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**Interim Financial Report  
for the half year ended  
31 December 2022**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Zeotech Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001**

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## **CORPORATE DIRECTORY**

### **Directors**

Sylvia Tulloch (Non-Executive Chair)  
Peter Zardo (Managing Director)  
Robert Downey (Non-Executive Director)

### **Company Secretary**

Neville Bassett

### **Registered Office**

Level 27, 32 Turbot Street,  
Brisbane QLD 4000  
Telephone: +61 7 3181 5523

### **Postal Address**

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Brisbane QLD 4000

### **Internet**

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E: [info@zeotech.com.au](mailto:info@zeotech.com.au)

### **Share Registry**

Automic Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 288 664  
Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)  
Web: [automicgroup.com.au](http://automicgroup.com.au)

### **Auditors**

Rothsay Audit & Assurance Pty Ltd  
Level 1, Lincoln House  
4 Ventnor Avenue  
West Perth WA 6005  
Telephone: +61 8 9486 7094

### **Stock Exchange Listing**

Zeotech Limited securities are listed on the Australian Securities Exchange (ASX code: ZEO).

## **DIRECTORS' REPORT**

Your directors are pleased to present their report on Zeotech Limited and its controlled entities ("Zeotech" or "the Group"), for the half-year ended 31 December 2022.

### **DIRECTORS**

The names of the directors who held office during or since the end of the half year are:

Sylvia Tulloch	Non-Executive Chair
Peter Zardo	Managing Director
Robert Downey	Non-Executive Director

### **RESULT**

The Group recorded a loss for the half-year ended 31 December 2022 of \$694,530 compared to a loss of \$2,219,527 for the corresponding period in the prior year.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Group during the period were:

- working with academic and industry partners to develop and commercialise proprietary zeolite mineral processing technology that utilises kaolin or suitable process by-products, for the manufacture of zeolite materials;
- continued evaluation of the Group's industrial mineral tenements with the objective of identifying economic mineral deposits, aimed at developing commercial dealings; and
- the identification and evaluation of new venture and corporate opportunities.

### **REVIEW OF OPERATIONS**

#### Zeotech targeting development of carbon utilisation technology

Zeotech was accepted as an industry partner into The Australian Research Council ("ARC") Industrial Transformation Training Centre for the Global Hydrogen Economy ("GlobH2E"), led by The University of New South Wales ("UNSW").

In collaboration with research partner The University of Queensland ("UQ"), the Group's participation in the Training Centre will aim to develop structured metal-based manufactured zeolite as catalysts to facilitate a sustainable hydrogenation process for converting captured CO<sub>2</sub> and green hydrogen into syngas and value-added hydrocarbon fuels such as methanol.

#### Zeotech targets product development for methane control in collaboration with Cleanaway

The Group executed a multi-stage targeted research program with Griffith University ("Griffith") to develop and validate the application of Zeotech products for controlling landfill methane emissions.

The program is being undertaken in collaboration with Cleanaway Waste Management Limited ("Cleanaway"), Australia's leading waste management, industrial and environmental services company.

### Appointment of Chief Executive Officer

Zeotech appointed Mr Alister Morrison (MSc, GAICD, ACEcD) as Chief Executive Officer (CEO), effective 13 March 2023.

Mr Morrison is an accomplished senior executive with 25-years of strategic international experience across energy, natural resources and early-stage technology commercialisation sectors.

### **The University of Queensland**

#### Completion of Pilot Program

The Group concluded the pilot research program ("Pilot") for its novel and proprietary mineral processing technology with UQ School of Chemical Engineering and UniQuest, UQ's commercialisation company.

The Pilot had been in operation at UQ since February 2021<sup>1</sup> and has achieved its principal objectives by demonstrating a continuous closed-loop circuit from lithium process by-product (leached spodumene) and kaolin feedstock options, providing process validation of the patent-pending technology.

The Group is waiting to receive a formal agreement for the Resources Technology & Critical Minerals Trailblazer Universities Program ("Trailblazer"), in conjunction with project partners UQ and Covalent Lithium Pty Limited. Despite the delay, the Group looks forward to reviewing the terms of the Trailblazer agreement and giving further consideration to the program.

### **Griffith University**

#### Soil Carbon & Nutrient Management

Activities at Griffith were focussed on the Group's dual-stream agricultural program which is researching the development of targeted products for fertiliser delivery and soil carbon enhancement.

Under the nutrient management stream, which is aimed at leveraging the Group's manufactured zeolite products as a slow-release fertiliser delivery platform, effort has been focussed on nutrient sorption (loading) and desorption (release) optimisation.

