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Zinc of Ireland NL

ABN 23 124 140 889

and its controlled entities

**Half year report for the half-year ended
31 December 2021**

Company Directory

Board of Directors

Mr Richard Monti	Non-Executive Chairman
Mr Thomas Corr	Non-Executive Director
Dr Julian Barnes	Non-Executive Director

Company Secretary

Mr Jerry Monzu

Registered Office and Principal Place of Business

Suite B9, 431 Roberts Road
Subiaco WA 6008
Tel: +61 8 9287 4600

Postal Address

Suite B9, 431 Roberts Road
Subiaco WA 6008

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road, Subiaco, WA 6008

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152- 158 St Georges Terrace
Perth WA 6000

ASX Code

ZMI

Half year report for the half-year ended 31 December 2021

Contents

Directors' report	1
Auditor's independence declaration	7
Directors' declaration	10
Condensed consolidated statement of profit or loss and other comprehensive income	11
Condensed consolidated statement of financial position	12
Condensed consolidated statement of changes in equity	13
Condensed consolidated statement of cash flows	14
Condensed Notes to the consolidated financial statements	15

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Director's Report

The directors of Zinc of Ireland NL ("Zinc of Ireland" or "the Company") (ASX: ZMI) submit the financial report of Zinc of Ireland and its controlled entities ("the Group") for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report is as follows:

Names of Directors

The names of directors of the Company during or since the end of the half-year are:

Mr Richard Monti	Non-Executive Chairman
Mr Thomas Corr	Non-Executive Director
Dr Julian Barnes	Non-Executive Director
Mr Adrian Goldstone ⁽¹⁾	Non-Executive Director

The above named directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

⁽¹⁾Mr Goldstone was appointed on 25 January 2019 and resigned on 30 November 2021.

Operating and financial review

The loss of the Group for the half-year ended 31 December 2021, after accounting for income tax, amounted to **\$218,588** (2020: \$315,722).

Rathdowney Project (including Kildare Zn-Pb Resource) – Ireland

During the period to 31 December 2021 Zinc of Ireland has continued to consolidate its position on the Rathdowney Trend, Ireland. The Company's tenure has been compiled through application and government auction as well as acquisition from third parties. The Company now controls 68 PLs with 13 applications and this portfolio covers 130km of the Rathdowney Trend or in terms of area, approximately 2,500km² as shown on Figure 1. This places ZMI in control of what is arguably one of the most prospective belts of ground for high grade, large tonnage, "Irish Type" Zn/Pb deposits in the world. The acquisition of this tenement portfolio along with the wealth of freely available historic data will allow the Company to utilise the latest geological and deposit modelling techniques by applying a belt scale approach to exploration that has not been possible previously.

