

Zeotech Limited

ACN 137 984 297

PROSPECTUS

Options Offer

For the offer to Placement Participants to subscribe for 26,308,690 New Options exercisable at \$0.10 and expiring on 30 September 2024, at an issue price of nil (**Options Offer**).

The Options Offer opens on 27 September 2022 and closes at 5.00pm (WST) on 30 September 2022

Share Offer

For the offer of 100,000 New Shares (ASX Code: ZEO) at an issue price of \$0.042 each to raise up to \$4,200 before costs (**Share Offer**).

The Share Offer opens on 27 September 2022 and closes at 5.00pm (WST) on 30 September 2022.

Purpose of Prospectus

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any secondary trading restrictions that would otherwise apply to Shares issued by the Company on the exercise of New Options.

IMPORTANT NOTICE

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Forms regarding acceptance of each Offer. If you do not understand this document, you should consult your professional adviser. The Securities offered by this Prospectus should be considered as a speculative investment.

Important Information

General

This Prospectus is dated 27 September 2022 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction-specific prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering or 'full-form' prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

No securities will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Electronic prospectus

This Prospectus may be viewed in electronic form at <https://zeotech.com.au/asx-announcements/> by Australian and New Zealand investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during an Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus.

Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors are set out in Section 4 of this Prospectus. These risks, together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Company's Securities in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of their personal circumstances and should consider consulting their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

Overseas Applicants

This Prospectus is not, and is not intended to constitute, an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation, or issue.

By applying for New Securities, including by submitting an Application Form, an Applicant represents and warrants that there has been no breach of such laws.

The distribution of this Prospectus and accompanying Application Forms (including electronic copies) outside Australia and New Zealand may be restricted by law and persons who come into possession of these documents should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute

part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for New Securities.

The Company has not authorised any person to give any information or make any representation in connection with an Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon as having been authorised by the Company in connection with this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements that have been based on current expectations about future acts, events, and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These forward-looking statements are subject to risks, uncertainties, and assumptions that could cause those acts, events, and circumstances to differ materially from the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance, or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, except during an Offer Period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Applications

Applications for New Securities offered by this Prospectus can only be made on an original Application Form accompanying this Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Forms regarding the acceptance of an Offer.

By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of New Securities in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offers to which the Application Form relates, and agrees to all of the terms and conditions as detailed in this Prospectus.

Target Market Determination

A "Target Market Determination" (TMD) in respect of the Offers made under this Prospectus has been prepared by the Company and is available on the Company's website at www.zeotech.com.au.

The TMD seeks to offer potential investors with an understanding of the class of investors for which the offer of Options under this Prospectus has been designed, having regard to the objectives, financial situation and needs of the target market.

Meaning of terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 9.

Currency

References to “\$”, “A\$”, “AUD”, or “dollar” are references to Australian currency, unless otherwise stated.

Reference to time

References to time relate to the time in Perth, Western Australia, unless otherwise stated.

Key Information

Indicative Timetable

| Event | Date |
|---|----------------------------|
| Lodgement of Prospectus with ASIC and ASX. | Tuesday, 27 September 2022 |
| Opening Date | Tuesday, 27 September 2022 |
| Issue of Placement Shares | Friday, 30 September 2022 |
| Closing Date of Offers | Friday, 30 September 2022 |
| Issue of New Options and New Shares | Friday, 30 September 2022 |
| Commencement of trading of Placement Shares and New Shares on ASX | Wednesday, 5 October 2022 |

The above events, dates and times are indicative only and may be subject to change. The Company reserves the right to amend any of these events, dates and times without notice, subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date and to accept late applications. The commencement of trading of New Shares on ASX is subject to confirmation by ASX.

Key Details of Offers

| Key Details of Options Offer | |
|---|---|
| Offer Price | Nil |
| Number of New Options to be issued | 26,308,690 |
| Funds to be raised (before costs) | Nil |
| Key Details of Share Offer | |
| Offer Price | \$0.042 per New Share |
| Maximum number of New Shares to be issued | 100,000 |
| Maximum funds to be raised (before costs) | \$4,200 |
| Minimum subscription | There is no minimum subscription to the Share Offer |

Corporate Directory

Directors

Sylvia Tulloch
Chairman

Peter Zardo
Managing Director

Robert Downey
Non-Executive Director

Company Secretary

Neville Bassett

Registered Office

Level 27, 32 Turbot Street
Brisbane QLD WA 4000

T: +61 7 3181 5523

W: www.zeotech.com.au

W: info@zeotech.com.au

ASX Code

ZEO

Solicitors to the Company

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
Perth WA 6000

Share Registry*

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

Auditor*

Rothsay Audit & Assurance Pty Ltd
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

*Included for information purposes only. This entity has not been involved in the preparation of this Prospectus.

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1. Investment Overview

1.1 Capital raising by Placement

On 26 September 2022, the Company announced that it had successfully arranged a \$2.2 million (before costs) capital raising by private placement of 52,617,380 ordinary shares in the Company (**Placement Shares**), at an issue price of \$0.042 per Placement Share, and 26,308,690 Options exercisable at \$0.10 each expiring 30 September 2024 (**New Options**), on the basis of one New Option free-attaching for every two Placement Shares issued.

