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# HALF-YEAR FINANCIAL REPORT

31 December 2022



## Corporate Directory

### DIRECTORS

Mark Wheatley  
Harry Greaves (resigned 6 September 2022)  
Gerry Fahey  
Dev Shetty (resigned 23 January 2023)  
Zed Rusike  
HeNian Chen  
Sam Hosack

### SECRETARY

Ian Goldberg and Lee Tamplin

### PRINCIPAL & REGISTERED OFFICE

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Telephone: (+61) 405 524 960  
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### AUDITORS

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and Consulting Pty Ltd  
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40 Kings Park Road  
West Perth WA 6005

### SHARE REGISTRY

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Level 5  
126 Phillip Street  
Sydney NSW 2000  
Telephone: 1300 288 664  
Email: [hello@automic.com.au](mailto:hello@automic.com.au)  
Investor Portal: [investor.automic.com.au](http://investor.automic.com.au)

### ASX CODE

Shares – PSC

### LEGAL REPRESENTATIVES

King & Wood Mallesons  
Level 30, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

**ACN 124 354 329**

## Table of Contents

### Corporate Directory

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### Directors' Report

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Directors' Report	2
Auditor's Independence Declaration	10

### Financial Report

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Consolidated Statements of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Cash Flows	13
Consolidated Statement of Changes in Equity	14
Condensed Notes to the Consolidated Financial Statements	15
Directors' Declaration	28
Independent Auditor's Review Report	29

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# Directors' Report



## DIRECTORS' REPORT

The directors of Prospect Resources Limited ("the Company", "PSC", or "Prospect") and its controlled entities (the Group) submit herewith the financial report of the Group for the half-year ended 31 December 2022.

### DIRECTORS AND OFFICERS

The names of the Company's directors and officers in office during the half-year and until the date of this report are as below. Directors and officers were in office for this entire period unless otherwise stated.

Name	Particulars
Mark Wheatley	Non-Executive Director and Chairman
Duncan (Harry) Greaves (resigned on 6 September 2022)	Executive Director
Sam Hosack	Managing Director
Gerry Fahey	Non-Executive Director
Zivanayi (Zed) Rusike	Non-Executive Director
Dev Shetty (resigned on 23 January 2023)	Non-Executive Director
HeNian Chen (Meng Sun as alternate)	Non-Executive Director
Gaurav Gupta (appointed on 23 January 2023)	Non-Executive Director
Ian Goldberg	Chief Financial Officer and Joint Company Secretary
Lee Tamplin	Joint Company Secretary

### REVIEW OF OPERATIONS

Below is a summary of key operational announcements made during the half-year ended 31 December 2022 outlining the key milestones achieved.

Please also refer to the Company's website ([www.prospectresources.com.au](http://www.prospectresources.com.au)) as an additional source of information on Prospect.

#### December 2022 Quarter

19 Dec 2022	Change of Director's Interest Notice x 6
19 Dec 2022	Appendix 3G
15 Dec 2022	Drilling Commences at Omaruru Lithium Project
23 Nov 2022	Constitution opens new window 514KB
23 Nov 2022	Results of Meeting
23 Nov 2022	Chairman's AGM Address
21 Nov 2022	Change in substantial holding
10 Nov 2022	Omaruru Earn-In Completes
31 Oct 2022	Ceasing to be a substantial holder
27 Oct 2022	Quarterly Activities and Cashflow Report September 2022
24 Oct 2022	Notice of Annual General Meeting/Proxy Form
20 Oct 2022	Step Aside Lithium Project Drilling Update
7 Oct 2022	Change of Director's Interest Notice – Mark Wheatley
7 Oct 2022	Change of Director's Interest Notice – Sam Hosack

## REVIEW OF OPERATIONS (continued)

### September 2022 Quarter

29 Sep 2022	Prospect enters lithium project in Namibia
23 Sep 2022	Appendix 4G and Corporate Governance Statement
23 Sep 2022	Annual Report to shareholders
20 Sep 2022	ATO Class Ruling - return of capital
6 Sep 2022	Final Director's Interest Notice – Harry Greaves
6 Sep 2022	Director Appointment/Resignation
23 Aug 2022	Change in substantial holding
5 Aug 2022	Change in substantial holding
3 Aug 2022	Change in substantial holding from Mitsubishi UFJ Financial Group, Inc. (MUFG)
3 Aug 2022	Change in substantial holding
2 Aug 2022	Change in substantial holding from Morgan Stanley Australia Securities Limited (MS)
2 Aug 2022	Ceasing to be a substantial holder
1 Aug 2022	Change in substantial holding
29 Jul 2022	Change in substantial holding from MUFG
28 Jul 2022	Change in substantial holding from MS
22 Jul 2022	Results of Meeting
22 Jul 2022	Chairman's EGM Address and EGM Presentation
22 Jul 2022	Quarterly Activities and Cashflow Report June 2022
15 Jul 2022	Release of Shares from Voluntary Escrow
12 Jul 2022	Update - Dividend/Distribution - PSC
12 Jul 2022	Update - Return of Capital - PSC
11 Jul 2022	Addendum to Notice of Extraordinary General Meeting
6 Jul 2022	Letter to Shareholders Regarding Distribution Payment
6 Jul 2022	Cleansing Notice
6 Jul 2022	Application for quotation of securities - PSC
5 Jul 2022	Change of Director's Interest Notice – Mark Wheatley

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## Project Development

### Omaruru Lithium Project (Namibia); 20% PSC

The Omaruru Lithium Project, comprising a single Exploration Prospecting Licence EPL 5533 tenement, is centred on the village of Wilhelmstal, east of Karibib in Namibia and covers 175 square kilometres currently held by Richwing Exploration (Pty) Ltd ("Richwing"). Richwing is 80% owned by Osino Resources Corp (Osino) and 20% by the Group, with current exploration activities allowing the Group to earn up to 51% in Richwing.

The Omaruru tenement is situated near a number of mining developments, including Osino's Twin Hills Gold Project 20 km to the northwest and Lepidico's Karibib Lithium Project, located 10 km to the southwest.