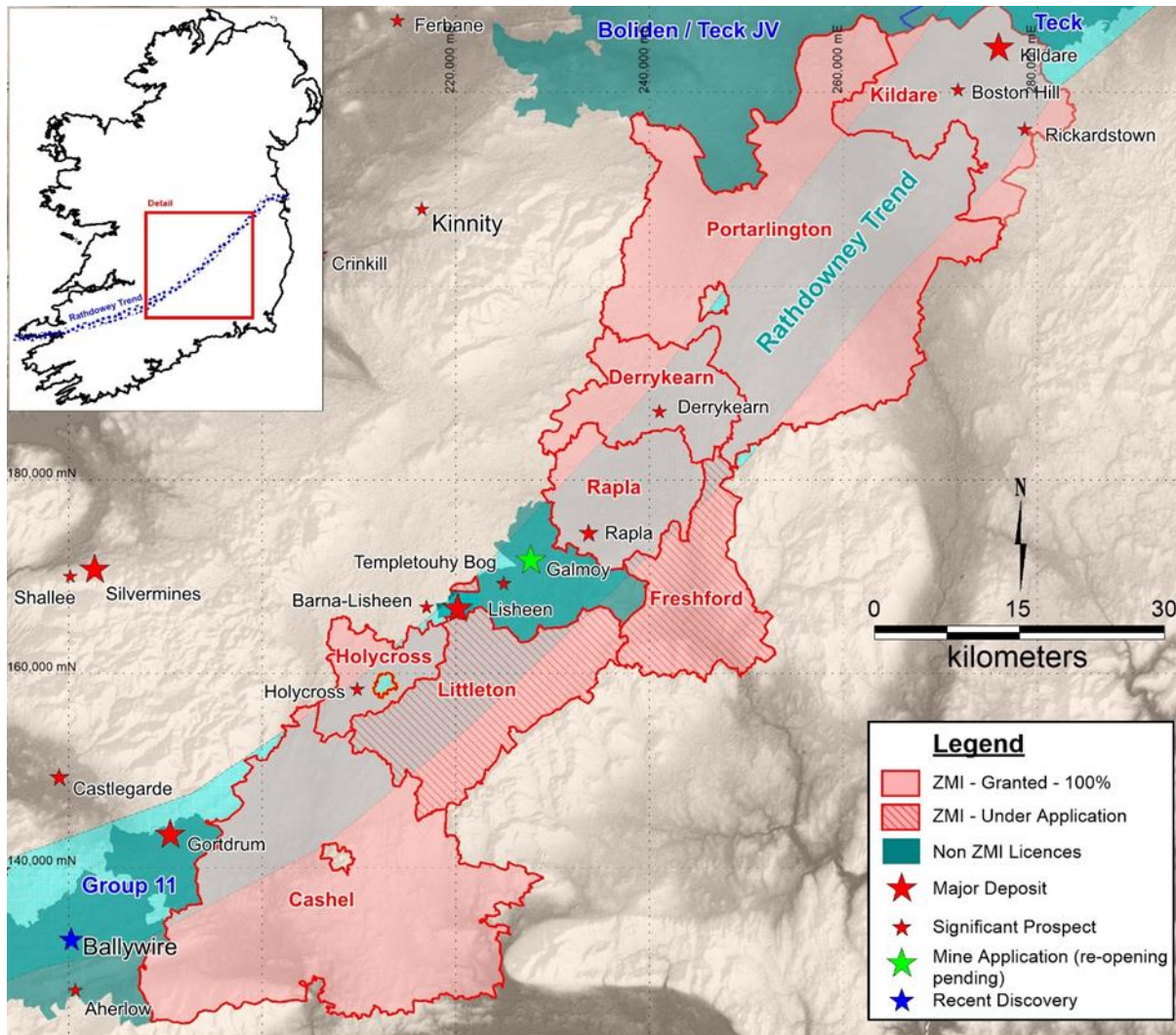


Figure 1. ZMI Licence position on the Rathdowney Trend

An updated Inferred Mineral Resource Estimate for the Kildare Project was reported to the ASX on 8 September 2020 with resources now standing at: **11.3 Mt @ 9.0% Zn+Pb (7.8% Zn and 1.2% Pb)** at a 5.0% Zn equivalent cut off. Assaying and interpretation of drilling undertaken into the Fault Compartment 3 (FC3) area at Kildare was completed early in 2020. This work was included into the Company's updated Inferred Mineral Resource Estimate (MRE) for the Kildare project details of which are given in Table 1. below.

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McGregor Shamrock and FC3 Inferred Mineral Resource							
Deposit	ZnEq Cut Off (%)	Mt	Zn%	Pb%	Zn + Pb%	Zn (kt)	Pb (kt)
McGregor	3.5	13.2	6.2	1.0	7.1	815	127
Shamrock	3.5	6.9	5.4	0.9	6.3	376	59
FC-3	3.5	1.5	6.4	0.9	7.3	98	14
Total	3.5	21.7	5.9	0.9	6.9	1,289	201
McGregor	4.0	11.0	6.7	1.1	7.7	736	117
Shamrock	4.0	5.4	6.0	0.9	6.9	325	49
FC-3	4.0	1.2	7.3	1.0	8.3	87	12
Total	4.0	17.6	6.5	1.0	7.5	1,147	178
McGregor	4.5	8.7	7.4	1.2	8.6	641	106
Shamrock	4.5	4.3	6.6	1.0	7.5	282	41
FC-3	4.5	1.0	8.0	1.0	9.0	80	10
Total	4.5	14.0	7.2	1.1	8.3	1,003	156
McGregor	5.0	7.0	8.1	1.4	9.5	565	95
Shamrock	5.0	3.5	7.1	0.9	8.1	248	33
FC-3	5.0	0.9	8.5	1.0	9.5	74	9
Total	5.0	11.3	7.8	1.2	9.0	887	136
McGregor	5.5	5.9	8.7	1.5	10.2	510	86
Shamrock	5.5	3.1	7.4	1.0	8.4	228	30
FC-3	5.5	0.8	9.0	1.0	10.0	70	8
Total	5.5	9.7	8.3	1.3	9.6	808	124
McGregor	6.0	5.0	9.3	1.6	10.9	465	78
Shamrock	6.0	2.6	7.7	1.0	8.8	204	27
FC-3	6.0	0.7	9.2	1.0	10.2	68	8
Total	6.0	8.4	8.8	1.3	10.1	737	113

Table 1. Updated Mineral Resource Estimate Table, Kildare.