The Placement Shares are to be issued to non-related party investors identified by the Company, who are "sophisticated investors" within the meaning of section 708(8) of the Corporations Act or other investors to whom the Company may issue Shares without a disclosure document pursuant to section 708 of the Corporations Act (**Placement Participants**).

The Placement Shares and New Options are to be issued by the Company using its issuing capacity under Listing Rule 7.1.

1.2 Offers

Under this Prospectus, the Company makes the following offers (**Offers**):

- an offer to the Placement Participants to subscribe for a total of 26,308,690 New Options at an issue price of nil, on the basis of one New Option free-attaching for every two Placement Shares issued (**Options Offer**); and
- an offer to Applicants as determined by the Directors to subscribe for a total of 100,000 New Shares at an Offer Price of \$0.042 each, to raise up to \$4,200 (before costs) (**Share Offer**).

The Offers are not open to the general public.

1.3 Purpose of the Offers and cleansing of New Securities

The Company is obliged to ensure that Securities issued by the Company which are to be quoted on ASX are not subject to the secondary sale restrictions in the Corporations Act.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any secondary trading restrictions applicable to Shares issued on the exercise of New Options after the Prospectus Date.

This Prospectus includes the Share Offer as an offer for the issue of quoted Securities for which consideration is payable, as a means of facilitating the lodgement and issue of this Prospectus.

1.4 Company's business and projects

The Company's objective is to commercialise its proprietary mineral processing technologies, using a low environmental footprint for the sustainable production of advanced materials 'manufactured zeolites', and undertake low impact exploration and development of its kaolin projects.

The Company is working with the University of Queensland to develop and commercialise novel and proprietary mineral processing technology that utilises kaolin or suitable process tailings to produce high value zeolites, and offers a cost-effective and sustainable method of manufacturing zeolites compared to conventional processes.

The patent-pending technology has the potential to accelerate development of the Company's projects by utilising the Company's existing kaolin feedstock to advance new climate technology applications aimed at mitigating greenhouse gas emissions.

The Company is collaborating with Griffith University to develop zeolite products that offer solutions to large-scale agricultural challenges by progressing a comprehensive research program exploring new products targeting:

- Slow-release fertiliser delivery, with adjunct carbon markets potential; and
- agricultural pollutant treatment.

In addition, Zeotech and Griffith University are in the final stages of developing a methane emission control program.

The Company aspires to improve environmental outcomes by continuing to build on the potential of our proprietary zeolite mineral processing technology to be applied as an industrial solution to reduce greenhouse gas emissions and a circular solution for suitable process residues, by utilising tailing streams as feed for the production of zeolites.

Further information about the Company's business and projects is contained in the Company's announcements and reports released to ASX, including the latest Annual Report, which are available on the Company's website at www.zeotech.com.au.

1.5 **Board and management**

The Company is managed by the Board of Directors. The Board currently comprises three Directors, being one Executive Director and two Non-Executive Directors.

(a) **Sylvia Tulloch BSc, MSc – Non-Executive Chairman**

Sylvia is a materials scientist, with many years' experience in establishment and management of high technology businesses, with a focus on commercialisation, mineral processing technologies and the cleantech sector. Sylvia holds a Bachelor of Science and Masters in Materials Science from the University of New South Wales and is an investor in and Director of many start-up companies, has founded and taken 2 companies to ASX listing and held government advisory positions in the start-up, renewable energy, and manufacturing sectors. She is also currently Chairman of Griffin Accelerator Holdings – ACT's only start-up business accelerator program and is on the board of The Canberra Innovation Network.

(b) **Peter Zardo MAICD – Managing Director**

Peter joined Zeotech as Chief Operating Officer on 7 April 2020 and appointed Managing Director on 8 July 2020, after spending more than 16 years in the corporate and business banking division of the Westpac Group. Prior to joining Zeotech, Peter was a Director of Industry banking, having completed Westpac's Emerging Leader Program in 2019 and previous to this, spent several years in financial and equity markets. He has undertaken studies in Applied Science at Charles Sturt University and Circular Economy & Sustainability at Cambridge Judge Business School. Peter is a member of the Australian Institute of Company Directors and possesses significant experience in business advisory, project management and corporate finance, having accumulated a vast network of relationships across a number of industries, bringing these connections and expertise to his role.

(c) **Robert Downey BEd, LLB– Non-Executive Director**

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner at Dominion Legal, a boutique law firm in Perth. Mr Downey became Non-Executive Chairman on 18 October 2016, resigned as Chairman on 7 April 2020 but assumed the role of Non-Executive Director.

In the three years immediately before the end of the FY22 financial year, Mr Downey was a director of ASX-listed Kairiki Energy Ltd until 28 August 2019. He is currently a director of Connexion Telematics Ltd, Reach Resources Limited, Askari Metals Ltd, Mt Malcolm Mines NL and Twenty Seven Co Ltd.