The soil carbon stream focussed on the carbon incubation trials which aims to establish the carbon sequestration potential for Zeotech targeted products when applied to soils.

### **Brisbane Technology Park**

#### Zeotech Lab & Office

Fitout of the office and lab facilities at BTP was completed during the half-year. The unique space offers over 260m<sup>2</sup> of floorspace, comprising a circa 130m<sup>2</sup> lab facility and 130m<sup>2</sup> private office.

The lab is hosting a scaled-up in-house Pilot that will be used to develop new zeolite synthesis processes that are primarily targeting manufacture of a wider range of zeolite products with in-house IP to be protected under trade-secret protocols, alongside ongoing optimisation and further de-risking of the Group's patent-pending mineral processing technology from kaolin feedstock.

The in-house Pilot is capable of generating manufactured zeolite product for the Group's large-scale research programs in agricultural nutrient management and landfill methane control, together with supporting marketing activity and enhancing engagement with potential offtake or joint venture partners.

<sup>1</sup> ASX Announcement 16/02/2021 "Zeolite Pilot Plant Program Commences"

### Expansion of Zeotech Research Capability

The Group expanded its research personnel with the recruitment of Kieran Kelly and Zhila Amir Zadeh. Prior to joining Zeotech, Kieran and Zhila worked as Research Technicians for UQ School of Chemical Engineering and were actively involved in the Group's research and development activities at the university.

### **Corporate**

During the period, the Company successfully raised \$2,209,930 by way of the placement of 52,617,380 ordinary fully paid shares ("Shares") at \$0.042 per Share, together with with one free attaching option with an exercise price of \$0.10 and an expiry date of 30 September 2024 ("Options"), for every two shares issued.

The Shares and Options were issued within the Company's existing 15% placement capacity under ASX Listing Rule 7.1.

### **MINING TENEMENTS**

#### **The Toondoon Project**

On 23 August 2021, the Group announced that it had executed a term sheet with Zilotech Holdings Pty Ltd ("Zilotech") to acquire 100% of the issued capital in Kalotech Pty Ltd ("Kalotech"), which held a legally binding exercised option to acquire the mining lease and exploration licences for the 28,000-hectare Toondoon Kaolin Project ("Toondoon") located in Queensland.

On 28 July 2022, the Group dispatched meeting materials, explanatory statement and an independent expert's report to shareholders for a general meeting that was held on 31 August 2022 and sought shareholder approval for the acquisition of Kalotech Pty Ltd, the holder of the Toondoon Kaolin Project. Consideration for the acquisition was 37,000,000 fully paid ordinary shares in Zeotech Limited and reimbursement of costs up to \$350,000 in relation to expenditure on the Toondoon tenements.

Shareholders approved the acquisition at the general meeting held on 31 August 2022 and the acquisition settled on 1 September 2022.

The project comprises an approved Mining Lease (ML80126) and two Exploration Permits for Minerals (EPM 27395 & 27866) and is one of the highest-grade kaolin deposits in Australia. It is located approximately 20 kilometres south of Mundubbera, Queensland and spans over 28,000 hectares.

On 8 December 2022, the Group executed land purchase agreements to acquire the freehold land underlying the Group's approved ML80126, as well as overlapping the adjacent EPMs. The land of approximately 682ha provides direct access to local roads and water sources which will be necessary for future mining operations.

The Group commenced work on planning approval during the half-year, including initiating a traffic impact assessment for notifiable road use, together with preliminary work on cultural heritage approvals.

No groundwork was undertaken during the half-year.

#### **The Abercorn Project**

The Abercorn Project ("Abercorn") is located in central Queensland and has demonstrated it contains a consistent grade of kaolinite mineralisation.

Abercorn comprises 4 contiguous Exploration Permits for Mineral ("EPM") for a total of 50 sub-blocks, comprising EPM 26837 (33 sub-blocks), EPM 26903 (4 sub-blocks), EPM 19081 (1 sub-block) and EPM 27427 (12 sub-blocks).

No groundwork was undertaken during the half-year.

The Group is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Group confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

#### **EVENTS SUBSEQUENT TO PERIOD END**

Subsequent to the end of the period:

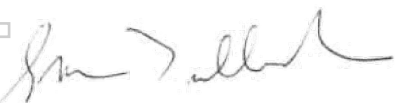
- The Company received a cash refund of \$1,040,353 under the Australian Federal Government's R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2022.
- Zeotech appointed Mr Alister Morrison (MSc, GAICD, ACEcD) as Chief Executive Officer (CEO), effective 13 March 2023.