Given the ongoing impacts of COVID-19 in Europe, the Company continued to take a watch and wait approach with respect to ongoing Government public health measures during the half year, as Ireland begins to ease its COVID-19 response. Zinc of Ireland considers that this was appropriate and in the interests of personnel and public safety and so that field work programmes can be implemented efficiently and to completion as soon as suitable conditions allow.

Earaheedy Project – Western Australia

Earaheedy Tenement E 38/3624

In Western Australia, ZMI completed first-pass desktop studies and initiated reconnaissance field sampling and mapping programmes, applying non-invasive techniques at its Earraheedy Zn-Pb-Ag-Mn exploration licence during the half year. The Company was also notified that its application for E 38/3624 had been successful and formally granted during the Period.

The Earraheedy licence is located approximately 200km east of Wiluna and 220km southeast of Rumble Resource's Ltd (RTR) Chinook and Magazine Pb-Zn discoveries, having been pegged by Unconformity Zinc Pty Ltd (UZ) in response to RTR taking a position in the basin (**Figure 2**). The ZMI tenement is largely unexplored with previous operators having focused on gold within Archean greenstones adjacent to the tenement and under Proterozoic cover, especially to the west of the Licence area. A wide-spaced State geochemistry programme has returned a 181ppm Zn result (WACHEM dataset Sample ID 166818_C1M3SD3) coincident with the Frere/Yelma unconformity (**Figure 3**). The licence contains approximately 23km of strike of the target unconformity between the Frere and Yelma formations. The Paleoproterozoic Frere Formation is comprised of granular iron-formation, granular siliceous iron-formation, peloidal chert, siltstone and sandstone and unconformably overlies sandstones, siltstones, shales, minor conglomerates and dolomite of the older Yelma Formation.

ZMI considers the EL to be prospective for sedimentary exhalative (SEDEX) zinc lead mineralization and amenable to low-cost geochemical exploration techniques along the unconformable contact.

Previous ground based exploration on the tenement appears to be negligible based on a search of open source data. Airborne magnetic and radiometric data was collected by North Ltd in 1996 (WAMEX openfile Ref: A52845) providing coverage of approximately two thirds of the tenement including all of the unconformable contact target area.

Tenement management consultants were also engaged by the Company during the quarter and will be assisting ZMI to achieve best practice with tenement compliance and stakeholder engagement.

Preparations are underway for follow up fieldwork in Q2, 2022.

E 38/3624 is held through ZMI's fully owned subsidiary Unconformity Zinc Pty Ltd.

