



Date: 25 January 2022

ASX: PRS

Shares on issue: 88,298,593

Market capitalisation: A\$5.6M  
(@ A\$0.063)

#### Board of Directors

Non-Executive Chairman  
Thomas Mann

Managing Director  
Jason Beckton

Executive Director  
John Levings

Executive Director and CFO  
Peter Nightingale

Non-Executive Director  
Steve Gemell

Company Secretary  
Richard Edwards

#### Substantial Shareholders

Robust Resources	10.1%
Peter Nightingale	8.7%
Lonway Pty Limited	7.9%
Thomas Mann	5.0%

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Sydney, NSW, 2000

## QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2021

The Directors are pleased to present the December 2021 Quarterly Activities Report for Prospech Limited ('Prospech' or 'the Company') and its controlled entities ('the Group').

### Highlights

#### DRILLING – ANTON and KRAKAUER

##### Hodrusa – Anton – Gold and Silver

Final results from the first modern exploration drilling at Anton received, with significant intercepts summarised below:

- VADD003: 1.0m @ 2.51 g/t Au and 100 g/t Ag from 25.0m
- VADD004: 1.0m @ 1.40 g/t Au and 89 g/t Ag from 182.4m
  
- VADD005: 1.1m @ 0.83 g/t Au and 89 g/t Ag from 77.7m  
0.6m @ 0.59 g/t Au and 155 g/t Ag from 154.5m  
1.5m @ 2.62 g/t Au and 376 g/t Ag from 181.3m  
0.7m @ 4.45 g/t Au and 301 g/t Ag from 289.7m
  
- VADD006: 1.0m @ 1.34 g/t Au and 113 g/t Ag from 124.0m  
0.5m @ 1.17 g/t Au and 169 g/t Ag from 168.7m  
0.5m @ 1.09 g/t Au and 214 g/t Ag from 184.5m  
0.5m @ 3.49 g/t Au and 105 g/t Ag from 220.7m

Subsequent to the above drill program, a large-scale IP-Resistivity survey was completed over a prospective portion of the Hodrusa exploration licence identifying a number of IP and resistivity anomalies as further drill targets.

Review of the IP survey results and three-dimensional modelling continues with drill testing Anton targets over 3.5 km strike to the Schopfer target planned for early 2022.

##### Nova Bana – Krakauer – Gold and Silver

- High grade discovery in 2020 with rock chip samples assayed up to 283 g/t Au and 1,700 g/t Ag.
- Phase 1 drilling (6 holes for 1,091 metres) completed.

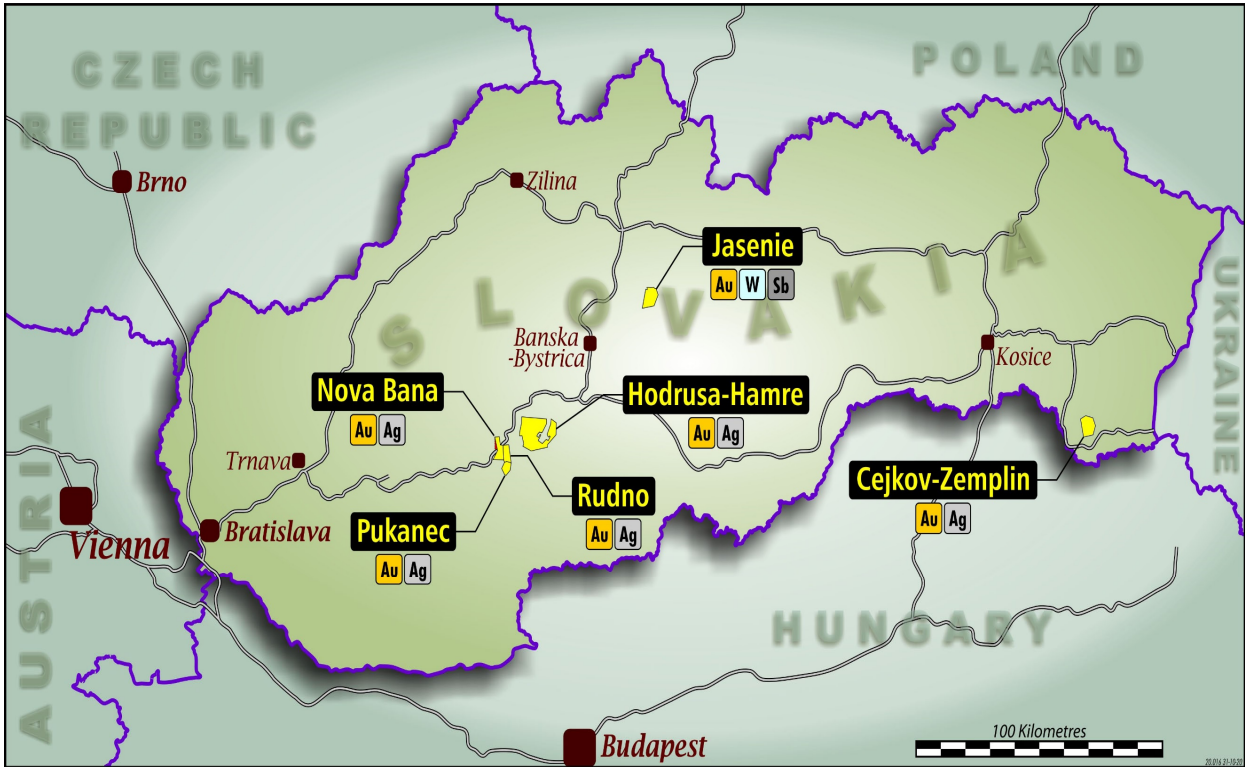
Six holes are reported below:

