Prospect Resources

ANNUAL REPORT

2023

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Chairperson's Report

Dear Shareholders,

The 2023 financial year has been transformational and seen Prospect successfully return $443.8 million to shareholders from the sale of the Arcadia project and start to use the $34 million retained to progressively advance its strategy of building another leading battery and electrification minerals focused explorer and developer.

Over this period, the business has acquired strategic interests in the Kesya Rare Earths Project in Zambia, and the Omaruru Lithium Project in Namibia, adding to its existing 90% ownership of the Step Aside Lithium Project in Zimbabwe. This southern African portfolio of future-facing metals exploration assets offers an excellent opportunity for discovery and a good base from which to grow shareholder value by developing or originating a new flag ship project.

Kesya is an undeniably exciting proposition. We have acquired the rights to a 51% interest in the project through execution of an option agreement with Antler Gold Inc. Well located in southern Zambia, Kesya hosts excellent infrastructure and a potential world-class rare earth enriched carbonatite system that has historically returned significant values of neodymium and praseodymium. In short, the project offers outstanding prospectivity to deliver a significant new rare earths discovery. A maiden diamond drilling programme has been designed and will commence on the satisfaction of all conditions precedent.

At Omaruru, we have established relationships and a presence in Namibia and are initially earning-in to tenure containing over 60 highly visible, outcropping LCT pegmatites, located within 10 km of Lepidico's Karibib Lithium Project. Our maiden drilling programme at Omaruru in early CY2023 returned encouraging, near-surface, shallow-dipping, high-grade lithium mineralisation at the Brockmans prospect and confirmed the presence of a thick zone of pegmatite containing petalite-lepidolite at the Karlsbrunn deposit. A second phase of drilling was completed during June 2023, and was focused on follow-up extensional drilling at Brockmans, as well as targeted depth extension of the Karlsbrunn prospect and the testing of several high-potential geochemical anomaly targets along strike from mapped pegmatites.

The past year has also seen systematic exploration of our Step Aside Lithium Project, located only 8km to the

Leading the way in the battery revolution

north of Huayou Cobalt's Arcadia Lithium Mine (now producing). Phase 1 and 2 drilling successfully extended existing mineralised pegmatites on the tenure. The Phase 3 programme (in progress) has two key objectives: further strike and depth extension testing of Pegmatites B, D and E; and scout exploratory drilling in areas with identified strong, coherent, lithium-in-soil anomalism.

It is important to note that we are only partway through executing on our planned strategy. A key objective for the current financial year is to convert an existing project to, or originate a flag ship project that offers a strong, medium-term development proposition. We remain open-minded on the domicile and underlying minerals exposure of this asset, being southern African focused but not exclusively so.

To that end, the team continues to thoroughly review the significant pipeline of advanced battery and electrification mineral targets being presented. We are well resourced, technically and commercially, to identify, assess, invest and advance projects that have the potential to meet our development scale and grade criteria.

I would like to thank all our people and key consulting partners from around the world for their efforts over the past twelve months. I would also like to thank you, our shareholders, for your strong support over this time.

You can rest assured that the entire Prospect team remains resolutely focused on delivering sustainable, value-accretive outcomes for all shareholders.

Stay safe and well.

Yours faithfully

Mark Wheatley

Mark Wheatley
Non-Executive Chairperson

21 September 2023

Review of Operations

Highlights

Highlights during and subsequent to the end of the year were as follows:

(a) The establishment of the Company's strategy to be a battery and electrification minerals focused explorer and developer. With a highly liquid balance sheet and continuation of the management team, the Company is well resourced to deliver on this strategy.

(b) Distributed approx. 95% of the net Huayou transaction proceeds to shareholders via a cash distribution of A$0.96 per share (A$443.8 million), with approximately A$34 million cash retained to advance Prospect's strategy to be a battery and electrification metals explorer and developer focussed on sub-Saharan Africa.

(c) Resignation as a Director of Mr Harry Greaves who played a pivotal role throughout Prospect's journey from the discovery through to the eventual sale of the Arcadia Lithium project for the sum of US$377.8 million.

(d) Managing Director and CEO, Sam Hosack, relocated back to Harare 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. Experienced CFO, Ian Goldberg, continued to be based in Perth to lead that office.

(e) The Company applied and received an ATO Class ruling in respect to the capital return component of the distribution which assured this would not be recognised as assessable income for our shareholders.

(f) Prospect completes the acquisition of Omaruru Lithium Project in Namibia and exploration commenced.

(g) Phase one drilling commenced at the Omaruru Lithium Project.

(h) The appointment of a new Director, Mr Gaurav Gupta, as a non-executive director. Mr Gupta manages a Monetary Authority of a Singapore registered family office with high-growth investment holdings across the mineral and biotech industries. Investments including a major holding in Prospect Resources through Eagle Eye Asset Holdings Pte Limited (Eagle Eye). Mr Gupta is being appointed to the Prospect Board as a nominee of Eagle Eye.

(i) Retirement of Mr Dev Shetty as a non-executive director.

(j) Phase 2 drilling approved and commenced at the Step Aside tenement.

(k) New lithium discovery at Omaruru. Exploratory Phase 1 RC drilling programme returned assays outlining a new, near-surface, shallow dipping discovery of lithium mineralisation in the southern Brockmans zone and confirmed historical drilling results at Karlsbrunn.

(l) Option secured to earn 51% interest in highly prospective Zambian REE-rich carbonatite with Antler Gold Inc. The Kesya tenure encompasses a Large-Scale Exploration Licence (LEL) application, where previous geological mapping and surface sampling has identified a large, rare earth-enriched carbonatite intrusion.

(m) Stage 2 diamond drilling at Step Aside generates more high-grade intersection extensions to the lithium footprint.

Arcadia Lithium Project

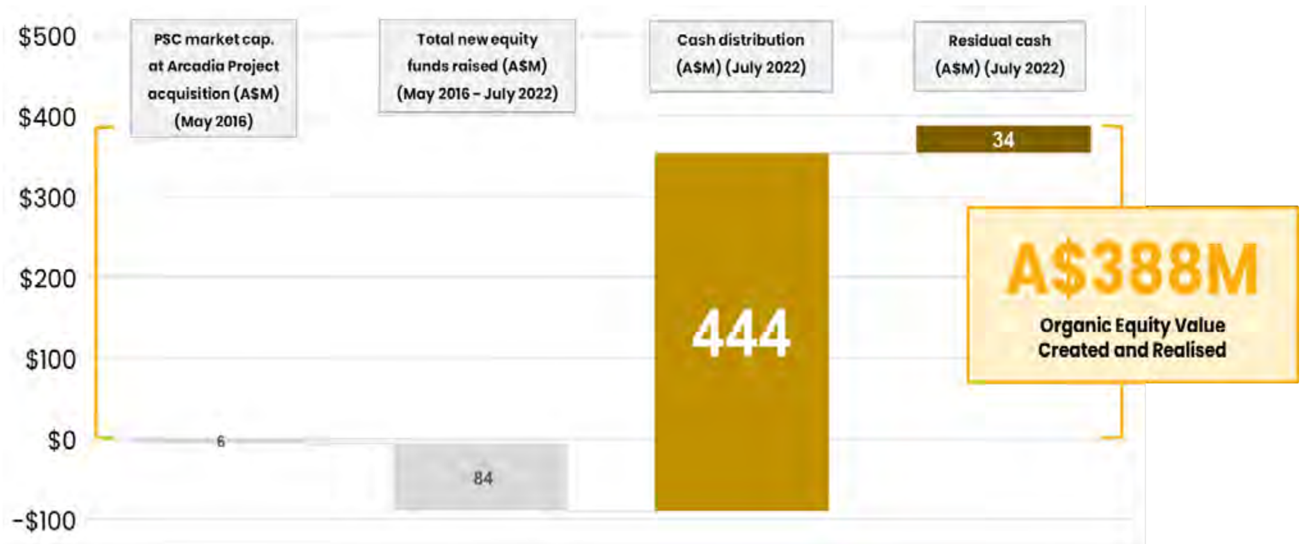
Huayou Cobalt transaction

On 21 December 2021, Prospect signed a binding agreement with leading new energy lithium-ion battery material producer, Huayou Cobalt, for the sale of its 87% interest in the Arcadia Lithium Project. The transaction comprised cash consideration of approximately US$377.8 million. Upon completion of the transaction in April 2022, and after payment of US$26.9 million in Zimbabwean capital gains tax and US$8 million to Sinomine in relation to the termination of the offtake agreement between Prospect and Sinomine, Prospect received net sale proceeds of US$342.9 million (A$465.6 million).

Distribution

The Prospect Board determined to distribute the vast majority of the Arcadia transaction proceeds to shareholders via a A$0.96 per share distribution. This distribution comprised an unfranked dividend component of A$0.79 per share (**Special Dividend**) and a capital reduction component of A$0.17 per share (**Capital Reduction**).

The transaction with Huayou was a landmark moment for the Company and the result of extensive efforts over multiple years at Arcadia. The impact for shareholders was significant and can be best illustrated in the graphic below showing the tremendous value returned to shareholders over time.



+1,500% PSC share price appreciation over this period

Project Generation and Business Development

Post its sale of the Arcadia Project, Prospect's strategy is to be a battery and electrification minerals dedicated explorer and developer, with a focus on the sub-Saharan African region. With the Arcadia transaction now complete, business development and new project generation are the top priorities. The Board believes that, with approximately A$34 million of residual cash post distribution, zero debt and continuity of the current management team, that Prospect is very well placed to deliver on this strategy.

The Prospect exploration team continues to develop a pipeline of prospective battery and electrification mineral asset targets. The success and publicity associated with the Arcadia transaction has resulted in an increase in opportunities being presented to Prospect. Project generation activities are advancing well, and the Company is well capitalised to identify, assess, invest and advance projects that have the potential to meet scale and grade criteria.

Current Projects – Zimbabwe

Step Aside Lithium Project (Zimbabwe);

Prospect's 90%-owned Step Aside Lithium Project is located within the Archaean Harare Greenstone Belt, approximately 35 km east of Zimbabwe's capital city Harare, with the single claim (claim number ME19948BM) covering approximately 100 hectares (see Figure 1). Step Aside is 8 km north of the Arcadia Lithium Project, which was discovered by Prospect and holds a Mineral Resource estimate of 72.7 million tonnes grading 1.02% Li_2O. The Arcadia asset was sold to Huayou Cobalt by Prospect in mid-2022 for approximately US$377.8 million cash.

The Step Aside Project consists of a folded sequence of meta-sediments of the Gwebi and Mapfeni Members, of the Passford Formation. These meta-sediments are intruded by north trending pegmatites, dolerites and quartz veins of the Mashonaland Suite, which make up the youngest rocks found within the Harare Greenstone Belt.

Broadly, six visible mineralised pegmatites (denoted "A" to "F") have been identified within meta-dolerite host rocks at Step Aside. Individual pegmatites, geologically mapped at surface, are all generally parallel to one another, striking roughly north-south with dips of 60-75° to the west geologically mapped at surface. Pegmatite A on the eastern side and Pegmatite D to the west are the widest, measuring 5-15m thick and 4-20m thick, respectively. The strike lengths of the A, B, C, D, E and F pegmatite outcrops at surface, are between 50m and 120m long (see Figure 2).

Observations made previously by Prospect during drilling at Arcadia show that several parallel narrow pegmatites can coalesce into thicker pegmatites down dip, indicating the potential that parallel pegmatites outcropping at Step Aside could cojoin to form a comprehensive, lithium mineralised pegmatite system at depth. Bifurcating pegmatites have also been noted from drilling at Step Aside, which might also indicate emplacement of the pegmatite deposits during a period of active emplacement of the pegmatite deposits during a period of active faulting in the region (the Mashonganyika Fault zone).

Figure 1: Locality Map of Step Aside Lithium Project, 8km north of Arcadia

Completion of Phase 2 Diamond Drilling Programme

On 1 May 2023, Prospect announced the completion of the Phase 2 diamond drilling programme, comprising a total of 20 drill holes for approximately 2,221 meters, targeting strike and dip extensions of Pegmatites A, B, D, E and F.

The Phase 2 programme followed on from the successful Phase 1 maiden programme of mixed RC and diamond drilling completed last year (refer Prospect ASX Announcement dated 20 October 2022), which outlined extensive, consistent, steep dipping, spodumene-dominated lithium mineralisation in all pegmatites targeted. The goal of the second phase programme was to extend the defined lithium mineralisation at Step Aside both along strike and down dip – which was successfully achieved.

High-grade lithium identified from promising assay results

Prospect received promising Phase 2 assay results which generated encouraging extensional intersections of high-grade mineralisation across the target pegmatites (see Figure 3).

Pegmatite D has been extended along strike and down dip, Pegmatite B has thickened at depth and Pegmatite E has generated significant drill intersections of high-grade lithium mineralisation. All these deposits demand significant follow-up drilling in the next phase of exploration at Step Aside. These results are complemented by coherent 'blind' lithium anomalies in recent regional soil geochemical sampling programmes.

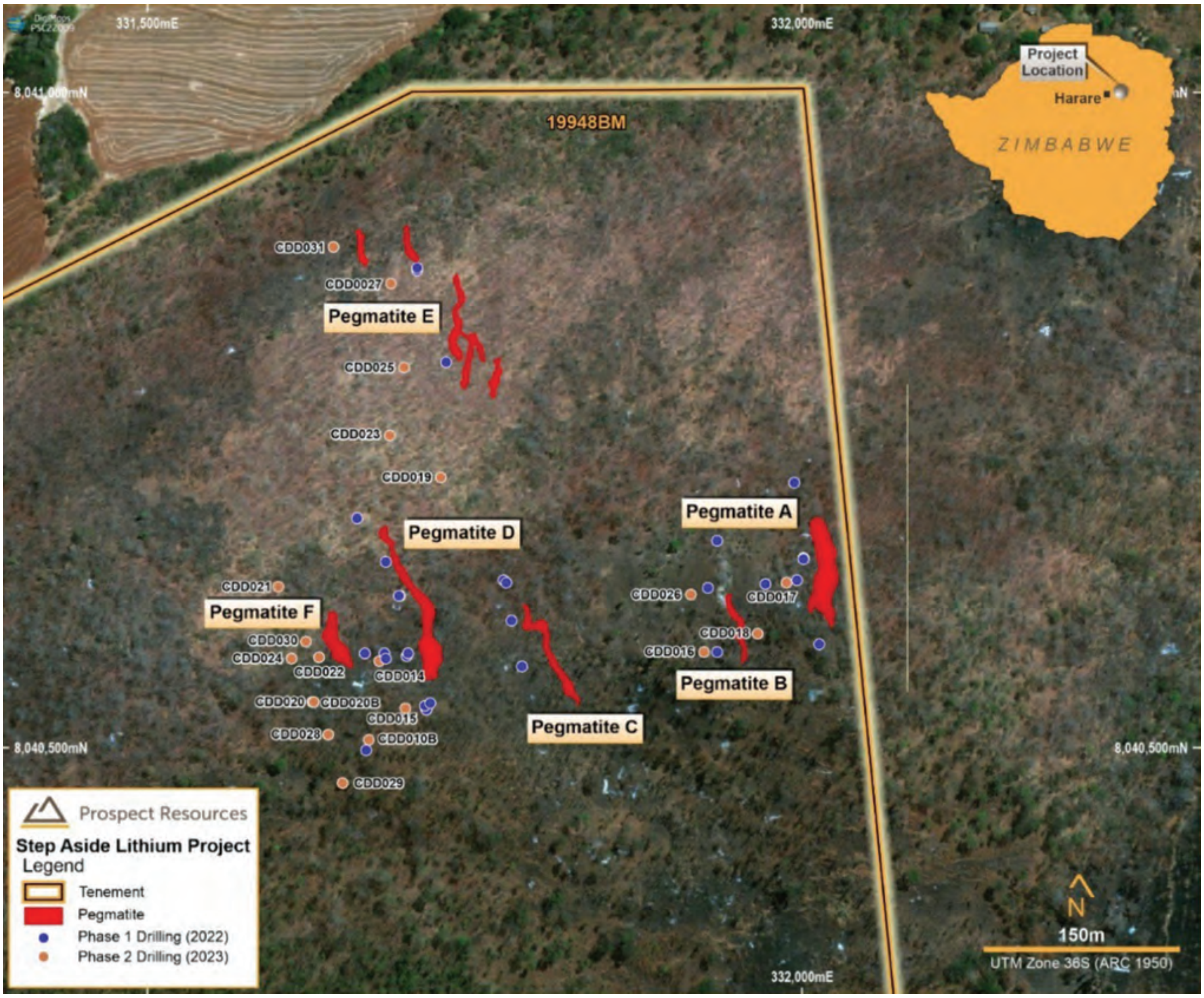


Figure 2: Drill hole collar plan for Step Aside with mineralised lithium pegmatite outcrops

