767,893 | 1,419,689 |
| Accumulated losses | | <u>(8,162,986)</u> | <u>(6,342,710)</u> |
| Total equity | | <u>10,928,777</u> | <u>10,578,780</u> |

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

PROSPECH LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year | | | | | | |
| Loss for the period | - | - | (1,820,276) | (1,820,276) | - | (1,820,276) |
| Total other comprehensive income | - | 202,925 | - | 202,925 | - | 202,925 |
| Total comprehensive loss for the year | - | 202,925 | (1,820,276) | (1,617,351) | - | (1,617,351) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Issue of shares and options | 1,857,752 | - | - | 1,857,752 | - | 1,857,752 |
| Costs of issue | (35,683) | - | - | (35,683) | - | (35,683) |
| Share based payments | - | 145,279 | - | 145,279 | - | 145,279 |
| Balance at 31 December 2024 | 17,323,870 | 1,767,893 | (8,162,986) | 10,928,777 | - | 10,928,777 |
| 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 year | | | | | | |
| Loss for the period | - | - | (1,586,524) | (1,586,524) | (14,087) | (1,600,611) |
| Total other comprehensive income | - | 169,788 | - | 169,788 | - | 169,788 |
| Total comprehensive loss for the year | - | 169,788 | (1,586,524) | (1,416,736) | (14,087) | (1,430,823) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Issue of shares and options | 3,781,596 | 547,874 | - | 4,329,470 | - | 4,329,470 |
| Costs of issue | (361,191) | - | - | (361,191) | - | (361,191) |
| Lapse of options | - | (1,499,261) | 1,499,261 | - | - | - |
| Non-controlling interest arising on acquisition | - | - | - | - | 300,748 | 300,748 |
| Transactions with non-controlling interest without a change of control | - | 300,748 | - | 300,748 | (286,661) | 14,087 |
| Balance at 31 December 2023 | 15,501,801 | 1,419,689 | (6,342,710) | 10,578,780 | - | 10,578,780 |

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

PROSPECH LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024 \$ | 2023 \$ |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash payments in the course of operations | | (956,919) | (1,133,266) |
| Interest received | | 14,279 | 27,283 |
| Net cash used in operating activities | 16b | <u>(942,640)</u> | <u>(1,105,983)</u> |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation expenditure | | (2,023,597) | (1,088,896) |
| Cash acquired in acquisition | | - | 14,267 |
| Payments for property, plant and equipment | 9 | - | (35,613) |
| Payments for acquisition of exploration assets | | - | (110,983) |
| Receipt of grant funding | 13 | 349,483 | - |
| Net cash used in investing activities | | <u>(1,674,114)</u> | <u>(1,221,225)</u> |
| Cash flows from financing activities | | | |
| Issue of shares | 11 | 1,857,752 | 3,981,583 |
| Cost of issue | | (50,741) | (280,388) |
| Net cash from financing activities | | <u>1,807,011</u> | <u>3,701,195</u> |
| Net (decrease)/increase in cash and cash equivalents | | (809,743) | 1,373,987 |
| Effect of exchange rate adjustments on cash held | | 798 | 2,881 |
| Cash and cash equivalents at the beginning of the year | | <u>1,604,675</u> | <u>227,807</u> |
| Cash and cash equivalents at the end of the year | 16a | <u>795,730</u> | <u>1,604,675</u> |

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

**PROSPECH LIMITED
and its controlled entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

NOTE 1 – REPORTING ENTITY

Prospech Limited (the ‘Company’) is a company domiciled in Australia. The consolidated financial report for the year to 31 December 2024 comprises the Company and its subsidiaries (together referred to as ‘Prospech’ or ‘the Group’). The Group is a for-profit entity and is involved in exploration for mineral resources.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report 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 report of the Group complies with International Financial Reporting Standards (‘IFRS’) and interpretations adopted by the International Accounting Standards Board (‘IASB’).

The financial report was authorised for issue by the Directors on 26 March 2025.

Basis of measurement

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

Functional and presentation currency

These consolidated 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 financial statements are described in the following notes:

- Note 2 – Going concern
- Note 8 – Exploration and evaluation expenditure
- Note 12 – Share Based Payments

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

**PROSPECH LIMITED
and its controlled entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 2024 the Group has incurred a loss of \$1,820,276 and has accumulated losses of \$8,162,986 as at 31 December 2024. The Group used \$942,640 of cash in operations, in addition to \$1,674,114 of cash in investing activities which includes exploration and evaluation expenditure. It had cash on hand of \$795,730 at 31 December 2024.

Management have prepared cash flow projections for the period from 1 January 2025 to 31 March 2026 that indicate the Group is able to continue as a going concern. These cash flow projections assume the Group continues substantial exploration activities in the areas of interest and that additional funding from shareholders or other parties will be obtained. While the Group has successfully raised additional funding in the current year and in prior years, the availability of additional funds is inherently uncertain until secured.

As a result of the uncertainty associated with raising additional funds, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

To assist with short term liquidity, the Directors and related parties have provided a commitment to not require payment of amounts owing by the Group to the totalling of \$371,964 until the Group has sufficient funds available to enable payment without adversely impacting the ability of the Group to continue as a going concern.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions (except for foreign exchange transaction gains or losses), are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

PROSPECH LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Australian Dollar at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation recognised in Other Comprehensive Income ('OCI') and presented in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR. When a foreign operation is disposed of, the cumulative exchange differences related to a foreign operation that have been included in the foreign currency translation reserve are reclassified to profit or loss.

Financial instruments

Recognition and initial measurement

Non-derivative financial assets

The Group initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

PROSPECH LIMITED
and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con’t)

Financial instruments (Cont’d)

Non-derivative financial assets (Con’t)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value through OCI. This election is made on an investment-by-investment basis.

| | |
|---|--|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
|---|--|

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost. The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Other financial liabilities comprise loans and borrowings and trade and other payables.