- KVDD001: 5.0m (3.8m ETW<sup>1</sup>) @ 1.89 g/t Au and 28 g/t Ag from 162.8m including 0.5m (0.4m ETW) @ 6.95 g/t Au and 84 g/t Ag from 163.7m
- KVDD002: 9.0m (6.9m ETW) @ 1.58 g/t Au and 10 g/t Ag from 170.5m including 0.5m (0.4m ETW) @ 3.34 g/t Au and 7 g/t Ag from 170.5m and 3.0m (2.3m ETW) @ 2.19 g/t Au and 4 g/t Ag from 176.5m
- KVDD003: 2.5m (1.8m ETW) @ 2.12 g/t Au and 35 g/t Ag from 127.7m
- KVDD004: 1.7m (1.2m ETW) @ 1.12 g/t Au and 11 g/t Ag from 140.1m
- KVDD005: 4.0m (3.6m ETW) @ 1.29 g/t Au and 19 g/t Ag from 107.6m including 0.5m (0.4m ETW) @ 4.59 g/t Au and 42 g/t Ag from 107.6m
- KVDD006: 1.0m (0.9m ETW) @ 1.64 g/t Au and 1.5 g/t Ag from 227.5m and 1.5m (1.2m ETW) @ 1.44 g/t Au and 7.4 g/t Ag from 229.5m

<sup>1</sup> Estimated true width.

Drilling will soon commence on the Cejkov Zemplin prospect and return to Hodrusa-Hamre in the spring to drill test the Anton-Schopfer trend and IP anomalies.

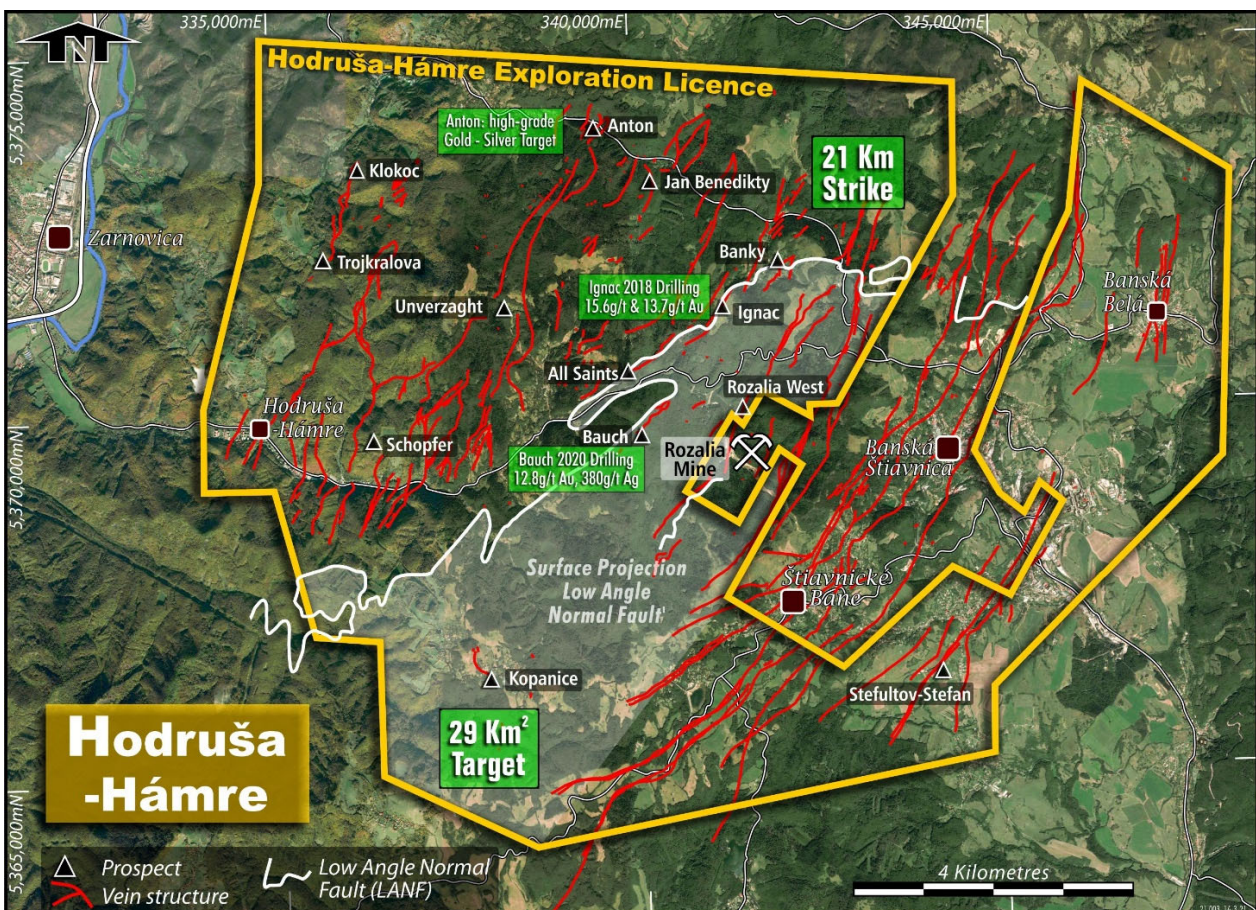
# Operations



Tenement location map.