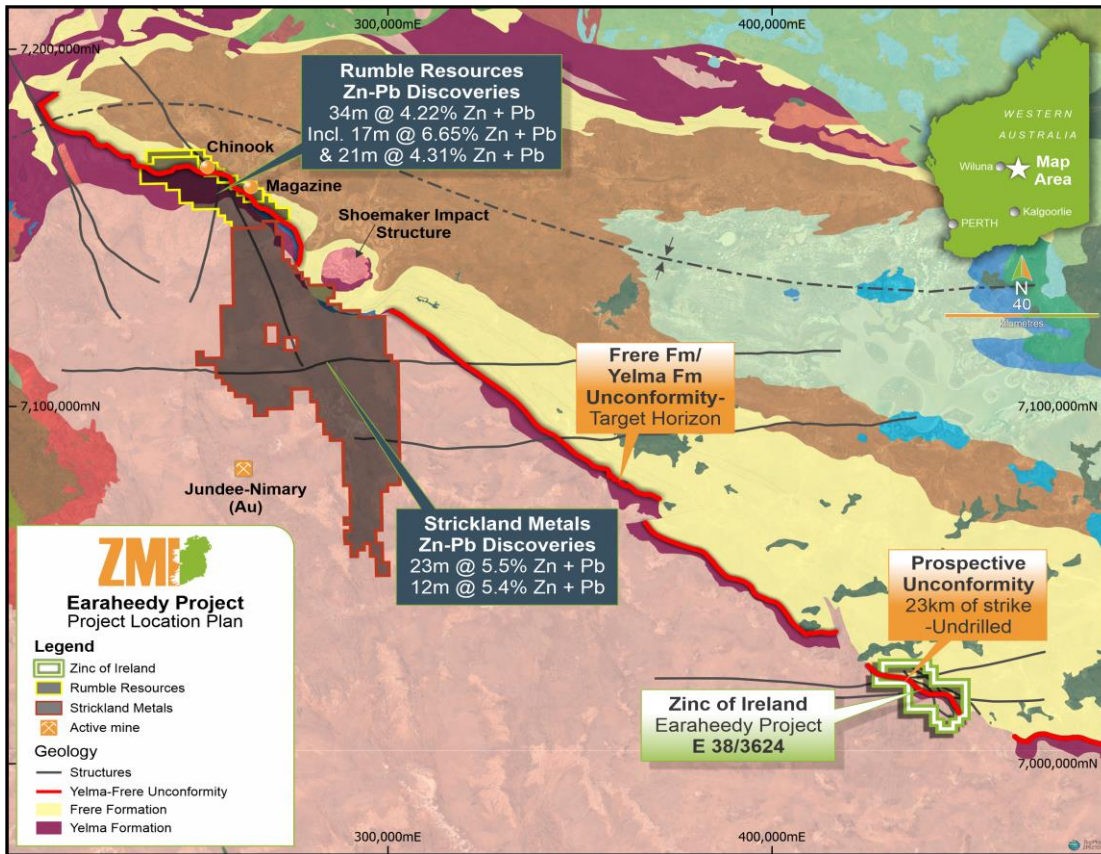


Figure 2. Zinc of Ireland tenement with respect to unconformity contact and Rumble Resources and Strickland Metals discoveries.

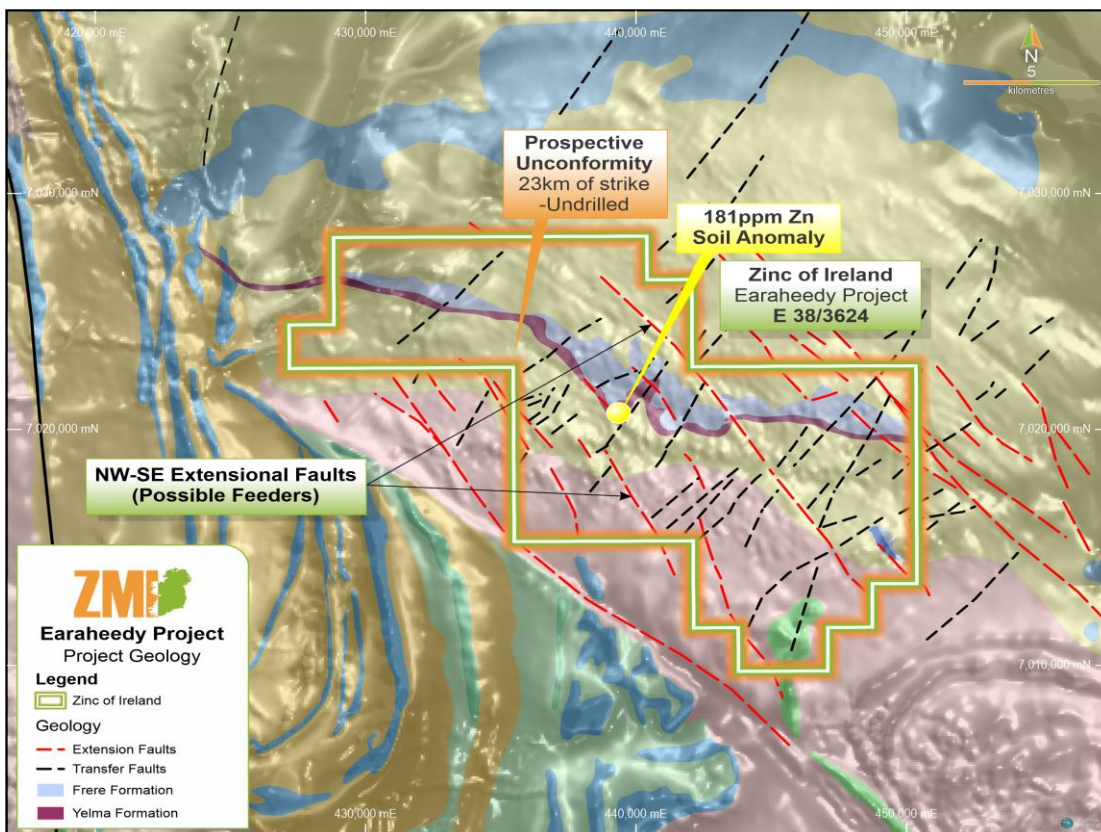


Figure 3. Tenement location containing 23km of prospective unconformity striking northwest with anomalous soil sample at the contact. (WACHEM dataset, 181ppm Zn Sample ID 166818_C1M3SD3)

Competent Persons' Statement

"The information in this report that relates to the Mineral Resources at ZMI's Kildare Project is extracted from the report entitled (Increase in JORC Resource and Completion of Mining Study at the Kildare Zn/Pb Project Co. Kildare, Ireland) created on 8 September 2021 and is available to view on the ASX Platform in the Company announcements section. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement."