1.6 **Key risks**

In addition to risks specific to the Company as described in detail in Section 4, the risks set out below have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its securities.

| Risk | Description |
|--|--|
| Capital and funding requirements | Given its focus on commercialising its proprietary mineral processing technology, the Company has negative operating cashflow and, at present, it does not generate any material revenue. No assurance can be given that the Company will achieve commercial viability through its existing technology or otherwise. Until the Company is able to realise the full value from its technology, it is likely to incur ongoing operating losses. |
| Development and commercialisation of the Company's technology | The success of the Company will depend upon the Company's ability to further develop and commercialise its technology and intellectual property. A failure to successfully develop and commercialise the technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position. |
| Staffing and reliance on key management | The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company. |
| Intellectual property | The success of the Company, in part, depends on its continued ability to protect its intellectual property and use any trademarks to increase brand awareness. The Company will depend on its intellectual property to protect its brand and trade secrets, and any pending patents on its products and production processes. In the event the Company is unable to protect its intellectual property adequately, the value of the Company's products and brands could be adversely affected. This may further impact the overall business, with respect to its financial position and overall profitability and operational output. |
| Exploration and development | The Company's mining tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of these tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic resource. Even where an apparently viable resource is identified, there is no guarantee that it can be economically exploited. |

2. Details of the Offers

2.1 Options Offer

The Options Offer made under this Prospectus invites Placement Participants to subscribe for 26,308,690 New Options at an issue price of nil, under the Placement.

By offering the New Options under the Options Offer, the New Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, the New Options (and any Shares issued on their exercise) will not be subject to secondary trading restrictions.

The full terms and conditions of the New Options offered under the Options Offer are set out in Section 5.2.

The Options Offer is not made to any person other than the Placement Participants and their nominees.

2.2 Share Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 100,000 New Shares at an Offer Price of \$0.042 per New Share to raise up to \$4,200 (before expenses).

The Share Offer will only be extended to specific investors on invitation from the Company. Application Forms will only be provided by the Company to these parties.

All of the New Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

2.3 Purpose of Offers

The Company is seeking to raise only a nominal amount of \$4,200 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that would otherwise attach to the issue of Shares on the exercise of New Options.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

2.4 Applications for New Shares under Share Offer

(a) Application Form

Applications for New Shares under the Share Offer may be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the New Shares must be made in full at the issue price of \$0.042 per Share.

An original, completed, and lodged Application Form constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in that Application Form. The Application Form does not need to be signed to be valid.

If an Application Form is not completed correctly, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an Application Form as valid and how to construe, amend, or complete a form is final.

(b) Payment by cheque or money order

An Application Form must be accompanied by a personal cheque or money order, payable in Australian dollars, for an amount equal to the number of New Shares for which the Applicant wishes to apply, multiplied by the Offer Price (i.e. \$0.042) of those New Shares.

Cheques or money orders must be made payable to "Zeotech Limited" and should be marked "Not Negotiable".

Completed Application Forms and accompanying cheques or money orders must be received by the Company before **5.00pm (WST) on the Closing Date** at the following address:

Zeotech Limited
Level 27, 32 Turbot Street
Brisbane QLD 4000

2.5 Timetable for Offers

The Share Offer will open for receipt of Applications on Tuesday, 27 September 2022 and will close at 5.00pm (WST) on Friday, 30 September 2022.

The Directors reserve the right to extend the Offer Period or close the Offers prior to the stated Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

2.6 Issue of New Options under Options Offer

The New Options offered under the Options Offer are expected to be issued on or before Friday, 30 September 2022, and in any event as soon as practicable following the Closing Date for the Options Offer.

Holding Statements with respect to the New Options offered under the Options Offer are expected to be issued within 3 Business Days of the issue of New Options. The sale by an Applicant of any Securities prior to the receipt of a Holding Statement is at the Applicant's own risk.

2.7 Issue of New Shares under Share Offer

If issued, the New Shares offered under the Share Offer are expected to be issued on or before Friday, 30 September 2022, and in any event as soon as practicable following the Closing Date for the Share Offer.

Holding Statements with respect to the Securities offered under the Share Offer are expected to be issued within 3 Business Days of the issue of New Securities. The sale by an Applicant of any Securities prior to the receipt of a Holding Statement is at the Applicant's own risk.

2.8 ASX quotation

The Company will not apply for Official Quotation on ASX of the New Options issued pursuant to this Prospectus.

The Company will apply for Official Quotation on ASX of the New Shares issued pursuant to this Prospectus within 7 days of the date of this Prospectus.

If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any New Shares under the Share Offer and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

2.9 Minimum subscription

The Offers are not subject to any minimum subscription condition or requirement.

2.10 Underwriting

The Offers are not underwritten.

2.11 Withdrawal

The Directors may decide to withdraw this Prospectus or the Offers at any time before issue of any New Securities.

2.12 Application Moneys to be held on trust

Application Moneys for New Shares under the Share Offer will be held by the Company on trust in accordance with the requirements of the Corporations Act until the New Shares to which the Application Moneys relates are issued under the Share Offer, or a refund of Application Moneys occurs in the circumstances described in this Prospectus.

The Company will retain any interest earned on Application Moneys, including in the event of any refund of Application Moneys.

2.13 Applicants outside of Australia

This Prospectus does not constitute the offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the offer.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued New Securities. Return of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

The Company has not taken any action to register or qualify the New Securities or the Offers, or otherwise to permit a public offering of Securities, in any jurisdiction outside Australia.

Prospective investors located outside Australia are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular

concern to them. Accordingly, prospective investors located outside Australia should consult with their own legal, financial and tax advisors concerning the information contained within the Prospectus and as to the suitability of an investment in the Shares in their particular circumstances.

2.14 **CHESS and issuer sponsorship**

The Company participates in the Clearing House Electronic Sub-Register System (**CHESS**), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of its Securities.