## Hodrusa-Hamre Exploration Licence (100% Prospech)

Hodrusa-Hamre – Phase 1 Anton drilling program completed



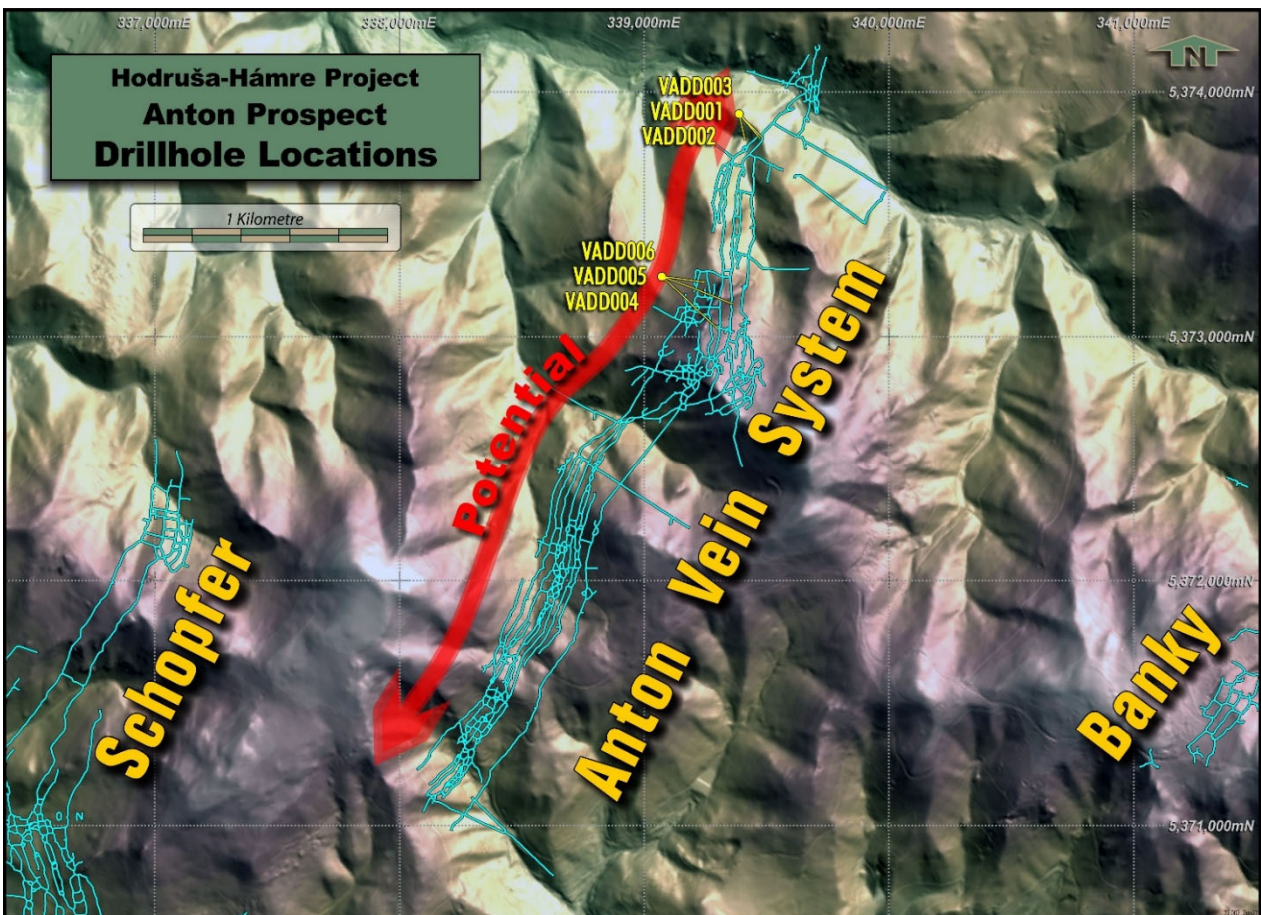
Hodrusa-Hamre exploration targets.

Drilling by the Company at Anton, where past records report mining to a depth of over 500 metres below surface, is the first modern exploration drilling at this location. Drill targets selected by the Company are generally shallower targets where historical records indicate that effective mining was prevented by water ingress due to the capability of primitive pumps of the era.