Namibia is a premier resource investment jurisdiction, with a long-standing history of exploration, mining and exportation of minerals, excellent infrastructure and support from both government and community.

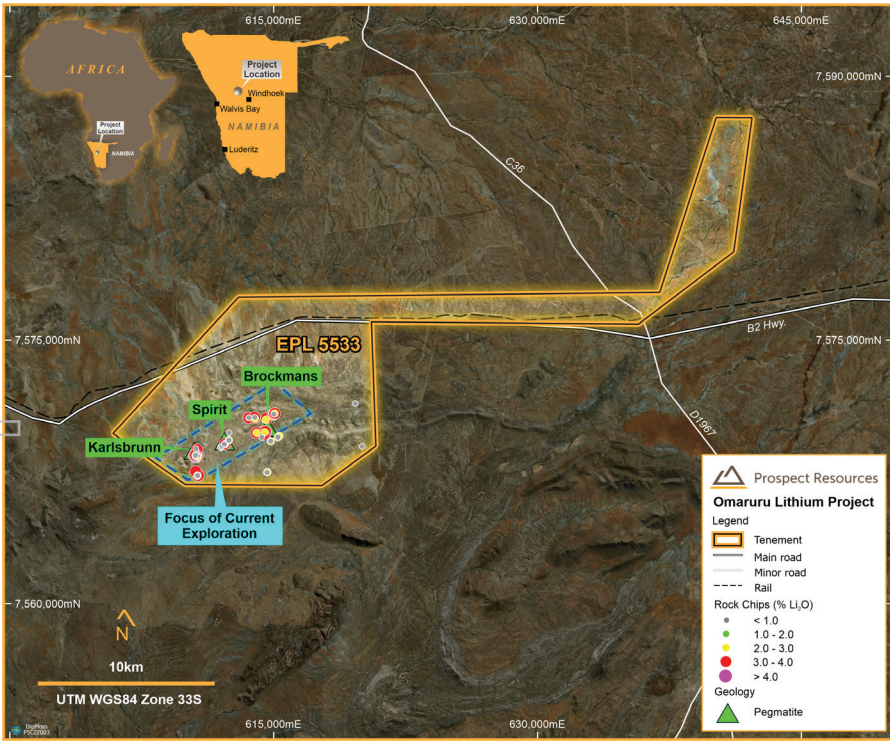


Figure 1: Location of the Omaruru Lithium Project in central Namibia

During the half year, Prospect announced that all conditions precedent to its shareholder agreement with Osino Resources had been satisfied (refer Prospect ASX release dated 29 September 2022).

The Company subsequently commenced Reverse Circulation drilling activities at Omaruru with four (4) drill holes completed for 455 metres to the end of 2022. The initial program of approximately 2,000m RC drilling (15 holes) and 1,000m of diamond drilling for the Karlsbrunn and Brockmans lithium pegmatite targets is ongoing.

Exploration was also conducted outside, but along strike from, known lithium pegmatite occurrences at Omaruru, with a series of geochemical soil sampling survey grids undertaken. Assays were pending at the end of the half year. The work is seeking to identify sub-surface occurrences of other “buried” lithium deposits, with the aim of generating new drilling targets.

Prospect exploration teams are now focused on fast tracking the remainder of the planned drilling programmes, with the goal of establishing a maiden Mineral Resource estimate for the lithium mineralisation at Omaruru.



Figure 2: Drilling underway at the Karlsbrunn lithium pegmatite deposit at Omaruru

### Step Aside Lithium Project (Zimbabwe); 100% PSC

During the half year, Prospect announced drilling results from the first exploratory drilling campaign at its Step Aside Lithium Project in Zimbabwe (refer Prospect ASX release dated 20 October 2022). The Step Aside Lithium Project is located 8km north of the Arcadia Project and comprises a single claim of approximately 100 hectares in area, within the Harare Greenstone Belt, west of the Mashonganyika Fault (see Figure 3). The claim is 100%-owned by Prospect.

The lithium potential of this area has been confirmed by positive historical regional stream and soil sample geochemistry results. Six mineralised pegmatites (Pegmatites A to F) have been mapped on the eastern side of the tenement, within a meta-dolerite host rock. These pegmatites are parallel to each other, lying in a north-south orientation and have dip angles averaging 40-45° to the west, as mapped at the surface.

Prospect commenced an initial reverse circulation and diamond drilling programme at Step Aside in early July 2022. The programme comprised 30 holes for 1,636 metres of drilling, with drill activities completing on 12 October. The drilling programme targeted the lateral, depth and strike extents of the outcropping, surface pegmatites mapped and identified at Step Aside. The key objective of this program was to delineate the geometry and grade of the pegmatites and the nature of the lithium mineralisation.

Figure 4 shows the drill collar location plan for the completed drilling programme.