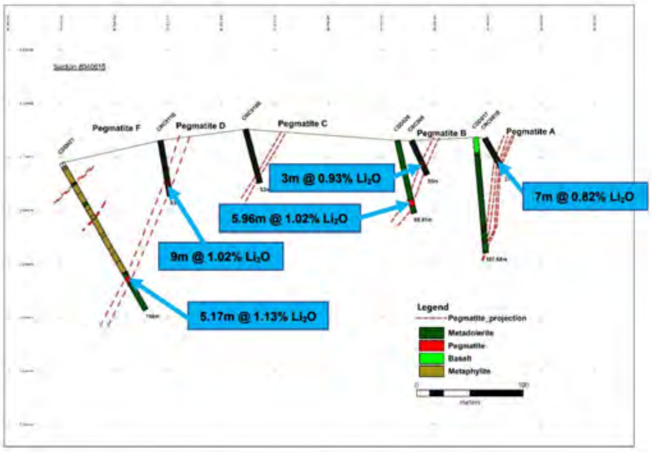


Figure 3: Cross section through Step Aside Project deposits looking north (8040615mN)

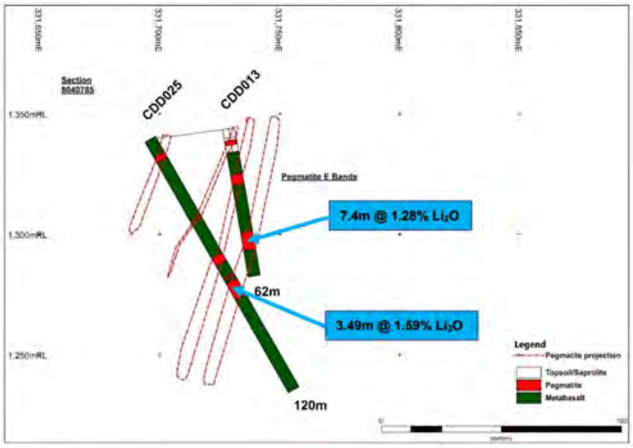


Figure 4: Cross section through the Pegmatite E deposit looking north (8040785mN)

Pegmatite D

Pegmatite D was targeted by six diamond drill holes during the Phase 2 programme. All holes intersected lithium mineralisation in the targeted positions. Drilling confirmed that the pegmatite dips at between 60° to 75° to the west, steeper than was mapped at surface (40°-45°). Mineralisation has now been identified over a lateral extent of 160m strike and is open both down dip and along strike to the south.

Best results returned for Pegmatite D during the Phase 2 drilling included:

- 5.96m @ 1.08% Li_2O from 100.27m (CDD014);
- 5.17m @ 1.13% Li_2O from 120.83m (CDD021);
- 2.89m @ 1.57% Li_2O from 120.63m (CDD030);
- 5.13m @ 0.85% Li_2O from 52.4m (CDD015); and
- 1.41m @ 1.46% Li_2O from 138.0m (CDD029).

Additional drilling for Pegmatite D is being designed, and the area south of CDD029 has yet to be targeted. Recent regional soil geochemistry in that area shows coherent and anomalous lithium in surface sampling and therefore, a potential extension of the defined mineralisation in that general direction along strike.

Pegmatite E

Five diamond drill holes targeted Pegmatite E in the Phase 2 programme, which is located at the far north-eastern end of the Step Aside licence. Whilst drill holes CDD019 and CDD023 are now interpreted to have been drilled too far to the west of the interpreted southerly strike of the deposit, the remaining three holes generated multiple intersections of moderate to wide zones of high-grade lithium mineralisation, that in places exceeded 1.5% Li_2O, and in the case of CDD031, exceeded 2.5% Li_2O. The Pegmatite E deposits are complex, bifurcating in places, but the overall tenor of the lithium grades are very favourable and located close to surface. In addition, the dip of the mineralised zones defined, appears to be shallower than elsewhere at Step Aside.

Best results returned for Pegmatite E included:

- 6.28m @ 1.09% Li_2O from 67.52m (CDD031), including 1.14m @ 2.63% Li_2O from 70.55m;
- 3.49m @ 1.59% Li_2O from 67.96m (CDD025);
- 3.82m @ 1.04% Li_2O from 55.66m (CDD025); and
- 3.09m @ 1.01% Li_2O from 26.63m (CDD027).

Follow up drilling as part of the Phase 3 drilling programme will target the Pegmatite E system further to the south and east (to infill the gaps missed by CDD019 and CDD023) and the north, where strong drilling intersections and anomalous lithium-in-soil geochemical anomalies indicate additional prospectivity. Figures 4 – 5 show a simple cross section and long section through the Pegmatite E system with the associated drilling intersections.

Pegmatite B

The Phase 1 drilling programme at Step Aside returned shallow, but relatively modest, narrow intersections of lower grade lithium mineralisation from two RC holes completed directly west of the outcrop for Pegmatite B (refer Prospect ASX Announcement dated 20 October 2022). These holes returned 3m @ 0.74% Li_2O from 37m (CRC005) and 3m @ 0.93% Li_2O from 22m (CRC006) respectively. A third hole (CRC007) from the Phase 1 programme was drilled too far to the east and missed the potential northern extension of Pegmatite B. The Phase 2 programme stepped the drilling back under the initial intersections, with very pleasing results returned from both diamond holes completed.

Results returned for Pegmatite B were:

- 5.96m @ 1.02% Li_2O from 57.27m (CDD026); and
- 5.13m @ 0.34% Li_2O from 82.0m (CDD016).

The widths of these two intersections are very encouraging, showing an apparent thickening of the pegmatite body with depth, compared to the Phase 1 RC drilling results, and returning a strong tenor intercept within CDD026. Figure 6 shows a long section through Pegmatite B and new high-grade intersection in CDD026.

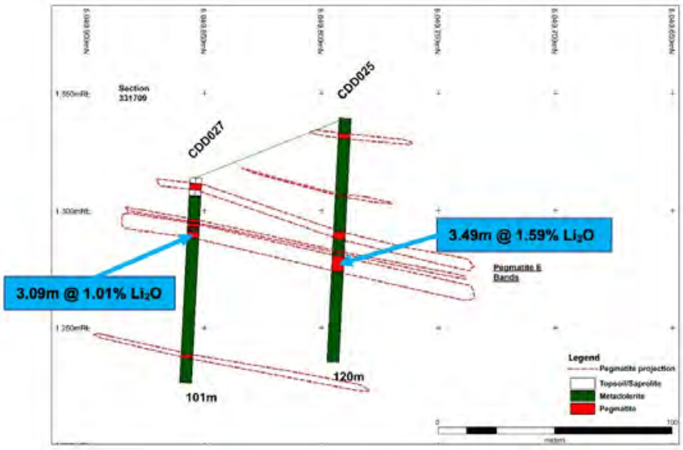


Figure 5: Cross section through the Pegmatite E deposit looking east (331709mE)

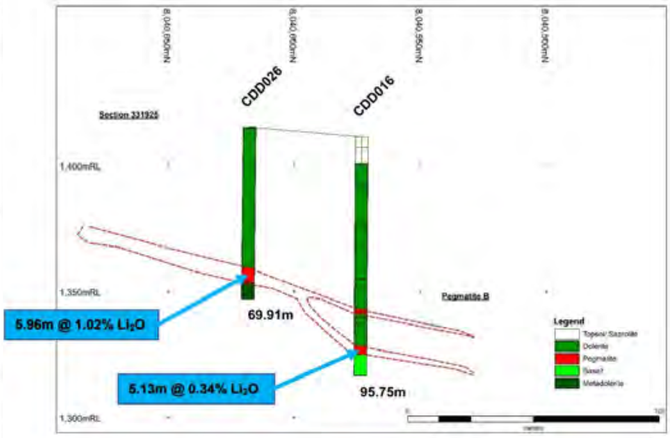


Figure 6: Cross section through the Pegmatite B deposit looking east (331925mE)

Pegmatite F

Nine holes in the Phase 2 programme targeted the Pegmatite F system, directly west of Pegmatite D, with four of these targeting both deposits. Pegmatite F was not targeted during the 2022 Phase 1 drilling campaign. Whilst the average lithium grade returned from the drilling of Pegmatite F has been in line with the other deposits evaluated at Step Aside, the intersections are narrower and the deposit appears to bifurcate to the north. However, this deposit is interpreted to remain open to the south.

Significant intersections returned from Pegmatite F included:

- 1.74m @ 1.42% Li2O from 52.7m (CDD020);
- 2.00m @ 1.17% Li2O from 33.0m (CDD022); and
- 0.87m @ 0.91% Li2O from 34.2m and 1.11m @ 0.83% Li2O from 38.28m (CDD030).

Pegmatite F is at the western extremity of the lithium-rich pegmatite swarm defined at Step Aside to date. However, lithium-in-soil geochemical sampling indicates that it may yet further develop and thicken to the south, perhaps even coalescing with Pegmatite D, based on current interpretations.

Geochemical Soil Sampling

Prospect has also received a full set of lithium assay results from its geochemical soil sampling programme undertaken across the Step Aside tenement. These results have strongly indicated the presence of additional lithium mineralisation to the south of the Pegmatite D and F outcrops, and potentially Pegmatite B, and north of Pegmatite E (see Figure 7 for representation of the geochemical soil sampling results).

A coherent, wide, lithium-in-soil anomaly of >200 ppm Li extends for at least another 200m south of the Pegmatite D and F outcrops and is interpreted to represent a "blind" mineralised extension of these deposits undercover. Similarly, a relatively strong anomaly presents up to 150m south of Pegmatite B. The anomaly north of Pegmatite E appears to stretch to the northern limit of the current tenement holding. All these areas represent excellent walk-up drilling targets for the next phase of exploratory work at Step Aside, based on the strength and extent of the lithium soil anomalies and the lack of any subsurface drill testing having taken place in those areas previously.

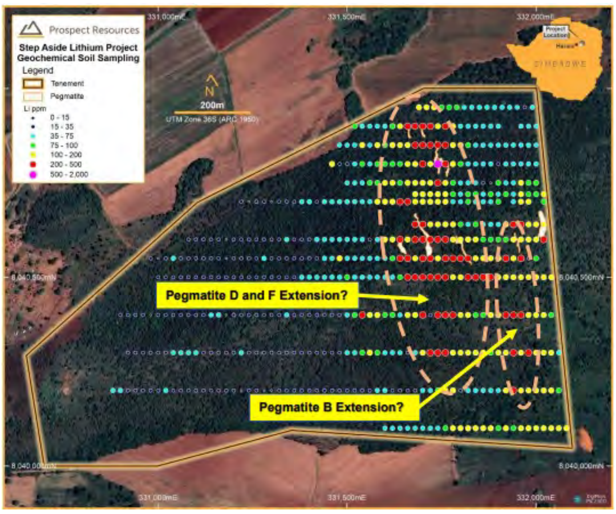


Figure 7: Geochemical soil sampling results showing prospective north-south corridor and areas of lithium prospectivity

Phase 3 drilling programme commenced

The excellent diamond drilling results returned from the Phase 2 programme at Step Aside, in addition to the generation of potential southerly extensions to the deposits at Pegmatite B, D and F from the lithium-in-soil geochemical sampling work, indicate that the high-grade spodumene mineralisation defined to date, could extend much further both along strike and down dip.

The Phase 3 program has two key objectives:

- Strike and depth extension testing of the defined Pegmatites B, D and E; and
- Scout exploratory drilling south of the Pegmatite B and D/F deposits in areas with strong, coherent, lithium-in-soil geochemical anomalism (refer Prospect ASX release dated 25 May 2023).

The Phase 3 program is planned to comprise 4,000 - 5,000m of diamond drilling and be completed during Q4 2023.

Omaruru Lithium Project (Namibia); 20% interest, earning to 40%, and potentially up to 85% PSC

The Omaruru Lithium Project ("Omaruru"), 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. The tenement is situated near several 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. EPL 5533 contains 60 visible outcropping LCT pegmatites, with historical artisanal workings for gemstones common throughout the tenement and significant prospectivity for the identification of further lithium-enriched deposits occurring below cover in the region.

Prospect held a 20% interest in Omaruru at the start of the June Quarter 2023, via its equivalent shareholding in Richwing Exploration (Pty) Ltd (Richwing), which is 80%-owned by Osino Resources Corp. (OSI.TSXV). Prospect is currently earning a further 20% interest in Richwing (and thus Omaruru) via an investment of US$1m over a 12-month period (refer Prospect ASX Announcement dated 29 September 2022). Upon completion of the Phase 1 earn-in, Prospect will hold a 40% stake in Richwing, and thus the Omaruru Project.

The initial Phase 1 RC drilling program at Omaruru was completed on 14 February 2023. That program involved the drilling of 22 holes for 2,056 metres and also involved initial geophysical and geochemical exploration activities along with a Ground Penetrating Radar (GPR) survey, airborne DTM survey and geochemical soil sampling.

The Company completed its detailed exploratory soil geochemical sampling over eight separate grids. This work targeted strike extensions of mapped lithium mineralisation across the licence, including to the northeast of Karlsbrunn, northeast and southwest of Brockmans, southwest of Spirit, southwest of Hillside, southwest of Petalite and adjacent to Bergers prospect. Prospect collected a 50kg bulk sample of identified

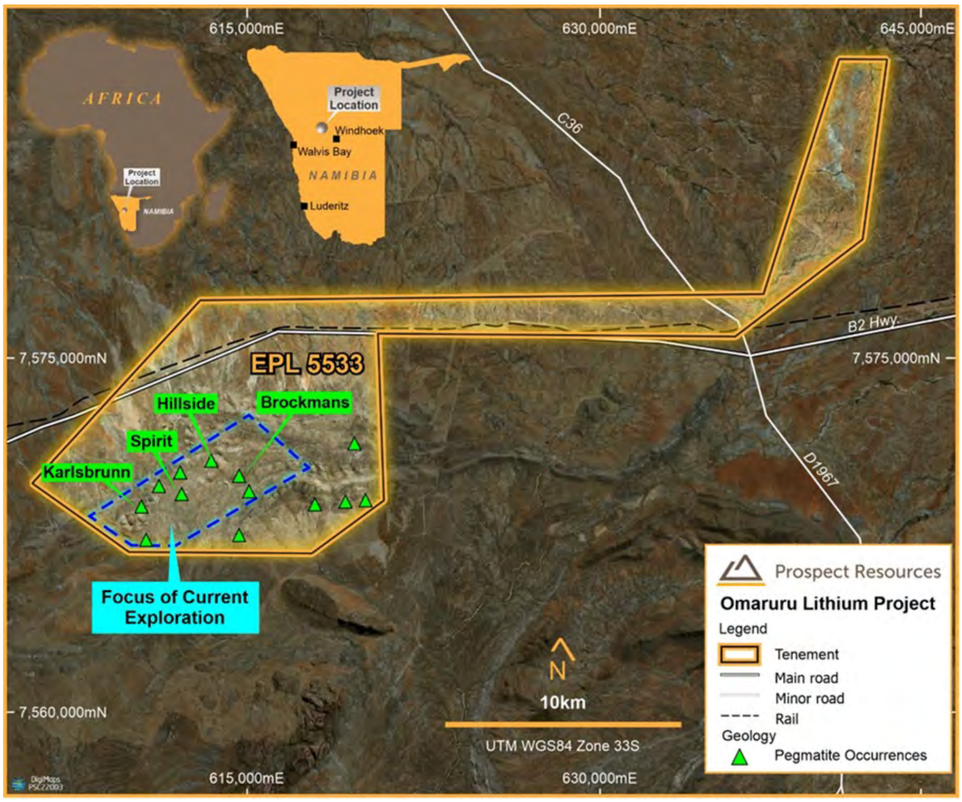


Figure 1: Location of the Omaruru Lithium Project tenement in Namibia

lithium mineralisation from the Karlsbrunn deposit which underwent early-stage metallurgical test work and evaluation in South Africa.

In addition, in-situ adit sampling was undertaken underground at Karlsbrunn, returning extensive and consistent horizontal intersections of ore grade lithium mineralisation, principally as lepidolite (see ASX announcement dated 26 April 2023).

Drilling recommenced at Omaruru Lithium Project

On 13 June 2023, Prospect recommenced its Phase 1 RC drilling at Omaruru, with a programme focused on follow-up extensional drilling at the Brockmans prospect. Thick, near-surface, shallow-dipping, higher-grade lithium mineralisation was returned at Brockmans (see ASX announcement dated 28 March 2023), which required follow up work.