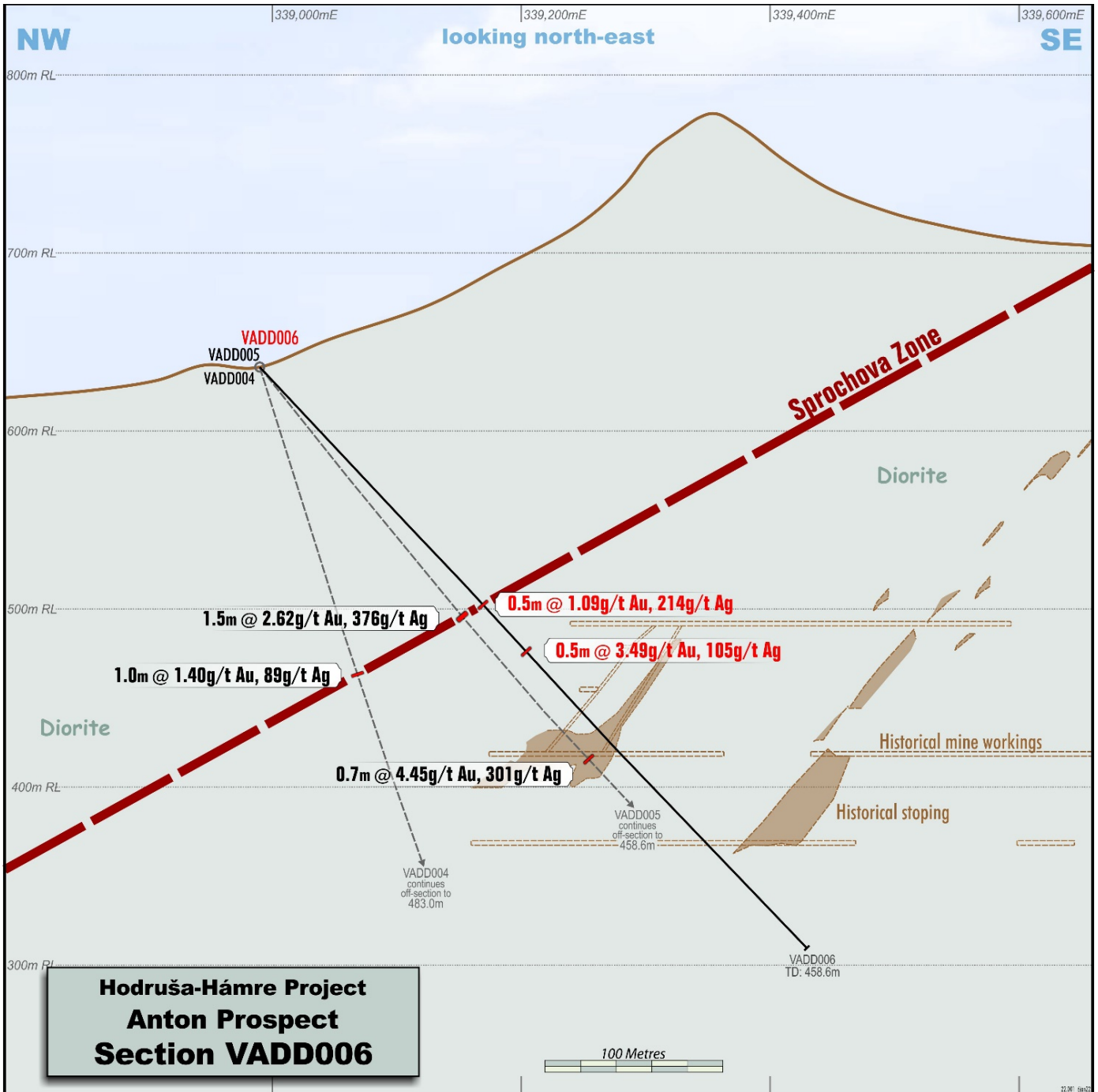
The Anton target, which lies within the Company's 100%-owned Hodrusa-Hamre exploration licence, is a large system of epithermal gold and silver veins, with a known strike length of at least 3.5 kilometres. The broader Anton structural zone trends further for more than 6.0 kilometres into the Unverzagt and Schopfer historical mines and exploration targets.

Spoil heap samples, which are thought to originate from the Anton structure near the drilling targets are strongly mineralised. The average of assays from 57 grab samples was 3.95 g/t Au and 214 g/t Ag. The peak assays from this group of samples were 52.6 g/t Au and 1,445 g/t Ag.

A series of stacked gold and silver mineralised quartz veins were intersected in the drilling. VADD006 was the final drill hole at Anton for the 2021 campaign and returned assay results up to 3.49 g/t Au and 214 g/t Ag. The Sprochova vein target has now been intersected by 3 holes (VADD004, 5 and 6), providing reliable structural data to assist in the design of the follow up drilling program.



**Map of the 3.5 kilometre Anton vein system, historical underground mine workings and Prospect drilling.**



*Drill section through VADD006 showing significant Au and Ag results.*

## Hodrusa-Hamre – Geophysical Program over the Low Angle Normal Fault

A number of IP and resistivity anomalies have been detected by the survey (see Figures below). In general, the IP responses could be described as moderate, which is in keeping with the low to moderate sulphide content of the expected mineralisation style. The Hodrusa-Hamre caldera rocks are, in general, surprisingly conductive, which limits the survey depth of investigation when compared to more resistive terrains.

The survey data is still being evaluated and the anomalies being ranked for drill testing during the 2022 summer field season.