Figure 3: Locality Map of Step Aside, 8km north of Arcadia

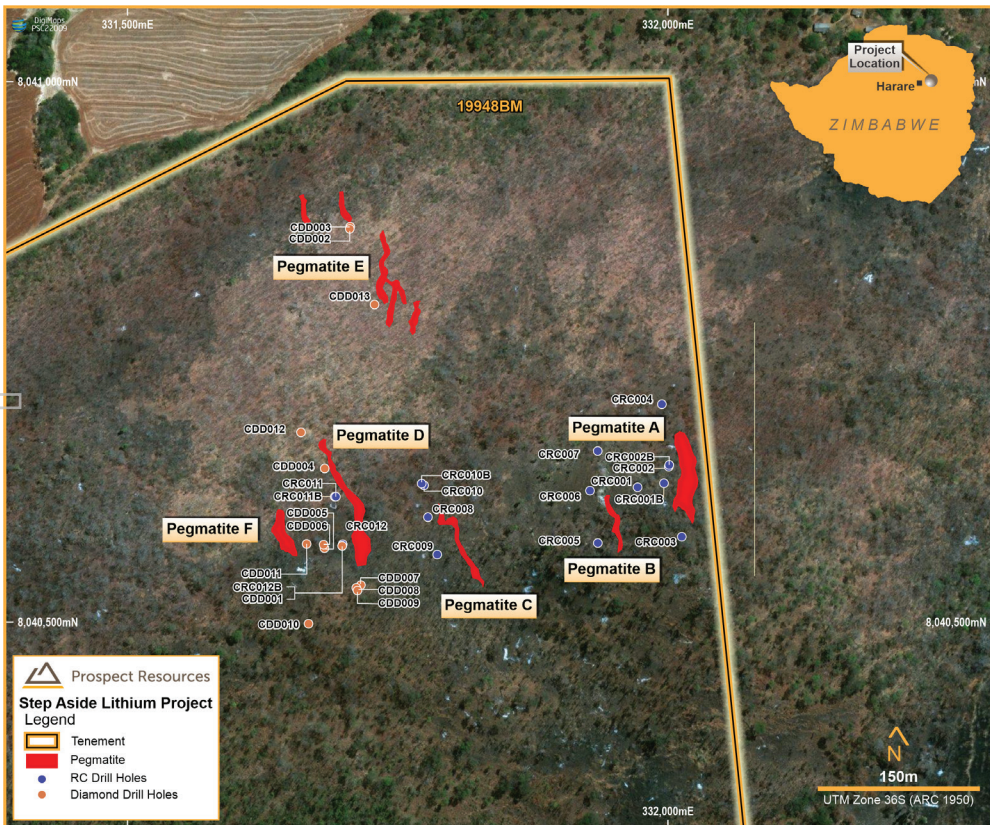


Figure 4: Drill hole collar plan for Step Aside Lithium Project with pegmatite outcrop

Very encouraging grades and widths of high-grade lithium mineralisation (primarily as spodumene) were returned from this programme, with three of the targeted pegmatites indicating potential economic lithia grades including:

- 7.4m @ 1.28% Li<sub>2</sub>O from 43.6m (CDD013) - Pegmatite E
- 6.1m @ 1.49% Li<sub>2</sub>O from 82.2m (CDD011) - Pegmatite D
- 4.4m @ 1.43% Li<sub>2</sub>O from 52.6m (CDD006) - Pegmatite D
- 4.3m @ 1.15% Li<sub>2</sub>O from 19.2m (CDD013) - Pegmatite E
- 9.0m @ 1.02% Li<sub>2</sub>O from 38.0m (CRC011B) - Pegmatite D
- 8.0m @ 1.09% Li<sub>2</sub>O from 53.9m (CDD001) - Pegmatite D
- 6.0m @ 1.05% Li<sub>2</sub>O from 17.0m (CDD007) - Pegmatite D
- 7.0m @ 0.82% Li<sub>2</sub>O from 24.0m (CRC001B) - Pegmatite A

Based on the continuity of lithium mineralisation noted on the wider pegmatites A, D and E, additional drilling has been designed to target strike and down dip extents of those ore systems, with a 1,700 metre RC programme set to commence in February 2023.

This work is geared towards estimation of a maiden Mineral Resource for the lithium mineralisation at Step Aside.

## Corporate

### Distribution of Funds

On 4 August 2022, Prospect made a cash distribution of A\$0.96 per share (A\$443,769,084) to its shareholders comprising of an unfranked dividend component of A\$0.79 per share (special dividend) and a capital reduction component of A\$0.17 per share. The Australian Tax Office (ATO) accordingly published a Class Ruling (CR 2022/83) confirming the A\$0.17 per share return of capital.

### Management Team Changes

With Prospect's continued expansion and focus on African based battery mineral opportunities, the Company appointed James Winch as Sub-Saharan Exploration Manager, who commenced on 1 November 2022. Mr Winch is a geologist with 16 years of experience in the management of large-scale exploration and strategic resource development drilling programmes (including budgeting, design and execution). He was most recently employed by Anglo American Platinum in South Africa for more than a decade.

James is a strong addition to Prospect's technical team, where he will manage and drive all aspects of exploration field programmes and new mineral project generation in Africa and strongly support the Harare-based Corporate Office personnel, under Chief Geologist, Roger Tyler.

Mr Nick Rathjen, the Company's Head of Corporate Development, resigned during the half year to pursue other interests in the resources sector.

Following Mr Harry Greaves' resignation as Executive Director, he continues to work closely with the Company on a consultancy basis.

Managing Director and CEO, Mr Sam Hosack, relocated back to Harare before Christmas for an expected period of 18 to 24 months, where he can more easily lead and oversee the company's growing number of project activities in Africa.

## Project Generation

The Prospect business development and exploration teams have continued to develop and evaluate a pipeline of prospective battery and electrification mineral targets, primarily focused on sub-Saharan Africa. Project generation activities are advancing, and the Company is well capitalised and positioned to identify, assess, invest and advance projects that have the potential to meet scale and grade criteria hurdles.

## FINANCIAL RESULTS

The Group's consolidated loss for the half year period ended 31 December 2022 amounted to \$3,093,000 (2021: \$2,164,000).

	Half-year ended 31 December 2022 \$'000	Half-year ended 31 December 2021 \$'000
Reported loss after tax from continuing operations	(3,093)	(2,164)
Loss from discontinued operations	-	(225)
Sale of Penhalonga Gold Project	-	(956)
Impairment of exploration expenditure	326	-
Development costs expensed	-	109
Share based payments expense	186	699
<b>Loss after adjustment for sale of Penhalonga Gold Project, exploration expenditure, impairment, and share based payments</b>	<b>(2,581)</b>	<b>(2,537)</b>

The loss after adjustment for impairment of exploration expenditure and share based payments has remained comparable with the underlying activities from the prior period.

## EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

## ROUNDING OF AMOUNTS

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts in the financial statements and directors' report have been rounded to the nearest \$1,000.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 10 of this report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Sam Hosack  
Managing Director  
8 March 2023

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8 March 2023

The Directors  
Prospect Resources Limited  
Level 2, 33 Richardson Street  
WEST PERTH WA 6005

Dear Directors

**RE: PROSPECT RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Prospect Resources Limited.

As the Audit Director for the review of the financial statements of Prospect Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(Authorised Audit Company)**

**Samir Tirodkar**  
Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Half-year ended 31 December 2022	Half-year ended 31 December 2021
	Note	\$'000	\$'000
<b>Continuing operations</b>			
Revenue	4	536	1,087
Depreciation expense		(51)	(32)
Development costs expensed		-	(109)
Employee benefits expenses		(1,321)	(1,200)
Foreign currency loss - unrealised		(289)	-
Impairment of exploration expenditure		(326)	-
Interest expense		(3)	(3)
Occupancy expenses		(34)	(6)
Share based payments expense	15	(186)	(699)
Share of net loss in joint venture		(19)	-
Other administration expenses		(1,400)	(1,202)
<b>Loss from continuing operations before income tax</b>		<b>(3,093)</b>	<b>(2,164)</b>
Income tax		-	-
<b>Loss from continuing operations after tax</b>		<b>(3,093)</b>	<b>(2,164)</b>
Loss from discontinued operations		-	(225)
<b>Loss for the period</b>		<b>(3,093)</b>	<b>(2,389)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		156	1,035
Other comprehensive income for the period net of tax		156	1,035
<b>Total comprehensive loss for the period from operations</b>		<b>(2,937)</b>	<b>(1,354)</b>
Loss attributable to:			
Equity holders of the Company		(3,019)	(2,634)
Non-controlling interests		(74)	245
		(3,093)	(2,389)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,863)	(1,549)
Non-controlling interests		(74)	195
		(2,937)	(1,354)
<b>(Loss) per share from continuing operations</b>			
Basic (loss) per share (cents)	16	(0.65)	(0.62)
Diluted (loss) per share (cents)	16	(0.65)	(0.62)
<b>(Loss) per share from discontinued operations</b>			
Basic (loss) per share (cents)	16	-	(0.05)
Diluted (loss) per share (cents)	16	-	(0.05)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

		31 December 2022	30 June 2022
	Note	\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	30,264	474,288
Trade and other receivables		65	473
Assets held for sale	6	-	-
Other current assets	7	53	47
<b>Total Current Assets</b>		<b>30,382</b>	<b>474,808</b>
<b>Non-Current Assets</b>			
Investment in listed securities		12	12
Investments in joint venture	8	972	-
Property, plant and equipment		299	282
Exploration and evaluation expenditure	9(a)	851	486
Mine properties	9(b)	-	-
<b>Total Non-Current Assets</b>		<b>2,134</b>	<b>780</b>
<b>TOTAL ASSETS</b>		<b>32,516</b>	<b>475,588</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	1,122	1,131
Lease liability		18	36
Provisions	11	106	125
<b>Total Current Liabilities</b>		<b>1,246</b>	<b>1,292</b>
<b>Non-Current Liabilities</b>			
Lease liability		-	-
Provisions	11	29	37
<b>Total Non-Current Liabilities</b>		<b>29</b>	<b>37</b>
<b>TOTAL LIABILITIES</b>		<b>1,275</b>	<b>1,329</b>
<b>NET ASSETS</b>		<b>31,241</b>	<b>474,259</b>
<b>EQUITY</b>			
Contributed equity	12(b)	26,646	101,344
Reserves		27,774	28,790
(Accumulated losses) / retained earnings		(23,179)	345,025
<b>Total Equity Attributable to Shareholders of Parent Company</b>		<b>31,241</b>	<b>475,159</b>
Non-controlling interests	18(b)	-	(900)
<b>TOTAL EQUITY</b>		<b>31,241</b>	<b>474,259</b>

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Half-year ended 31 December 2022	Half-year ended 31 December 2021
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Payment to suppliers and employees		(2,384)	(1,632)
Payment for development costs expensed		-	(371)
<b>Net cash (used in) continuing operations</b>		<b>(2,384)</b>	<b>(2,003)</b>
Net cash (used in) discontinued operations		-	(192)
<b>Net cash (used in) operating activities</b>		<b>(2,384)</b>	<b>(2,195)</b>
<b>Cash flows from investing activities</b>			
Interest received		382	5
Payment for development costs		-	(164)
Payment for property, plant and equipment		(95)	(60)
Proceeds from sale of property, plant and equipment		1	16
Proceeds from sale of subsidiary	18(b)	-	1,041
Net proceeds from assets held for sale	6	-	126
Payment for additional interest in subsidiary		-	(1,187)
Payment for investment in joint venture		(991)	-
Payment for exploration expenditure and acquisition of tenements		(687)	(227)
<b>Net cash (used in) continuing investing activities</b>		<b>(1,390)</b>	<b>(450)</b>
Net cash (used in) discontinued investing activities		-	(2,373)
<b>Net cash (used in) investing activities</b>		<b>(1,390)</b>	<b>(2,823)</b>
<b>Cash flows from financing activities</b>			
Payment for lease		(23)	(23)
Proceeds from issuance of shares	12(b)	-	18,000
Proceeds from exercise of options	12(b)	3,405	-
Capital raising costs	12(b)	-	(793)
Dividends paid	14	(365,185)	-
Capital return paid	14	(78,584)	-
<b>Net cash (used in) / generated from financing activities</b>		<b>(440,387)</b>	<b>17,184</b>
Net increase in cash and cash equivalents		(444,161)	12,166
Cash and cash equivalents at beginning of period		474,288	7,877
Cash attributable to discontinued operations	2	-	(212)
Effects of exchange rate changes on the balance of cash held in foreign currencies		137	15
<b>Cash and cash equivalents at end of period</b>	5	<b>30,264</b>	<b>19,846</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued shares	Share based payments reserves	Foreign currency translation reserve	Other reserves	(Accumulated losses) / Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2022</b>	<b>101,344</b>	<b>10,509</b>	<b>18,281</b>	-	<b>345,025</b>	<b>475,159</b>	<b>(900)</b>	<b>474,259</b>
Loss for the period	-	-	-	-	(3,019)	(3,019)	(74)	(3,093)
<i>Other comprehensive income:</i>								
Exchange differences arising on translation of foreign operations	-	-	156	-	-	156	-	156
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>-</b>	<b>(3,019)</b>	<b>(2,863)</b>	<b>(74)</b>	<b>(2,937)</b>
Issue of shares on exercise of options	3,886	(481)	-	-	-	3,405	-	3,405
Capital return to shareholders (Note 14)	(78,584)	-	-	-	-	(78,584)	-	(78,584)
Increase in ownership in subsidiary (Note 18(b))	-	-	-	(877)	-	(877)	974	97
Dividend paid (Note 14)	-	-	-	-	(365,185)	(365,185)	-	(365,185)
Options and rights issued	-	186	-	-	-	186	-	186
<b>At 31 December 2022</b>	<b>26,646</b>	<b>10,214</b>	<b>18,437</b>	<b>(877)</b>	<b>(23,179)</b>	<b>31,241</b>	<b>-</b>	<b>31,241</b>
<b>At 1 July 2021</b>	<b>76,647</b>	<b>11,656</b>	<b>(417)</b>	<b>-</b>	<b>(52,548)</b>	<b>35,338</b>	<b>(1,382)</b>	<b>33,956</b>
Loss for the period	-	-	-	-	(2,634)	(2,634)	245	(2,389)
<i>Other comprehensive income:</i>								
Exchange differences arising on translation of foreign operations	-	-	1,085	-	-	1,085	(50)	1,035
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>1,085</b>	<b>-</b>	<b>(2,634)</b>	<b>(1,549)</b>	<b>195</b>	<b>(1,354)</b>
Issue of ordinary shares for cash	18,000	-	-	-	-	18,000	-	18,000
Issue of ordinary shares for additional interest in subsidiary	3,087	-	-	-	-	3,087	-	3,087
Share capital raising costs	(793)	-	-	-	-	(793)	-	(793)
Increase in ownership in subsidiary	-	-	-	(4,484)	-	(4,484)	208	(4,276)
Non-controlling interests benefit from debt-to-equity swap	-	-	-	(1,941)	-	(1,941)	1,941	-
Options issued	-	699	-	-	-	699	-	699
<b>At 31 December 2021</b>	<b>96,941</b>	<b>12,355</b>	<b>668</b>	<b>(6,425)</b>	<b>(55,182)</b>	<b>48,357</b>	<b>962</b>	<b>49,319</b>