The expanded Phase 1 programme also encompassed targeted depth extension drilling at the main Karlsbrunn deposit. The programme also tested (via first-pass, short-hole, exploratory scout drilling) several high-potential geochemical soil anomaly targets along strike from mapped pegmatites in the region (see ASX announcement dated 26 April 2023).

Completion of the expanded Phase 1 RC drilling programme is expected to result in the satisfaction of Prospect's initial earn-in to a 40% interest in Omaruru. Subsequent to the completion of this initial earn-in,

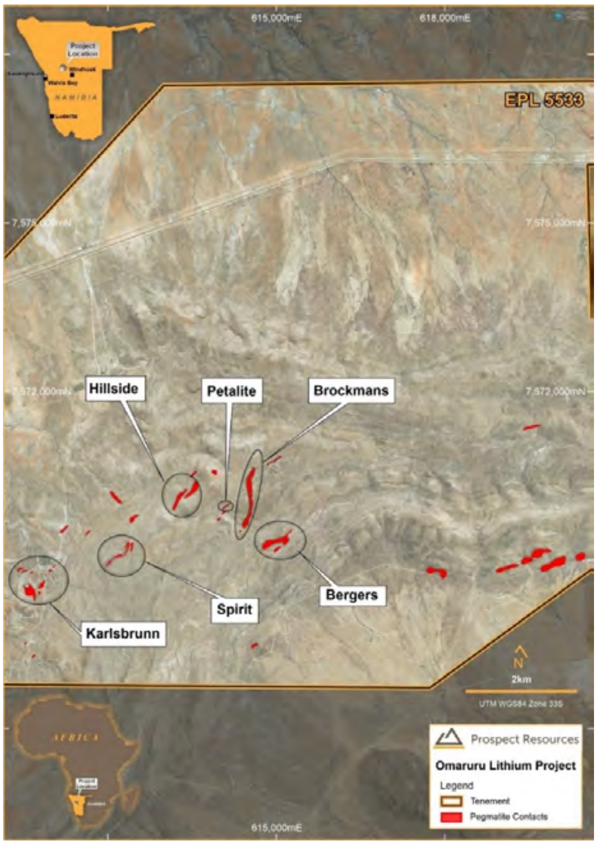


Figure 2: Subset area of the Omaruru Project showing current mapped extent of LCT pegmatites

Prospect can then earn a further 11% interest (taking it to majority 51% ownership) via the expenditure of a further US$560,000 on exploration at Omaruru over the following 12 months. This expanded phase of the RC drilling programme is planned to comprise about 24 RC drillholes for a total of approximately 2,000 metres drilled. All assays are expected to be returned during Q3 2023.

Kesya Rare Earths Project (Namibia); right to earn up to 51% PSC

The Kesya Rare Earths Project (Kesya REE Project, Kesya or the Project) comprises a single Large-Scale Exploration Licence (LEL) application covering just over 1,053 hectares. It is located near the town of Kafue in southern Zambia, which is approximately 90 km via a sealed road from the Zambian capital, Lusaka.

Figure 1: Location Map for the Kesya REE Project in Zambia

Previous geological mapping and surface sampling has identified a large, rare earth-enriched carbonatite intrusion. Antler Gold Inc. undertook two mapping and sampling campaigns at Kesya in 2021, which involved reconnaissance work across the carbonatite complex and the collection of 51 rock chip samples of surface materials identified as being part of the intrusive system.

The rock chip samples proved to be strongly and consistently mineralised with REE, with an average of 1,280 ppm (0.13%) total rare earth oxide (TREO) content, peaking at 6,559 ppm (0.66%) TREO.

Encouragingly, these chip samples also show a consistently high content of neodymium oxide and praseodymium oxide – key primary materials in the manufacture of strong permanent magnets for powerful motors, used in such devices as large, wind turbines, increasingly utilised in the global renewable energy sector. Neodymium and praseodymium oxides average 29% of the TREO content (basket) of the rock chip samples collected from Kesya (Figure 2).

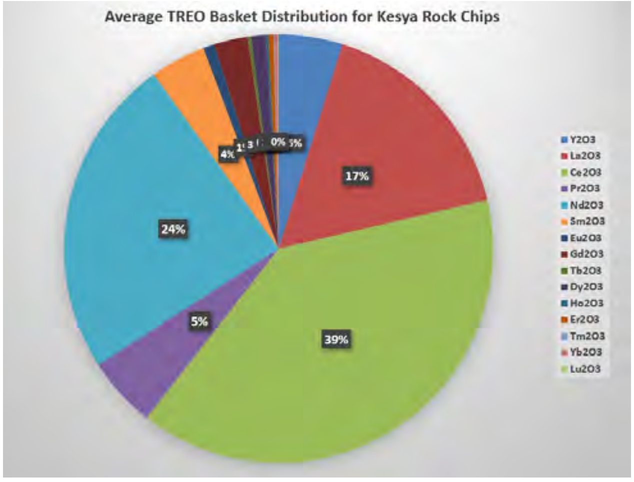


Figure 2: Average grades of individual REOs from rock sampling at Kesya

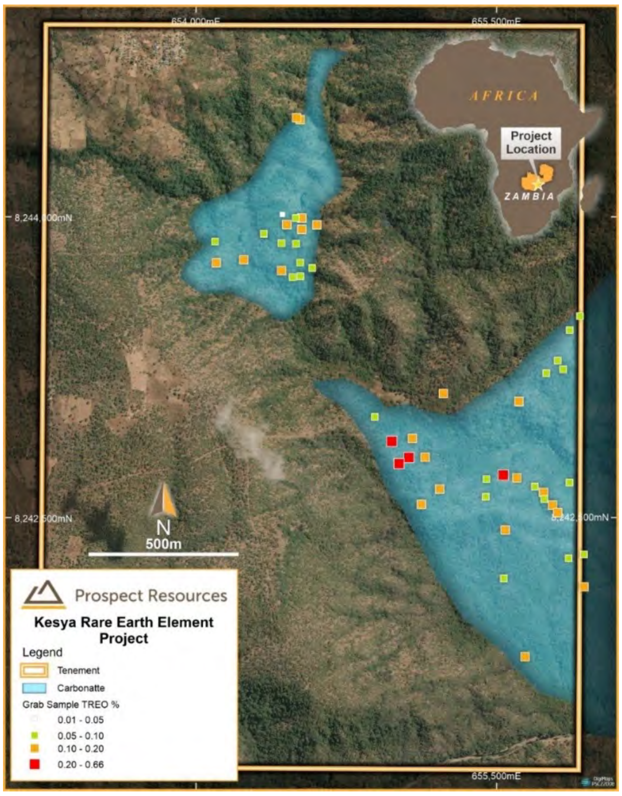


Figure 3: Map of Kesya Tenement and rock chip sample results showing TREO%

Option Agreement with Antler

On 15 May 2023, Prospect announced it had grown its battery minerals presence in sub-Saharan Africa after executing an Option Agreement with Antler Exploration Zambia Limited, being a subsidiary of Antler Gold Inc. (ANTL.TSXV) (Antler), pursuant to which, subject to satisfaction of conditions precedent, Prospect will have the right to earn a 51% interest in Kesya. Under the Option Agreement, Prospect can earn a call option to acquire a 51% interest in Kesya under a two-phased earn-in arrangement totalling US$3.05 million, which includes consideration payments to Antler and in-ground project expenditure.

Prospect disbursed an initial cash payment of US$50,000 to Antler on signing. Following satisfaction of the conditions precedent under Phase 1, Prospect will pay Antler a further US$100,000 in cash, and commits to spend US$350,000 on the Project within one year (subject to certain extensions permitted under the agreement). Prospect will also pay Antler US$500,000 in Prospect scrip at the completion of Phase 1 (the value of the scrip will be set at the price of Prospect shares as at the time of signing, based on previous 10-day VWAP).

After completion of Phase 1, Prospect can, if it wishes, elect to proceed to Phase 2 or terminate the Option Agreement (and in this case Prospect will hold no interest in Kesya). If Prospect proceeds to Phase 2, it will pay Antler a further US$150,000 in cash and US$500,000 in Prospect scrip (the value of the scrip will be set at the price of Prospect shares as at the time of election to proceed to Phase 2, based on previous 10-day VWAP), and it will have the right, but not the obligation, to spend a further US$750,000 on Kesya within one year from completion of Phase 1 (subject to certain extensions permitted under the agreement).

Completion of Phase 2 will see Prospect obtain a call option to acquire 51% of shares in Antler Exploration Zambia Limited (which will hold a 100% interest in Kesya) if Prospect elects to exercise the option within 30 days after completion of Phase 2 it must make a final payment to Antler of US$150,000 cash and US$500,000 in Prospect scrip (the value of the scrip will be set at the price of Prospect shares as at the time of the exercise of the call option, based on previous 10-day VWAP). Prospect will consult with Antler in relation to the work programme and budget but will ultimately determine and manage all exploration activities in relation to the Project.

Upon completion of the acquisition, Antler Exploration Zambia Limited will be governed by a shareholders agreement. Prospect and Antler have agreed on the key principles of the Shareholder Agreement, with a full form Shareholder Agreement to be entered into in due course. Under the proposed Shareholders Agreement, each of Prospect and Antler will grant each other a pre-emptive right in relation to the shares it holds in Antler Exploration Zambia Limited.

Further development funds are to be contributed by both parties on a pro-rata basis. If a party does not contribute its pro rata share, its shareholding will be diluted via a prescribed formula. Neither party can be diluted below a 15% interest, from which point such interest shall be free-carried through to the completion of a JORC-Code reportable or NI 43-101 compliant Feasibility Study.

Proposed Exploration Programme

Prospect has designed a first-pass diamond drilling programme at the Project to evaluate the continuity of the identified surface REE mineralisation to depth.

Subject to satisfaction of conditions precedent, Prospect proposes that the first phase of exploration at Kesya should be to prioritise establishing suitable access into the Project region and to facilitate development and construction of pads for scout drilling programmes over higher grade REE mineralisation noted from surface sampling.

The current work plan is to complete 20 drill holes for approximately 1,500 metres of diamond drilling (see Figure 4), supported by a suitable portable drilling rig (or similar), pending all environmental and statutory approvals.

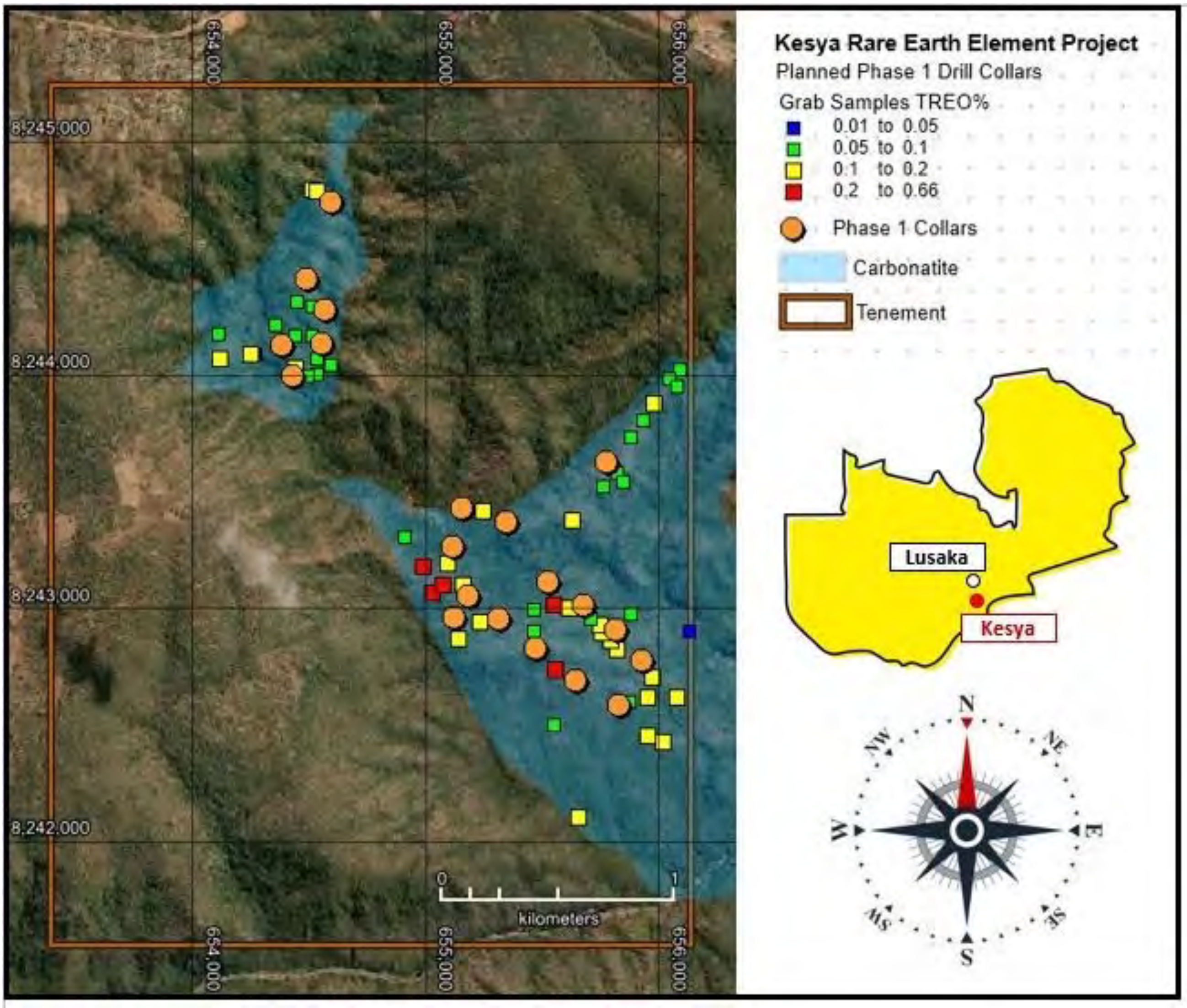


Figure 4: Location Map for the Kesya REE Project with proposed diamond drill target areas

Directors' Report

Directors' Report

The Directors of Prospect Resources Limited ("the Company") submit hereby the annual report of the Company and its subsidiaries, (together the "Consolidated Entity" or "Group" or "Prospect") for the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

The names of the Company's directors and officers in office during 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 Chairperson
Duncan (Harry) Greaves (resigned 6 September 2022)	Executive Director
Sam Hosack	Managing Director
Gerry Fahey	Non-Executive Director
Zivanayi (Zed) Rusike	Non-Executive Director
Dev Shetty (resigned 23 January 2023)	Non-Executive Director
HeNian Chen (Meng Sun as alternate)	Non-Executive Director
Gaurav Gupta (appointed 23 January 2023)	Non-Executive Director
Ian Goldberg	Chief Financial Officer and Joint Company Secretary
Lee Tamplin	Joint Company Secretary

PRINCIPAL ACTIVITY

The principal activity of the Group is exploration, evaluation and development of mineral resources.

REVIEW OF OPERATIONS AND RESULTS

The Group has recognised an overall loss after tax of $5,556,000 (2022: profit after tax $397,507,000). The profit last year was driven primarily by the sale of the Arcadia project. There was no similar scale assets disposed during the year.

As at the date of this report there are 462,259,462 shares on issue.

Additional information on the operations and financial position of the Group is set out in the Review of Operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The review of operations section in the annual report sets out a number of matters that have had a significant effect on the state of affairs of the consolidated entity. Other than those matters, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

ENVIRONMENTAL REGULATIONS

The Group is aware of its environmental obligations with regards to its exploration and development activities and ensures that it complies with all regulations when carrying out exploration and development work.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as stated below, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

- In July 2023, the Group entered into a shareholder agreement that reduced its ownership in Eagle Lithium Resources (Private) Ltd, the subsidiary entity that holds the Step Aside exploration project, by 10% through the issue of ordinary shares to three minority shareholders based in Zimbabwe as a consideration for the land access and future support of the exploration activities and local community.
- In August 2023, Osino Resources Corp has confirmed completion of the Earn-in 1 Expenditure and approved the issue of the additional 20% interest in the Omaruru Lithium Project.
- In August 2023, a total of 1,540,000 performance rights have lapsed which equates to the ratio of the 2023 short term incentive performance hurdles that have not been met.

DIVIDENDS AND CAPITAL RETURNS

An unfranked dividend of $0.79 per share and capital return of $0.17 per share were declared at 30 June 2022 and paid in the current year. No dividends or capital return have been declared, provided for or paid in respect of the financial year ended 30 June 2023.

