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Prospech Limited

Prospech Closes \$5m Slovakia Gold Exploration IPO Early & Oversubscribed

24 November 2020, Sydney: In 2007 ASX listed Bolnisi Gold NL was successfully taken over by major US silver producer Coeur d'Alene Mines Corporation for \$1.3 billion. The deal struck with Coeur at that time was, and still is, seen as a tremendous return for Bolnisi shareholders and arguably was the mining deal of the year. Following a 13 year hiatus, six of which has been working in a private capacity establishing the new company with a flagship asset recognised as being similar to Bolnisi's Palmarejo asset in its early days, key members of old Bolnisi team are out to repeat the Bolnisi success story with Prospech Limited.

Prospech Limited has just closed its initial public offering (IPO) a week ahead of schedule and oversubscribed with investors attracted to the Company's 204 km² licences covering gold and silver bearing ground in a 1,000-year-old mining province in Slovakia that was neglected and off limits to western companies for decades during the communist period of the 20th century.

Prospech's flagship licence Hodrusa-Hamre is located within the region's largest extinct volcanic caldera situated in one of the world's most prolific global mineral belts. While the known mining history in the region dates back to pre-Celtic times, much of Prospech's ground is underexplored and applying modern geological techniques to the area indicates that only the surface of its riches may have been tapped, and even then Prospech's discovery of gold at surface strongly suggests a significant part of the Company's highly prospective ground remains completely untouched.

program testing a mix of “brownfields” targets under and along strike of historical high-grade workings at Schopfer, Bauch and Ignac, and the Company’s recent “greenfields” surface-visible gold discoveries at Nova Bana and Pukanec.

Rejuvenating old goldmines is a common story among the ranks of explorers on the Australian Securities Exchange (ASX), and for good reason: hardly any of the old mines are mined-out, and they are usually very high-grade, having been stopped a century or so ago because of then water issues, or manpower shortage effects of the World Wars.

Prospech is following a similar route, but in its case, the deposits it is seeking to reactivate and extend are in the eastern European nation of Slovakia, which suffered neglect and inactivity for decades due to the politics of the Cold War.

The Bauch and Ignac targets are part of the Hodrusa-Hamre project, the flagship asset of Prospech’s six wholly owned projects. Hodrusa-Hamre surrounds the currently operating Rozalia mine, which produces around 20,000 ounces of gold and silver a year, at an impressive head-grade of 12 grams per tonne gold.

Hodrusa-Hamre has produced an estimated 2.4 million ounces of gold and 120 million ounces of silver, as well as 70,000 tonnes of zinc, 55,000 tonnes of lead and 8,000 tonnes of copper to date. But modern techniques show Hodrusa-Hamre to be far from mined-out – in fact, it is believed to be significantly under-explored. Prospech’s management was originally attracted by the aerial size of the mineralised footprint of Hodrusa-Hamre. The licence area features 120 known epithermal mineralisation veins, some reaching up to 6 km in length contained within 100 km² within the caldera.

At Bauch and Ignac, Prospech will test targets below existing high-grade workings and shallow new gold occurrences; both targets are on the Low Angle Normal Fault (LANF), the geological feature that hosts the Rozalia mine. Most (~90%) of the mineralised LANF plane is located on Prospech’s licences.

“The LANF host target is the real potential ‘game-changer’ at Hodrusa-Hamre,” says Prospech managing director Jason Beckton. “It was originally identified in 2006 but was over-looked at the time. Based on evidence from other similar large international epithermal gold deposits which have similar LANF or detachment fault structures which control and host large high grade deposits, we’ve looked at it closely and we think it is the host feature that controls the high-grade mineralisation.”

Underpinning that call is more than two decades of epithermal geological and

Bolnisi Gold NL's Palmarejo silver-gold project in Mexico, where his team grew the resource base from zero to 3.1 million ounces gold which was then taken over for \$1.3 billion in 2007. Mr Beckton also managed the discovery of Exeter Resource Corporation's 30-million-ounce-gold-equivalent Caspiche porphyry gold-copper prospect in Chile.

At Schopfer, also in the Hodrusa-Hamre licence area, Prospech will quickly move to drill-test potential extensions of known historical high-grade lodes sitting under existing workings. The Company can advantageously place drills into these workings and drill from underground as well as surface to provide a year round exploration drilling schedule and subsequent news flow.

But the potential is not limited to Hodrusa-Hamre: Prospech's five other licence areas in Slovakia all offer a mix of historical high-grade gold and silver production and recent discoveries.

Aside from gold and silver, the latter of which went into the coinage of the Austro-Hungarian Hapsburg Empire, the Company's Jasenie licence area also offers significant potential for production of tungsten, silver and antimony.

"The major production of metals from the region, over hundreds of years, centred on copper and silver, which formed the coinage of the realm," says Beckton. "Then, during the communist era, base metals, copper, lead and zinc were the focus of Slovakian mining. They really didn't do any precious metal assaying, because the rich base metals veins kept them busy under a strict communist directive to explore and produce base metals only. But there is a very extensive geological database in the country, and given that it's actually very under-explored, in many areas, completely unexplored, and we think that gives us plenty of scope for untouched precious metal discoveries."

"And aside from the professional excitement of being able to sniff potential monster discoveries, there are also intangible benefits of working in Slovakia," Beckton says. "Mining is integral to local life. Slovakia has a significant active mining industry, with the second-oldest mining institute in the world located near us, at Banska Stiavnica, which hosts a three-day mining festival every year.

"It's exciting to be in a position, contributing to the longevity of the local mining industry, while exploring on projects that are in our view prospective to host multi-million ounce deposits," he adds.

25 million shares were issued in the IPO at 20 cents each, raising \$5 million, and will now list on the ASX screens on (add date), with a market capitalisation at issue price of \$17.7 million. Lead Manager is Peloton Capital.

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