Under CHESS, the Company does not issue certificates to the holders of Securities. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of Securities allotted and issued to them.

This Holding Statement also advises investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer sponsored sub-register.

A statement is routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

2.15 **Taxation implications**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

Neither the Company nor any of its advisers or officers accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

2.16 **Privacy disclosure**

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement.

The Company and the Securities Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- (a) the Securities Registry for ongoing administration of the Company's register;
- (b) the Company's related bodies corporate (as that term is defined in the Corporations Act), agents, contractors and third-party service providers, as well as to ASX, ASIC, and other regulatory authorities (including the Australian Taxation Office); and
- (c) the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a Security holder of the Company, the Corporations Act requires the Company to include information about the Security holder's (name, address and details of the Securities held) in its public register. This information must remain in the Company's register

even if that person ceases to be a Security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its Security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Securities Registry. An Applicant can request access to their personal information by writing to the Company through the Securities Registry.

2.17 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

3. Effect of the Offers

3.1 Principal effect of Offers on the Company

The principal effects of the Offers, assuming the Offers are fully subscribed, will be to:

- increase the number of Options on issue by 26,308,690 from 20,000,000 Options immediately prior to the Offers, to 46,308,690 Options;
- increase the number of Shares on issue by 100,000, from 1,614,532,850 Shares anticipated to be on issue following completion of the Placement and prior to the issue of New Shares under the Share Offer, to 1,614,632,850 Shares (assuming that no Options are exercised and all New Shares are issued); and
- increase cash reserves by up to \$4,200 (on a full subscription basis) immediately after completion of the Offers and payment of the costs and expenses set out in Section 7.4, including the estimated expenses of the Offers.

3.2 Effect of Placement and Offers on capital structure

The capital structure of the Company following completion of the Placement and Offers, assuming the Offers are fully subscribed, is set out below:

| Securities | Full subscription |
|---|--------------------------|
| Shares | |
| Shares on issue as at Prospectus Date | 1,561,915,470 |
| New Shares to be issued to Placement Participants | 52,617,380 |
| New Shares to be issued under Share Offer (maximum) | 100,000 |
| Total Shares on issue at completion of the Offers | 1,614,632,850 |
| Options | |
| Unquoted Options on issue as at Prospectus Date ¹ | 20,000,000 |
| New Options to be issued to Placement Participants ² | 26,308,690 |
| Total Options on issue at completion of the Offers | 46,308,690 |
| Performance Securities | |
| Performance Rights on issue | 50,000,000 |

Notes:

1. Options exercisable at \$0.015 each and expiring 6 April 2024.
2. Options exercisable at \$0.10 each and expiring 30 September 2024.

3.3 Effect on control of the Company

The Company does not anticipate that the acquisition of Shares by any person under the Placement will result in any person obtaining a relevant interest in Shares of 20% or more of the total Shares on issue on completion of the Offers.

The Company therefore does not anticipate that the issue of New Securities under the Offers will have any material effect on control of the Company.

3.4 Substantial holdings

A “substantial holding” is defined under section 9 of the Corporations Act to mean a relevant interest in 5% or more of the voting shares of a company.

The table below sets out the Shareholders with a substantial holding based on the Company's register of Shareholders as at the day before the Prospectus Date, i.e. before the issue of New Securities under the Offers.

| Name | Number of Shares | Percentage interest |
|---|------------------|---------------------|
| Mr Anthony Paul Sheridan | 127,301,000 | 8.15% |
| LL & P Pty Ltd | 110,796,540 | 7.09% |
| Goody Investments Pty Ltd < Goody Family A/C> | 93,201,000 | 5.97% |
| Uniquet Pty Ltd | 92,307,692 | 5.91% |

Notes:

1. Percentage interest has been calculated based on 1,561,915,470 Shares on issue on the day before the Prospectus Date and any issue of 100,000 New Shares under the Share Offer.
2. The information in the table above has been extracted from the Company's register of Shareholders as at the Prospectus Date, and not from substantial holding notices received from, or otherwise required to be provided by, the relevant Shareholders.

3.5 Effect on financial position of the Company

After paying the expenses of the Offers of approximately \$13,206 (exclusive of GST), there will be no net proceeds from the Offers. The expenses of the Offers will be met from the Company's existing cash reserves and the moneys raised from the Placement.

3.6 Pro forma statement of financial position

Set out below is:

- the audited statement of financial position of the Company as at 30 June 2022; and
- the unaudited pro forma statement of financial position of the Company as at 30 June 2022 incorporating the effect of the Offers and the Acquisition.

The unaudited pro-forma statement of financial position has been prepared on the assumption that all proposed Shares pursuant to the Offers and the Placement are issued, and it reflects the changes to the Company's financial position following completion of the Placement.

The audited statement of financial position of the Company as at 30 June 2022 was prepared by the Company.

The pro-forma financial information is presented in an abbreviated form, in so far as it does not include all of the disclosure statements or comparative information required by Australian Accounting Standards applicable to annual financial statements.

The financial information should be read in conjunction with the Company's annual financial report for the financial year ended 30 June 2022, the risk factors described at Section 4, and the policies of the Company as disclosed in its most recent financial reports.