Impairment

Financial assets

The Group recognises expected credit losses (‘ECLs’) on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Impairment (Con't)

Financial assets (Con't)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital

Transaction costs

Incremental costs directly attributable to an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

Expenses

Net financing income

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest earned and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Equity settled share based payments

The grant-date fair value of equity settled share based payment awards granted is recognised as a share based payments expense, with a corresponding increase in equity, over the period that the employee becomes unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For market conditions and non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk-free interest rate (based on government bonds).

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an existing right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs which are directly attributable to the Group's exploration and evaluation and development activities are capitalised in relation to qualifying assets.

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Segment Reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to Executive Director and the CFO, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date and payroll tax.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable. If the costs have been capitalised, the grant is deducted from the carrying value of the underlying asset when the grant becomes receivable and there is reasonable assurance the Group will comply with the relevant conditions.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Changes in material accounting policies

All new standards and interpretations effective for periods commencing 1 January 2024 have been adopted by the Group in the preparation of these financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2024 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

| | 2024 | 2023 |
|--|----------|--------|
| | \$ | \$ |
| NOTE 4 – FINANCIAL INCOME/(EXPENSE) | | |
| Interest income | 14,279 | 28,114 |
| Foreign exchange gain/(loss) | 745 | 2,943 |
| Interest expense | (10,736) | - |
| | 4,288 | 31,057 |

NOTE 5 – OTHER RECEIVABLES

| | | |
|--------------------|--------|--------|
| GST/VAT receivable | 47,975 | 53,216 |
|--------------------|--------|--------|

NOTE 6 – INCOME TAX EXPENSE

(a) Components of tax expense

| | | |
|---|---------|---------|
| Current period | - | - |
| Current tax expense | - | - |
| Origination and reversal of temporary differences | (9,280) | 173,605 |
| Deferred tax expense | (9,280) | 173,605 |
| Income tax (benefit) expense | (9,280) | 173,605 |

(b) Reconciliation of effective tax rate

| | | |
|--|-------------|-------------|
| Loss before tax – continuing operations | (1,829,556) | (1,427,006) |
| Prima facie income tax expense at the Australian tax rate of 30% (2023 – 30%) | (548,867) | (428,102) |
| Impact of tax in foreign jurisdiction | 16,993 | 20,879 |
| Increase in income tax expense due to: | | |
| - Non-deductible expenses | 401,057 | 423,478 |
| - Effect of deferred tax assets for tax losses not brought to account | 133,564 | 43,484 |
| - Effect of deferred tax assets for temporary differences not brought to account | (2,747) | (59,739) |
| - Deferred tax (benefit) expense | (9,280) | 173,605 |
| Income tax (benefit) expense | (9,280) | 173,605 |

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2023 |
|---|------------------|------------------|
| | \$ | \$ |
| NOTE 6 – INCOME TAX EXPENSE (CON’T) | | |
| Deferred tax asset /(liability) | | |
| Deferred tax assets brought to account | 160,240 | 29,249 |
| Deferred tax liability brought to account | (333,676) | (202,854) |
| Total deferred tax liability brought to account | <u>(164,325)</u> | <u>(173,605)</u> |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

| | | |
|---|----------------|----------------|
| Deferred tax asset for temporary differences not brought to account | 379,991 | 270,688 |
| Deferred tax asset for tax losses not brought to account | 333,676 | 342,055 |
| Total deferred tax asset not brought to account | <u>713,667</u> | <u>612,743</u> |

At 31 December 2024, the Group has an unrecognised deferred tax asset for tax losses not brought to account of \$333,676 (2023 - \$342,055) that relate to the Slovakian operations. These tax losses expire after four years. There are judgements made to determine the timing and amount of deferred tax assets that can be recognised based on whether it is probable that future taxable profit will be available against which the Group can use the benefits therefrom.

In accordance with Slovakian tax legislation, the Group capitalises Slovakian exploration costs as ‘complex future expenses’ that are able to be carried forward against future income and are able to be deducted in later years when a taxable income is produced.

NOTE 7 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

| | | |
|--|---------------------|---------------------|
| Net loss for the year | <u>(1,820,276)</u> | <u>(1,600,611)</u> |
| | N° of shares | N° of shares |
| Issued ordinary shares at the beginning of the year | 270,148,722 | 88,298,593 |
| Effect of shares issued on 27 March 2023 | - | 10,151,912 |
| Effect of shares issued on 28 April 2023 | - | 35,950,142 |
| Effect of shares issued on 1 May 2023 | - | 42,737,010 |
| Effect of shares issued on 3 July 2023 | - | 737,041 |
| Effect of shares issued on 30 November 2023 | - | 384,755 |
| Effect of shares issued on 29 December 2023 | - | 252,038 |
| Effect of shares issued on 24 June 2024 | 16,906,894 | - |
| Effect of shares issued on 3 December 2024 | 2,009,720 | - |
| Weighted average number of shares at the end of the year | <u>289,065,336</u> | <u>178,511,491</u> |

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

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2023 |
|---|------------|-----------|
| | \$ | \$ |
| NOTE 8 – EXPLORATION AND EVALUATION EXPENDITURE | | |
| Reconciliation of the carrying amount is set out below: | | |
| Opening balance | 9,420,972 | 7,835,617 |
| Additions, including impact of FX movements | 2,206,428 | 1,987,837 |
| Impairment | (567,191) | (402,482) |
| Closing balance | 11,060,209 | 9,420,972 |
| | | |
| Hodrusa | 6,176,795 | 5,938,943 |
| Nova Bana | 1,082,247 | 1,040,931 |
| Jasenie | - | 550,533 |
| Pukanec | 298,894 | 251,730 |
| Kolba | 632,550 | 535,126 |
| Zlatno | 100,418 | - |
| Jokikangkas | 6,500 | - |
| Korsnäs | 2,762,805 | 1,103,709 |
| | 11,060,209 | 9,420,972 |
| | | |
| Hodrusa | | |
| Carrying amount at beginning of year | 5,938,943 | 5,704,213 |
| Additions | 134,518 | 140,011 |
| FCTR | 103,334 | 94,719 |
| Net book value | 6,176,795 | 5,938,943 |
| | | |
| Nova Bana | | |
| Carrying amount at beginning of year | 1,040,931 | 1,002,221 |
| Additions | 10,508 | 9,900 |
| FCTR | 30,808 | 28,810 |
| Net book value | 1,082,247 | 1,040,931 |
| | | |
| Rudno | | |
| Carrying amount at beginning of year | - | 378,749 |
| Additions | - | 13,270 |
| FCTR | - | 10,462 |
| Impairment | - | (402,482) |
| Net book value | - | - |
| | | |
| Jasenie | | |
| Carrying amount at beginning of year | 550,533 | 534,947 |
| Additions | 6,496 | 6,003 |
| FCTR | 10,162 | 9,583 |
| Impairment | (567,191) | - |
| Net book value | - | 550,533 |