Mr Morrison is an accomplished senior executive with 25-years of strategic international experience across energy, natural resources and early-stage technology commercialisation sectors.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Rothsay Audit & Assurance Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



**Sylvia Tulloch**  
Non-Executive Chair  
Brisbane, 10 March 2023



# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the review of Zeotech Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Zeotech Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla  
Director

10 March 2023



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

	Note	2022 \$	2021 \$
<b>REVENUE AND INCOME</b>	<b>2</b>	<b>1,047,776</b>	641,646
<b>EXPENDITURE</b>			
Administration expenses		(390,353)	(275,011)
Depreciation expense		(75,128)	(4,821)
Exploration expenses		(42,694)	(40,377)
Salaries and employee benefits expense		(558,160)	(369,172)
Technology expenses		(287,305)	(603,292)
Share based payments expense		(360,000)	(1,568,500)
Financing costs		(28,666)	-
<b>LOSS BEFORE INCOME TAX</b>		<b>(694,530)</b>	(2,219,527)
Income tax benefit / (expense)		-	-
<b>LOSS FOR THE YEAR</b>		<b>(694,530)</b>	(2,219,527)
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange profit / (loss) on translation of foreign operations		328	(581)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ZEOTECH LIMITED</b>		<b>(694,202)</b>	(2,220,108)
Basic and diluted loss per share (cents)		<b>(0.04)</b>	(0.15)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

		31 December 2022	30 June 2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,152,393	2,906,956
Trade and other receivables		1,172,979	115,950
<b>TOTAL CURRENT ASSETS</b>		<b>3,325,372</b>	<b>3,022,906</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,502,935	159,695
Financial assets		140,000	140,000
Exploration and evaluation costs		6,652,216	4,267,216
Intangible assets		2,067,719	1,451,895
Right-of-use asset		428,396	475,996
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,791,266</b>	<b>6,494,802</b>
<b>TOTAL ASSETS</b>		<b>14,116,638</b>	<b>9,517,708</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	353,033	183,462
Lease liability		59,790	55,242
<b>TOTAL CURRENT LIABILITIES</b>		<b>412,823</b>	<b>238,704</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		389,432	420,754
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>389,432</b>	<b>420,754</b>
<b>TOTAL LIABILITIES</b>		<b>802,255</b>	<b>659,458</b>
<b>NET ASSETS</b>		<b>13,314,383</b>	<b>8,858,250</b>
<b>EQUITY</b>			
Issued capital	5	40,727,974	35,577,639
Reserves		2,899,299	2,898,971
Accumulated losses		(30,312,890)	(29,618,360)
<b>TOTAL EQUITY</b>		<b>13,314,383</b>	<b>8,858,250</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

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

	Contributed Equity	Share-based Payments and Options Reserve	Foreign Exchange Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2021</b>	<b>35,589,258</b>	<b>960,000</b>	<b>195,668</b>	<b>(25,389,581)</b>	<b>11,355,345</b>
Loss for the period	-	-	-	(2,219,527)	(2,219,527)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,219,527)</b>	<b>(2,219,527)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Share issue costs	(9,525)	-	-	-	(9,525)
Shares issued under loan funded share plan	-	1,568,500	-	-	1,568,500
Foreign exchange movement	-	-	(581)	-	(581)
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>35,579,733</b>	<b>2,528,500</b>	<b>195,087</b>	<b>(27,609,108)</b>	<b>10,694,212</b>
<b>BALANCE AT 1 JULY 2022</b>	<b>35,577,639</b>	<b>2,703,500</b>	<b>195,471</b>	<b>(29,618,360)</b>	<b>8,858,250</b>
Loss for the period	-	-	-	(694,530)	(694,530)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(694,530)</b>	<b>(694,530)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the year	2,209,930	-	-	-	2,209,930
Shares issued for acquisition	2,035,000	-	-	-	2,035,000
Shares issued for licence agreement	600,000	-	-	-	600,000
Shares issued on satisfaction of performance rights	360,000	-	-	-	360,000
Share issue costs	(54,595)	-	-	-	(54,595)
Foreign exchange movement	-	-	328	-	328
<b>BALANCE AT 31 DECEMBER 2022</b>	<b>40,727,974</b>	<b>2,703,500</b>	<b>195,799</b>	<b>(30,312,890)</b>	<b>13,314,383</b>