No allowance has been made for immaterial expenditure incurred in the normal course of business from 30 June 2022 to the Prospectus Date.

| | Audited 30-Jun-22 \$'000 | Material Events & Assumptions \$'000 | Capital raising adjustments \$'000 | Pro-forma after Placement and Offers \$'000 |
|--------------------------------------|--------------------------------|--|--|--|
| Current assets | | | | |
| Cash and cash equivalents | 2,906,956 | (350,000) | 2,200,924 | 4,757,880 |
| Trade and other receivables | 115,950 | | | 115,950 |
| Financial asset | 140,000 | | | 140,000 |
| Total current assets | 3,162,906 | | | 5,013,830 |
| Non-current assets | | | | |
| Plant and equipment | 159,695 | | | 159,695 |
| Exploration and evaluation costs | 4,267,216 | 2,035,000 | | 6,302,216 |
| Intangible assets | 1,451,895 | | | 1,451,895 |
| Right of Use asset | 475,996 | | | 475,996 |
| Total non-current assets | 6,354,802 | | | 8,389,802 |
| Total assets | 9,517,708 | | | 13,403,632 |
| Current liabilities | | | | |
| Trade and other payables | 183,462 | | | 183,462 |
| Lease liability | 55,242 | | | 55,242 |
| Total current liabilities | 238,704 | | | 238,704 |
| Non-current liabilities | | | | |
| Lease liability | 420,754 | | | 420,754 |
| Total non-current liabilities | 420,754 | | | 420,754 |
| Total liabilities | 659,458 | | | 659,458 |
| Net assets | 8,558,250 | | | 12,744,174 |
| Equity | | | | |
| Issued capital | 35,577,639 | 2,035,000 | 2,200,924 | 39,813,563 |
| Reserves | 2,898,971 | | | 2,898,971 |
| Accumulated losses | (29,618,360) | (350,000) | | (29,968,360) |
| Total equity | 8,858,250 | | | 12,744,174 |

The pro-forma statement of financial position is calculated by adding the effect of the Placement to the audited financial position of the Company as at 30 June 2022.

The pro-forma statement of financial position incorporates the following material events and assumptions:

- the issue of 37,000,000 Shares at \$0.055 per share, issued as consideration for the acquisition of Kalotech Pty Ltd, the holder of the Toondoon Project; and
- reimbursement of exploration expenditure of \$350,000 incurred on the Toondoon tenements.

3.7 Potential dilutive effect of Options

The table below sets out the potential dilutive effect on Shareholders if Shares are issued on the exercise of all existing Options and all proposed New Options following completion of the Options Offer:

| Event | Number of Shares or Options | Shares issued on Option exercise | Number of Shares post-issue | Dilution (rounded) |
|--|-----------------------------|----------------------------------|-----------------------------|--------------------|
| Shares on issue on completion of Placement | 1,614,632,850 | - | | - |
| Exercise of existing Options | 20,000,000 | 20,000,000 | 1,634,632,850 | 1.2% |
| Exercise of New Options issued under the Options Offer | 26,308,690 | 26,308,690 | 1,660,941,540 | 1.6% |

Notes:

The interests shown in the table above assume that:

1. the existing Options do not lapse prior to exercise or conversion; and
2. no other Shares are issued prior to exercise of Options.

4. Risk Factors

4.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact upon the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Potential investors should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code "ZEO") in order to gain an appreciation of the Company, its activities, operations, financial position, and prospects.

An investment in the Company's Securities should be considered speculative. Securities carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those Securities.

Potential investors should consider the risk factors set out in Sections 4.2 and 4.3 below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to acquire any Securities in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

4.2 Specific risks relating to the Company

The following risks have been identified as being risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

(a) Capital and funding requirements

Given its focus on commercialising its proprietary mineral processing technology, the Company has negative operating cashflow and, at present, it has limited revenue. No assurance can be given that the Company will achieve commercial viability through its existing technology or otherwise. Until the Company is able to realise the full value from its technology, it is likely to incur ongoing operating losses. Depending on how successfully the Company times and executes its monetisation and depending on the opportunities that arise for business development, the Company may require further resources to achieve its aims going forward. Beyond its regular operating expenses, additional funding may also be deemed necessary to take advantage of promotional or other business opportunities. These funds may come in the form of further investments or loans. The Company may not be able to secure funding on acceptable terms. Its ability to raise further capital and the terms on which it does so may depend on macro-economic conditions, the performance of the Company and of the broader minerals technology industry at the time. If the Company is unable to access these funds, or is unable to do so on acceptable terms, this could adversely affect its position.

(b) Development and commercialisation of the Company's technology

The success of the Company will depend upon the Company's ability to develop and commercialise its technology and intellectual property. A failure to successfully develop and commercialise the technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

The Company's proprietary processing technology has been developed to a stage of confirming its ability to produce manufactured zeolite at a pilot scale level. The Company's technology has not been proven at a commercial scale. Any proposed development will be subject to risks usual with this type of development including but not limited to scale up risk, cost increases and commissioning risk.

(c) Staffing and reliance on key management

The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

The responsibility of successfully implementing the Company's development and commercialisation strategy depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment with the Company. There is also a risk to the business where there is a turnover of development staff that have knowledge of the technology and business. This loss of knowledge could result in leakage or misappropriation of confidential information. Whilst the Company aims to mitigate this risk by imposing contractual restraints on use and ownership of confidential information, there could also be increased costs for the Company in having to replace the implicit knowledge and skills of departing employees.