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2023 |
|--|------------|-----------|
| | \$ | \$ |
| NOTE 8 – EXPLORATION AND EVALUATION EXPENDITURE (Con't) | | |
| Pukanec | | |
| Carrying amount at beginning of year | 251,730 | 186,487 |
| Additions | 41,878 | 61,596 |
| FCTR | 5,286 | 3,647 |
| Net book value | 298,894 | 251,730 |
| Kolba | | |
| Carrying amount at beginning of year | 535,126 | 29,000 |
| Additions | 84,928 | 482,179 |
| FCTR | 12,496 | 23,947 |
| Net book value | 632,550 | 535,126 |
| Zlatno | | |
| Carrying amount at beginning of year | - | - |
| Additions | 100,418 | - |
| FCTR | - | - |
| Net book value | 100,418 | - |
| Jokikangkas | | |
| Carrying amount at beginning of year | - | - |
| Additions | 6,500 | - |
| FCTR | - | - |
| Net book value | 6,500 | - |
| Korsnäs | | |
| Carrying amount at beginning of year | 1,103,709 | - |
| Additions | 1,649,387 | 417,483 |
| Fair value arising on acquisition | - | 686,226 |
| FCTR | 9,709 | - |
| Net book value | 2,762,805 | 1,103,709 |
| Total exploration and evaluation expenditure | 11,060,209 | 9,420,972 |

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 the Directors of the carrying value of the Company's exploration and evaluation assets during the year, the carrying value of the Jasenie project was fully impaired (\$567,191). Impairment of the Jasenie project was due to the decision of the Directors to relinquish the license which was not renewed.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$ | \$ |
| NOTE 9 – PROPERTY, PLANT AND EQUIPMENT | | |
| Field equipment | | |
| Field equipment – cost | 39,136 | 35,612 |
| Accumulated depreciation | (15,394) | (4,748) |
| Net book value | <u>23,742</u> | <u>30,864</u> |
| Motor vehicles | | |
| Motor vehicles – cost | 104,362 | 101,089 |
| Accumulated depreciation | (91,379) | (83,946) |
| Net book value | <u>12,983</u> | <u>17,143</u> |
| Office equipment | | |
| Office equipment assets – cost | 5,705 | 5,705 |
| Accumulated depreciation | (5,705) | (5,705) |
| Net book value | - | - |
| Total property, plant and equipment | <u>36,725</u> | <u>48,007</u> |

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

| | | |
|--|---------------|---------------|
| Field equipment | | |
| Carrying amount at beginning of period | 30,864 | - |
| Additions | - | 35,612 |
| Depreciation | (7,123) | (4,748) |
| Net book value | <u>23,741</u> | <u>30,864</u> |
| Motor vehicles | | |
| Carrying amount at beginning of period | 17,143 | 21,046 |
| Depreciation | (4,629) | (4,592) |
| Exchange movements | 469 | 689 |
| Net book value | <u>12,983</u> | <u>17,143</u> |
| Office equipment | | |
| Carrying amount at beginning of period | - | 440 |
| Depreciation | - | (440) |
| Net book value | <u>-</u> | <u>-</u> |

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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| | 2024 | 2023 |
|---|----------------|-------------|
| | \$ | \$ |
| NOTE 10 – TRADE AND OTHER PAYABLES | | |
| Creditors | 440,792 | 372,084 |
| Accruals | 74,096 | 40,000 |
| | 514,888 | 412,084 |

NOTE 11 – CAPITAL AND RESERVES

| | 2024 | | 2023 | |
|--|---------------------|-------------------|---------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| Opening balance – fully paid | 270,148,722 | 15,501,801 | 88,298,593 | 12,081,396 |
| Issue of shares | 58,677,165 | 1,857,752 | 181,850,129 | 3,781,596 |
| Costs of issue | - | (35,683) | - | (361,191) |
| Ordinary shares on issue at 31 December – fully paid | 328,825,887 | 17,323,870 | 270,148,722 | 15,501,801 |

Issue of Shares

2024

In 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.

In December 2024 the Company issued 26,198,132 shares to eligible shareholders in a rights issue at \$0.03 per share, raising \$785,944. There were no amounts unpaid on the shares issued and the share issue costs amounts to \$nil.

2023

In April 2023, the Company issued 52,979,156 shares at \$0.02 per share via a rights issue raising \$1,059,583 and a further 75,000,000 shares were issued in May 2023 by way of a placement at \$0.02 per share, raising \$1,000,000. An attaching \$0.04 option, exercisable for two years from the date of issue was issued for every two shares subscribed for under both the rights issue and placement. There were no amounts unpaid on the shares issued and the share issue costs amounts to \$263,771.

In May 2023, the Company issued 2,000,000 shares to nominees of DGWA as compensation for services in relation to the Company's proposed dual listing on the Frankfurt Stock Exchange. The shares issued were ascribed a value of \$0.02 per share.

In July 2023, the Company issued 1,482,226 shares to shareholders of Bambra Oy as Phase One consideration for the Company to acquire a 51% interest in Bambra Oy. The issuance of an additional 1,517,774 to Bambra Oy shareholders and Company Directors Jason Beckton and Thomas Mann, as part of the acquisition of the 51% interest in Bambra Oy, was deferred until Company's shareholders approved the issue. Following receipt of shareholder approval at an Extraordinary General Meeting held on 30 November 2023, the Company completed the acquisition of Bambra Oy by the issue of 4,517,774 shares in the Company to Bambra Oy shareholders. Share issue costs for the issue of shares to Bambra Oy shareholders totalled \$1,890.