The accompanying notes form part of these financial statements



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### (b) Basis of Preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Prospect Resources Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 8 March 2023.

#### (c) Accounting Policies

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2022, except for the impact of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

#### (d) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business, as the directors believe the Group's cash balance as at 31 December 2022 is sufficient to fund its business for the foreseeable future.

#### (e) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, Prospect Resources Limited, and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent 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. A list of the subsidiaries is provided in Note 17(a).

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

#### (f) Non-Current assets (or disposal groups) held for sale or discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (or disposal group) are classified as discontinued when a restructuring, transaction or other event when pursuant to a single plan, the Group is disposing of that operation in its entirety and the operation represents a separate major activity or geographical area of operations. Assets, liabilities, revenues, expenses and cash flows attributed to a discontinued operation are recognised and measured in accordance with the requirements of other Accounting Standards and in line with the accounting policies of the Group.

In the case where a disposal group is defined as a discontinued operation during the current period, the comparative information provided is restated for the prior period as if it had always been discontinued.

### (g) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Upon change of the investment from a joint venture to a subsidiary, the equity method of accounting will be discontinued and the investment will be accounted for in accordance with note 1(e).

## 2. DISPOSAL GROUPS CLASSIFIED AS DISCONTINUED OPERATIONS

In the prior period, amounts are presented in the Consolidated Statement of Profit and Loss and Comprehensive Income under discontinued operations. This represented the loss incurred on the Group's share in its subsidiaries considered discontinued in accordance with Note 1(h). For the half year ended 31 December 2021 this reflected managements intention to sell its 87% share in Prospect Lithium Zimbabwe (Pvt) Limited and Thornvlei Farming Enterprises (Private) Limited.

The associated Assets and Liabilities at 31 December 2021 were presented as attributable to discontinued operations at that date.

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Assets and liabilities of discontinued operations</b>		
<b>Assets classified as discontinued</b>		
Cash	-	212
Property plant and equipment	-	518
Trade receivables and other current assets	-	505
Exploration evaluation and mine properties	-	29,757
Intangible assets	-	310
<b>Total assets of discontinued operations</b>	<b>-</b>	<b>31,302</b>
<b>Liabilities directly associated with assets classified as discontinued</b>		
Trade creditors	-	867
Employee entitlements	-	68
Provision for rehabilitation	-	200
<b>Total liabilities of discontinued operations</b>	<b>-</b>	<b>1,135</b>

The sale transaction was successfully completed on 20 April 2022

## 3. SEGMENT INFORMATION

### (a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and determining the allocation of resources.

In the current period the Group engaged in exploration of minerals in Zimbabwe and Namibia. The operations were located in Australia, Singapore, Zimbabwe, Mauritius and Namibia with the head office being in Australia. Singapore balances were included within Australian operations and exploration in Zimbabwe, Mauritius and Namibia being included within African operations.

## (b) Geographical segments

	Australia		Africa		Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Revenue</b>						
Other external revenue	535	131	1	956	536	1,087
Discontinued operations	-	-	-	87	-	87
<b>Total segment revenue</b>	<b>535</b>	<b>131</b>	<b>1</b>	<b>1,043</b>	<b>536</b>	<b>1,174</b>
<b>Results</b>						
Segment net (loss) / income before tax – continuing operations	(2,031)	(3,098)	(1,062)	934	(3,093)	(2,164)
Segment net loss before tax – discontinued operations	-	-	-	(225)	-	(225)
<b>Total segment net (loss) / income before tax</b>	<b>(2,031)</b>	<b>(3,098)</b>	<b>(1,062)</b>	<b>709</b>	<b>(3,093)</b>	<b>(2,389)</b>
Depreciation – continuing operations	41	29	10	3	51	32

	Australia		Africa		Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Assets</b>						
Segment assets	29,994	474,803	2,522	785	32,516	475,588
<b>Liabilities</b>						
Segment liabilities	1,234	1,281	41	48	1,275	1,329