(d) Intellectual property

The success of the Company, in part, depends on its continued ability to protect its intellectual property and use any trademarks to increase brand awareness. The Company will depend on its intellectual property to protect its brand and trade secrets, and any pending patents on its products and production processes. In the event the Company is unable to protect its intellectual property adequately, the value of the Company's products and brands could be adversely affected. This may further impact the overall business, with respect to its financial position and overall profitability and operational output.

Within the industry that the Company operates, there exists an ongoing risk of third parties claiming interest in technology discoveries. Zeotech has taken practical steps to protect and confirm its interest in its intellectual property and will endeavour to implement all reasonable processes to protect its intellectual property. The Company is not aware of any third-party interests in relation to its intellectual property rights, however as stated above, the risk of third parties claiming involvement exists, which may result in litigation risks, and there can be no assurance that the measures in place by the Company will be sufficient.

(e) Exploration and development

The Company's mining tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of these tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic resource. Even where an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

(f) Research and development

The Company intends to use a proportion of the funds raised from the Placement Shares to undertake research and development activities, which may or may not result in any commercially viable outcome within the expected timeframe or at all.

(g) Operational risk

The operations of the Company may be affected by various factors including failures in internal controls and financial fraud. To the extent that such matters may be within the control of the Company, the Company will mitigate these risks through management and supervision controls. In addition, investments of the Company may be affected by various factors which are beyond the control of the Company, including adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

(g) Conditions to tenements

The tenements in which the Company has an interest are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the tenements, there can be no guarantee that, in the future, the tenements that are subject to renewal will be renewed, or that minimum expenditure and other conditions that apply to the tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. These events could have a material adverse effect on the Company's prospects and the value of its assets.

(h) Grant of future authorisations to explore and mine

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(i) Environmental risk

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligations, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs.

Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(j) Regulatory compliance

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(k) Native title and Aboriginal heritage

The Native Title Act 1993 (Cth) (NTA) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact operations and future plans. Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title. For tenements to be validly granted (or renewed) after 23 December 1996 the special "right to negotiate" regime established by the NTA must be followed.

In relation to tenements in which the Company has an interest, or will in the future acquire an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

4.3 General risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to, the following:

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research, development and production

activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Additional requirements for capital

Additional Funding may be required in the event that costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Zeotech may incur. If such events occur, additional funding will be required.

Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its business. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) Unforeseen expenditure

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(g) General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and security price may be affected by these factors, which are beyond the Company's control.

(h) Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(i) Force majeure risk

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

(j) Litigation

The Company may in the ordinary course of business become involved in litigation and disputes with and without merit, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(k) Taxation

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

(l) Speculative nature of investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors before deciding whether to participate in the Offers.

Whether or not future income will result from the Company's operations is dependent on the successful implementation of the Company's business plan.

Factors including costs, consumer preferences and platform/marketing costs affect successful development. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of Shares on ASX.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors. The New Securities to be issued pursuant to this Prospectus should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

5. Rights and Liabilities Attached to New Securities

5.1 Rights and liabilities attaching to New Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Shares on issue at the Prospectus Date.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules, and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up on that member's share bears to the total amounts paid and payable (excluding amounts credited) on that share.

(b) Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- (i) the directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- (ii) the person entitled to a dividend on a Share is entitled to:
 - A. if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - B. if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

(c) Winding up

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

(d) Further increases in capital

Subject to restrictions on the issue or grant of securities contained in the Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.

(e) **Variation of rights**

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (i) with the written consent of the holders of 75% of the shares of the class; or
- (ii) by a special resolution passed at a separate meeting of the holders of shares of the class.

(f) **Transfer of securities**

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the Listing Rules

(g) **Sale of small holdings**

The Company may take steps in respect of non-marketable holdings of shares in the Company to effect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules

(h) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given

5.2 **Terms and conditions of New Options**

The terms and conditions of the New Options are as follows:

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Issue Price:** No cash consideration is payable for the issue of the Options.
- (c) **Exercise Price:** The Options have an exercise price of \$0.10 per Option (**Exercise Price**).
- (d) **Expiry Date:** The Options expire at 5.00 pm (WST) on 30 September 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) **Exercise Period:** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **Quotation of the Options:** The Company will not apply for quotation of the Options on ASX.
- (g) **Transferability of the Options:** The Options are not transferable, except with the prior written approval of the Company.
- (h) **Notice of Exercise:** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Any Notice of

Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (i) **Timing of issue of Shares on exercise:** Within 5 Business Days after receiving an application for exercise of Options and payment by the Option Holder of the Exercise Price, the Company must issue the Option holder the number of Shares specified in the application.
- (j) **Shares issued on exercise:** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (k) **Quotation of Shares on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- (l) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (m) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) **Adjustment for bonus issues of Shares:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

6. Continuous Disclosure Documents

6.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act), and options to acquire continuously quoted securities, of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction-specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering Prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of its Shares, subject to certain exceptions.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the financial market conducted by ASX throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the financial market of ASX at all times in the 12 months before the issue of this Prospectus. The New Options to be issued under this Prospectus are options to acquire Shares, being in a class of securities that were quoted on the financial market of ASX at all times in the 12 months before the issue of this Prospectus.