LIKELY DEVELOPMENTS / STRATEGIES AND PROSPECTS

The Group's future strategy is to be a battery and electrification minerals focused explorer and developer.

INFORMATION ON DIRECTORS

Mark Wheatley (Non-Executive Director and Chairman) appointed 8 January 2021; Independent

Experience and expertise

Mr Wheatley is an experienced listed resources company director including roles as CEO, MD, non-executive director and chairman since 2003. He has operated on the ASX, TSX, JSE and NASDAQ across the gold, base and battery metals sectors at all stages of the mining life cycle within companies with markets caps ranging from $5 million to $7 billion. His executive experience began as an undergraduate trainee at a major miner and development across a number of disciplines, then investment banking before moving to a large gold miner and later into the junior mining sector as MD/CEO in uranium and gold.

Mr Wheatley is well known to institutional investors and has served as a nominee director for a leading private equity group across a number of their listed and private portfolio companies. He brings strong corporate experience and in depth understanding of equity markets and has led successful turnaround stories and several highly accretive merger and acquisition transactions.

Mr Wheatley holds a Bachelor of Engineering (Chemical Engineering Hons 1) from the University of New South Wales and a Master of Business Administration from West Virginia University.

Other current listed directorships

Peninsula Energy Limited (appointed 26 April 2016)

Former listed directorships in the last three years

Ora Banda Mining Ltd (resigned 28 September 2022)

Special responsibilities

Chairman and member of the Remuneration and Nominations Committee

Interest in shares, options, and rights of the Company at the date of this report

3,000,000 ordinary shares, 1,600,000 options, and Nil performance rights

Sam Hosack (Managing Director) appointed 14 July 2018

Experience and expertise

Mr Hosack is a third generation Zimbabwean. He holds a Bachelors Engineering Degree (Hons) from Essex University in UK, MBA from Ashcroft Business School (UK) and respective professional registrations. He has hands on experience in the delivery of large-scale mining, power and port projects to market, as well as management of their operations. For the 12 years prior to commencing at Prospect Resources, he was employed by First Quantum Minerals Ltd, primarily in the Project delivery team, where in his final role he project managed the building of a port (coal offloading and copper loading), 120km 230kV transmission line and a 300MW coal fired power station for the Minera Panama Project in Panama. His leadership and mining operations experience in North and Southern Africa, Europe, Australia and Central America will be a critical success factor in building Prospect into a diversified mining developer.

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

None

Interest in shares, options, and rights of the Company at the date of this report

12,490,854 ordinary shares, 3,000,000 options, and 1,300,000 performance rights

Duncan (Harry) Greaves (Executive Director) appointed 18 July 2013, resigned 6 September 2022

Experience and expertise

Mr Greaves is a fourth generation Zimbabwean. He holds a B.Sc (agriculture) from the University of Natal (in South Africa). He is the Managing Director of Farvic Consolidated Mines (Pvt) Ltd which incorporates Mixnote Investments (Pvt) Ltd operating the Beatrice Mine.

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

None

Interest in shares, options, and rights of the Company at the date of resignation

5,517,954 ordinary shares, Nil options, and Nil performance rights

Gerry Fahey (Non-Executive Director) appointed 15 July 2013

Experience and expertise

Mr Fahey has over 40 years' experience in both the international and local minerals industry. He is a specialist in mining geology, mine development and training and worked for 10 years as Chief Geologist Mining for Delta Gold where he was actively involved in Zimbabwe with the development of the Eureka, Chaka, Globe and Phoenix gold mines and the following Australian gold projects: Kanowna Belle, Golden Feather, Sunrise and Wallaby. Gerry is currently a Director of Focus Minerals Ltd and a former Director of CSA Global Pty Ltd, Modun Resources Limited and a former member of the Joint Ore Reserve Committee (JORC).

Other listed current directorships

Focus Minerals Ltd (appointed 20 April 2011)
Battery Age Minerals Ltd (appointed 2 February 2023)

Former listed directorships in the last three years

None

Special responsibilities

Member of the Remuneration and Nominations Committee

Interest in shares, options, and rights of the Company at the date of this report

1,325,000 ordinary shares, 1,000,000 options, and Nil performance rights

Zivanayi (Zed) Rusike (Non-Executive Director) appointed 26 September 2013

Experience and expertise

Mr Rusike has a Bachelor of Accountancy Degree (Birmingham) and is a resident of Zimbabwe. He was previously the Managing Director of United Builders Merchants before being promoted to Group Managing Director for Radar Holdings Limited, then, a large, quoted company on the Zimbabwe Stock Exchange. He retired from the Radar Group of companies to pursue personal interests and currently sits on the boards of ZB Capital Limited, Dulux Paints Limited and Halsted Brothers (Pvt) Limited. Mr Rusike is a former President of the Confederation of Zimbabwe Industries (2000 – 2001).

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

Member of the Remuneration and Nominations Committee, and Audit and Risk Committee

Interest in shares, options, and rights of the Company at the date of this report

3,040,374 ordinary shares, 1,000,000 options, and Nil performance rights

Dev Shetty (Non-Executive Director) appointed 18 December 2020, resigned 23 January 2023

Experience and expertise

Mr Shetty is a highly experienced mining executive and qualified chartered accountant. He is currently President and CEO of Fura Gems Inc. He was previously a director and group Chief Operating Officer of Gemfields plc (LSE: GEM), and also held roles in a private-equity firm.

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

Member of the Audit and Risk committee

Interest in shares, options, and rights of the Company at the date of resignation

741,039 ordinary shares, Nil options, and Nil performance rights

HeNian Chen (Non-Executive Director) appointed 13 November 2017

Experience and expertise

Mr Chen has served as the Chairman of Changshu Yuhua Property Co. Ltd since 2003 and has served as the Deputy Chairman of Afore New Energy Technology (Shanghai) Co. Ltd since 2007.

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

Member of the Remuneration and Nominations Committee, and Audit and Risk Committee

Interest in shares, options, and rights of the Company at the date of this report

6,913,744 ordinary shares, 1,000,000 options, and Nil performance rights

Gaurav Gupta (Non-Executive Director) appointed 23 January 2023

Experience and expertise

Mr Gupta has over 25 years' experience in international trade and is a qualified Chartered Accountant. He holds a Bachelor of Commerce Degree from the University of Delhi. He also manages high-growth investment holdings across the mineral and biotech industries. Within the mining sector, these investments encompass base and precious metals, coloured gemstones, and the broader Electric Vehicle (EV) supply chain, including a major holding in Prospect Resources through Eagle Eye Asset Holdings Pte Limited (Eagle Eye).

Other current listed directorships

None

Former listed directorships in the last three years

None

Special responsibilities

Member of the Audit and Risk Committee

Interest in shares, options, and rights of the Company at the date of this report

Nil ordinary shares, options, or performance rights

Company Secretary

Mr Ian Goldberg and Mr Lee Tamplin were appointed joint company secretaries on 8 March 2021. Mr Goldberg is the Company's Chief Financial Officer and Mr Tamplin is an employee of Automic Group and is currently the company secretary of several other listed companies.

Directors' Report

MEETINGS OF DIRECTORS

The number of Board and Committee meetings of the Company's board held during the year ended 30 June 2023 that each Director was eligible to attend, and the number of meetings attended by each Director were:

	Number of Meetings					
	Board		Audit & Risk		Remuneration & Nomination	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mark Wheatley	7	7	-	-	2	2
Sam Hosack	7	7	-	-	-	-
Harry Greaves	1	1	-	-	-	-
Gerry Fahey	7	6	-	-	2	1
Zed Rusike	7	7	2	2	2	2
Dev Shetty	4	3	1	1	-	-
HeNian Chen (or Meng Sun)	7	7	2	2	2	2
Gaurav Gupta	3	3	1	1	-	-

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

(1) Principles used to determine the nature and amount of remuneration;

(2) Details of remuneration;

(3) Service agreements; and

(4) Share-based compensation.

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001.*

This report details the nature and amount of remuneration for each director and executive of Prospect Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by the *Corporations Act 2001* and its regulations.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' includes those key management personnel who are not directors of the parent company.

1) Principles used to determine the nature and amount of remuneration

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board and executives by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Board links the nature and amount of executive director's emoluments to the Group's financial and operational performance. The intended outcomes of this remuneration structure are:

- Retention and motivation of directors and executives
- Performance rewards to allow directors and executives to share the rewards of the success of the Group.

The remuneration of an executive director will be decided by the Board. In determining competitive remuneration rates the Board reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for any options issued.

During the year, external consultants were used for determining remuneration.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Group's Constitution, and the *Corporations Act 2001* as applicable and is set at $500,000. The appointment of non-executive director remuneration within that maximum amount will be made by the Board having regard to the development of the company and benchmarking of fees paid to peer group companies.

REMUNERATION REPORT (AUDITED) (Continued)

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. All equity-based remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The Board may pay bonuses to executive directors and executives at its discretion.

The issue of options and performance rights to directors and executives is to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition, all directors and executives are encouraged to hold shares in the Company.

Group Performance, Shareholder Wealth and Key Management Personnel Remuneration

The Group is currently undertaking exploration and development activities and does not expect to be undertaking profitable operations (other than by way of material asset sales) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly, the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of Key Management Personnel.

The remuneration policy has been tailored to maximise the commonality of goals between shareholders, directors, and executives. The method applied in achieving this aim to date is to issue options and performance rights to directors and executives to encourage the alignment of personal and shareholder interests while also allowing cash based compensation to be moderated until operating cashflow is achieved. The Group believes this policy will be the most effective in increasing shareholder wealth.

Performance of the Group

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the financial year ended 30 June 2023 and prior.

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
	$'000	$'000	$'000	$'000	$'000
Revenue	**825**	1,405	442	369	3,320
Net loss before tax	**(5,556)**	(17,882)	(2,509)	(4,607)	(5,722)
Gain / (loss) from discontinued operations	**-**	415,389	(1,236)	-	-
Net (loss) / profit after tax	**(5,556)**	397,507	(3,745)	(4,607)	(5,753)

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Share price at beginning of year (cents)	**97.0**	21.0	7.2	22.5	35.0
Share price at end of year (cents)	**16.0**	97.0	21.0	7.2	22.5
Dividends paid (cents)	**79.0**	-	-	-	-
Basic earnings per share (cents per share)	**(1.19)**	(4.29)	(1.06)	(1.79)	(3.52)
Diluted earnings per share (cents per share)	**(1.19)**	(4.20)	(1.06)	(1.79)	(3.52)

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration of Key Management Personnel

The following persons were identified as Key Management Personnel of Prospect Resources Limited during the financial year:

Name	Role	Particulars
Mark Wheatley	Director	Non-Executive Director and Chairperson
Sam Hosack	Director	Managing Director
Duncan (Harry) Greaves	Director Executive	Executive Director (until 6 September 2022) Consultant (from 1 September 2022)
Gerry Fahey	Director	Non-Executive Director
Zivanayi (Zed) Rusike	Director	Non-Executive Director
Dev Shetty	Director	Non-Executive Director (until 23 January 2023)
HeNian Chen / Meng Sun	Director	Non-Executive Director
Gaurav Gupta	Director	Non-Executive Director (from 23 January 2023)
Ian Goldberg	Executive	Chief Financial Officer and Joint Company Secretary
David Broomfield	Executive	Business Development Manager

REMUNERATION REPORT (AUDITED) (Continued)

2) Details of remuneration

2023	SHORT TERM			POST EMPLOYMENT	SHARE BASED PAYMENTS		OTHER[ii]	Total	
	Salary & Fees	Bonus[iv]	Salary Sacrifice	Superannuation	Rights[iv]	Options[v]	Leave provision movements		Performance related
	$	$	$	$	$		$	$	%
Non-Executive Directors									
M Wheatley	79,276	-	-	8,324	-	84,422	-	172,022	0%
G Fahey	32,579	-	-	3,421	-	52,764	-	88,764	0%
Z Rusike	36,000	-	-	-	-	52,764	-	88,764	0%
D Shetty	21,000	-	-	-	-	-	-	21,000	0%
H Chen[i]	32,579	-	-	3,421	-	52,764	-	88,764	0%
G Gupta	15,900	-	-	-	-	-	-	15,900	0%
Executive Directors									
H Greaves[iii]	41,667	-	-	-	-	-	-	41,667	0%
S Hosack	328,620	-	-	21,380	111,478	81,188	(31,367)	511,299	38%
Other Key Management Personnel									
I Goldberg	274,708	-	-	25,292	44,318	31,066	(947)	374,437	20%
H Greaves[iii]	208,333	-	-	-	37,500	26,406	-	272,239	23%
D Broomfield	224,444	60,938	-	23,567	-	23,299	16,160	348,408	24%
Total	**1,295,106**	**60,938**	**-**	**85,405**	**193,296**	**404,673**	**(16,154)**	**2,023,264**	

(i) Mr Chen fees were paid or are payable to his alternate director, Ms Sun.

(ii) Other represents movement of the annual leave and long service leave provisions.

(iii) Mr Greaves has resigned from his executive director role effective 6 September 2022. He continues to work closely with the Company through a consultancy arrangement. The consulting agreement commenced on 1 September 2023 and shall continue until terminated by either party on three months notice or shorter period if termination has reasons. His agreed remuneration is $250,000 per annum and subject to review at each anniversary.

(iv) The short term incentives (STI) during the year were through either cash bonus or performance rights granted to relevant executive directors and other key management personnel. These were subjected to the satisfaction of targets as defined by the company's annual scorecard which is based on both exploration and corporate targets and approval by the board of directors. At yearend the performance was assessed and 65% was deemed achieved. This was formally approved by the board on 10 August 2023. The cash bonus becomes payable at the date of approval for the first half and the other half will be payable 12 months thereafter provided the personnel remains employed by the Group. For the performance rights, 50% will vest on 7 October 2023 and the other 50% by 12 months thereafter. The total expense recognised during the year is based on the actual incentives that will eventually vest.

(v) These options were part of the long term incentives (LTI). The options for executive directors and management will vest on 7 October 2025 and are subject to two performance hurdles such as (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 Group 3 years after grant date. The options for the non-executive directors vest evenly on 7 October 2023, 7 October 2024, and 7 October 2025 and requires they remain directors of the Group at the end of each vesting periods.

REMUNERATION REPORT (AUDITED) (Continued)

2022	SHORT TERM			POST EMPLOYMENT	EQUITY	OTHER (ii)	Total	
	Salary & Fees	Bonus (v)	Salary Sacrifice (iii)	Superannuation	Options	Leave provision movements		Performance related
	$	$	$	$	$	$	$	%
Non-Executive Directors								
M Wheatley	139,636 (vi)	-	-	7,964	100,380	-	247,980	40%
G Fahey	32,727	-	-	3,273	50,190	-	86,190	58%
Z Rusike	36,000	100,000	-	-	-	-	136,000	74%
D Shetty	36,000	-	-	-	50,190	-	86,190	58%
H Chen(i)	32,727	-	-	3,273	50,190	-	86,190	58%
M Sun (iv)	32,579	-	-	3,421	-	-	36,000	-
Executive Directors								
H Greaves	250,000	475,000	124,989	-	-	-	849,989	56%
S Hosack	326,432	-	174,999	23,568	275,981	25,324	826,304	33%
Other Key Management Personnel								
I Goldberg	276,432	52,000	-	23,568	136,264	8,007	496,271	38%
Total	**1,162,533**	**627,000**	**299,988**	**65,067**	**663,195**	**33,331**	**2,851,114**	**45%**

(i) Mr Chen fees were paid or are payable to his alternate director, Ms Sun.

(ii) Other represents movement of the annual leave and long service leave provisions.

(iii) Salary sacrifice represents the reimbursement of salary forgone up to 30 June 2021 when all salaries were restored to their original levels by the board.

(iv) Alternate director Ms Sun was paid a fee as consideration for consultancy services rendered and special exertions made during the prior year.

(v) Bonus of Mr Greaves and Mr Rusike represent short term incentives paid for their additional services rendered and special exertions made in contribution to recent corporate transactions. Bonus of Mr Goldberg represents one-off payment agreed on employment, being the one-off conditional bonus upon the Company declaring final investment decision on the Arcadia project in accordance with his Executive Services Agreement for reduced salary for services from commencement of his employment to 31 December 2021.

(vi) Salary and fees of Mr Wheatley includes $60,000 for additional days worked in addition to work performed under his Service Agreement.