## 4. REVENUE FROM CONTINUING OPERATIONS

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Sale of Penhalonga Gold Project	-	956
Sale of equipment held for sale	1	126
Interest revenue	382	5
Unrealised gain on revaluation of foreign currency account	153	-
<b>Total Revenue from Continuing Operations</b>	<b>536</b>	<b>1,087</b>

## 5. CASH AND CASH EQUIVALENTS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Total Cash and Cash Equivalents</b>	<b>30,264</b>	<b>474,288</b>

## 6. ASSETS HELD FOR SALE

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Equipment	16	16
Provision for Impairment	(16)	(16)
<b>Total Assets Held for Sale</b>	<b>-</b>	<b>-</b>

During the prior period the Group sold equipment that had previously been recorded at nil net realisable value for \$126,000. The proceeds are recognised as revenue (Note 4).

## 7. OTHER CURRENT ASSETS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Prepayments	22	24
Deposits	31	23
<b>Total Other Current Assets</b>	<b>53</b>	<b>47</b>

## 8. INVESTMENT IN JOINT VENTURE

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Investment in joint venture	<b>972</b>	-

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Initial investment	826	-
Additional funding for Phase 1	165	-
Share in net loss of Richwing	(19)	-
Impairment	-	-
	<b>972</b>	<b>-</b>

On 27 October 2022, the Group signed the Earn-In and Shareholders Agreement ("the Agreement") with Osino Gold Exploration and Mining (Pty) Ltd ("Osino") and Richwing Exploration (Pty) Ltd ("Richwing"). The agreement outlines that the Group has agreed to buy and Osino has agreed to sell the initial interest in Richwing and upon completion, Richwing will serve as a special purpose company to facilitate the joint venture between the Group and Osino for the purpose of exploring and developing a lithium project on the Executive Prospecting Licence.

The Group agreed to pay US\$560,000 as initial investment to acquire 20% interest in Richwing. In addition to that, the Group must fund solely the Phase 1 Earn-in Expenditure of Richwing amounting to US\$440,000 in exchange for additional 20% interest in Richwing. The Group may also elect to fund the Phase 2 Earn-in Expenditure of Richwing amounting to US\$560,000 in exchange for additional interest in Richwing which will be calculated based on formula outlined in the agreement.

As at 31 December 2022, the Group has paid the initial investment of US\$560,000 and has funded a total of US\$110,185 of the Phase 1 Earn-in expenditure.

## 9. EXPLORATION, EVALUATION AND MINE PROPERTIES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Total expenditure incurred and carried forward in respect of specific projects		
<b>Exploration &amp; Evaluation Expenditure</b>		
Chishanya	-	-
Shawa	-	185
Step Aside	851	301
<b>Mine Properties</b>		
Arcadia – Lithium	-	-
<b>Total Exploration &amp; evaluation expenditure</b>	<b>851</b>	<b>486</b>
<b>(a) Exploration &amp; Evaluation Expenditure</b>		
Opening balance	486	91
Acquisition of tenements	-	-
Expenditure incurred	686	592
Impairment of exploration and evaluation expenditure	(326)	(198)
Effect of foreign currency exchange differences	5	1
<b>Closing balance</b>	<b>851</b>	<b>486</b>
<b>(b) Mine Properties – Mines Under Construction</b>		
Opening balance	-	25,605
Expenditure incurred	-	4,067
Rehabilitation asset	-	195
Proceeds from sale of lithium carbonate produced through the pilot plant	-	(674)
Impairment of exploration and evaluation expenditure	-	61
Effect of foreign currency exchange differences	-	310
	-	29,564
Mine properties disposed on sale of subsidiary	-	(29,564)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

At 31 December 2021, the proposed sale of the Group's share in Prospect Lithium Zimbabwe (Pvt) Ltd (Note 2) encapsulated the Mines Under Construction of the Group and as such the Mines Properties of \$29,757 were presented as discontinued at that date.

## 10. TRADE AND OTHER PAYABLES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Related party payables	-	1
Trade payables	38	96
Accruals	1,084	1,034
<b>Total Trade and other payables</b>	<b>1,122</b>	<b>1,131</b>

## 11. PROVISIONS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Employee entitlements	106	125
Non-current		
Employee entitlements	29	37
<b>Total Provisions</b>	<b>135</b>	<b>162</b>

## 12. CONTRIBUTED EQUITY

	31 Dec 2022 Shares	30 Jun 2022 Shares
<b>(a) Issued share capital</b>		
Ordinary shares fully paid	462,259,462	448,759,462
<b>(b) Movement in ordinary share capital</b>	<b>Number of shares</b>	<b>\$'000</b>
<b>Balance at 1 July 2021</b>	<b>374,025,855</b>	<b>76,647</b>
Issue of shares to acquire additional ownership in subsidiary	9,497,680	3,087
Issue of shares via placement	45,000,000	18,000
Cost of capital raising - cash	-	(793)
Issue of shares upon exercise of options <sup>(i)</sup>	20,235,927	4,403
<b>Balance at 30 June 2022</b>	<b>448,759,462</b>	<b>101,344</b>
Issue of shares upon exercise of options <sup>(ii)</sup>	13,500,000	3,886
Capital return to shareholders	-	(78,584)
<b>Balance at 31 December 2022</b>	<b>462,259,462</b>	<b>26,646</b>

<sup>(i)</sup>This includes cash received of \$2,557,000 and transfer from the share based payments reserve of \$1,846,000. Some option holders utilised a cashless exercise facility offered allowing the conversion of options for a reduced cash payment in forfeiture of shares. This resulted in the issue of only 20,235,927 shares on exercise of the 26,500,000 options.

<sup>(ii)</sup>This includes cash received of \$3,405,000 and transfer from the share based payments reserve of \$481,000.