In December 2023, the Company undertook a Shareholder Purchase Plan ('SPP'). The Company issued 32,903,231 shares under the SPP, at \$0.031 per share. There were no amounts unpaid on the shares issued and the share issue costs amounts to \$15,058. At the same time the Company issued a further 12,967,742 shares by way of a placement to sophisticated investors at \$0.031 per share.

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NOTE 11 – CAPITAL AND RESERVES (Con't)

Issue of Options

As noted above when the Company raised funds in April 2023 via both a rights issue and placement, an attaching \$0.04 option, exercisable for two years from the date of issue was issued for every two shares subscribed for under both the rights issue and placement. 26,489,594 options were issued to participants in the rights issue and 37,500,000 were issued to participants in the placement. Additionally, the Company issued 7,678,749 \$0.04 options to the Lead Manager of the raising.

The fair value of the options granted was measured using a Black-Scholes formula and was \$0.0086 per option. The model inputs of the options issued were the Company's share price of \$0.026 at the grant date, a volatility factor of 80%, a risk-free interest rate of 4% and no dividends paid.

Dividends

There were no dividends paid or declared during the year ended 31 December 2024 or 31 December 2023.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to voting rights and receive dividends as declared from time to time.

Nature and purpose of reserves

Acquisition reserve

The acquisition reserve reflects the transaction with the non-controlling interest following the acquisition by the Company of an additional 30% interest in Slovenske Kovy s.r.o on completion of tranche 3 on 31 December 2016 and the remaining 19% in October 2017, and the acquisition of 100% of the share capital of Bambra Oy.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

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NOTE 11 – CAPITAL AND RESERVES (Con't)

Option premium reserve

The option premium reserve is used to recognise the grant date fair value of options issued but not exercised.

| | 2024 | 2023 |
|--|-------------------------|------------------|
| | \$ | \$ |
| Acquisition reserve | 676,326 | 676,326 |
| Foreign currency translation reserve | 398,414 | 195,489 |
| Option premium reserve | 693,153 | 547,874 |
| | <u>1,767,893</u> | <u>1,419,689</u> |
| <i>Movements during the period</i> | | |
| <i>Acquisition reserve</i> | | |
| Balance at the beginning of the period | 676,326 | 375,578 |
| Acquisition of controlled entity | - | 300,748 |
| Balance at the end of the period | <u>676,326</u> | <u>676,326</u> |
| <i>Foreign currency translation reserve</i> | | |
| Balance at the beginning of the period | 195,489 | 25,701 |
| Currency translation difference | 202,925 | 169,788 |
| Balance at the end of the period | <u>398,414</u> | <u>195,489</u> |
| <i>Option premium reserve</i> | | |
| Balance at the beginning of the period | 547,874 | 1,499,261 |
| Issue of options* | 145,279 | 547,874 |
| Lapse of options | - | (1,499,261) |
| Balance at the end of the period | <u>693,153</u> | <u>547,874</u> |

*During the year the Company issued 8,000,000 \$0.08 31/01/2027 options to employees and contractors to the Company.

PROSPECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12 – SHARE BASED PAYMENTS

The Company has an executive option plan ('Plan') that entitles eligible employees including the key management personnel to be granted options in the Company. There are no performance conditions related to the options issued during the period, due to the difficulty in setting appropriate performance criteria for all parties at this stage of the Company's development. The options are subject to the service condition of continued employment by the Company or in the case of contractors the continuation of services to the Company.

During the year the Company issued 8,000,000 options to employees and contractors to the Company. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was \$0.023 per share, totalling \$184,000. The Black-Scholes formula model inputs were the Company's share price of \$0.04 at the grant date, a volatility factor of 112.7% (based on historical share price performance), a risk-free interest rate of 3.79% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 31 January 2025 and 1/3 vest on 31 January 2026. A share based payment expense of \$145,279 was taken up during the year ended 31 December 2024.

The terms and conditions of the options held by Prospech staff and contractors at 31 December 2024 were as follows:

| Grant date | Expiry date | Vesting date | Exercise price | Fair value of options granted | Total Granted | Balance at end of the period (Exercisable) |
|------------------|-----------------|---|----------------|-------------------------------|---------------|--|
| | | | \$ | \$ | Number | Number |
| 14 February 2024 | 31 January 2027 | 1/3 grant date, 1/3 31 January 2025 1/3 31 January 2026 | 0.08 | 180,000 | 8,000,000 | 2,666,667 |
| | | | | 180,000 | 8,000,000 | 2,666,667 |

In 2023, a \$48,000 share based payment expense had been recognised which was presented as part of Administration and consultants' expenses account.

There were no options issued or exercised under the Plan during the year ended 31 December 2023.

| | 2024 | | 2023 | |
|------------------------------|-------------------|------------------|-------------------|--------|
| | Number of options | Weighted average | Number of options | \$ |
| Outstanding at 1 January | - | - | 17,031,250 | \$0.30 |
| Expired at 30 September 2023 | - | - | 12,031,250 | \$0.30 |
| Expired at 30 November 2023 | - | - | 5,000,000 | \$0.30 |
| Issued at 14 February 2024 | 8,000,000 | \$0.08 | - | - |
| Outstanding at 31 December | 8,000,000 | \$0.08 | - | - |
| Exercisable at 31 December | 2,666,667 | \$0.08 | - | - |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

NOTE 13 – DEFERRED GRANT FUNDING

In September 2024 the Company’s wholly owned subsidiary, Bambra Oy (Bambra), was approved as a joint participant in a European Health and Digital Executive Agency, under the powers delegated by the European Commission (European Commission), grant agreement program known as the REMHub (rare earth and magnets hub for a resilient Europe) project.

A total of up to €432,250 was awarded to Bambra to rebate drilling, assaying, metallurgical testing and other ancillary costs associated with the Company’s wholly owned Korsnäs REE project. In December 2024 Bambra received the first €208,920 (\$349,483) of funding under the grant. The grant is conditional upon the completion of certain performance criteria related as outlined in the agreement.