3) Service agreements

Non-Executive Directors

The non-executive director remuneration during the year is $36,000 per annum inclusive of superannuation (if applicable) (2022: $36,000). During the financial year ended 30 June 2022, in addition to his salary, Mr Rusike received a short term incentive of $100,000 for additional services rendered and special exertions made in contribution to the sale of the Arcadia project.

The Chairperson Mr Wheatley has a service agreement with a total annual salary of $87,600 inclusive of super. After the initial role orientation phase, days worked beyond 6 full days per month which when agreed by the Managing Director prior, are billable at $1,000 per day. A total of $Nil was incurred for the financial year ended 30 June 2023 (2022: $60,000).

REMUNERATION REPORT (AUDITED) (Continued)

Executive Directors

Mr Hosack entered into an executive service agreement commencing 13 May 2018. The total annual salary increased to $350,000 per annum inclusive of superannuation upon his appointment to Managing Director which occurred on 14 July 2018. Effective 1 April 2020, his remuneration was reduced by 50.3% to $174,000 per annum. Effective 1 July 2021, his annual salary was adjusted back to $350,000 per annum inclusive of superannuation. In addition, he received a one-off salary sacrifice payment of $174,999 during the year ended 30 June 2022.

Mr Greaves entered into an executive service agreement commencing 1 June 2016 with a total annual salary of $250,000 per annum inclusive of superannuation (if applicable) from 1 August 2016. Effective 1 April 2020, Mr Greaves' remuneration was reduced by 50% to $125,000 per annum. Effective 1 July 2021, his annual salary was adjusted back to $250,000 per annum inclusive of superannuation. In addition, during the year ended 30 June 2022 he received a one-off salary sacrifice payment of $124,989 and a short term incentive of $475,000 for additional services rendered and special exertions made in contribution to the sale of the Arcadia project.

Other Executives

Mr Goldberg entered into an executive services agreement commencing 6 February 2021 with a total salary of $300,000 per annum inclusive of superannuation. Effective 6 February 2021, Mr Goldberg's remuneration was reduced to $175,000 per annum. As of 1 July 2021, Mr Goldberg's remuneration was adjusted to a total salary of $300,000 per annum inclusive of superannuation. During the year ended 30 June 2022, Mr Goldberg received a one-off payment of $52,000 for salary forgone during the period.

Mr Greaves entered into a consultancy agreement commencing 1 September 2022 to continue to work closely with the Group following his resignation as executive director. His agreed remuneration is $250,000 per annum and subject to yearly review.

Mr Broomfield entered into an executive services agreement for the Business Development Manager role commencing 26 April 2022. His total salary is $250,000 per annum inclusive of superannuation.

Termination

The non-executive directors, executive director, and other executives may terminate their employment by giving three months' written notice.

The Company can terminate the employment of the executive director and other executives by giving three months' written notice. This notice period is reduced to one month if the executive commits or becomes guilty of gross misconduct or summarily without notice if convicted of any major criminal offence.

4) Share-based compensation

The Company issued 13,800,000 share options (2022: Nil) and 4,400,000 performance rights (2022: Nil) to directors and other key management personnel during the financial year. The terms and conditions of each grant of options and rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Options series	No. of shares	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
Issued 07/10/22	5,200,000	07/10/22	$0.064	$0.150	07/10/26	07/10/25
Issued 07/10/22	3,000,000	23/11/22	$0.130	$0.150	07/10/26	10/10/25
Issued 07/10/22 (i)	1,866,665	23/11/22	$0.130	$0.150	07/10/26	07/10/23
Issued 07/10/22 (i)	1,866,665	23/11/22	$0.130	$0.150	07/10/26	07/10/24
Issued 07/10/22 (i)	1,866,670	23/11/22	$0.130	$0.150	07/10/26	07/10/25
	13,800,000					

(i) 333,333 from each tranche were cancelled following the resignation of a director on 23 January 2023.

REMUNERATION REPORT (AUDITED) (Continued)

Rights series	No. of shares	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
Issued 7/10/22	1,000,000	07/10/22	$0.170	-	07/10/25	07/10/23
Issued 7/10/22	1,200,000	23/11/22	$0.096	-	07/10/25	07/10/23
Issued 7/10/22	1,000,000	07/10/22	$0.170	-	07/10/25	07/10/24
Issued 7/10/22	1,200,000	23/11/22	$0.096	-	07/10/25	07/10/24
	4,400,000					

Subsequent to 30 June 2023, 1,540,000 of the performance rights above have lapsed resulting from the portion of vesting conditions not being satisfied.

During the year, no options or rights granted to directors and other key management personnel were exercised.

Key Management Personnel Equity Holdings

Ordinary Shares held at 30 June 2023	Opening balance	Purchases	Exercise of options	Disposal	Closing balance
M Wheatley	2,645,162	1,000,000	-	(645,162)	3,000,000
G Fahey	1,025,000	300,000	-	-	1,325,000
Z Rusike	3,040,374	-	-	-	3,040,374
D Shetty[(i)]	741,039	-	-	-	741,039
H Chen	6,913,744	-	-	-	6,913,744
G Gupta	-	-	-	-	-
S Hosack	7,220,854	5,270,000	-	-	12,490,854
I Goldberg	4,085,153	664,847	-	-	4,750,000
H Greaves	5,517,954	-	-	-	5,517,954
D Broomfield	-	-	-	-	-
	31,189,280	**7,234,847**	**-**	**(645,162)**	**37,778,965**

[(i)] The balance of shares presented represents the shareholdings as at the last day as director.

REMUNERATION REPORT (AUDITED) (Continued)

Options held at 30 June 2023	Opening balance	Granted as compensation	Exercised	Forfeited	Closing balance	Vested during the year	Vested and exercisable
M Wheatley	-	1,600,000	-	-	1,600,000	-	-
G Fahey	-	1,000,000	-	-	1,000,000	-	-
Z Rusike	-	1,000,000	-	-	1,000,000	-	-
D Shetty	-	1,000,000	-	(1,000,000)	-	-	-
H Chen	-	1,000,000	-	-	1,000,000	-	-
G Gupta	-	-	-	-	-	-	-
S Hosack	-	3,000,000	-	-	3,000,000	-	-
I Goldberg	-	2,000,000	-	-	2,000,000	-	-
H Greaves	-	1,700,000	-	-	1,700,000	-	-
D Broomfield	-	1,500,000	-	-	1,500,000	-	-
	-	**13,800,000**	**-**	**(1,000,000)**	**12,800,000**	**-**	**-**

Performance Rights held at 30 June 2023	Opening balance	Granted as compensation	Vested and converted	Forfeited	Closing balance	Vested during the year	Vested and exercisable
M Wheatley	-	-	-	-	-	-	-
G Fahey	-	-	-	-	-	-	-
Z Rusike	-	-	-	-	-	-	-
D Shetty	-	-	-	-	-	-	-
H Chen	-	-	-	-	-	-	-
G Gupta	-	-	-	-	-	-	-
S Hosack	-	2,000,000	-	-	2,000,000	-	-
I Goldberg	-	1,300,000	-	-	1,300,000	-	-
H Greaves	-	1,100,000	-	-	1,100,000	-	-
D Broomfield	-	-	-	-	-	-	-
	-	**4,400,000**	**-**	**-**	**4,400,000**	**-**	**-**

Subsequent to 30 June 2023, 1,540,000 of the performance rights above have lapsed resulting from the portion of vesting conditions not being satisfied.

(End of Remuneration Report)

Directors' Report

ADDITIONAL INFORMATION

(a) Shares under option

At 30 June 2023 the Company had 17,850,000 unlisted options over ordinary shares under issue (30 June 2022: 13,500,000).

(b) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary, and any executive officers of the Company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(c) Agreement to indemnify officers

The Company has entered into agreements with the directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

(d) Proceedings on behalf of the Company

To the best of the directors' knowledge, no person has applied to the court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened on behalf of the Company with leave of the court under Section 237.

(e) Indemnity of auditor

The appointed auditor (Stantons) has not been indemnified under any circumstance.

(f) Audit services

During the financial year $81,253 (excluding GST) was paid or payable for audit services provided by Stantons (2022: $99,356). Non related audit firms have been paid or are payable Nil for audit services of subsidiaries (2022: $50,000).

(g) Non-audit Services

There were no non-audit services provided to the Group by the appointed auditors.

(h) Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 66 of the Annual Report.

(i) Corporate Governance Statement

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 23 September 2022 released to ASX and posted on the Company's website.

www.prospectresources.com.au/company/corporate-governance.

Signed in accordance with a resolution of the directors.

Sam Hosack
Managing Director

Perth, Western Australia

Dated 21 September 2023

Directors' Declaration

DIRECTORS' DECLARATION

1) In accordance with a resolution of the directors of Prospect Resources Limited, I state that:

   (a) the financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 2(b) to the financial statements;

   (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; and

   (d) the audited remuneration report included in the Directors' Report complies with section 300A of the Corporations Act 2001.

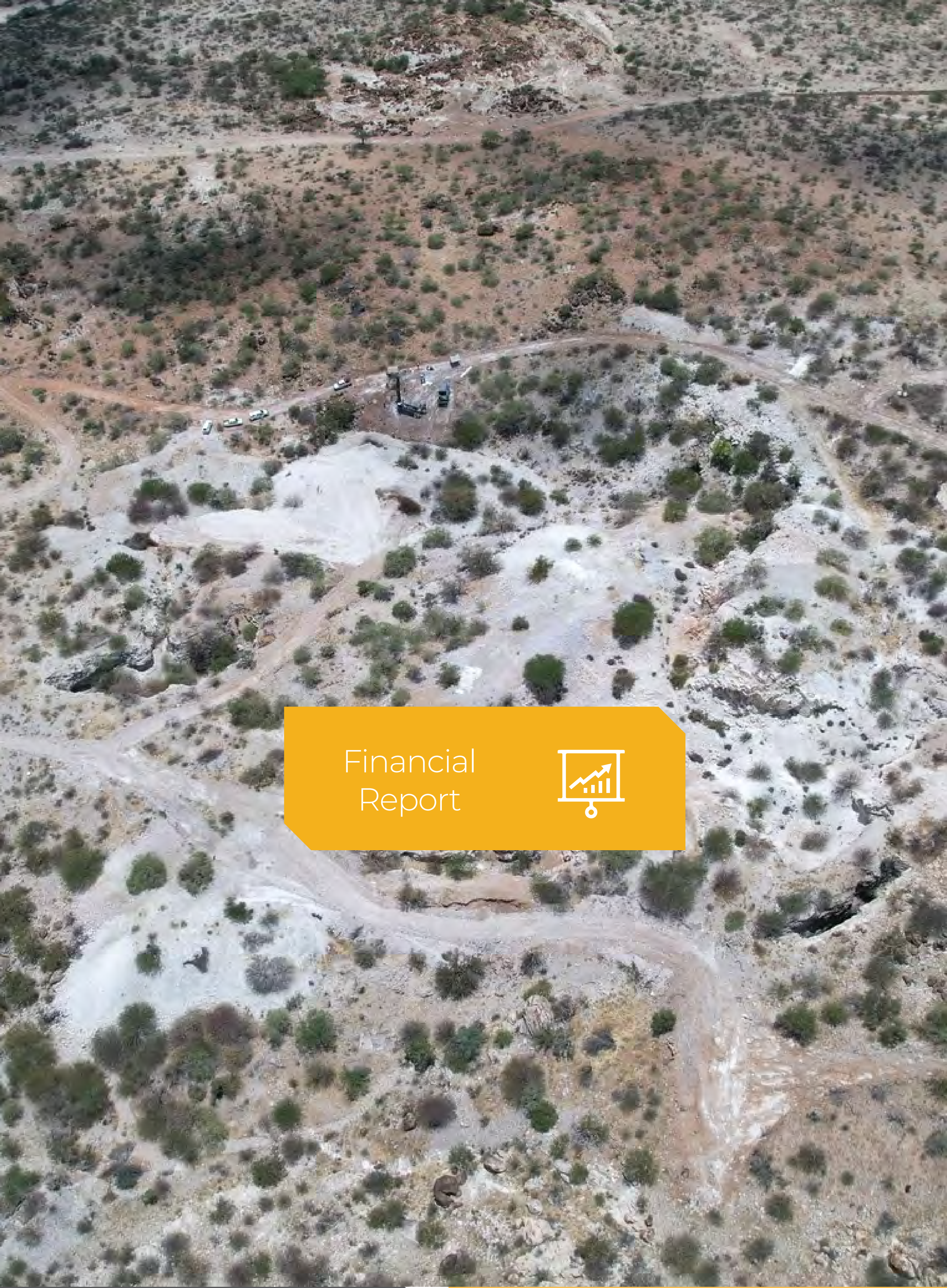
2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the Board of directors.

Sam Hosack
Managing Director

Perth, Western Australia

Dated 21 September 2023



Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

		Consolidated	
		2023	2022
	Note	**$'000**	$'000
Continuing operations			
Revenue			
Other income	4	**825**	1,405
Expenses			
Depreciation expense	11	**(106)**	(56)
Development costs expensed		**-**	(349)
Employee benefits expenses		**(3,097)**	(2,833)
Foreign currency exchange gain/(loss)		**161**	(13,305)
Interest expense		**(6)**	(7)
Impairment of exploration and evaluation expenditure	12	**(324)**	(198)
Share based payments expense	17(a)	**(675)**	(699)
Share of net loss in joint venture	9	**(15)**	-
Other administrative expenses		**(2,319)**	(1,840)
Loss from continuing operations before income tax		**(5,556)**	(17,882)
Income tax expense	5	**-**	-
Loss from continuing operations after tax		**(5,556)**	(17,882)
Profit from discontinued operations	19(c)	**-**	415,389
(Loss) / profit for the year		**(5,556)**	397,507
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**52**	19,246
Other comprehensive income for the year net of tax		**52**	19,246
Total comprehensive income for the year		**(5,504)**	416,753
(Loss) / profit attributable to:			
Equity holders of the Company		**(5,482)**	397,573
Non-controlling interests	19(a)	**(74)**	(66)
		(5,556)	397,507
Total comprehensive income attributable to:			
Equity holders of the Company		**(5,430)**	416,271
Non-controlling interests	19(a)	**(74)**	482
		(5,504)	416,753
Loss per share from continuing operations			
Basic loss per share (cents)	27	**(1.19)**	(4.29)
Diluted loss per share (cents)	27	**(1.19)**	(4.20)
Profit per share from discontinuing operations			
Basic profit per share (cents)	27	**-**	100.06
Diluted profit per share (cents)	27	**-**	97.91

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the Year Ended 30 June 2023

		Consolidated	
		2023	2022
	Notes	**$'000**	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	**26,191**	474,288
Trade and other receivables	8	**39**	473
Other current assets	10	**55**	47
Total Current Assets		**26,285**	474,808
Non-Current Assets			
Investment in joint venture	9	**1,458**	-
Property, plant and equipment	11	**389**	282
Exploration and evaluation expenditure	12	**1,635**	486
Other assets		**7**	12
Total Non-Current Assets		**3,489**	780
Total Assets		**29,774**	475,588
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**456**	1,131
Lease liability	14	**57**	36
Provisions	15	**118**	125
Total Current Liabilities		**631**	1,292
Non-Current Liabilities			
Lease liability	14	**41**	-
Provisions	15	**36**	37
Total Non-Current Liabilities		**77**	37
Total Liabilities		**708**	1,329
Net Assets		**29,066**	474,259
EQUITY			
Contributed equity	16	**26,646**	101,344
Reserves	17	**28,062**	28,790
(Accumulated losses) / retained earnings	18	**(25,642)**	345,025
Total Equity Attributable to Shareholders of Parent Company		**29,066**	475,159
Non-controlling interests	19(a)	**-**	(900)
Total Equity		**29,066**	474,259

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Notes	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Payments to suppliers and employees		**(5,588)**	(5,189)
Payment for development costs expensed		**-**	(363)
Income tax paid		**-**	-
Net cash outflow from operating activities	7(a)	**(5,588)**	(5,552)
Cash flows from investing activities			
Interest received		**825**	315
Net proceeds from assets held for sale		**-**	126
Proceeds from sale of Penhalonga Gold Project		**-**	964
Payments for development costs		**-**	(3,984)
Payments for capitalised exploration and evaluation expenditure		**(1,437)**	(592)
Payments for investment in joint venture		**(1,486)**	-
Payment for property, plant and equipment		**(146)**	(242)
Proceeds from sale of property, plant and equipment		**-**	16
Payment for additional interest in subsidiary		**-**	(1,187)
Proceeds from sale of subsidiaries		**-**	508,692
Payments for costs associated with sale of subsidiaries		**-**	(51,883)
Net cash (outflow) / inflow from investing activities		**(2,244)**	452,225
Cash flows from financing activities			
Payment for lease		**(63)**	(34)
Interest paid		**(6)**	(6)
Payment of dividends		**(365,185)**	-
Payment for return of capital		**(78,584)**	-
Proceeds from issuance of shares		**-**	18,000
Proceeds from exercise of options		**3,405**	2,557
Capital raising costs		**-**	(793)
Net cash (outflow) / inflow from financing activities		**(440,433)**	19,724
Net (decrease) / increase in cash and cash equivalents		**(448,265)**	466,397
Cash and cash equivalents at beginning of year		**474,288**	7,877
Effects of exchange rate changes on the balance of cash held in foreign currencies		**168**	14
Cash and cash equivalents at end of year	7	**26,191**	474,288