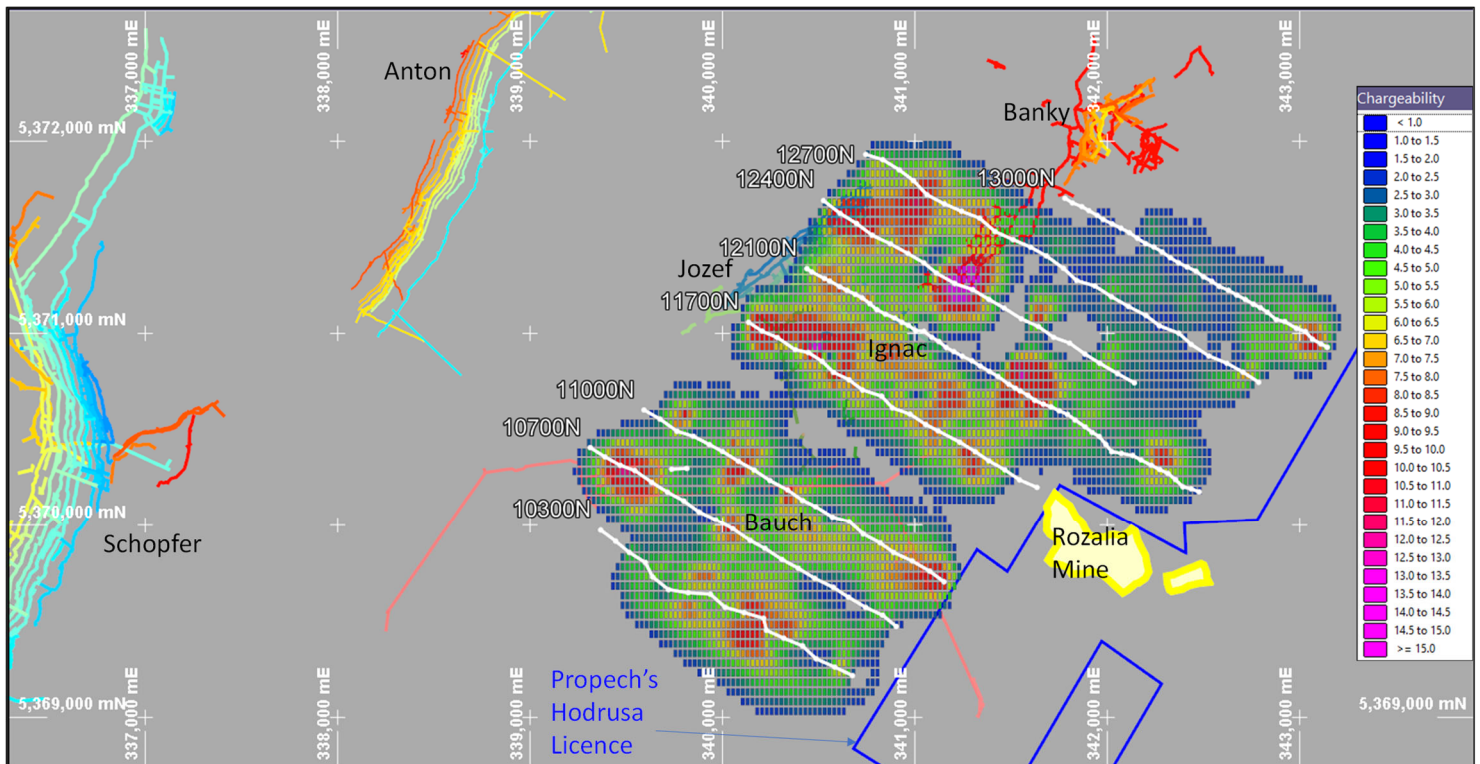
A standout IP anomaly is situated 300 metres along strike from the Ignac prospect, between the Ignac and Banky prospects. The anomaly has a peak chargeability of 16 mV/V and is centred approximately 110 metres below surface.

Ignac was drilled by the Company in late 2018 and encountered classic epithermal style quartz veining, visible gold and assays up to 15.6 g/t Au.

Historic drilling of the Banky working also encountered high grade mineralisation of 120 g/t Au and Prospech drilling at Banky intersected grades up to 3.04 g/t Au.

Recent in situ underground rock chip sampling located approximately 270 metres north-north-east, along strike from the IP target, assayed 36.2 g/t Au and 1,300 g/t Ag.

SampleID	UTM_East	UTM_North	RL	Vein_Description	Comments	Ag_ppm	Au_ppm
PR1578	341373	5371522	732	Fine grained grey qz. Fine BMS dissem + py	Stope pillar	183	5.55
PR1579	341373	5371522	732	Fine grained qz bx. Fine BMS dissem, py, Ag - sulph	Stope pillar	81.8	1.06
PR1580	341373	5371495	732	Fine grained qz bx. Fine BMS Fine dissem, py, Ag - sulph	Stope pillar	1300	36.2