The grant amount has initially been recorded as a liability. Upon satisfying the conditions for receivability, the grant will be deducted from the carrying value of the exploration and evaluation assets related to the capitalised project costs.

NOTE 14 – CONTROLLED ENTITIES

Acquisition of 100% of Bambra Oy

During the year ended 31 December 2023, the Company acquired 100% of the issued capital of Bambra Oy (‘Bambra’), a company incorporated in Finland. The acquisition of Bambra occurred in two stages, with the Company acquiring an initial 51% ownership interest in Bambra at 30 June 2023, following the Company meeting the Stage One expenditure threshold requirements of the Earn-in Agreement with Bambra.

At 30 November 2023, following the Company having met the Stage Two expenditure threshold requirements and shareholders approving the issuance of Shares to Bambra shareholders Jason Beckton and Thomas Mann, who are also Directors of the Company, the Company completed the acquisition of 100% of Bambra.

This transaction has been accounted for as an acquisition of assets rather than a business combination as Bambra has no business operations and its sole assets are the exploration rights it holds in relation to the Finland Projects.

Particulars in relation to controlled entities:

| | Ordinary shares – Group interest | |
|----------------------------|---|-------------|
| | 2024 | 2023 |
| | % | % |
| <i>Parent Entity</i> | | |
| Prospech Limited | | |
| <i>Controlled entities</i> | | |
| Bambra Oy | 100 | 100 |
| Prospech Slovakia s.r.o. | 100 | 100 |
| Slovenske Kovy s.r.o. | 100 | 100 |

Bambra Oy is incorporated in Finland and Prospech Slovakia s.r.o. and Slovenské Kovy s.r.o. are incorporated in Slovakia.

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NOTE 15 – RELATED PARTIES

During the year ended 31 December 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 year ended 31 December 2024 amounted to \$120,000 (2023 - \$120,000), a fee of \$10,000 per month. At 31 December 2024 \$90,000 (2023 - \$40,000) remained outstanding.

NOTE 16 – STATEMENTS OF CASH FLOWS

| | 2024 | 2023 |
|--|-------------------------|---------------------------|
| | \$ | \$ |
| (a) Reconciliation of cash and cash equivalents | | |
| Cash and cash equivalents at the end of the period as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows: | | |
| Bank balances | <u>795,730</u> | <u>1,604,675</u> |
| (b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities | | |
| Loss from ordinary activities after tax | <u>(1,820,276)</u> | <u>(1,600,611)</u> |
| Non-cash items | | |
| Depreciation | 11,752 | 9,781 |
| Foreign exchange gain | (798) | (2,881) |
| Impairment | 567,191 | 402,482 |
| Share based payment expense | 145,279 | 48,000 |
| Changes in assets and liabilities | | |
| Decrease/(increase) in other receivables | 5,241 | (22,439) |
| Decrease/(increase) in prepayments | 20,765 | (8,138) |
| Increase/(decrease) in trade and other payables | <u>128,206</u> | <u>67,823</u> |
| Net cash used in operating activities | <u>(942,640)</u> | <u>(1,105,983)</u> |

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NOTE 17 – KEY MANAGEMENT PERSONNEL DISCLOSURES

There are no key management personnel of the Company or Group that are not Directors.

Thomas Mann, Chairman and a Director, was compensated \$80,000 (2023 - \$80,000) for his services during the year ended 31 December 2024. Outstanding amounts at 31 December 2024 were \$26,667 (2023 - \$6,667).

Jason Beckton, a Managing Director, was compensated \$180,000 (2023 - \$220,000) for his services during the year ended 31 December 2024. Outstanding amounts at 31 December 2024 were \$110,000 (2023 - \$50,000).

Peter Nightingale, an Executive Director and Chief Financial Officer, was compensated \$120,000 (2023 - \$120,000) for his services during the year ended 31 December 2024. Outstanding amounts at 31 December 2024 were \$50,000 (2023 - \$50,000).

John Levings, an Executive Director, was compensated \$180,000 (2023 - \$145,000) for his services during the year ended 31 December 2024. Outstanding amounts at 31 December 2024 were \$72,727 (2023 - \$27,727).

Stephen Gemell, a Director, was compensated \$40,000 (2023 - \$40,000) for his services during the year ended 31 December 2024. Outstanding amounts at 31 December 2024 were \$3,333 (2023 - \$3,333).

No other key management personnel were remunerated for their services during the year ended 31 December 2024. There were no bonuses or other performance related compensation paid.

Movement in shares

| Key management personnel | Held at | | | Held at |
|--------------------------|----------------|-----------|------|------------------|
| | 1 January 2024 | Purchased | Sold | 31 December 2024 |
| Thomas J. Mann | 9,835,447 | 2,458,862 | - | 12,294,309 |
| Jason M. Beckton | 7,115,743 | - | - | 7,115,743 |
| Peter J. Nightingale | 14,243,962 | 3,560,991 | - | 17,804,953 |
| John A. Levings | 8,259,305 | 1,000,000 | - | 9,259,305 |
| Stephen G. Gemell | 1,447,522 | 453,131 | - | 1,900,653 |

* Granted following shareholder approval as part of the Company's acquisition of 100% of Bambra Oy.

| Key management personnel | Held at | | | Held at |
|--------------------------|----------------|-----------|-----------|------------------|
| | 1 January 2023 | Purchased | Granted* | 31 December 2023 |
| Thomas J. Mann | 4,418,749 | 3,618,992 | 1,797,706 | 9,835,447 |
| Jason M. Beckton | 3,910,159 | 1,967,742 | 1,237,842 | 7,115,743 |
| Peter J. Nightingale | 7,692,798 | 6,551,164 | - | 14,243,962 |
| John A. Levings | 4,291,563 | 3,967,742 | - | 8,259,305 |
| Stephen G. Gemell | - | 1,447,522 | - | 1,447,522 |

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company during the year and there were no material contracts involving Directors' interests existing at period end.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 17 – KEY MANAGEMENT PERSONNEL DISCLOSURES (Con't)