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Note	Contributed equity	Share based payments reserves	Foreign currency translation reserves	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
Balance at 30 June 2021		76,647	11,656	(417)	-	(52,548)	35,338	(1,382)	33,956
Loss for the year from continuing operations		-	-	-	-	(17,816)	(17,816)	(66)	(17,882)
Profit for the year from discontinued operations		-	-	-	-	415,389	415,389	-	415,389
Other comprehensive income		-	-	18,698	-	-	18,698	548	19,246
Total comprehensive income for the year		-	-	18,698	-	397,573	416,271	482	416,753
Issue of ordinary shares for cash	16(b)	18,000	-	-	-	-	18,000	-	18,000
Issue of ordinary shares for additional interest in subsidiary	16(b)	3,087	-	-	-	-	3,087	-	3,087
Non-controlling interests benefit from debt-to-equity swap	19(b)	-	-	-	(1,941)	-	(1,941)	1,941	-
Increase in ownership in subsidiary	19(b)	-	-	-	(4,484)	-	(4,484)	208	(4,276)
Sale of subsidiaries	17(c)	-	-	-	6,425	-	6,425	(2,149)	4,276
Issue of shares on exercise of options	16(b)	4,403	(1,846)	-	-	-	2,557	-	2,557
Share based payments	17(a)	-	699	-	-	-	699	-	699
Share capital raising costs	16(b)	(793)	-	-	-	-	(793)	-	(793)
Balance at 30 June 2022		**101,344**	**10,509**	**18,281**	**-**	**345,025**	**475,159**	**(900)**	**474,259**
Loss for the year from continuing operations		**-**	**-**	**-**	**-**	**(5,482)**	**(5,482)**	**(74)**	**(5,556)**
Other comprehensive income		**-**	**-**	**52**	**-**	**-**	**52**	**-**	**52**
Total comprehensive income for the year		**-**	**-**	**52**	**-**	**(5,482)**	**(5,430)**	**(74)**	**(5,504)**
Issue of shares on exercise of options	16(b)	**3,886**	**(481)**	**-**	**-**	**-**	**3,405**	**-**	**3,405**
Capital return to shareholders	18	**(78,584)**	**-**	**-**	**-**	**-**	**(78,584)**		**(78,584)**
Dividends paid	18	**-**	**-**	**-**	**-**	**(365,185)**	**(365,185)**		**(365,185)**
Increase in ownership in subsidiary	19(b)	**-**	**-**	**(97)**	**(877)**	**-**	**(974)**	**974**	**-**
Share based payments	17(a)	**-**	**675**	**-**	**-**	**-**	**675**	**-**	**675**
Balance at 30 June 2023		**26,646**	**10,703**	**18,236**	**(877)**	**(25,642)**	**29,066**	**-**	**29,066**

The accompanying notes form part of these financial statements

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

1) CORPORATE INFORMATION

The consolidated financial statements of Prospect Resources Limited ("the Company") and its subsidiaries (collectively "the Group") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 21 September 2023.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company and its subsidiaries are for-profit entities.

The principal activity of the Group is exploration, evaluation and development of mineral resources.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments, which have been measured at fair values.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

The Group has prepared the financial statements on the basis that it will continue to operate as going concern.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(c) Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) Application of new and revised accounting standards

New and revised standards that are effective for these financial statements

In the current year, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for the current reporting period.

- AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

  AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The amendment has not had a material impact on the Group's financial statements.

New and revised standards issued but not yet effective and not early adopted by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been early adopted by the Group for the year ended 30 June 2023. The Group's preliminary assessment indicates that, on adoption, the below new standards or amendments will not have a material impact to the financial statements.

- AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

  A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB issued AASB 2020-1 Amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current, specifically (a) the amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists, (b) management intention or expectation does not affect the classification of liabilities, and (c) in cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or noncurrent. The Group will adopt this amendment in the financial year ending 30 June 2024.
- AASB 2022-6: *Amendments to Australian Accounting Standards –Non-current Liabilities with Covenants*

  A consequence of the AASB 2020-1 is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period. In response to this possible outcome, the AASB has issued AASB 2022-6 in December 2022 clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current, adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months, and clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date. The Group will adopt this amendment in the financial year ending 30 June 2024.
- AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

  The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8). The amendments to AASB 101 require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information. The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively. The Group will adopt this amendment in the financial year ending 30 June 2024.
- AASB 2021-5 *Amendments to AASs –Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group will adopt the amendment in the financial year ending 30 June 2024.
- AASB 2014-10 *Amendments to AASs –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The Group will adopt the amendment in the financial year ending 30 June 2024.
- AASB 2022-5 *Amendments to AASs –Lease Liability in a Sale and Leaseback*

  The amendment specifies that the seller-lessee measures the lease liability arising from the leaseback in such a way that they would not recognise any gain or loss on the sale and leaseback relating to the right-of-use asset retained. The Group will adopt the amendment in the financial year ending 30 June 2025.

(f) Revenue recognition

(i) Revenue from contract with customers

Revenue from sale of goods in the course of ordinary activities is recognised at a point in time when the control of the product is transferred to the customer and selling prices are known or can be reasonably estimated. For spodumene and petalite concentrate sales, the above conditions are generally satisfied when title passes to the customer, typically on the bill of lading date when the concentrate is delivered to the vessel. For gold, this is generally when the gold is credited to the metal account of the customer.

(ii) Interest income

Interest income is recognised on a time proportionate basis using the effective interest method.

(iii) Government tax credits and rebates

Government tax credits and rebates, inclusive of research and development tax credit, are recognised as income at their fair value where there is a reasonable assurance that the government tax credit or rebate will be received and the Group will comply with all attached conditions.

(iv) Gain on sale of assets

A gain or loss is recognised on the disposal of the assets at the time of sale. The gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and net of bank overdrafts.

(h) Income tax

The income tax expense or revenue for the period is the tax payable on a current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Trade and other receivables

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 2(x).

(ii) Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

(j) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current asset to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current asset, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. During the current year, the directors determined that the useful lives of each class of asset are:

- Buildings: 20 to 40 years
- Leasehold improvements: 2 years or lease term, whichever is shorter
- Right to use assets: 2 years or lease term, whichever is shorter
- Plant and equipment: 5 to 15 years
- Office equipment and furniture and fittings: 3 to 5 years
- Vehicles: 5 years

Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred on granted exploration licences is accumulated in respect of each identifiable area of interest. These costs are carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to any abandoned area will be written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area of interest according to the rate of depletion of the economically recoverable reserves. A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(m) Mine properties

(i) Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a subcategory of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation, or completion of infrastructure facilities recognised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

(ii) Mine properties and property, plant and equipment

- *Initial recognition*

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, mine development or mineable reserve development.

- *Depreciation / amortisation*

Accumulated mine development costs are depreciated/ amortised on a Unit Of Production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. The unit of account for run-of-mine (ROM) costs is tonnes of ore, whereas the unit of account for post-ROM costs are recoverable tonnes of Li_2O. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/ amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves. The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in their economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortisation, until the resource becomes probable of economic extraction in the future and is recognised in exploration and evaluation assets.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of the mine.

Other plant and equipment, such as mobile mine equipment, is generally depreciated on a straight-line basis over their estimated useful lives, as follows:

- Buildings: 20 to 40 years
- Plant and equipment: 5 to 15 years
- Office equipment and furniture and fittings: 3 to 5 years
- Vehicles: 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

- *Stripping (waste removal) costs*

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable
- The component of the ore body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred. In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

- *Major maintenance and repairs*

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

- *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(n) Investments in joint ventures

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 2(d).

(o) Leases – the Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is shorter.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) Provision for employee entitlements

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave. Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the period in which the employees render the related services are recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to the employees using the projected unit credit method. Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

(ii) Provision for site restoration and rehabilitation

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

The provision is the best estimate of the present value of the expenditure required to settle the restoration and rehabilitation obligation at the reporting date, based on current legal requirements and technology. Future restoration and rehabilitation costs are reviewed annually, and any changes are reflected in the present value of the restoration and rehabilitation provision at the end of the reporting period. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(r) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expired.

(ii) Classification and measurement

- *Financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and

- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

- ***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

(s) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency. The functional currency of all subsidiaries is US dollars.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non- monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity when the exchange difference arises on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation).

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period and/or at the exchange rate prevailing on the date of the actual transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the Australian dollar are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(u) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(x) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

(y) Share based payment transactions - equity settled transactions

The Company provides benefits to its employees (including key management personnel) in the form of share based payments whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised as expense, together with a corresponding increase in equity (share based payments reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(z) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Ore reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (the JORC Code). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, productions techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units of production basis, provision for site restoration and the recognition of deferred tax assets, including tax losses.

(ii) exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

(iii) Mine properties

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the Unit of Production ("UOP") rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- the effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions
- unforeseen operational issues

Changes in estimates are accounted for prospectively.

(iv) Rehabilitation provision

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, and regulatory changes. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(v) Share based payments

The fair value of employee share based payments is measured using Black Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder

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behaviour), expected dividends, the risk-free interest rate (based on government bonds) and probability applied to the non-vesting conditions (based on management's judgement formed in consideration of all the available facts and circumstances). The fair value calculation and inputs to the Black Scholes model are shown at Note 21.

(vi) deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

(aa) 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.

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 (chief operating decision makers) in assessing performance and determining the allocation of resources.

In the current year the Group engaged in exploration for minerals and project development activities in Zimbabwe, Namibia, and Zambia. The operations were located in Australia, Singapore, Zimbabwe, Mauritius, Namibia, and Zambia with the head office being in Australia. Singapore balances were included within Australian operations and exploration activities and other transactions in Zimbabwe, Namibia, Mauritius, and Zambia being included within the African operations.

(b) Geographical segments

Segment revenue, results and depreciation exclude discontinued operations.

Continuing operations	Australia		Africa		Consolidated	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Revenue from external customers						
Other income	**825**	441	**-**	964	**825**	1,405
Total segment revenue	**825**	441	**-**	964	**825**	1,405
Results						
Segment (net loss)/profit before tax	**(3,282)**	(18,284)	**(2,274)**	402	**(5,556)**	(17,882)
Assets						
Segment assets	**25,355**	474,803	**4,419**	785	**29,774**	475,588
Liabilities						
Segment liabilities	**540**	1,281	**168**	48	**708**	1,329
Other segment information						
Impairment of assets	**-**	-	**-**	198	**-**	198
Depreciation expense	**83**	36	**23**	20	**106**	56

4) REVENUE FROM CONTINUING OPERATIONS

	2023 $'000	2022 $'000
Interest income	**825**	315
Gain on sale of Penhalonga Gold Project	**-**	964
Gain on sale of assets	**-**	126
Total revenue from continuing operations	**825**	1,405

5) INCOME TAX

(a) Components of income tax expense

	2023 $'000	2022 $'000
Current income tax	-	-
Deferred income tax	-	-
Income tax expense	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2023 $'000	2022 $'000
Loss before income tax – continuing operations	(5,556)	(17,882)
Profit before income tax – discontinued operations	-	415,389
Loss before income tax	(5,556)	397,507
Tax at the Australian tax rate of 25% (2022: 25.0%)	(1,389)	99,377
Tax effect of differential corporate tax rates	3	(112)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Profit on sale of Prospect Lithium Zimbabwe Limited [(i)]	-	(104,083)
Unrealised foreign exchange loss	-	4,389
Others	752	627
Over / under recognition of prior year tax expense	(1,008)	7
Net deferred tax assets not brought to account / (reversed)	1,642	(205)
Income tax expense	-	-

	2023 $'000	2022 $'000
Income tax expense is attributable to:		
Profit from continuing operations	-	-
Profit from discontinuing operations	-	-

(i) The sale of Prospect Lithium Zimbabwe Limited was subject to capital gains tax (CGT) in Zimbabwe. Total CGT of US$26,793,883 has been paid to the Government of Zimbabwe on settlement of the transaction. The sale of shares in Prospect Lithium Zimbabwe Limited is also prima facie subject to Australian CGT. An estimated capital gain of $474.4m was calculated in relation to this CGT event. The capital gain was reduced to nil on the basis that the Active Foreign Business Percentage calculation in respect to the entity disposed was above 90%.

(c) Deferred income tax

Deferred income taxes relate to the following:

	2023 $'000	2022 $'000
Deferred tax liabilities		
Right of use assets	**24**	13
Property, plant and equipment	**1**	3
Unrealised foreign exchange movement	**355**	303
Deferred tax assets used to offset deferred tax liabilities	**(380)**	(319)
	-	-
Deferred tax assets		
Lease liabilities	**25**	9
Accruals	**93**	228
Provisions and others	**107**	137
Exploration and evaluation expenditure	**66**	-
Unused tax losses	**4,821**	2,846
Deferred tax assets used to offset deferred tax liabilities	**(380)**	(319)
Deferred tax assets not recognised	**(4,732)**	(2,901)
	-	-

At the reporting date the Group has unrecognised tax losses of $19,314,031 (2022: $11,366,902) that are available for offset against future taxable profits. The potential tax benefit applied are Australia 25%, Zimbabwe 24.72%, Namibia 32%, and Mauritius 15%. Tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future, and accordingly there is uncertainty that the losses can be utilised.

(d) Current tax liability

Income tax payable	**-**	-

6) FINANCIAL RISK MANAGEMENT

Risk management is the role and responsibility of the Board. The Group's current activities expose it to minimal risk. However, as activities increase there may be exposure to market risks, credit risks, and liquidity risks.

(a) Market Risk

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents on variable interest rates.

	2023 $'000	2022 $'000
Interest bearing – variable interest rate	**24,588**	467,957
Non-interest bearing	**1,603**	6,331
Total cash and cash equivalents	**26,191**	474,288
Weighted average interest rate	**1.52%**	0.10%

The following table demonstrates the sensitivity to a reasonably possible change in variable interest rates on that portion of cash and cash equivalents affected. With all other variables held constant, the Group's profit before tax is affected through the impact on variable interest rate with +/- 50 basis points (bps) (2022: +/-10 bps), as follows:

	+ / - basis points (bps)	Impact to profit before tax $'000
2023		
Increase in interest rate	**+ 50 bps**	**123**
Decrease in interest rate	**- 50 bps**	**(123)**
2022		
Increase in interest rate	+ 10 bps	340
Decrease in interest rate	- 10 bps	(340)

- **Price risks**

The Group is not currently exposed to significant commodity price risk as it still operates in the exploration & development phase. However, future operational cash flows will be affected by fluctuations in the lithium price and other commodity prices. The Group will develop strategies to mitigate this risk when it moves from the exploration & development phase into the production phase.

(b) Currency Risk

Currency risk arises from investments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group is exposed to foreign currency risk in the form of financial instruments held currency other than the functional currently of the Company. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2023 $'000	2022 $'000
Cash and cash equivalents – USD	**1,340**	6,159
Trade and other payables – USD	**(75)**	(51)
Total Exposure	**1,265**	6,108

Assuming all other variables remain constant, a 10% increase or decrease of the Australian dollar at 30 June 2023 against the USD would have resulted in a decrease in loss before tax by $141,000 (2022: $679,000) or increase in loss before tax by $115,000 (2022: $555,000).

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents.

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit rating.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Group does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation which is available as required.

The material liquidity risk for the Group is the ability to raise equity in the future.

7) CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Total cash and cash equivalents	**26,191**	474,288

(a) Reconciliation of operating (loss) / income after income tax to net cash flows used in operating activities

	2023	2022
(Loss) / profit after tax	**(5,556)**	397,507
Adjustments to reconcile (loss) / profit after tax to net cash flows		
Non-cash income and expense items		
Depreciation	**106**	56
Share based payments	**675**	699
Share of net loss in joint venture	**15**	-
Impairment of exploration and evaluation expenditure	**324**	137
Gain on revaluation of rehabilitation provision	**-**	(2)
Gain on sale of Penhalonga Gold Project	**-**	(964)
Loss on sale of property, plant and equipment	**-**	16
Gain on sale of subsidiaries	**-**	(415,389)
Loss on revaluation of investment	**5**	6
Foreign exchange difference	**-**	12,423
Others		
Interest income received	**(825)**	(315)
Changes in operating assets and liabilities		
(Increase) / decrease in operating trade and other receivables	**434**	(269)
Increase in other assets	**(8)**	(19)
(Decrease) / increase in operating trade and other payables	**(750)**	531
(Decrease) / increase in provisions	**(8)**	31
(Decrease) in tax liabilities	**-**	-
Net cash (outflows) from operating activities	**(5,588)**	(5,552)

8) TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
GST / VAT receivable	**-**	473
Related party receivable (refer Note 26)	**33**	-
Other receivables	**6**	-
Total trade and other receivables	**39**	473

None of these are past due or impaired as at 30 June 2023 (2022: Nil).

9) INVESTMENT IN JOINT VENTURE

	2023 $'000	2022 $'000
Investment in joint venture	**1,458**	-

The movements during the year are as follows:

	2023 $'000	2022 $'000
Initial investment	**870**	-
Additional funding for Phase 1	**616**	-
Share in net loss of Richwing	**(15)**	-
Effect of foreign currency exchange differences	**(13)**	-
Investment in joint venture	**1,458**	-

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 an 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 30 June 2023, the Group has paid the initial investment of US$560,000 and has funded a total of US$416,584 of the Phase 1 Earn-in expenditure.

In July 2023, the remaining required funding for the Phase 1 Earn-in Expenditure was fulfilled. In August 2023, the Group was issued with the additional 20% interest in Richwing. In addition, the Group elected to proceed with funding the Phase 2 Earn-in Expenditure.

10) OTHER CURRENT ASSETS

	2023 $'000	2022 $'000
Prepayments	**24**	23
Deposits	**31**	24
Total other current assets	**55**	47

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

11) PROPERTY, PLANT AND EQUIPMENT

	2023 $'000	2022 $'000
Right of use asset	**97**	52
Leasehold improvements	**-**	3
Plant and machinery	**49**	-
Vehicles	**188**	195
Office equipment	**55**	32
Total property, plant and equipment	**389**	282

Included in the right to use asset is the lease for the Company's head office in Australia.

Reconciliation of Property, plant and equipment – 2023	Buildings $'000	Right of use asset $'000	Leasehold improvements $'000	Plant and machinery $'000	Vehicles $'000	Office equipment $'000	Total $'000
Opening balance at cost	-	89	7	42	207	96	441
Additions	-	116	-	60	41	45	262
Disposals	-	(89)	-	-	-	-	(89)
Effect of foreign currency exchange differences	-	-	-	3	7	3	13
Closing balance at cost	-	116	7	105	255	144	627
Opening accumulated depreciation	-	(37)	(4)	(42)	(12)	(64)	(159)
Depreciation	-	(71)	(3)	(12)	(54)	(24)	(164)
Disposals	-	89	-	-	-	-	89
Effect of foreign currency exchange differences	-	-	-	(2)	(1)	(1)	(4)
Closing accumulated depreciation	-	(19)	(7)	(56)	(67)	(89)	(238)
Net written down value	-	97	-	49	188	55	389

Reconciliation of Property, plant and equipment – 2022	Buildings $'000	Right of use asset $'000	Leasehold improvements $'000	Plant and machinery $'000	Vehicles $'000	Office equipment $'000	Total $'000
Opening balance at cost	41	89	7	396	87	353	973
Additions	-	-	-	4	207	31	242
Disposals	-	-	-	(2)	-	(12)	(14)
Subsidiary assets disposed (see Note 22(c))	(41)	-	-	(364)	(88)	(284)	(777)
Effect of foreign currency exchange differences	-	-	-	8	1	8	17
Closing balance at cost	-	89	7	42	207	96	441

Reconciliation of Property, plant and equipment – 2022	Buildings $'000	Right of use asset $'000	Leasehold improvements $'000	Plant and machinery $'000	Vehicles $'000	Office equipment $'000	Total $'000
Opening accumulated depreciation	(2)	(15)	(1)	(155)	(25)	(249)	(447)
Depreciation	(1)	(22)	(3)	(31)	(26)	(66)	(149)
Disposals	-	-	-	-	-	8	8
Subsidiary assets disposed (see Note 22(c))	2	-	-	150	39	245	436
Effect of foreign currency exchange differences	1	-	-	(6)	-	(2)	(7)
Closing accumulated depreciation	-	(37)	(4)	(42)	(12)	(64)	(159)
Net written down value	-	52	3	-	195	32	282

	2023 $'000	2022 $'000
Depreciation	**164**	149
Depreciation transferred to capitalised exploration and evaluation expenditure	**(58)**	-
Depreciation transferred to capitalised mine properties	**-**	(93)
Depreciation recognised in statement of profit or loss and other comprehensive income	**106**	56

12) EXPLORATION AND EVALUATION EXPENDITURE

	2023 $'000	2022 $'000
Exploration and evaluation expenditure comprises:		
Shawa – Rare Earth Elements	**-**	185
Step Aside – Lithium	**1,635**	301
Total exploration and evaluation	**1,635**	486

	2023 $'000	2022 $'000
Opening balance	**486**	91
Expenditure incurred	**1,437**	592
Impairment of exploration and evaluation expenditure	**(324)**	(198)
Effect of foreign currency exchange differences	**36**	1
Total exploration and evaluation expenditure	**1,635**	486

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

13) TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
Trade payables [i]	**113**	97
Accruals	**343**	1,034
Total trade and other payables	**456**	1,131

[i] The Group does not have any trade payables more than 31 days past the respective date of the original invoice.

14) LEASE LIABILITY

	2023 $'000	2022 $'000
The balance sheet shows the following amounts relating to leases:		
Right-of-use asset – office space		
Lease liabilities		
Current	**57**	36
Non current	**41**	-
Total lease liabilities	**98**	36

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

In 2021, the Group entered into a 2 year lease for the head office in Australia. The lease has expired on 28 February 2023 and was further renewed for another 2 year lease term.

15) PROVISIONS

	2023 $'000	2022 $'000
Current		
Annual leave provision	**118**	125
Total current provisions	**118**	125
Non current		
Long service leave provision	**36**	37
Total non current provisions	**36**	37

16) CONTRIBUTED EQUITY

	2023 No. of Shares	2022 No. of Shares
(a) Issued share capital		
Ordinary shares fully paid	**462,259,462**	448,759,462

(b) Movement in ordinary share capital

Date	Details	No. of Shares	$'000
Balance at 30 June 2021		374,025,855	76,647
22 July 2021	Issue of shares to acquire additional ownership in subsidiary	9,497,680	3,087
5 November 2021	Issue of shares via placement	45,000,000	18,000
	Cost of capital raising – cash	-	(793)
	Issue of shares upon exercise of options (i)	20,235,927	4,403
Balance at 30 June 2022		**448,759,462**	**101,344**
8 July 2022	Issue of shares upon exercise of options(ii)	**13,500,000**	**3,886**
4 August 2022	Capital return to shareholders (note 18)	**-**	**(78,584)**
Balance at 30 June 2023		**462,259,462**	**26,646**

(i) 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.

(ii) This includes cash received of $3,405,000 and transfer from the share based payments reserve of $481,000. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

17) RESERVES

	2023 $'000	2022 $'000
Share based payments reserves	**10,703**	10,509
Other reserves	**(877)**	-
Foreign currency translation reserve	**18,236**	18,281
Total reserves	**28,062**	28,790

Nature and Purpose of Reserves

The share based payments reserve arises pursuant to an issue of shares or options as consideration for a service or an acquisition transaction.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and translation differences on intercompany loans.

The other reserves is used for any other equity transactions that are not directly attributed to other component of the equity accounts.

(a) Share Based Payments Reserve

(i) Balance at yearend

	No. of Options and Rights	$'000
30 June 2023		
Options	**17,850,000**	**10,510**
Rights	**4,400,000**	**193**
	22,250,000	**10,703**
30 June 2022		
Options	13,500,000	10,509
Rights	-	-
	13,500,000	10,509

(ii) Movement in options

Date	Details	No. of Options	$'000
Balance at 30 June 2021		39,750,000	11,656
November and December 2021	Share based payment expense on options granted in prior periods	-	699
February to June 2022	Options exercised	(26,250,000)	(1,846)
Balance at 30 June 2022		**13,500,000**	**10,509**
8 July 2022	Options exercised	**(13,500,000)**	**(481)**
7 October 2022	Grant of options	**10,250,000**	**154**
23 November 2022	Grant of options	**8,600,000**	**333**
31 January 2023	Grant of options	**500,000**	**6**
January to June 2023	Forfeiture	**(1,500,000)**	**(11)**
Balance at 30 June 2023		**17,850,000**	**10,510**

(iii) Movement in performance rights

Date	Details	No. of Rights	$'000
Balance at 30 June 2021 / 30 June 2022	-	**-**	**-**
7 October 2022	Grant of performance rights	**2,400,000**	**82**
23 November 2022	Grant of performance rights	**2,000,000**	**111**
Balance at 30 June 2023		**4,400,000**	**193**

In August 2023, a total of 1,540,000 performance rights above have lapsed.

(b) Foreign Currency Translation Reserve

	2023	2022
	$'000	$'000
Movement in reserve		
Opening balance	**18,281**	(417)
Increase in ownership in subsidiary	**(97)**	-
Currency translation differences	**52**	18,698
Closing balance	**18,236**	18,281

(c) Other Reserves

	2023	2022
	$'000	$'000
Movement in Other Reserves		
Opening balance	**-**	-
Increase in ownership of Prospect Lithium Zimbabwe (Pvt) Ltd (Note 19(b))	**-**	4,484
Impact of debt to equity swap (Note 19(b))	**-**	1,941
On sale of subsidiary	**-**	(6,425)
Increase in ownership of Hawkmoth Mining & Exploration (Pvt) Limited Zimbabwe (Note 19(b))	**(877)**	-
Closing balance	**(877)**	-

18) (ACCUMULATED LOSSES) / RETAINED EARNINGS

	2023	2022
	$'000	$'000
Balance at the beginning of the year	**345,025**	(52,548)
Payment of dividends	**(365,185)**	-
Net (loss) / profit attributable to equity holders of the Company	**(5,482)**	397,573
(Accumulated losses) / retained earnings at end of year	**25,642**	345,025

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

At the same time the Company paid a Capital return of $78,584,109 to its shareholders (2022: Nil). This represents a payment of $0.17 per share (2022: Nil).

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

19) SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

	Principal activity	Country of incorporation	Ownership and voting interest	
			2023	2022
Prospect Minerals Pte Ltd	Holding company	Singapore	**100%**	100%
Promin Resource Holdings Pte Ltd	Holding company	Singapore	**100%**	100%
Prospect Lithium Zimbabwe (Pvt) Limited	Exploration & evaluation	Zimbabwe	**-**	- (i)
Thornvlei Farming Enterprises (Pvt) Limited	Exploration & evaluation	Zimbabwe	**-**	- (i)
Hawkmoth Mining & Explorations (Pvt) Limited	Exploration & evaluation	Zimbabwe	**100%**	70%
Harrier Nickel Resources (Private) Limited *(formerly known as Tegridy (Private) Limited)*	Exploration & evaluation	Zimbabwe	**100%**	100%
Eagle Lithium Resources (Private) Ltd *(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%
Coldawn Investments (Pvt) Limited	Exploration & evaluation	Zimbabwe	**-**	- (ii)
Stepaside Lithium Pte Ltd	Holding company	Singapore	**100%**	-
Prospect Resources (Mauritius) Limited	Holding company	Mauritius	**100%**	-
Belham Investments (Proprietary) Limited	Exploration & evaluation	Namibia	**100%**	-

(i) The entity was sold on 20 April 2022 as detailed in Note 19(c).

(ii) The Group entered into an option agreement to sell Coldawn Investments (Private) Limited, which holds the Penhalonga Gold Project during 2021. The option agreement was executed in 2022 generating revenue of $964,000 (Note 4).

(a) Details of Non-Wholly Owned Subsidiaries that have Material Non-Controlled Interest

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Prospect Lithium Zimbabwe (Pvt) Limited	Zimbabwe	-	- (i)	-	(63)	**-**	-
Thornvlei Farming Enterprises (Pvt) Limited	Zimbabwe	-	- (i)	-	-	**-**	-
Hawkmoth Mining & Explorations (Pvt) Limited	Zimbabwe	-(ii)	30%	**(74)**	129	**-**	(900)
				(74)	66	**-**	(900)

[i] On 21 July 2021 the ownership in Prospect Lithium Zimbabwe (Pvt) Limited has increased to 87% from 70%. On 9 February 2022 the ownership in Thornvlei Farming Enterprises (Pvt) Limited was increased to 100% from 70%. These subsidiaries were then sold by the Group on as detailed in Note 19(c). The loss reported relates to the period before the subsidiaries were sold.

[ii] On 29 August 2022, the Group acquired the remaining outside equity interest of 30% (100 shares) in Hawkmoth Mining & Exploration (Pvt) Limited.

(b) Transactions with Non-controlling Interests

(i) Increase in ownership of Prospect Lithium Zimbabwe (Pvt) Limited

On 22 July 2021, Prospect Minerals Pte Ltd acquired an additional 17% of the issued shares of Prospect Lithium Zimbabwe (Pvt) Limited for cash consideration of $1,187,000 and the issue of 9,497,680 shares in Prospect Resources Limited valued at $3,087,000.

Immediately prior to the purchase, the carrying amount of the existing 30% non-controlling interest in Prospect Lithium Zimbabwe (Pvt) Limited were net liabilities of $208,000. The group recognised a decrease in non-controlling interests of $208,000 and a decrease in equity attributable to owners of the parent of $4,484,000.

On 29 August 2022, the Group 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 an increase in non-controlling interests of $974,000 and a decrease in equity attributable to owners of the parent of $877,000.

The effects on the equity attributable to the owners of Prospect Resources Limited are summarised as follows:

	2023	2022
	$'000	$'000
Carrying amount of non-controlling interests acquired	**(974)**	(208)
Reattribution of owners controlling interest – foreign currency translation reserve	**97**	(3)
Consideration paid to non-controlling interests	**-**	(4,273)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(877)**	(4,484

(ii) Debt to equity swap

On 17 December 2021 Prospect Lithium Zimbabwe (Pvt) Limited issued shares as part of a debt-to-equity swap transaction whereby US$10,700,000 owed by Prospect Lithium Zimbabwe (Pvt) Limited to Prospect Minerals Pte Ltd was converted into equity in Prospect Lithium Zimbabwe (Pvt) Limited. This resulted in the recognition of a share premium of $14,930,000 by the Group.

Shares in Prospect Lithium Zimbabwe (Pvt) Limited were issued to the extent necessary to maintain the existing ownership profile of Prospect Lithium Zimbabwe (Pvt) Limited. The shares issued to the non-controlling interest to maintain their 13% ownership was completed for nil consideration resulting in a decrease in equity attributable to owners of the parent of $1,941,000 recognised in the transactions with non-controlling interests reserve within equity.

(iii) Increase in ownership of Thornvlei Farming Enterprises (Pvt) Limited

On 9 February 2022, Prospect Lithium Zimbabwe (Pvt) Limited acquired the remaining 30% of Thornvlei Farming Enterprises (Pvt) Limited for cash consideration of $0.30.

(c) Discontinued Operations

(i) Description

On 23 August 2021 the Group announced it had decided to commence a structured process giving interested parties the opportunity to put forward proposals to fully fund the Arcadia project. Following this process, on 23 December 2021, the Group announced it had executed a binding agreement for the sale of its 87% interest in the Arcadia project subject to the completion of certain conditions.

In accordance with the binding agreement and following the satisfaction of the conditions precedent, the sale of the Arcadia project was completed on 20 April 2022 via the sale of the Group's ownership in Prospect Lithium Zimbabwe (Pvt) Limited and Thornvlei Farming Enterprises (Pvt) Limited for US$365,755,000. In addition to the sale of its ownership interest in its subsidiaries, the Group sold to the buyer it's interest in intercompany loans at completion for US$12,000,000 in cash. The sale transaction is detailed in Note 19(c).

The amounts presented in the Consolidated Statement of Profit or Loss and Comprehensive Income under discontinuing operations represents the profit on the Group's share in the subsidiaries sold.

Financial information relating to the discontinued operations for the period to date of disposal are listed below. The subsidiaries were not previously classified as held-for-sale or as discontinued operation.