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

	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(57,881)	(37,011)
Payments to suppliers and employees	(1,120,942)	(1,274,440)
Other income	6,290	4,964
<b>Net cash outflow from operating activities</b>	<b>(1,172,533)</b>	<b>(1,306,487)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(1,369,846)	(51,947)
Net cash on acquisition of Kalotech Pty Ltd	297	-
Payments to acquire mining assets	(350,000)	-
Payments for other intangible assets	(17,816)	(92,986)
Payments to acquire investment	-	(140,000)
<b>Net cash outflow from investing activities</b>	<b>(1,737,365)</b>	<b>(284,933)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of ordinary shares net of share issue cost	2,155,335	(4,407)
<b>Net cash inflow from financing activities</b>	<b>2,155,335</b>	<b>(4,407)</b>
Net (decrease)/increase in cash and cash equivalents	(754,563)	(1,595,827)
Exchange differences on cash and cash equivalents	-	(260)
Cash and cash equivalents at the beginning of the half-year	2,906,956	5,853,795
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>2,152,393</b>	<b>4,257,708</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Zeotech Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### **Going Concern**

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of its liabilities in the normal course of business.

The directors consider it appropriate to prepare the consolidated entity's financial statements on a going concern basis and recognise that additional funding may be required to ensure the consolidated entity can continue its operations for the next twelve months and to fund the continued development of the consolidated entity's exploration and technology assets. This basis has been determined after consideration of the following factors:

- the ability to issue additional capital under the Corporations Act 2001, if required, by share purchase plan, share placement or rights issue;
- debt financing, including convertible note issues;
- the option of farming out all or part of the consolidated entity's exploration projects; and
- the ability, if required to dispose of interest in exploration and development assets.

Consequently, the Board considers the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**NOTE 2: REVENUE**

	Half Year Consolidated	
	December 2022	December 2021
<b>From continuing operations</b>	<b>\$</b>	<b>\$</b>
Interest revenue	7,423	4,964
Other revenue	-	-
R&D refund	1,040,353	636,682
<b>Total revenue</b>	<b>1,047,776</b>	<b>641,646</b>

**NOTE 3: SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified two reportable segments being exploration activities undertaken in Australia, and Botswana. These segments include the activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in these geographic locations.

**Primary Reporting – geographical segments**

The geographical segments of the consolidated entity are as follows:

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 3: SEGMENT INFORMATION (continued)**

**Revenue by geographical region**

Revenue attributable to the Group disclosed below, based on where the revenue is generated from:

	<b>December 2022</b>	<b>December 2021</b>
	<b>\$</b>	<b>\$</b>
Australia	1,047,776	641,646
Botswana	-	-
<b>Total revenue</b>	<b>1,047,776</b>	<b>641,646</b>

**Segment results by geographical region**

Australia	694,530	2,219,336
Botswana	-	191
<b>Net loss before tax</b>	<b>694,530</b>	<b>2,219,527</b>

**Assets by geographical region**

The location of segment assets by geographical location of the assets is disclosed below:

	<b>December 2022</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Australia	14,116,638	9,515,432
Botswana	-	2,276
<b>Total assets</b>	<b>14,116,638</b>	<b>9,517,708</b>

**Liabilities by geographical region**

The location of segment liabilities by geographical location of the assets is disclosed below:

	<b>December 2022</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Australia	801,093	658,265
Botswana	1,162	1,193
<b>Total liabilities</b>	<b>802,255</b>	<b>659,458</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 4: TRADE AND OTHER PAYABLES**

	Half-Year Consolidated	
	December 2022	June 2022
	\$	\$
Trade creditors	191,881	42,154
Director's fees payable	76,437	65,994
Other payables and accruals	84,715	75,314
<b>Total</b>	<b>353,033</b>	<b>183,462</b>

**NOTE 5: ISSUED CAPITAL**

	December 2022 Shares	December 2022 \$	June 2022 Shares	June 2022 \$
<b>Issues of ordinary shares during the half-year</b>				
Issued for cash	52,617,380	2,209,930	-	-
Issued for acquisition	37,000,000	2,035,000	-	-
Issued for licence agreement	16,172,820	600,000	-	-
Issued on satisfaction of performance rights	10,000,000	360,000	-	-
Issued to employees for Incentive Share Plan*	-	-	39,000,000	-
Share issue cost	-	(54,595)	-	(11,619)
	<b>115,790,200</b>	<b>5,150,335</b>	<b>39,000,000</b>	<b>(11,619)</b>

\*Shares are restricted and are treated as options with the value recorded in the option reserve.