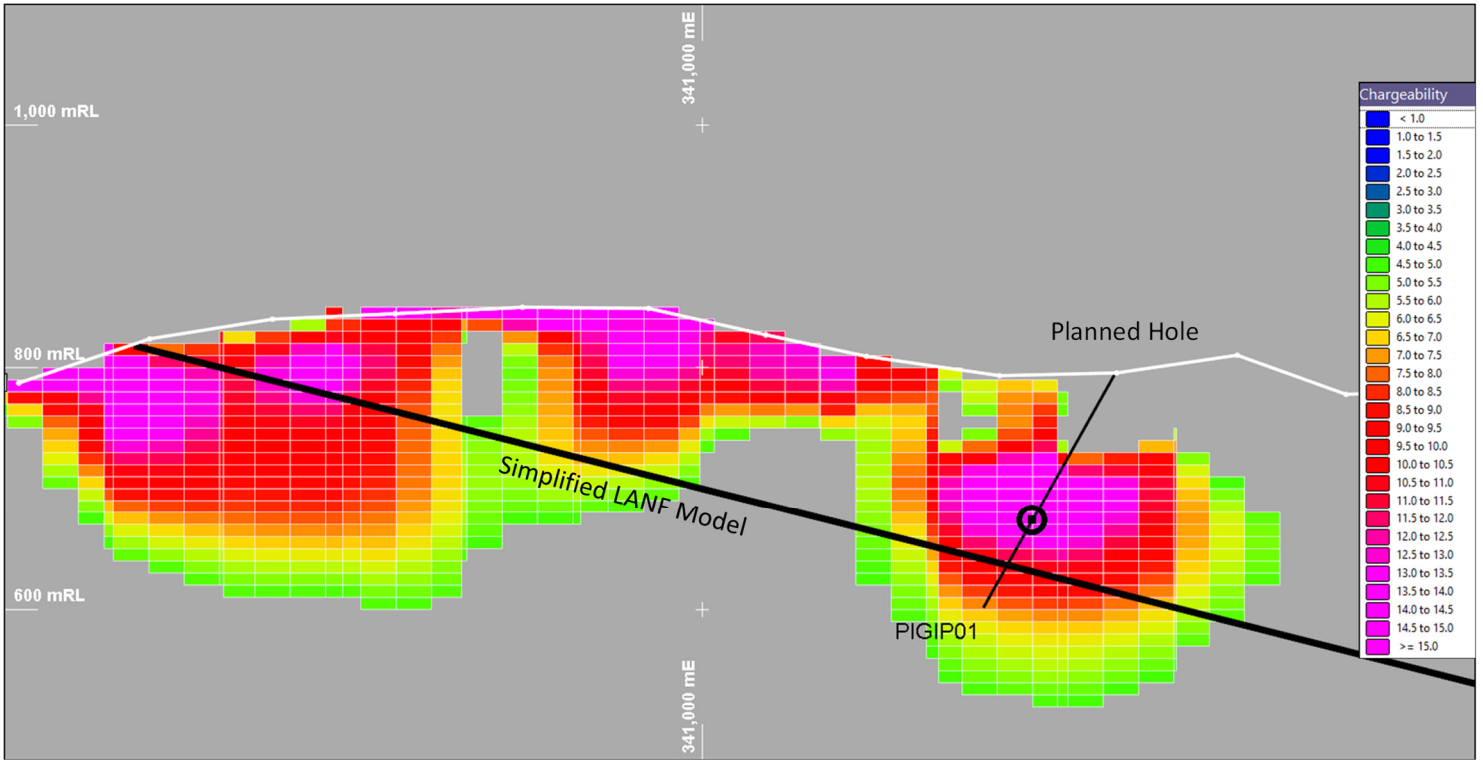


**Hodrusa-Hamre IP survey located in the eastern part of the Hodrusa-Hamre exploration licence. White lines with dots are the as-surveyed lines and IP receiver stations and the coloured blocks are the IP chargeability in mV/V at 100m below surface. The adjacent Rozalia Mine footprint is shown along with nearby historical mine workings such as Schopfer, Anton, Banky, Ignac and Bauch which are all located within the Company's exploration licence. Historical mine workings are coloured by RL (scale not shown).**

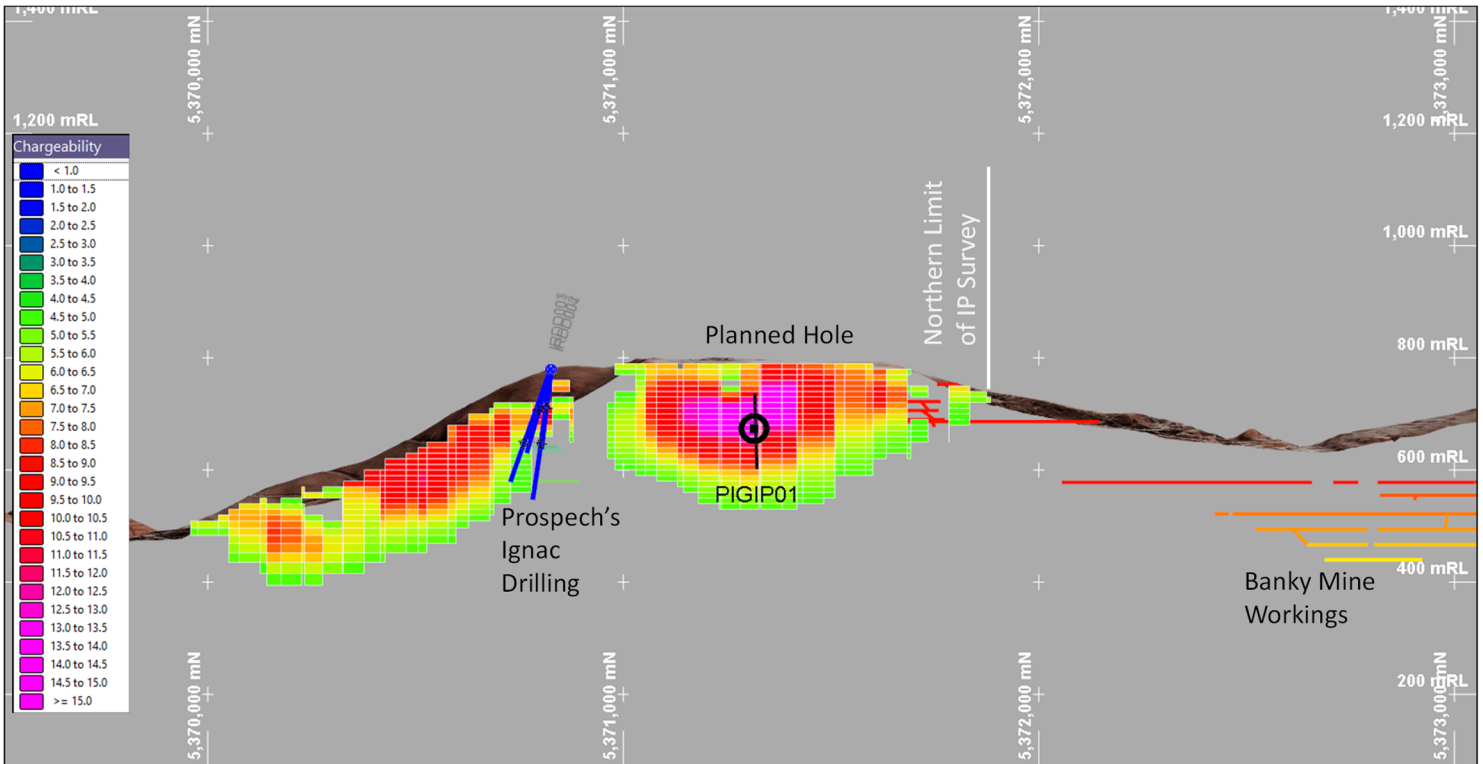
The completion of the IP Survey at Hodrusa-Hamre signals a new approach for the goldfield. It allows the Company to drill targets that may not have surface outcrops.