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of the half-year report.

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

On behalf of the directors



Mr Richard Monti

Non-Executive Chairman

4 March 2022

Perth, Western Australia

To the Board of Directors

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

As lead audit director for the review of the financial statements of Zinc of Ireland NL for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully


HALL CHADWICK AUDIT WA PTY LTD


DOUG BELL CA
Director

Dated this 4th day of March 2022
Perth, Western Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZINC OF IRELAND NL

Conclusion

We have reviewed the accompanying half-year financial report of Zinc of Ireland NL ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zinc of Ireland NL and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* 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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half year financial report, which indicates that the Consolidated Entity incurred a net loss of \$218,588 during the half year ended 31 December 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



HALL CHADWICK WA AUDIT PTY LTD



DOUG BELL CA
Director

Dated this 4th day of March 2022
Perth, Western Australia

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Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr Richard Monti
Non-Executive Chairman
4 March 2022
Perth, Western Australia

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Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021

		Consolidated	
		Half-year ended	
	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Continuing operations			
Interest income		-	49
Other income		-	45,000
Total revenue and other income	4	-	45,049
Administration expenses		(96,144)	(182,367)
Compliance and regulatory expenses		(43,551)	(86,050)
Depreciation		(891)	(944)
Employee benefits expenses		(78,002)	(91,410)
Loss before income tax		(218,588)	(315,722)
Income tax expense		-	-
Loss for the period		(218,588)	(315,722)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(44,579)	(55,702)
Other comprehensive income for the period, net of income tax		(44,579)	(55,702)
Total comprehensive loss for the period		(263,167)	(371,424)
Loss attributable to:			
Owners of Zinc of Ireland NL		(218,588)	(315,722)
Total comprehensive loss attributable to:			
Owners of Zinc of Ireland NL		(263,167)	(371,424)
Loss per share:			
Basic and diluted (cents per share)	9	(0.14)	(0.26)

Condensed notes to the condensed consolidated financial statements are included on pages 15 to 22.

Condensed consolidated statement of financial position as at 31 December 2021

		Consolidated	
		31 Dec 2021	30 Jun 2021
		\$	\$
	Note		
Current assets			
Cash and cash equivalents		1,603,196	467,266
Trade and other receivables		58,534	59,720
Total current assets		1,661,730	526,986
Non-current assets			
Exploration and evaluation expenditure	10	7,486,644	6,828,058
Property, Plant and equipment		4,411	5,302
Total non-current assets		7,491,055	6,833,360
Total assets		9,152,785	7,360,346
Current liabilities			
Trade and other payables		73,040	274,270
Total current liabilities		73,040	274,270
Total liabilities		73,040	274,270
Net assets		9,079,745	7,086,076
Equity			
Issued capital	5	15,343,675	12,991,479
Other Equity		-	330,000
Reserves	6	239,560	500,522
Accumulated losses		(6,503,490)	(6,735,925)
Total equity		9,079,745	7,086,076

Condensed notes to the consolidated financial statements are included on pages 15 to 22.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2021

<u>Consolidated</u>	Issued capital \$	Other Equity \$	Share Based Payment Reserve \$	Financial Asset Reserve \$	FCTR \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	12,928,229	-	-	725,934	62,287	(6,381,958)	7,334,492
Loss for the period	-	-	-	-	-	(315,722)	(315,722)
Other comprehensive income, net of income tax	-	-	-	-	(55,702)	-	(55,702)
Total comprehensive income/(loss) for the period	-	-	-	-	(55,702)	(315,722)	(371,424)
Share based payments (refer to Note 6.2)	-	-	-	11,444	-	-	11,444
Issue of Ordinary Shares	28,750	-	-	-	-	-	28,750
through other comprehensive income to retained earnings	-	-	-	-	-	-	-
Balance at 31 December 2020	12,956,979	-	-	737,378	6,585	(6,697,680)	7,003,262
Balance at 1 July 2021	12,991,479	330,000	453,369	-	47,153	(6,735,925)	7,086,076
Loss for the period	-	-	-	-	-	(218,588)	(218,588)
Other comprehensive income, net of income tax	-	-	-	-	(44,579)	-	(44,579)
Total comprehensive income/(loss) for the period	-	-	-	-	(44,579)	(218,588)	(263,167)
Consideration for Unconformity Zinc Pty Ltd (refer to Note 12)	590,000	(330,000)	-	-	-	-	260,000
Issue of Ordinary Shares	1,834,548	-	-	-	-	-	1,834,548
Share issue costs	(72,352)	-	-	-	-	-	(72,352)
Issue of Options	-	-	229,700	-	-	-	229,700
Issue of Performance Rights	-	-	4,940	-	-	-	4,940
Options Expired	-	-	(451,023)	-	-	451,023	-
Balance at 31 December 2021	15,343,675	-	236,986	-	2,574	(6,503,490)	9,079,745