### 13. SHARE BASED PAYMENTS RESERVE

	31 Dec 2022	31 Dec 2022 \$'000	30 Jun 2022	30 Jun 2022 \$'000
<b>(a) Options and rights at end of period</b>	<b>23,250,000</b>	<b>10,214</b>	<b>13,500,000</b>	<b>10,509</b>

	Details	Number of options	\$'000
<b>(b) Movement in options</b>			
Balance at 30 June 2021		<b>39,750,000</b>	<b>11,656</b>
November and December 2021	(i)	-	699
February to June 2022	Options exercised	(26,250,000)	(1,846)
<b>Balance at 30 June 2022</b>		<b>13,500,000</b>	<b>10,509</b>
8 July 2022	Options exercised	(13,500,000)	(481)
Granted on 7 October 2022	Issue of options	10,250,000	51
Granted on 23 November 2022	Issue of options	8,600,000	65
<b>Balance at 31 December 2022</b>		<b>18,850,000</b>	<b>10,144</b>
(i) Share based payment expense on options granted in prior periods			
<b>(b) Movement in rights</b>			
Granted on 7 October 2022		2,400,000	40
Granted on 23 November 2022		2,000,000	30
<b>Balance at 31 December 2022</b>		<b>4,400,000</b>	<b>70</b>

### 14. Dividends

On 4 August 2022, the Company paid dividend of \$365,184,975 to its shareholders (2021: Nil). This represents a payment of \$0.79 per share (2021: Nil).

At the same time the Company paid a Capital return of \$78,584,109 to its shareholders (2021: Nil). This represents a payment of \$0.17 per share (2021: Nil).

Both payments were made based on 462,259,462 shares on issue at that date.



## 15. SHARE BASED PAYMENTS

### (a) Recognised Share-Based Payments Expense

The share based payments expense was \$186,215 (31 December 2021: \$699,121) with \$186,215 recognised in the statement of financial performance (2021: \$699,121).

### (b) Options and rights

The following table lists the inputs to the model used in determining the current period expense:

Series	Options Issued		
	Management Long Term incentive	Managing Director Long Term Incentive	Chair & Non-Executive Directors Long Term Incentive
<b>No. of Options</b>	10,250,000	3,000,000	5,600,000
<b>Grant date</b>	7/10/2022	23/11/2022	23/11/2022
<b>Share price</b>	\$0.096	\$0.170	\$0.170
<b>Exercise price</b>	\$0.15	\$0.15	\$0.15
<b>Asset Interest rate</b>	3.34%	3.27%	3.27%
<b>Expiry date</b>	07/10/2026	07/10/2026	07/10/2026
<b>Volatility</b>	110%	110%	110%
<b>Fair value at grant date</b>	\$656,000	\$390,000	\$728,000
<b>Expensed during the period</b>	50,876	14,087	51,270
<b>Vesting condition and period</b>	(i)	(i)	(ii)

(i) Management's Long Term Incentive Options are subject to two performance hurdles:

- a) The Company's underlying share price exceeding \$0.25 per share for a continuous period of 30 days during a 3 year period from the grant date; and
- b) Remaining in employment of the company 3 years after grant date.

(ii) The Chairperson & Non-Executive Director Long Term Incentive Options vest evenly on 7 October 2023, 7 October 2024, and 7 October 2025 and requires they remained directors of the Group at the end of each vesting periods.

Series	Rights Issued	
	Key Management Personnel Short Term Incentive	Managing Director Short Term Incentive
<b>No. of Rights</b>	2,400,000	2,000,000
<b>Grant date</b>	7/10/2022	23/11/2022
<b>Share price</b>	\$0.096	\$0.170
<b>Exercise price</b>	\$0.00	\$0.00
<b>Expiry date</b>	07/10/2025	07/10/2025
<b>Fair value at grant date</b>	\$230,400	\$340,000
<b>Expensed during the period</b>	40,223	29,759
<b>Vesting condition and period</b>	(i)	(i)

(i) Managing Director and Key Management Personnel have been granted rights in lieu of a cash based short term incentive scheme. The rights on offer are subject to satisfaction of targets as defined by the company's annual scorecard which is based on both exploration and corporate targets. Performance against the scorecard is assessed in October each year based on the company's performance in the 12 months up to the assessment date. The vesting of these incentives is subject to vesting conditions as discussed above. 50% of the incentive will vest at the end of the year after the grant date and the remaining 50% will vest 24 months after the grant date, provided the employee remains employed by the Group.

The following table lists the inputs to the model used in determining the prior period expense:

Options series	Employee incentive	Management incentive	Executive incentive	Broker	Directors
<b>No. of Options</b>	6,250,000	4,500,000	6,000,000	13,500,000	5,000,000
<b>Grant date</b>	17/11/2020	06/02/2021	25/06/2021	23/04/2021	25/06/2021
<b>Share price</b>	\$0.125	\$0.18	\$0.195	\$0.15	\$0.195
<b>Exercise price</b>	\$0.24	\$0.26	\$0.26	(iii)	\$0.24
<b>Asset Interest rate</b>	0.11%	1.77%	1.77%	1.77%	1.77%
<b>Expiry date</b>	05/11/2023	03/02/2025	03/02/2025	31/12/2025	07/01/2025
<b>Volatility</b>	100%	42.33%	42.33%	42.33%	42.33%
<b>Fair value at grant date</b>	\$0.0487	\$0.042	\$0.047	(iii)	\$0.051
<b>Vesting condition and period</b>	(i), (ii)	(ii)	(ii)	(iii)	(ii)

(i) Employee options vesting conditions

a) 1,562,500 options vested upon employment at 6 months from grant date in the prior period and a further 1,562,500 options vested upon employment at 12 months from grant date;

b) The remaining options vested on 23 December 2021 in line with (ii) below.

(ii) The terms of the options provided for their vesting on a Change in Control Event, covering a change of control at both a corporate and project level. The signing of the SSA triggered a change in control event as the Group has agreed to sell all or a substantial part of the assets or business of the Group (the Arcadia Project) to a third party, which was not the result of an internal restructure.