First pass evaluation of the IP and resistivity data indicates that it supports the LANF model and will allow for the development of a more detailed and nuanced structural model.

Importantly the survey also provides Prospech with a number of targets that we plan to drill in the summer of 2022.



**Cross section along IP line 12,400N. Shows a moderate IP anomaly centred just above the plane of the LNF model. Planned hole PIGIP01 is designed to test this anomaly. The anomaly is along strike from Ignac and Banky mine workings.**



**Long section view of the IP anomaly. The anomaly is considered to be a valid drill target due to the strength of the IP response and the geological setting. Note that the IP survey did not extend far enough to cover the Banky workings due to the presence of habitations and infrastructure.**

## Nova Bana Exploration Licence (100% Prospech)

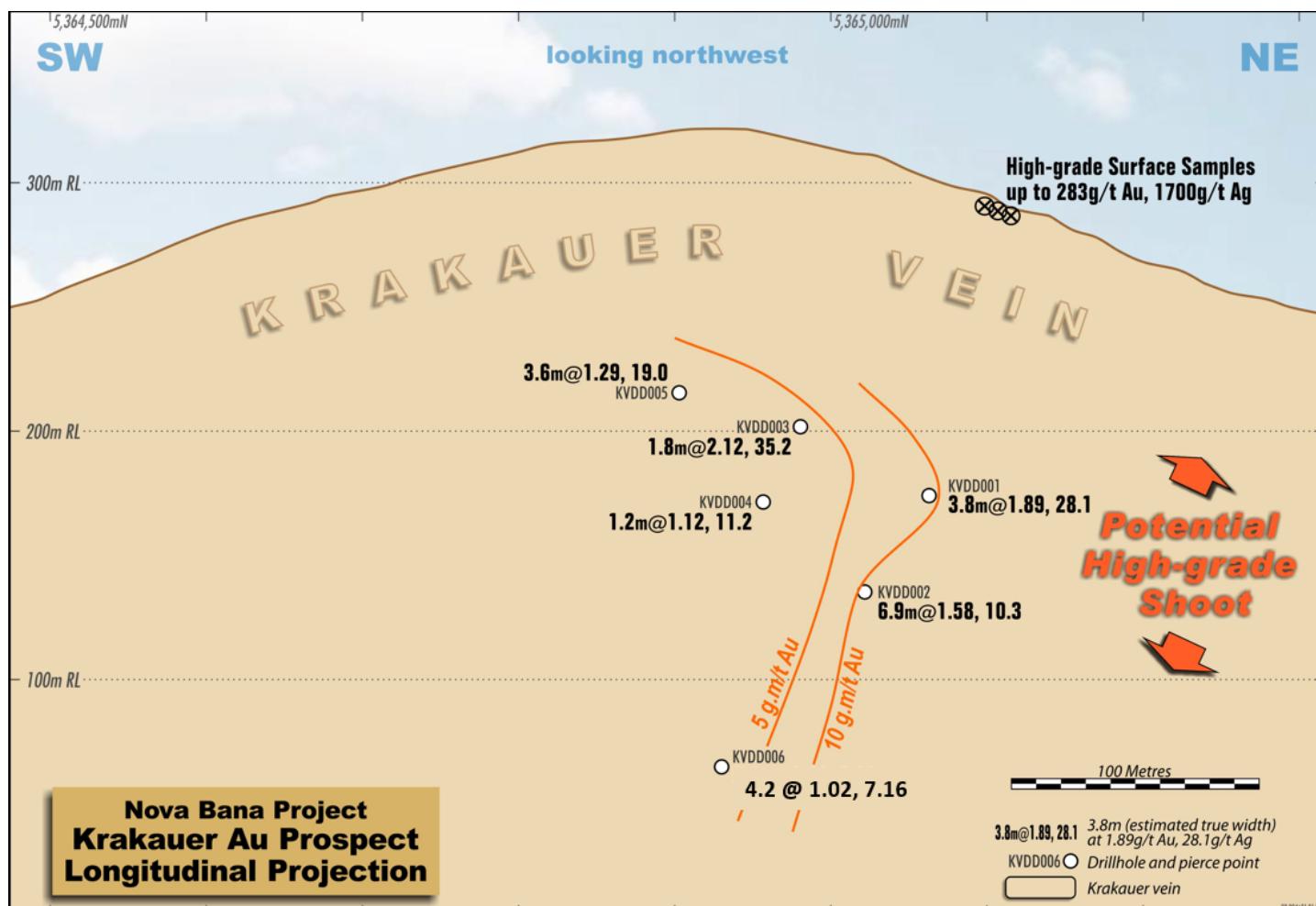
### Completion of Phase 1 drilling the Krakauer gold and silver discovery

Located on the western flanks of the Stiavnica strato volcano and within the Central Slovakian Volcanic Belt, the Nova Bana exploration licence contains the newly discovered, epithermal silver and gold mineralisation within the Krakauer vein system.