6.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s annual financial report for the period ended 30 June 2022:

| Date | Description of ASX Announcement |
|-------------------|--|
| 26 September 2022 | Proposed issue of securities - ZEO |
| 26 September 2022 | Placement Secures \$2.2m to Advance Company Projects |
| 21 September 2022 | Trading Halt |
| 20 September 2022 | Appendix 4G and Corporate Governance Statement |

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company’s corporate governance policies, may be obtained from the Company’s website <https://zeotech.com.au/asx-announcements/> or at ASX’s website (www.asx.com.au using ASX Code “ZEO”).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the Prospectus Date until the Closing Date:

- the annual financial report of the Company for the financial year ended 30 June 2022, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus;
- the half year financial report of the Company for the half financial year ended 31 December 2021, being the half year financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus; and

- any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report of the Company for the financial year ended 30 June 2022 until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

7. Additional Information

7.1 Litigation

On 31 August 2022 the Company announced to ASX that Goody Investments Pty Ltd (a related party of John Goody being a former director of the Company) (**Plaintiff**) has commenced legal proceedings against the Company in the Supreme Court of Western Australia. The Company has been served with a writ and a statement of claim.

The proceedings relate to the issue of 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 was issued 23,782,500 Performance Rights, with conversion into Shares the 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 claim 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 seek damages of \$1,426,950 plus interest and any further orders of the Court. The Company is reviewing the statement of claim with its legal advisers and will be defending the proceedings.

As at the Prospectus Date, the Company is not involved in any other material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company, except as stated above.

7.2 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors and in the Shares, Options, and Performance Rights of the Company are as follows:

| Director | Shares | Options | Performance Rights |
|----------------|-------------------------|-------------------------|-------------------------|
| Sylvia Tulloch | 10,600,000 ¹ | - | - |
| Peter Zardo | 43,380,000 ² | 20,000,000 ³ | 50,000,000 ⁴ |
| Robert Downey | 1,378,925 ⁵ | - | - |

Notes:

1. Held by Declast Pty Ltd <The Tulloch Family Superannuation Fund>.
2. 17,380,000 Shares held by Agribusiness Management Pty Ltd <Zardo Superannuation Fund> and 26,000,000 Shares held by Peter Zardo <Zardo Family A/C>.
3. Held by Peter Zardo <Zardo Family A/C>. Options exercisable at \$0.015 each on or before 6 April 2024.
4. Held by Peter Zardo <Zardo Family A/C>. Performance Rights comprised in 5 classes (classes C to G) of Performance Rights, with 10,000,000 Performance Rights in each class.
5. Held by Stella Downey, the spouse of Mr Downey.

7.3 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors, as determined by the Company prior to the first annual general meeting. Such payment, in relation to Non-Executive Directors, is to be paid by way of a fixed sum and not by a commission or percentage of operating revenue or Company profits. The sum fixed, which is currently

\$300,000, may be divided amongst the Directors as they may from time to time agree or, in the absence of agreement, in equal shares.

Subject to the provisions of any contract between the Company and any Executive Director, the remuneration for Executive Directors may be fixed by the Directors from time to time.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the cash remuneration of each Director (including superannuation) for the financial years ended 30 June 2021 and 30 June 2022.

| Director | Financial year ended 30 June 2021 | Financial year ended 30 June 2022 |
|----------------|--------------------------------------|--------------------------------------|
| Sylvia Tulloch | \$59,000 | \$88,333 |
| Peter Zardo | \$247,708 | \$287,083 |
| Robert Downey | \$48,000 | \$60,000 |

7.4 Directors' indemnity and insurance deeds

The Company has agreed to indemnify all of the Directors of the Company for any liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The agreements otherwise contain terms and conditions considered standard for agreements of this nature.

7.5 Expenses of the Offers

The expenses of the Offers (assuming full subscription) are expected to comprise the following estimated costs, exclusive of GST.

| Expense | Amount |
|--------------|-----------------|
| ASIC fees | \$3,206 |
| Legal fees | \$10,000 |
| Total | \$13,206 |

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the 2 years before the Prospectus Date, any interest in:
 - the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
 - the Offers; and

- no amounts have been paid or agreed to be paid (whether in cash, Securities or otherwise), and no other benefits have been given or agreed to be given, to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offers.

| Expert/advisor | Service or function | Amount paid or to be paid |
|--------------------------------------|---------------------------|--|
| Blackwall Legal LLP | Solicitors to the Company | Blackwall Legal LLP will be paid approximately \$10,000 (plus GST) for services related to this Prospectus and the Offers. Blackwall Legal LLP has been paid or is entitled to be paid approximately \$17,000 (plus GST) for legal services provided to the Company in the period 2 years prior to the Prospectus Date. |
| Automic Pty Ltd (t/as Automic Group) | Share Registry | Automic Pty Ltd has not provided any services to the Company in relation to this Prospectus. Automic Pty Ltd has been paid or is entitled to be paid approximately \$34,804 (plus GST) for the provision of share registry services to the Company in the period 2 years prior to the Prospectus Date. |
| Rothsay Audit & Assurance Pty Ltd | Auditor | Rothsay Audit & Assurance Pty Ltd has not provided any services to the Company in relation to this Prospectus. Rothsay Audit & Assurance Pty Ltd has been paid or is entitled to be paid \$13,000 (plus GST) for the provision of audit services to the Company in the period 2 years prior to the Prospectus Date. |

7.7 Market prices of Shares on ASX

Information about the closing market price of Shares quoted on ASX during the 3-month period prior to Prospectus Date is set out in the table below.

| | Price | Date(s) |
|---------|---------|--|
| Highest | \$0.067 | 17 August 2022 3 August 2022 2 August 2022 |
| Lowest | \$0.04 | 26 September 2022 14 September 2022 |
| Latest | \$0.041 | 26 September 2022 |

The above trading data has been sourced from ASX, which has not consented to its use in this Prospectus.