Movement in options

| Key management personnel | Held at 1 January 2024 | Lapsed | Bought | Held at 31 December 2024 |
|---------------------------------|-----------------------------------|---------------|---------------|-------------------------------------|
| Thomas J. Mann | 1,325,625 | - | - | 1,325,625 |
| Jason M. Beckton | 500,000 | - | - | 500,000 |
| Peter J. Nightingale | 2,307,814 | - | - | 2,307,814 |
| John A. Levings | 1,500,000 | - | - | 1,500,000 |
| Stephen G. Gemell | 346,722 | - | - | 346,722 |

| Key management personnel | Held at 1 January 2023 | Lapsed | Bought | Held at 31 December 2023 |
|---------------------------------|-----------------------------------|---------------|---------------|-------------------------------------|
| Thomas J. Mann | 2,500,000 | (2,500,000) | 1,325,625 | 1,325,625 |
| Jason M. Beckton | 3,125,000 | (3,125,000) | 500,000 | 500,000 |
| Peter J. Nightingale | 3,125,000 | (3,125,000) | 2,307,814 | 2,307,814 |
| John A. Levings | 1,250,000 | (1,250,000) | 1,500,000 | 1,500,000 |
| Stephen G. Gemell | - | - | 346,722 | 346,722 |

NOTE 18 – FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE

The Group's financial instruments comprise deposits with banks, receivables, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

| | 2024 | 2023 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 795,730 | 1,604,675 |
| Other receivables | 47,975 | 53,216 |
| | 843,705 | 1,657,891 |

The Group's maximum exposure to credit risk at the reporting date by geographic region was:

| | | |
|-----------|----------------|------------------|
| Australia | 645,650 | 1,502,537 |
| Finland | 155,387 | 107,000 |
| Slovakia | 42,668 | 48,354 |
| | 843,705 | 1,657,891 |

At 31 December 2024, the Group held cash and cash equivalents of \$795,730 (2023 - \$1,604,675), which represent its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- based on rating agency Standard & Poor's. Credit risk of other receivables is very low as it consists of amounts recoverable from the Australian Taxation Authority and Slovakian taxation authorities.

Impairment losses

No impairment has been taken up against the Group's financial assets.

None of the Company's or Group's other receivables are past due.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| | Carrying amount \$ | Contractual cash flows \$ | Less than one year \$ | Between one and five years \$ | More than five years \$ |
|--------------------------|--------------------------|---------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| 31 December 2024 | | | | | |
| Trade and other payables | 514,888 | 514,888 | 514,888 | - | - |
| | 514,888 | 514,888 | 514,888 | - | - |
| 31 December 2023 | | | | | |
| Trade and other payables | 412,084 | 412,084 | 412,084 | - | - |
| | 412,084 | 412,084 | 412,084 | - | - |

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is Australian dollars. The Group is exposed to foreign currency risks due to the fact that the functional currency of its Finnish and Slovakian operating subsidiaries is in Euros and that it holds a portion of its cash in Euros.

| | 31 December 2024 | | 31 December 2023 | |
|--------------|------------------|---------|------------------|---------|
| | Foreign currency | \$ | Foreign currency | \$ |
| Euros | | | | |
| Cash at bank | €252,447 | 422,294 | €79,523 | 128,835 |

The following significant exchange rates applied during the year:

| | Average rate | | Reporting date spot rate | |
|------------|--------------|--------|--------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| EUR to AUD | 1.6415 | 1.6284 | 1.6728 | 1.6201 |

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 31 December 2024, if the exchange rate between the Australian dollar to the Euro had moved, with all other variables held constant, the impact on post-tax loss and equity would have been affected as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Currency risk (Con't)

Judgement of reasonable possible movements:

| | Post tax loss (Higher)/Lower 2024 \$ | Post tax loss (Higher)/Lower 2023 \$ | Total equity (Higher)/Lower 2024 \$ | Total equity (Higher)/Lower 2023 \$ |
|--|---|---|--|--|
| + 10% higher AUD to EUR exchange rate | (42,229) | (8,306) | (42,229) | (8,306) |
| - 5% lower AUD to EUR exchange rate | 21,115 | 4,153 | 21,115 | 4,153 |

Market risk

Market risk is the risk that change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses from cash and cash equivalents.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated as cash flow hedges:

| | 2024 \$ | 2023 \$ |
|---------------------------|------------|------------|
| Financial Assets | | |
| Cash and cash equivalents | 795,730 | 1,604,675 |

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) loss for the year by an immaterial amount.

Capital management

The Board's policy is to raise capital sufficient to meet its project earn-in expenditure commitments and advance the exploration of the Group's Finnish and Slovakian projects.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Company and the Group, for the year ended 31 December 2024, approximate their fair values, given the short time frames to maturity and or variable interest rates.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 19 – SUBSEQUENT EVENTS

There have been no matters arise in the interval between the end of the year and the date of this report any item, transaction or event 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.

NOTE 20 – FINANCIAL REPORTING BY SEGMENTS

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 year ended 31 December 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 |
|---|------------------|------------------|----------------|-------------------|
| | \$ | \$ | \$ | \$ |
| 31 December 2024 | | | | |
| External revenues | - | - | - | - |
| Reportable segment loss before tax | 223,030 | 662,992 | 943,535 | 1,829,557 |
| Interest income | - | - | 14,279 | 14,279 |
| Impairment of exploration and evaluation | - | 567,191 | - | 567,191 |
| Depreciation | - | 4,629 | 7,123 | 11,752 |
| Reportable segment assets | 2,920,800 | 8,367,281 | 669,392 | 11,957,473 |
| Reportable segment non-current assets | 2,762,805 | 8,310,386 | 23,742 | 11,096,933 |
| Reportable segment liabilities | 380,669 | 186,451 | 461,576 | 1,028,696 |
| 31 December 2023 | | | | |
| External revenues | - | - | - | - |
| Reportable segment loss before tax | 40,389 | 521,979 | 864,638 | 1,427,006 |
| Interest income | - | 830 | 27,283 | 28,113 |
| Impairment of exploration and evaluation assets | - | 402,482 | - | 402,482 |
| Reportable segment assets | 1,210,709 | 8,391,759 | 1,562,001 | 11,164,469 |
| Reportable segment non-current assets | 1,103,709 | 8,334,406 | 30,865 | 9,468,980 |
| Reportable segment liabilities | 81,357 | 198,112 | 306,220 | 585,689 |