(ii) Financial performance and cashflow information

The financial performance and cashflow information presented are the 9.66 months ended 20 April 2022 (2022 column), disclosed within profit / (loss) from discontinued operations.

	2023 $'000	2022 $'000
Revenue	-	98
Expenses	-	(611)
Loss before income tax	-	(513)
Net cash outflow from operating activities	-	(293)
Net cash outflow from investing activities	-	(4,861)
Net cash inflow from financing activities	-	5,099
Net decrease in cash generated by the discontinued operations	-	(55)

(iii) Details of the sale of subsidiaries

	2023 $'000	2022 $'000
Disposal consideration – cash received for sale of interest in subsidiaries	-	493,336
Costs incurred on completion of transaction and operating loss for the period	-	(46,957)
Cost of external consultants for transaction support	-	(8,991)
Loss on sale of intercompany loans	-	(606)
Write back of investment in subsidiary	-	(19,705)
Gain on sale before income tax and reclassification of foreign operations	-	417,077
Reclassification of foreign operations	-	(1,688)
Income tax on gain	-	-
Profit from discontinued operations	-	415,389

The carrying amounts of assets and liabilities as at the date of sale (20 April 2022) were:

	20 April 2022 $'000
Cash	150
Property, plant and equipment	341
Trade and other receivables	501
Intangible assets	293
Mine properties (i)	29,564
Total assets	30,849
Trade and other payables	23
Loans	18,077
Provisions	261
Total liabilities	18,361
Net assets	12,488

(i) The mine properties include the following transactions in the previous year prior to its disposal:

	20 April 2022 $'000
Opening balance	25,605
Expenditure incurred	4,067
Impairment	61
Proceeds of sale of lithium carbonate produced through the pilot plant	(674)
Rehabilitation asset	195
Effect of foreign currency exchange differences	310
	29,564

20) PROSPECT RESOURCES LIMITED PARENT COMPANY INFORMATION

	2023 $'000	2022 $'000
Assets		
Current assets	**25,214**	474,705
Non-current assets	**6,195**	189
Total Assets	**31,409**	474,894
Liabilities		
Current liabilities	**458**	1,241
Non-current liabilities	**17,844**	17,153
Total Liabilities	**18,302**	18,394
Equity		
Contributed equity	**26,646**	101,344
Reserves	**10,703**	10,509
Accumulated (losses) / profits	**(24,242)**	344,646
	13,107	456,499
Financial Performance		
(Loss) / profit for the year	**(3,703)**	399,569
Other comprehensive income	**-**	-
Total Comprehensive (Loss)/ Income	**(3,703)**	399,569

The accumulated (losses) / profits is after taking into account the payment of dividends of $365,184,975 during the year (2022: $nil).

Parent Entity Contingencies and Guarantees
The parent entity has not guaranteed any loans for any entities during the year (2022: Nil).

Parent Entity Commitments
The parent entity has entered into contracts with its directors and certain executives and consultants whereby minimum notice periods (usually three months) have been provided by the parent entity. This totals $516,000 (2022: $615,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

21) SHARE-BASED PAYMENTS

During the year, the Group recognised share based payments expense of $674,765 (2022: $699,121) from equity-settled share based payment transactions.

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

Series	Options Issued			
	Managing Director Long Term Incentive	Non-Executive Directors Long Term Incentive	Management Long Term Incentive	Management Long Term Incentive
No. of options	3,000,000	5,600,000	10,250,000	500,000
Grant date	23/11/2022	23/11/2022	7/10/2022	31/01/2023
Share price	$0.170	$0.170	$0.096	$0.115
Exercise price	$0.150	$0.150	$0.150	$0.170
Asset Interest rate	3.27%	3.27%	3.34%	3.17%
Expiry date	07/10/2026	07/10/2026	07/10/2026	07/10/2026
Volatility	110%	110%	110%	110%
Fair value at grant date	$0.130	$0.130	$0.064	$0.080
Vesting condition and period	(i)	(ii) (iii)	(i) (iv)	(i)

(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 non-executive directors long term incentive options vest evenly on 7 October 2023, 7 October 2024, and 7 October 2025 and require they remain directors of the Group at the end of each vesting periods.

(iii) A total of 1,000,000 of options were lapsed during the year following the resignation of one of the directors on 23 January 2023.

(iv) A total of 500,000 options were lapsed during the year following the resignation of an employee.

Series	Rights Issued	
	Managing Director Short Term incentive	Other Key Management Personnel Short Term Incentive
No. of Rights	2,000,000	2,400,000
Grant date	23/11/2022	7/10/2022
Share price	$0.170	$0.096
Exercise price	$0.00	$0.00
Expiry date	07/10/2025	07/10/2025
Fair value at grant date	$0.170	$0.096
Vesting condition and period	(i)	(i)

(i) Managing director and other 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 and approval by the Board. Performance against the scorecard is assessed annually 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.

In August 2023, a total of 1,540,000 performance rights have lapsed which equates to the 35% of the 2023 short term incentive performance hurdles that have not been met. The total expense recognised during the year is based on the actual incentives that will eventually vest.

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

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

(i) Management 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 during the current year:

Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value per Option at Grant Date
Options					
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
Issued 31 January 2023	500,000	31/01/2023	07/10/2026	$0.17	$40,000
Rights					
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

The following share-based payment arrangements were in existence during the prior year:

Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value per Option at Grant Date
Options					
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
Issued 25 June 2021	6,000,000	25/06/2021	03/02/2025	$0.26	$279,725
Issued 25 June 2021	5,000,000	25/06/2021	07/01/2025	$0.24	$254,314

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options and rights during the year:

	2023 No.	2023 WAEP $/Share	2022 No.	2022 WAEP $/Share
Outstanding at 1 July	**13,500,000**	**0.25**	39,750,000	0.29
Granted during the year	**19,350,000**	**0.15**	-	-
Forfeited during the year	**(1,500,000)**	**0.15**	-	-
Exercised during the year	**(13,500,000)**	**0.25**	(26,250,000)	0.31
Expired during the year	**-**	**-**	-	-
Outstanding at 30 June	**17,850,000**	**0.15**	13,500,000	0.25
Exercisable at 30 June	**-**	**-**	13,500,000	0.25

The weighted average remaining contractual life for the share options and performance rights outstanding as at 30 June 2023 is 3.27 years (2022: 3.51 years) for share options and 2.27 years for performance rights (2022: Nil).

The range of exercise prices for options outstanding at the end of the year was $0.15 - $0.17 (2022: $0.22 - $0.28).

22) COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture and/or acquisition agreements. Outstanding exploration commitments are as follows:

	2023 $'000	2022 $'000
Not longer than 1 year	**880**	-
Longer than 1 year and not longer than 5 years	**-**	-
	880	-

The above does not include the potential commitments for Kesya Rare Earths Project ("Kesya"). On 12 May 2023, the Company signed an option agreement with Antler Exploration Zambia Limited ("Antler") whereby the Company will have the right to earn a 51% interest in Kesya, an exploration project in southern part of Zambia. The transaction is subject to the satisfaction of certain conditions, which have not been fully satisfied as at 30 June 2023. Upon fulfilment of these preceding conditions, the Company will be committed to spend US$950,000 within one year, which US$500,000 will be through the issue of the Company shares.

(b) Operating Lease Commitments

The Group has an operating lease commitment for office rental and equipment totaling $104,380 (2022: $45,000).

(c) Other Commitments

The Group has entered into contracts with its directors and certain executives and consultants whereby minimum notice periods (usually three months) have been provided by the Group. This totals $648,000 as at 30 June 2023 (2022: $615,000).

23) CONTINGENT LIABILITIES

The Group has no contingent liabilities.

24) AUDITORS REMUNERATION

	2023	2022
Audit of the parent entity	$'000	$'000
Audit and audit review of the financial reports	81	98
Other services	-	-
	81	98
Auditor of subsidiaries		
Audit services	-	50

The auditor of the Group is Stantons.

25) KEY MANAGEMENT PERSONNEL DISCLOSURES

	2023	2022
	$	$
The aggregate compensation made to Key Management Personnel of the Group is set out below:		
Short term employee benefits	1,339,890	2,122,852
Post employment benefits	85,405	65,067
Share based payments	597,969	663,195
Total compensation made to key management personnel	2,023,264	2,851,114

26) RELATED PARTY TRANSACTIONS

(a) Transactions with related parties in the Group

The Group consists of Prospect Resources Limited (the parent entity) and its controlled entities (see note 19). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Transactions with other related parties

During the year, the Group acquired 20% interest in Richwing. At 30 June 2023, the Group has capitalised a total investment balance of $1,457,714 (2022: Nil) and has receivable balance of $33,418 (2022: Nil). These are further outlined in Note 9 and Note 8.

The accruals at 30 June 2023 include outstanding director fees and bonuses of Nil (2022: $773,451).

27) EARNINGS PER SHARE (EPS)

	2023	2022
Continuing operation		
Loss after income tax attributable to members of Prospect Resources Limited ($'000)	**(5,482)**	(17,756)
Weighted average number of ordinary shares outstanding during the year for basic EPS	**462,000,558**	415,154,600
Weighted average number of ordinary shares outstanding during the year for diluted EPS	**462,000,558**	424,246,520
Basic loss per share (cents per share)	**(1.19)**	(4.29)
Diluted loss per share (cents per share)	**(1.19)**	(4.20)
Discontinued operation		
Profit after income tax attributable to members of Prospect Resources Limited ($'000)	**-**	415,389
Weighted average number of ordinary shares outstanding during the year for basic EPS	**462,000,558**	415,154,600
Weighted average number of ordinary shares outstanding during the year for diluted EPS	**462,000,558**	424,246,520
Basic earnings per share (cents per share)	**-**	100.06
Diluted earnings per share (cents per share)	**-**	97.91

As at 30 June 2023, 17,500850,000 unlisted options and 4,400,000 performance rights which represent potential ordinary shares of 17,500850,000 and 2,860,000, respectively, were not considered dilutive for the purposes of calculating the loss per share for the year ended 30 June 2023, as they would decrease the loss per share.

28) SUBSEQUENT EVENTS

Other than as stated below, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

- In July 2023, the Group entered into a shareholder agreement that reduced its ownership in Eagle Lithium Resources (Private) Ltd, the subsidiary entity that holds the Step Aside exploration project, by 10% through the issue of ordinary shares to three minority shareholders based in Zimbabwe as a consideration for the land access and future support of the exploration activities and local community.
- In August 2023, Osino Resources Corp has confirmed completion of the Earn-in 1 Expenditure and approved the issue of the additional 20% interest in the Omaruru Lithium Project.
- In August 2023, a total of 1,540,000 performance rights have lapsed which equates to the ratio of the 2023 short term incentive performance hurdles that have not been met.

AUDITORS' INDEPENDENCE DECLARATION

Stantons

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21 September 2023

Board of 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 audit of the financial statements of Prospect Resources Limited for the year ended 30 June 2023, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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

Samir Tirodkar
Director

INDEPENDENT AUDITOR'S REPORT

Stantons

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Prospect Resources Limited ("the Company") and its subsidiaries ("Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. 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 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 (the Code)* that are relevant to our audit of the 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 this matter.

Key Audit Matters	How the matter was addressed in the audit
Share based payments During the financial year ended 30 June 2023, the Company awarded 4,400,000 Performance Rights and 19,350,000 share options to respective directors, management and employees. The awards vest subject to the achievement of certain vesting conditions which commences from the grant date in the current year and extends into subsequent years. The Group valued the share options using the Black Scholes methodology while the performance rights were valued based on the prevailing share price on the date of grant and estimated likelihood of vesting conditions being achieved over the vesting period for each tranche of awards. The Group has performed calculations to record the related share-based payments expense of $674,675 in the consolidated statement of profit or loss and other comprehensive income. Due to the complex nature of the transactions and estimates used in determining the valuation of the share-based payment arrangements and vesting periods, we consider the Group's calculation of the share-based payments expense to be a key audit matter. In determining the share-based payments expense, the Group made assumptions in respect of future board's financial decisions as well as estimates of achievement of certain mining targets. Refer to note 21 to the consolidated statement of profit or loss and other comprehensive income for the disclosure relating to share-based payments expense.	Inter alia, our audit procedures included the following: i. Reviewing minutes of meetings, ASX announcements, agreements and considered other transactions undertaken during the year; ii. Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of share-based payment arrangements; iii. Reviewed the perimeters used by the management's experts in their assessment of share based payments as follows:- • assessing the appropriateness of the valuation method used; • assessing the reasonableness of the assumptions and inputs used within the valuation model; iv. Challenging management's assumptions in relation to the likelihood of achieving the vesting conditions; v. Assessing the fair value of the calculation through re-performance using appropriate inputs; and vi. Assessing the accuracy of the share-based payments expense and the adequacy of disclosures made by the Group in the financial report.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Stantons

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

Stantons

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 27 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Prospect Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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
21 September 2023

ASX Additional Information

ASX Additional Information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 12 September 2023.

(a) Substantial Shareholders

The substantial shareholders are:

Holder Name	Holding Balance	% IC
Citicorp Nominees Pty Limited	95,590,359	20.68%
J P Morgan Nominees Australia Pty Limited	48,932,677	10.59%
Morgan Stanley Australia Securities (Nominee) Pty Limited	28,884,125	6.25%
HSBC Custody Nominees (Australia) Limited	25,757,232	5.57%

(b) Voting Rights

Ordinary Shares

On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options

(c) Number of Holders

Class of Equity Securities	Number of holders
Fully paid ordinary shares	3,338
Options	14
Performance rights	3

(d) Distribution of Equity Security Holders

Holding Ranges	Holders	Total Units	% Issued Share Capital
Above 0 up to and including 1,000	527	262,723	0.06%
Above 1,000 up to and including 5,000	999	2,908,143	0.63%
Above 5,000 up to and including 10,000	527	4,154,727	0.90%
Above 10,000 up to and including 100,000	1,041	35,288,627	7.63%
Above 100,000	244	419,645,242	90.78%
Totals	**3,338**	**462,259,462**	**100.00%**

(e) Less than Marketable Parcels

There were 1,569 holders of less than a marketable parcel of ordinary shares.

(b) Equity Security Holders

ASX Additional Information

The names of the twenty largest holders of quoted equity securities are listed below:

Position	Holder Name	Holding	% Issued Shares
1	CITICORP NOMINEES PTY LIMITED	95,590,359	20.68%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	48,932,677	10.59%
3	"MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>"	28,884,125	6.25%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,757,232	5.57%
5	"BNP PARIBAS NOMS PTY LTD <DRP>"	18,303,257	3.96%
6	MBM CAPITAL PARTNERS LLP	14,125,000	3.06%
7	"MR KENNETH JOSEPH HALL <HALL PARK A/C>"	13,150,000	2.84%
8	BUTTONWOOD NOMINEES PTY LTD	11,005,797	2.38%
9	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	10,705,576	2.32%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,000,000	2.16%
11	"MR SAMUEL TIMOTHY HOSACK & MRS BARBARA TAMARA SAMANTHA HOSACK <HOSACK FAMILY A/C>"	9,970,854	2.16%
12	"NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>"	8,950,194	1.94%
13	"BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>"	7,293,824	1.58%
14	FARVIC CONSOLIDATED MINES (PVT) LTD	7,123,260	1.54%
15	"ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>"	6,767,324	1.46%
16	ARMOURED FOX CAPITAL PROPRIETARY LIMITED	6,018,028	1.30%
17	MRS SAMANTHA JAYNE GOLDBERG	4,185,000	0.91%
18	"HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>"	3,454,964	0.75%
19	MR TREVOR MILES BARNARD	3,212,103	0.69%
20	MR ZIVANAYI RUSIKE	3,040,374	0.66%
	Total	**336,469,948**	**72.79%**
	Total issued capital - selected security class(es)	**462,259,462**	**100.00%**

Restricted securities

Class of Restricted Securities	Type of Restriction	Number on Issue	End date
Fully paid ordinary shares	Voluntary escrow	4,748,840	25% released every 6 months

Other Information

The Company is not currently conducting an on-market buy back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) that have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employees' incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Exploration and mining licenses granted:

Prospect Resources Limited has interests in tenements via the following companies:

(1) Eagle Lithium Resources (Private) Ltd ("Eagle Lithium") - Step Aside Project

(2) Richwing Exploration (Pty) Limited ("Richwing") – Omaruru Lithium Project

Tenement type & number	Tenement name	Country	Project	Registered company name	% Held at 30 June 2023
ME19948BM	Step Aside	Zimbabwe	Step Aside	Eagle Lithium	100%
EPL 5533	Omaruru	Namibia	Omaruru	Richwing	20%

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