Condensed notes to the consolidated financial statements are included on pages 15 to 22.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2021

	Note	Consolidated	
		Half-year ended	
		31 Dec 2021	31 Dec 2020
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(270,616)	(301,954)
Receipt of Vat refunds		21,987	31,637
Interest received		61	1,000
Net cash used in operating activities		(248,568)	(269,317)
Cash flows from investing activities			
Payments for exploration and evaluation		(225,102)	(167,142)
Proceeds from sale of interest in tenement	4	-	49,500
Net cash used in investing activities		(225,102)	(117,642)
Cash flows from financing activities			
Proceeds from issues of equity instruments of the Company		1,680,000	-
Payment for share issue costs		(68,134)	-
Net cash provided by financing activities		1,611,866	-
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		467,266	992,383
Effects of exchange rate changes		(2,266)	(9,640)
Cash and cash equivalents at the end of the period		1,603,196	595,784

Condensed notes to the consolidated financial statements are included on pages 15 to 22.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2021

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2021 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 4 March 2022.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year half year ended 31 December 2021, the Group incurred a loss after tax of \$218,588 (2020: \$315,772), and net cash outflows from operating and investing activities of \$473,670 (2020: \$386,959) and had a net working capital surplus as at 31 December 2021 of \$1,588,690 (30 June 2021: \$252,716). As disclosed in Note 11, the Group has \$1,164,000 in exploration commitments due within the next 12 months.

The directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Company will require further funding during the 2022 calendar year in order to meet day to day obligations as they fall due and to progress its exploration projects. Based on the Company's cash flow forecast, the Board of Directors is aware of the Company's need to access additional working capital funds in the next 12 months to enable the Company to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

Based on the above, the Directors consider the going concern basis of preparation to be appropriate for this half-year report.

In the event that the Company is not successful in raising funds from the issue of new equity, containing operating and exploration expenditures and the sale of non-core assets, there exists material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Accounting Standards that are mandatorily effective for the current reporting period

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to the Group's accounting policies.

Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the half-year then ended. Where controlled entities have entered (left) the Group, their operating results have been included (excluded) from the date control was obtained (ceased).

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidated Entity's last annual financial statements for the year ended 30 June 2021.

2. Segment information

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 '*Operating Segments*' states that similar operating segments can be aggregated to form one reportable segment. Also, based on quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2021.

4. Revenue and other income

	31 Dec 2021 \$	31 Dec 2020 \$
Revenue from continuing operations		
Interest income	-	49
Proceeds from the sale of interest in tenements ¹	-	45,000
	-	45,049

¹On 22 July 2020, the Company's subsidiary Messina Resources Limited sold its interest in two Leonora tenements (M37/1202 and E37/893) to a third party for a consideration of \$45,000 plus GST.

5. Issued capital

	31 Dec 2021 \$	30 Jun 2021 \$
Fully paid ordinary shares	15,343,675	12,991,479

Fully paid ordinary shares

	31 Dec 2021		30 Jun 2021	
	No.	\$	No.	\$
Balance at beginning of period	122,942,494	12,991,479	121,534,931	12,928,229
Issue of vendor shares(i)	5,000,000	330,000	-	-
Issue of Placement shares (ii)	25,660,000	1,283,000	-	-
Issue of Director shares(iii)	283,561	17,297	-	-
Issue of shares (iv)	10,340,000	517,000	-	-
Conversion of Vendor Performance Rights(v)	5,000,000	260,000	-	-
Issue of Director shares(vi)	323,775	17,251	-	-
Issue of Director shares(vii)	-	-	1,407,563	63,250
Less: capital raising costs	-	(72,352)	-	-
	165,549,830	15,343,675	122,942,494	12,991,479

- (i) Fully paid ordinary shares issued to acquire Unconformity Zinc Pty Ltd (Refer Note 12)
- (ii) Tranche 1 Placement of 25,660,000 fully paid ordinary shares to at an issue price of \$0.05 per share.
- (iii) Shares issued to directors in lieu of cash payment of director fees approved at a General Meeting of shareholders of the Company held on 3 September 2021.
- (iv) Tranche 2 Placement of 10,340,000 fully paid ordinary shares to at an issue price of \$0.05 per share approved at a General Meeting of shareholders of the Company held on 3 September 2021.
- (v) Conversion of vendor Performance Shares on achievement of performance milestone (Refer Note 8).
- (vi) Shares issued to directors in lieu of cash payment of director fees approved at a General Meeting of shareholders of the Company held on 19 November 2021.
- (vii) Shares issued to directors in lieu of cash payment of director fees approved at a General Meeting of shareholders of the Company held on 27 November 2020.