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 21 – PARENT ENTITY DISCLOSURES

As at, and throughout the year ended 31 December 2024 the parent entity of the Group was Prospech Limited.

| | 2024 | 2023 |
|--|------------------|------------------|
| | \$ | \$ |
| Result of the parent entity | | |
| Net loss | 939,950 | 684,000 |
| Total comprehensive loss | <u>939,950</u> | <u>684,000</u> |
| Financial position of the parent entity at period end | | |
| Current assets | 645,650 | 1,531,137 |
| Non-current assets | 7,547,059 | 5,478,818 |
| Total assets | <u>8,192,709</u> | <u>7,009,955</u> |
| Current liabilities | 461,576 | 306,220 |
| Total liabilities | <u>461,576</u> | <u>306,220</u> |
| Net assets | <u>7,731,133</u> | <u>6,703,735</u> |
| Equity | | |
| Share capital | 17,323,870 | 15,501,801 |
| Option Premium Reserve | 693,152 | 547,874 |
| Accumulated losses | (10,285,889) | (9,345,940) |
| Total equity | <u>7,731,133</u> | <u>6,703,735</u> |

At balance sheet date the company has no capital commitments or contingencies.

NOTE 22 – AUDITOR REMUNERATION

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

| | 2024 | 2023 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Statutory Audit | | |
| Auditors of the Company | | |
| Audit of financial reports - KPMG | 102,850 | 124,820 |
| | <u>102,850</u> | <u>124,820</u> |

NOTE 23 – COMMITMENTS AND CONTINGENCIES

At 31 December 2024 the Group does not have any commitments or contingencies.

PROSPECH LIMITED
and its controlled entities

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Consolidated entity disclosure statement as at 31 December 2024

| Entity Name | Body corporate, partnership or trust | Place incorporated/ formed | % of share capital held directly or indirectly by the Company in the body corporate | Australian or Foreign tax resident |
|--------------------------|--|-------------------------------|---|---------------------------------------|
| Prospech Limited | Body corporate | Australia | | Australian |
| Bambra Oy | Body corporate | Finland | 100 | Finnish |
| Prospech Slovakia s.r.o. | Body corporate | Slovakia | 100 | Slovakian |
| Slovenske Kovy s.r.o. | Body corporate | Slovakia | 100 | Slovakian |

Basis of preparation

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency - the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5; and
- Foreign tax residency - the consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

PROSPECH LIMITED
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DIRECTORS' DECLARATION

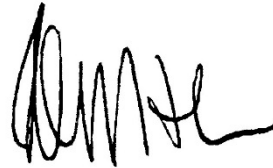
In the opinion of the Directors of Prospech Limited ('the Company'):

1. (a) the consolidated financial statements and notes set out on pages 23 to 52 and the Remuneration Report on pages 17 to 21, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, and the Corporations Regulations 2001; and
- (b) the Consolidated entity disclosure statement as at 31 December 2024 set out on page 53 is true and correct; and
- (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.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2024.
3. The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 26th day of March 2025
in accordance with a resolution of the Board of Directors:



Thomas J. Mann
Chairman



Peter J. Nightingale
Director



Independent Auditor's Report

To the shareholders of Prospech Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Prospech Limited (the Company) and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of Financial Position as at 31 December 2024
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

We draw attention to Note 2, “Going Concern” in the financial report. The conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt in relation to 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 financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in relation to the Group’s assessment of going concern. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group’s intentions, and past results and practices;
 - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group’s historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows, including future capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading minutes of Directors’ meetings to understand the Group’s ability to raise additional shareholder funds, and assessed the level of associated uncertainty;
- Evaluating the Group’s going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projections assessment, the Group’s plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Exploration and evaluation expenditure - \$11,060,209

Refer to Note 8 to the Financial Report

The key audit matter

How the matter was addressed in our audit

Exploration and evaluation (E&E) expenditure capitalised is a key audit matter due to:

- The significance of E&E activities to the Group’s business, with the balance of capitalised E&E expenditure being 92% of total assets; and
- The greater level of audit effort required to evaluate the Group’s application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular, the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of capitalised E&E expenditure. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group’s determination that no such indicators existed.

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:

- The determination of the areas of interest (areas);
- Documentation available regarding rights to tenure, via licensing and compliance with relevant conditions, to maintain current rights to an area and the Group’s intention and capacity to continue the relevant E&E activities; and
- The Group’s determination of whether the E&E expenditure are expected to be recouped through successful development and exploitation of the area, or alternatively, by its sale.

In assessing the presence of impairment indicators, we focussed on those that may draw into question the commercial continuation of E&E activities for each area

Our procedures included:

- Evaluating the Group’s accounting policy to recognise E&E assets in accordance with the requirements of the accounting standards;
- Assessing the Group’s determination of its areas for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license related technical conditions and planned work programmes;
- Assessing the Group’s current rights to tenure for each area by checking the ownership of the relevant licence to government-issued documentation. We also tested for compliance with licence conditions, such as minimum expenditure requirements.
- Testing the Group’s additions to capitalised E&E expenditure for the year by evaluating a statistical sample of recorded expenditure for consistency to invoices from third parties or other underlying documentation;
- For the sample identified above, checking the nature of the expenditure for consistency with its classification as E&E assets in accordance with the Group’s accounting policy and the capitalisation requirements of the accounting standard;
- Testing the timing of the Group’s capitalisation of E&E expenditure for consistency with the financial year in which it should be capitalised. Samples of the Group’s post balance sheet date payments, trade payable schedule and unprocessed invoices post balance date were checked against underlying documentation such as invoices from third parties;
- Analysing the Group’s determination of recoupment through successful