Mineralisation is typical of low-sulfidation epithermal, banded veins (ginguro). Krakauer is an almost fully preserved epithermal system with demonstrated depth potential.

Every drill hole in the Phase 1 drilling program intercepted gold-silver mineralised veining. The vein is remarkably geometrically consistent and predictable, slightly flattening at depth with the thickest intercept of veining to date in KVDD006.

Provisional analysis of the grade-thickness shows an increase in metal content to the north-east (right of page in the longitudinal projection below). This may be a vector to a higher grade shoot.



*The Krakauer drill program has been designed to investigate the down dip continuation of high grade surface mineralisation.*

## Cejkov-Zemplin Exploration Licence (100% Prospech)

### Drilling program at Zemplin

#### Zemplin Prospect – Silver and Base Metals

The 2022 field season is due to commence with drilling Phase 2 at Zemplin, a silver rich epithermal vein system. The discovery was made by the Slovak Government and Rio Tinto in the early 1990s but was not followed up until Prospech's early 2021 program which produced the following results:

- CZDD001: 3.0m @ 136 g/t Ag from 59.0m  
and 4.5m @ 147 g/t Ag from 85.3m  
including 2.3m @ 240 g/t Ag from 87.5m
- CZDD002: 6.0m @ 30 g/t Ag from 111.0m
- CZDD003: 6.0m @ 117 g/t Ag from 94.0m  
Including 1.8m @ 291 g/t Ag from 97.2m
- CZDD004: 4.4m @ 34 g/t Ag from 49.6m  
and 4.3m @ 201 g/t Ag from 92.5m  
including 0.5m @ 1,220 g/t Ag from 92.5m

Prospech interprets the main silver zone trending further west of north than interpreted by previous work, which remains a continuously mineralised silver zone.

A drone magnetics program is planned for the coming weeks followed by a drill program of at least 5 holes for at least 1,500 metres of drilling.

## Rudno Exploration Licence (100% Prospech)

No field work was completed during the quarter.

## Pukanec Exploration Licence (100% Prospech)

Pukanec, an extensive system gold and silver mineralised veins and more than 800 historic workings, lies on the western side of the Hodrusa Caldera. Surface rock chip samples, collected from some of these workings, returned gold and silver assays up to 31.2 g/t Au and 1,703 g/t Ag.

Drill permits for a 17 hole, 2,800 metre program, covering targets over a 2 kilometre strike length, have been approved. Drilling, subject to target priority ranking and weather conditions permitting, is scheduled to commence in March 2022.

## Jasenie Exploration Licence (100% Prospech)

The process of renewing the tenement is complete. No field activities were undertaken during the quarter. A technical review of antimony and gold zones in the east of the current Kysla tungsten-gold Inferred Resource area (refer December Quarter 2020 report) is being completed.

## March 2022 Quarter Planned Activities

**Hodrusa Project** - Commence drill testing IP targets. One parent hole for the high grade zone of Schopfer 3 kilometres to the southeast.

**Nova Bana Project** - Planning of the Krakauer and Gupna drilling programs. The Gupna program requires a small portable diamond rig which is currently being sourced from a Slovakian drilling contractor. These targets are likely to be drilled in 2022.

**Cejkov Project** - Phase 2 drilling is planned for February-March 2022.

**Pukanec Project** - A 17 hole, 2,800 metre drilling program is approved with drilling currently scheduled to commence in March 2022, subject to weather conditions and priorities in Hodrusa and Cejkov Zemplin.



## Corporate

**Vale Martin Kralovic** – Sadly Field Supervisor Martin Kralovic passed away in his home, aged 43 years. It was an honour to work with Martin, being a leader of people and representative of the Company in ensuring operations were carried out in a professional manner. We have lost a valuable team member and friend.

### Expenditures

Expenditure on mine exploration activities during the quarter totalled \$708,000. There were no expenditures on mine production and development activities during the quarter.

### Related Party Expenditures

During the December quarter the aggregate amount of payment to related parties and their associates totalled \$206,667 comprising \$156,667 of payments to Directors or Director related entities for Directors' consulting fees and \$50,000 in fees were paid to MIS Corporate Pty Limited ('MIS'), an entity in which Director Peter Nightingale has a controlling interest. MIS provides full administrative services, including administrative, accounting, company secretarial staff, rental accommodation and supplies to the Group.

### For further information please contact:

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+61 2 9300 3333

### Competent Person's Statement

The information in this Report that relates to Exploration Results is based on information compiled by Mr Jason Beckton, who is a Member of the Australian Institute of Geoscientists. Mr Beckton, who is Managing Director of the Company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Beckton consents to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

pjn11099