	Number of options	
	December 2022	December 2021
<b>Movements of options during the half-year</b>		
Options lapsed during the year	-	-
Issued during the year	26,308,690	-
	<b>26,308,690</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 6: ACQUISITION OF KALOTECH PTY LTD (TOONDOON PROJECT)**

On 23 August 2021, the Company announced that it had executed a term sheet with Zilotech Holdings Pty Ltd ("Zilotech") to acquire 100% of the issued capital in Kalotech Pty Ltd ("Kalotech"), which held a legally binding exercised option to acquire the mining lease and exploration licences for the Toondoon Kaolin Project ("Toondoon").

On 25 March 2022, the Company received notice that the Queensland Government – Department of Resources gave approval to register the transfer of the Toondoon Kaolin Project Mining Lease (ML 80126) to Kalotech.

On 28 July 2022, the Company dispatched meeting materials, explanatory statement and an independent expert's report to shareholders for the general meeting that was held on 31 August 2022 and sought shareholder approval for the acquisition of Kalotech Pty Ltd, the holder of the Toondoon Kaolin Project. Consideration for the acquisition was 37,000,000 fully paid ordinary shares in Zeotech Limited and reimbursement of costs up to \$350,000 in relation to expenditure on the Toondoon tenements.

Shareholders approved the acquisition at the general meeting held on 31 August 2022 and the acquisition settled on 1 September 2022.

**Fair Value Consideration**

Cash	350,000
Issue of shares in Zeotech Ltd to vendors (37,000,000 at \$0.055)	2,035,000
	<u><b>2,385,000</b></u>

The assets acquired and liabilities assumed at the date of acquisition are as follows:

**Recognised Amounts of Identifiable Net Assets on Acquisition**

Cash	279
Mining properties	2,384,721
	<u><b>2,385,000</b></u>

**Acquisition Related Costs**

Acquisition related costs of \$23,959 have been expensed during the year.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 7: CONTINGENCIES**

There are no material contingent liabilities or contingent assets of the Group at balance date other than those detailed below.

**Commencement of Legal Proceedings Against Zeotech**

On 31 August 2022, the Company advised that Goody Investments Pty Ltd (a related party of John Goody being an ex-director of the Company) ("the Plaintiff") had commenced legal proceedings against the Company in the Supreme Court of Western Australia. The Company has been served with a Writ and Statement of Claim.

On 10 November 2022, the Company advised that Gold Coast Tweed Pet Motels Pty Ltd ("the Plaintiff") had commenced legal proceedings against the Company in the Supreme Court of Queensland. The Company has been served with a Writ and Statement of Claim.

Both proceedings relate to the issue of ordinary fully paid shares in Zeotech (Shares) with respect to the Second Milestone Performance Rights in the Company (Performance Rights), issued to the plaintiff as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019. Under this agreement the Company acquired the Abercorn Kaolin Project.

Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels Pty Ltd were issued 23,782,500 and 15,847,500 Performance Rights respectively, which conversion into Shares was subject to the achievement of a second milestone, being the completion of a scoping study on the Abercorn Project ("Abercorn Scoping Study") before the expiry date, being 8 August 2022.

The statement of claims alleges that the Company was subject to an obligation to undertake the Abercorn Project Scoping Study to satisfy the second performance milestone by the expiry date. The Company denies the nature of the allegation. The proceedings with Goody Investments Pty Ltd seek damages of \$1,426,950 plus interest and any further orders of the Court. The proceedings with Gold Coast Tweed Pet Motels Pty Ltd seek damages, interest, and such further or other relief as the Court considers just.

The Company is reviewing the statement of claim with its legal advisers and will be defending the proceedings.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 7: SUBSEQUENT EVENTS**

No matter or circumstance has arisen since 31 December 2022, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years other than the below.

1. Receipt of a cash refund of \$1,040,353 under the Australian Federal Government's R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2022.
2. Zeotech appointed Mr Alister Morrison (MSc, GAICD, ACEcD) as Chief Executive Officer (CEO), effective 13 March 2023.

Mr Morrison is an accomplished senior executive with 25-years of strategic international experience across energy, natural resources and early-stage technology commercialisation sectors.

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## **DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 9 to 19 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Zeotech Limited will be able to pay its debts as and when they become due and payable.

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



**Sylvia Tulloch**  
Non-Executive Chair  
Brisbane, 10 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZEOTECH LIMITED

### Report on the Review of the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Zeotech Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year 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 (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
ZEOTECH LIMITED

***Directors' Responsibility for the Half-Year 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

***Auditor's Responsibility for the Review of the Half-Year 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 Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**Rothsay Audit & Assurance Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dalla', written over a horizontal line.

**Daniel Dalla**  
Director

Dated 10 March 2023

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