(iii) Broker options are fully vested but have exercise prices attached as follows:

a) 4,000,000 options have an exercise price of \$0.22 and fair value per option of \$0.0415;

b) 4,500,000 options have an exercise price of \$0.25 and fair value per option of \$0.0357; and

c) 5,000,000 options have an exercise price of \$0.28 and fair value per option of \$0.0309

The following share-based payment arrangements were in existence as at balance dates:

Options series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value per Option at Grant Date
Issued 13 May 2018	4,500,000	13/05/2018	12/05/2022	\$0.60	\$782,289
Issued 17 November 2020	6,250,000	17/11/2020	05/11/2023	\$0.26	\$304,423
Issued 6 February 2021	4,500,000	06/02/2021	03/02/2025	\$0.26	\$189,079
Issued 23 April 2021	13,500,000	23/04/2021	31/12/2025	\$0.22-\$0.28	\$480,938
<b>As at 30 June 2022</b>	<b>13,500,000</b>				
Issued 7 October 2022	10,250,000	7/10/2022	07/10/2026	\$0.15	656,000
Issued 7 October 2022	8,600,000	23/11/2022	07/10/2026	\$0.15	\$1,118,000
<b>As at 31 December 2022</b>	<b>18,850,000</b>				
Rights series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value per Option at Grant Date
<b>As at 30 June 2022</b>	-				
Issued 7 October 2022	2,400,000	7/10/2022	07/10/2025	\$0.00	\$230,400
Issued 7 October 2022	2,000,000	23/11/2022	07/10/2025	\$0.00	\$340,000
<b>As at 31 December 2022</b>	<b>4,400,000</b>				

## 16. LOSS PER SHARE

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
Basic (loss) per share (cents per share) from continuing operations	(0.65)	(0.62)
Diluted (loss) per share (cents per share) from continuing operations	(0.65)	(0.62)
Amount used in the calculation of basic EPS		
Continuing (loss) after income tax attributable to members of Prospect Resources Limited (\$'000)	(3,019)	(2,444)
Basic profit / (loss) per share (cents per share) from discontinued operations	-	(0.05)
Diluted profit per share (cents per share) from discontinued operations	-	(0.05)
Amount used in the calculation of basic EPS		
Discontinued profit / (loss) after income tax attributable to members of Prospect Resources Limited (\$'000)	-	(190)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic (loss) per share	461,892,614	396,083,595

## 17. EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

## 18. INTEREST IN SUBSIDIARIES

### (a) Information about principal subsidiaries

Set out below are the Group's subsidiaries at 31 December 2022. The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

	Principal activity	Country incorporation	Ownership and voting interest	
			Dec 2022	Jun 2022
Prospect Minerals Pte Ltd	Holding company	Singapore	100%	100%
Promin Resource Holdings Pte Ltd	Holding company	Singapore	100%	100%
Prospect Resources (Mauritius) Limited	Holding company	Mauritius	100%	-
Hawkmoth Mining & Exploration (Pvt) Ltd	Exploration & evaluation	Zimbabwe	100%	70%
Eagle Lithium Resources (Private) Limited (formerly known as Breattaking Investments Private Limited)	Exploration & evaluation	Zimbabwe	100%	100%
Hawk Rare Earth (Private) Limited (formerly known as Market Street (Private) Limited)	Exploration & evaluation	Zimbabwe	100%	100%
Harrier Nickel Resources (Private) Limited (formerly known as Tegridy (Private) Limited)	Exploration & evaluation	Zimbabwe	100%	100%
Stepaside Lithium Pte Ltd	Holding company	Singapore	100%	-

### (b) Transactions with non-controlling interests

During the year ended 30 June 2021, the Group entered into an option agreement to sell Coldawn Investments (Private) Limited, which holds the Penhalonga Gold Project, for US\$1m which was eventually sold during the year ended 30 June 2022.

On 29 August 2022, the company acquired the remaining outside equity interest of 30% (100 shares) in Hawkmoth Mining & Exploration (Pvt) Limited Zimbabwe for a consideration of USD100.

Immediately prior to the purchase, the carrying amount of the existing 30% non-controlling interest in Hawkmoth Mining & Exploration (Pvt) Limited Zimbabwe was \$(974,000). The group recognised a decrease in non-controlling interests of \$97,000 and a decrease in equity attributable to owners of the parent of \$877,000.

The effect on the equity attributable to the owners of Prospect Resources Limited during the period is summarised as follows:

	Dec 2022 \$'000	Jun 2022 \$'000
Carrying amount of non-controlling interests acquired	(974)	-
Reattribution of owners controlling interest – foreign currency translation reserve	97	-
(Consideration) paid to non-controlling interests	-	-
(Excess) of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(877)	-

## 19. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2022 (2021: \$Nil).

## 20. COMMITMENTS

### (a) Operating Commitments

The Group has 2 operating lease commitments for office rental and office equipment totalling \$25,000.

### (b) Other Commitments

- The Group has entered into contracts with its directors and certain executives whereby minimum notice periods have been provided by the Group. This totals \$622,000
- The Company has entered into an Earn-In and Shareholders Agreement with Osino Gold Exploration and Mining (Pty) Ltd and Richwing whereby Prospect must fund solely the Phase 1 Earn-in Expenditure of US\$440,000. As at 31 Dec 2022, it still has an outstanding of US\$330,000 according to the timeline stated therein.

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## DIRECTORS' DECLARATION

In the opinion of the Directors of Prospect Resources Limited ("the Company")

- (a) the financial statements and notes set out on pages 11 to 27 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Sam Hosack  
Managing Director  
8 March 2023



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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
PROSPECT RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of Prospect Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Prospect Resources Limited, does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 8 March 2023.

**Responsibility of the Directors for the Financial Report**

The directors of the Prospect Resources Limited, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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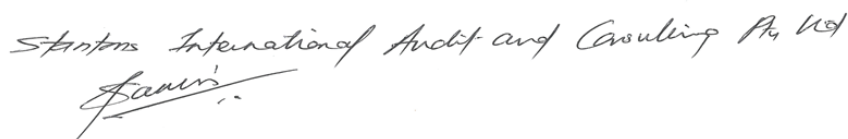


**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD  
(An Authorised Audit Company)**



*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
Director  
West Perth, Western Australia  
8 March 2023

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