6. Reserves

6.1 Reserve balances

	31 Dec 2021 \$	30 Jun 2021 \$
Share based payment reserve ⁽ⁱ⁾	236,986	453,369
Foreign currency translation reserves	2,574	47,153
Carrying value at end of the period	239,560	500,522

- (i) This represents the value of options (listed and unlisted) issued to advisors and the value of Performance Rights (expensed over their vesting dates) issued to director and vendors during the period ended 31 December 2021 and the year ended 30 June 2021, see below.

6.2 Share based payments movement during the year

Reconciliation of share-based payments expensed during the half year ended 31 December 2021 & movement in share-based payments reserve:

	31 Dec 2021 \$	30 Jun 2021 \$
Amortisation of performance rights	-	17,501
Performance rights expired	-	(90,700)
Total share-based payments included in administration expense	-	(73,199)
Consideration Options Issued	108,920	-
Performance Options issued (Refer Note 7)	108,920	-
Performance Rights A Issued(Refer Note 8)	260,000	-
Performance Rights B Issued(Refer Note 8)	16,800	-
Performance Rights converted to fully paid ordinary shares	(260,000)	-
Options Expired during the period	(451,023)	(199,366)
Total movement in share-based payment reserve	(216,383)	(272,565)
Balance at beginning of the period	453,369	725,934
Share based payment reserve movement	(216,383)	(272,565)
Carrying value at end of the period	236,986	453,369

7. Options

7.1 Options on issue at reporting date

The following option arrangements were in existence at the reporting date:

Series	Number	Grant date	Grant date fair value \$	Exercise price \$	Expiry date	Vesting date
ZMIUNL	18,000,000	9 Sept 2021	Nil	0.10	9 Sept 2024	9 Sept 2024
ZMI10	250,000	24 Mar 2020	0.009	0.20	2 Mar 2023	24 Mar 2020
ZMICO	5,000,000	9 Sep 2021	0.052	0.10	9 Sep 2024	9 Sep 2021
ZMIPO	5,000,000	9 Sep 2021	0.052	0.10	9 Sep 2024	11 Nov 2021 ¹

¹ Options vested upon satisfaction vesting condition being granting of the tenement by the Department Mines, Industry Regulation and Safety.

7.2 Options issued during the half-year

The fair value of unlisted options issued during the half-year ended 31 December 2021 has been determined using the Black-Scholes option pricing model.

Input	ZMICO	ZMIPO
Grant date share price	\$0.052	\$0.052
Exercise price	\$0.100	\$0.100
Expected volatility	90%	90%
Option life	3 years	3 years
Risk-free interest rate	0.09%	0.09%
Dividend yield	n/a	n/a
Vesting Probability	n/a	100% ⁽¹⁾
Grant Date Fair Value per option	\$0.0218	\$0.0218

⁽¹⁾ Options vested on 11 November 2021

8. Performance Rights

On 25 June 2021 the Company entered into a Binding Term Sheet to acquire Unconformity Zinc Pty Ltd. Pursuant to the agreement consideration payable included the following Performance Rights approved at a General Meeting of shareholders of the Company held on 3 September 2021:

Tranche	Milestone	Expiry Date	Aggregate no. of Performance Rights
Tranche A	Tranche "A" milestone will be completed upon the announcement by ZMI that the Tenement has been granted by DRIMS.	3 years from date of issue	5,000,000
Tranche B	Tranche "B" milestone will be completed upon the announcement by ZMI of achieving two drill intercepts on the tenement of greater than 40m apart and each more than 10m thick @ 5% (Zn + Pb).	3 years from date of issue	6,000,000

Each Performance Right converts into 1 fully paid ordinary share upon vesting.

On 11 November 2021, the Company announced that it had been officially granted EL 38/3624 by the Department Minerals, Industry Regulation and Safety (DRIMS) and therefore Tranche 1 Performance Rights were subsequently converted to Fully Paid Ordinary Shares in accordance with the terms of the Binding terms Sheet.