7.8 Consents and liability statements

The following persons have given their written consent to be named in the Prospectus in the form and context in which they are named and to the inclusion of a statement or report in this Prospectus in the form and context in which it is included:

| Party | Capacity in which named | Statement or report in this Prospectus |
|---------------------|---------------------------|--|
| Blackwall Legal LLP | Solicitors to the Company | Not applicable |

| | | |
|-----------------------------------|----------------|--|
| Automic Pty Ltd | Share Registry | Not applicable |
| Rothsay Audit & Assurance Pty Ltd | Auditor | Financial statements as at 30 June 2022 set out in Section 3.6, on which the pro forma statement of financial position is based. |

Each of the parties named above as providing their consent:

- did not authorise or cause the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section 7.8; and
- to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section 7.8.

8. Directors' Statement

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the name Peter Zardo.

Peter Zardo
Managing Director

Date: 27 September 2022

9. Glossary of Terms

| | |
|---|--|
| A\$ or \$ | Australian dollars. |
| Applicant | A person who applies for New Securities under and in accordance with this Prospectus. |
| Application | A valid application for New Securities offered under this Prospectus. |
| Application Form | An application form that accompanies this Prospectus for an offer of New Securities under this Prospectus. |
| Application Moneys | Money received from an Applicant in respect of an Application for New Shares. |
| ASIC | The Australian Securities and Investments Commission. |
| ASX | ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange', and the financial market operated by it, as the context requires. |
| ASX Settlement | ASX Settlement Pty Limited (ACN 008 504 532). |
| ASX Settlement Rules | The settlement rules of ASX Settlement. |
| Board | The board of Directors of the Company. |
| Business Day | Has the meaning given to that term in the Listing Rules. |
| CHESS | Clearing House Electronic Sub-register System operated by ASX Settlement. |
| CHESS Statement or Holding Statement | A statement of shares registered in a CHESS account. |
| Closing Date | The closing date of the Share Offer, being 5.00pm WST on Friday, 30 September 2022 or such other date as determined by the Directors. |
| Company or Zeotech | Zeotech Limited (ACN 137 984 297). |
| Constitution | The constitution of the Company. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Company Secretary | The company secretary of the Company. |
| Director | A director of the Company as at the Prospectus Date. |
| Executive Director | An executive Director of the Company. |
| GST | Goods and services tax levied under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth). |
| Listing Rules | The official listing rules of ASX. |

| | |
|---------------------------------|---|
| New Option | An Option exercisable at \$0.10 each and expiring 30 September 2024, and otherwise having the terms and conditions set out in Section 5.2, to be issued or offered under the Options Offer. |
| New Securities | New Shares and New Options. |
| New Share | A new Share, which the Company may issue to investors under the Share Offer. |
| Non-Executive Director | A non-executive Director of the Company. |
| Offer Period | The period that an Offer is open, being the period between the Opening Date and the Closing Date. |
| Offer Price | \$0.042 per New Share. |
| Offers | The Options Offer and the Share Offer, or any one of those offers as the case may be. |
| Official Quotation | The admission of Securities to the official list of ASX. |
| Opening Date | The opening date of the Share Offer, being 27 September 2022 or such other date as determined by the Directors. |
| Option | An option to subscribe for a Share. |
| Options Offer | The offer under this Prospectus of 26,308,690 New Options to Placement Participants. |
| Performance Rights | Performance rights granted by the Company. Each performance right entitles the holder to be issued one Share subject to satisfaction of vesting conditions. |
| Placement | The placement pursuant to which the Company will issue a total of 52,617,380 Shares and 26,308,690 New Options, to raise \$2,209,930 (before costs), as described in Section 1.1. |
| Placement Participants | The persons to whom Placement Securities are to be issued, being persons identified in Section 1.1. |
| Placement Securities | New Shares and New Options proposed to be issued under the Placement. |
| Placement Shares | Shares issued under the Placement. |
| Privacy Act | <i>Privacy Act 1988</i> (Cth). |
| Prospectus | This document. |
| Prospectus Date | The date of this Prospectus, being the date that this Prospectus is lodged with ASIC. |
| Related Bodies Corporate | Has the meaning given to that term in the Corporations Act. |
| Section | A section of this Prospectus. |
| Securities | The securities of the Company within the meaning of section 761A of the Corporations Act and includes a Share and an Option. |

| | |
|-----------------------|--|
| Share | A fully paid ordinary share in the capital of the Company. |
| Share Offer | The offer under this Prospectus of 100,000 New Shares. |
| Shareholder | The holder of a Share. |
| Share Registry | The Company's Share Registry, Automic Pty Ltd. |
| WST | Western Standard Time, being the time in Perth, Western Australia. |

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