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| | |
|--|--|
| <p>where significant capitalised E&E expenditure exists. We paid particular attention to:</p> <ul style="list-style-type: none"> • The strategic direction of the Group and their intent to continue exploration activities in each area; • The ability of the Group to fund the continuation of activities in each area; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area. | <p>development and exploitation of the area by evaluating the Group’s documentation of planned future/continuing activities including work programmes and project and corporate budgets for each area;</p> <ul style="list-style-type: none"> • Evaluating Group documents, such as minutes of Directors meetings and the Group’s cash flow projections, for consistency with their stated strategic intentions for continuing E&E activities in certain areas. We corroborated this through interviews with key personnel; • Comparing the stated results from the Group’s E&E activities regarding the existence of reserves for consistency to the treatment of E&E expenditure and the requirements of the accounting standard; • Obtaining project and corporate budgets identifying areas with existing funding, and comparing this for consistency with areas with E&E, for evidence of the ability to fund continued activities. • Assessing the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards. |
|--|--|

Other Information

Other Information is financial and non-financial information in Prospech Limited’s annual report which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Prospech Limited for the year ended 31 December 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 17 to 21 of the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Patrice Scott

Partner

Sydney

26 March 2025

**PROSPECH LIMITED
and its controlled entities**

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.
The information is current as at 28 February 2025.

Distribution of Equity Securities

| ORDINARY SHARES | | | |
|-------------------|-------------------|--------------------|---------------|
| Range | Number of Holders | Number of Shares | % Units |
| 1 to 1,000 | 16 | 2,224 | 0.00 |
| 1,001 to 5,000 | 17 | 64,994 | 0.02 |
| 5,001 to 10,000 | 47 | 433,734 | 0.13 |
| 10,001 to 100,000 | 142 | 4,190,262 | 1.27 |
| Above 100,001 | 275 | 324,134,673 | 98.57 |
| | 497 | 328,825,887 | 100.00 |

The number of shareholders holding less than a marketable parcel is 112.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

| N° | ORDINARY SHARES SHAREHOLDER | Number of Shares | Total % |
|------------------------|---|---------------------|--------------|
| 1 | Lonergan Foundation Pty Ltd <Lonergan Foundation A/C> | 14,030,242 | 4.27 |
| 2 | Rosignol Pty Ltd <Nightingale Family A/C> | 13,832,775 | 4.21 |
| 3 | SMT Investments WA Pty Ltd <SMT Super Fund A/C> | 13,000,000 | 3.95 |
| 4 | 1147 Pty Ltd <TJ & CJ Mann S/F Pen A/C> | 12,294,309 | 3.74 |
| 5 | Felsina Pty Ltd | 10,524,074 | 3.20 |
| 6 | Chester Nominees WA Pty Ltd <M W Wilson Super Fund A/C> | 10,000,000 | 3.04 |
| 7 | Mr John Andrew Levings | 9,259,305 | 2.82 |
| 8 | Mr Grant Andrew Palmer | 7,951,247 | 2.42 |
| 9 | Newball Pty Limited | 7,259,678 | 2.21 |
| 10 | Mrs Susan Holt | 6,980,242 | 2.12 |
| 11 | Company Fifty Pty Ltd <McDonald Super Fund A/C> | 6,884,678 | 2.09 |
| 12 | Comserv (No 461) Pty Ltd <Gow-Gates No 2 Inv A/C> | 6,260,606 | 1.90 |
| 13 | Beckton Gledhill Pty Ltd <Beckton Gledhill A/C> | 5,717,744 | 1.74 |
| 14 | Newball Pty Limited | 5,521,598 | 1.68 |
| 15 | Robust Resources Limited | 5,122,500 | 1.56 |
| 16 | Hostyle Pty Ltd | 5,000,000 | 1.52 |
| 17 | Mr John Douglas Barnard + Mrs Elizabeth Kaye Barnard | 4,999,990 | 1.52 |
| 18 | Lonway Pty Limited | 4,985,491 | 1.52 |
| 19 | Comserv (No 461) Pty Ltd <No 2 Inv A/C> | 4,535,000 | 1.38 |
| 20 | Wapimala Pty Limited <Lonergan Super Fund A/C> | 4,513,887 | 1.37 |
| Total in Top 20 | | 158,673,366 | 48.25 |

PROSPECH LIMITED
and its controlled entities

ADDITIONAL ASX INFORMATION

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

| Shareholder | N° of Shares Held |
|-------------------------|-------------------|
| Peter James Nightingale | 12,308,478 |

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

| Project | Tenement Number | Country | Interest |
|----------------|---|----------|----------|
| Cejkov-Zemplin | 11006/2022-5.3 | Slovakia | 100% |
| Hodrusa-Hamre | 7120/2023-5.3 | Slovakia | 100% |
| Jasenie | 7095/2021-5.3 | Slovakia | 100% |
| Jokikangas | ML2021:0017 Jokikangas ¹ ML2023:0015 Honkamäki ¹ VA2023:0038 Honkamäki | Finland | 100% |
| Kolba | 9313/2022-5.3 | Slovakia | 100% |
| Korsnäs | ML2021:0019 Hägg ¹ VA2023:0040 Hägg ² VA2023:0083 Hägg ³ VA2023:0093 Petalax ² | Finland | 100% |
| Nova Bana | P22/15 | Slovakia | 100% |
| Pukanec | 9313/2022-5.3 | Slovakia | 100% |
| Saarenkylä | VA2022:0027 Saarenkylä ² VA2023:0013 Saarenkylä ² | Finland | 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.

PROSPECH LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Thomas J. Mann
Jason M. Beckton
Peter J. Nightingale
John A. Levings
Stephen G. Gemell

Company Secretary:

Richard J. Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone : 61-2 9300 3333
Fax : 61-2 9221 6333
Email : info@prospech.com.au
Website : www.prospech.com.au

Auditors:

KPMG
Level 11, Heritage Lanes
80 Ann Street
BRISBANE QLD 4000

Share Registrar:

Computershare Investor Services Pty Limited
6 Hope Street
ERMINGTON NSW 2115
Phone : 1300 787 272
Overseas Callers : 61-3 9415 4000
Fax : 61-3 9473 2500