The fair value of Performance Rights issued during the half-year ended 31 December 2021 has been determined as follows:

Class	No. of Performance Rights	Grant Date	Share Price at Grant Date	Probability	Total Value \$
Tranche A	5,000,000	9 Sep 2021	0.052	100%	\$260,000
Tranche B	6,000,000	9 Sep 2021	0.052	5%	\$16,800

9. Loss per share

	31 Dec 2021 cents per share	31 Dec 2020 cents per share
Basic and diluted loss per share (cents per share)	(0.14)	(0.26)

9.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	31 Dec 2021 \$	31 Dec 2020 \$
Loss for the period attributable to owners of the Company	(218,588)	(315,722)

	31 Dec 2021 No.	31 Dec 2020 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	158,857,746	121,634,816

10. Exploration and evaluation expenditure

	31 Dec 2021 \$	30 Jun 2021 \$
Balance at beginning of the period	6,828,058	6,433,511
Expenditure incurred during the period	163,946	165,974
Consideration for Unconformity Zinc (Refer Note 12)	494,640	355,000
Impairment of Exploration and Evaluation Expenditure	-	(126,427)
	7,486,644	6,828,058

11. Commitments for expenditure

Exploration expenditure

	31 Dec 2021 \$	30 Jun 2021 \$
Not longer than one (1) year	1,164,000	909,019
Two (2) to five (5) years	4,977,000	1,542,722
Five (5) years onwards	765,000	-
	6,906,000	2,451,741

12. Acquisition of Unconformity Zinc Pty Ltd

On 25 June 2021 the Company entered into a Binding Term Sheet to acquire Unconformity Zinc Pty Ltd. Pursuant to the agreement consideration payable is as follows:

- A cash Payment of \$25,000;
- 5,000,000 fully paid ordinary shares at a deemed issue price of \$0.05 per share. The fair value of the consideration shares was \$0.066 on grant date;
- 5,000,000 options (ZMICO) with an exercise price of \$0.10 each and expiry date of 3 years from issue. The fair value of the consideration options was \$0.052 on grant date (Refer Note 7);
- 11,000,000 performance rights which will vest upon the completion of specified milestones (refer Note 8); and
- 5,000,000 options (ZMIPO) with an exercise price of \$0.10 each and expiry date of 3 years from the achievement of the granting of the tenement by the Department of Minerals, Industry Regulation and Safety (DRIMS), (tenement granted on 11 November 2021 and options therefore issued). The fair value of the options was \$0.022 on grant date (Refer Note 7).

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying value. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on the exchange rates prevailing as at 31 December 2021.

Total value of consideration paid to the vendors of Unconformity Zinc Pty Ltd is outlined below:

	Number of instruments issued	Number. of instruments expected to vest	Grant Date FV per instrument	Total Deemed Consideration
	No.	No.		\$
Cash Payment	-	-	-	25,000
Fully Paid Ordinary Shares	5,000,000	5,000,000	0.066	330,000
Consideration Options	5,000,000	5,000,000	0.022	108,920
Performance Options	5,000,000	4,950,000	0.022	108,920
Tranche A Performance Rights ⁽¹⁾	5,000,000	4,950,000	0.053	260,000
Tranche B Performance Rights ⁽¹⁾	6,000,000	300,000	0.056	16,800
	26,000,000	20,200,000	-	849,640

(1)

Tranche	Milestone	Expiry Date	Aggregate number of Performance Rights
Tranche A	Tranche "A" milestone will be completed upon the announcement by ZMI that the Tenement has been granted by DRIMS.	3 years from date of issue	5,000,000
Tranche B	Tranche "B" milestone will be completed upon the announcement by ZMI of achieving two drill intercepts on the tenement of greater than 40m apart and each more than 10m thick @ 5% (Zn + Pb).	3 years from date of issue	6,000,000

13. Related Party Transactions

There were no related party transactions during the period other than Directors fees paid to Directors of the Company on commercial terms .

14. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2021 annual financial report.

15. Key management personnel

Remuneration policies of key management personnel are disclosed in the 2021 annual financial report. During the period under review, there were no changes to key management personnel.

Mr Richard Monti received \$5,500 (50% payable in shares, inclusive of GST) per month for his services as Non-Executive Chairman. Dr Julian Barnes, Mr Adrian Goldstone and Mr Thomas Corr received \$3,125 per month, \$2,250 per month and \$3,000 per month respectively for their services as Non-Executive Directors.

Mr Adrian Goldstone tendered his resignation as Non-Executive Director on 30 November 2021.

16. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.