

**Interim Financial Report
for the half year ended
31 December 2023**

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 2023 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

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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" or "the Company"), for the half-year ended 31 December 2023.

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 2023 of \$3,835,735 compared to a loss of \$694,530 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;
- working with academic and industry partners to develop and commercialise supplementary cementitious materials that utilise kaolin to produce metakaolin or low carbon cement products;
- 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 In-House Laboratory

Activities in the in-house lab focussed on upscaled production of manufactured zeolite product using the Company's trade-secret and patent-pending processes.

Production during the period was aimed at Zeotech products that could advance under the methane Program with Griffith University ("Griffith"), pending the final decision to move forward with infield trials, which was announced in January 2024.

A Zeotech product synthesised from coal combustion by-product using its patent-pending process was introduced into the Company's methane emission control program, and has advanced through to infield trials. This follows the lodgement of two patent applications in July 2023 for the synthesis of low-cost zeolites from coal combustion and lithium process by-product.

Continued effort in the lab utilising the Company's scaled-up pilot plant has provided inventories of greater than 650 kilograms of manufactured zeolite product, produced from Toondoon kaolin and coal combustion by-product feedstock from a South East Queensland generator.

During the period, there was also continued focus on planning and design work for a demonstration plant using Zeotech's in-house process technology to produce low-cost manufactured zeolites.

Griffith University

Methane Emissions Control Program

The methane emissions control program aims to develop a biofilter for the soil by using the high surface area and adsorption properties of the Company's zeoteCH₄® products to adsorb and eliminate methane emissions.

The primary mechanism for methane abatement is from a process of biological oxidation, by providing a shelter for methane consuming bacteria named methanotrophs to mitigate methane emissions.

Bench-scale trials showed that the presence of zeoteCH₄® materials do not inhibit microbial growth, and that the microbes are actively colonising and co-existing with the zeoteCH₄® products, which is an important step for pairing the zeolite materials with the methanotroph communities.

Early batch experiments showed promising oxidation efficiencies of 70-80% for two of the tested zeoteCH₄® compounds, and all product formulations achieving at least 50% oxidation.

Whilst biological oxidation has proven to be the main driver of methane elimination, the unique properties of the Company's targeted zeoteCH₄® products also have the potential for catalysing chemical oxidation.

Results from the Program to date show promise for stand-alone chemical oxidation efficiencies of, on average, up to 15% at ambient temperature and pressure. This additional process is therefore contributing toward the overall effectiveness of the Company's zeoteCH₄® products as a practical methane abatement technology.

Activities have since focussed on approaches for inoculating the zeolite materials with methanotroph bacteria to optimise and maximise methane oxidation potential, together with adapting experiments under conditions that are closely aligned with anticipated field environment in preparation for infield trials.

Methanotroph Technology Development

Within the program, Griffith commenced a research project that will focus on developing methanotroph technology that can be scaled, thereby accelerating commercial prospects for industry uptake.

The project aims to identify the most suitable operating parameters for methanotroph cultivation and biological oxidation performance, alongside a high-level summary of the prospects of scaling up the Company's methane oxidation technology.

The four month extension project commenced in November and will be completed alongside the methane Program, and therefore will not impact the overall schedule.

Soil Carbon & Nutrient Management

Soil Carbon

Activities during the period focused on glasshouse carbon validation trials and evaluating the impacts of plant growth on carbon retention.

This work builds on the results from earlier activities, which revealed that the application of Zeotech products to common agricultural soils can potentially protect approximately 30% of organic added carbon, determined over a five-month timeframe.

As a result of the research and datasets generated under the soil carbon program, a 'Method and Use of Zeolites' patent application was lodged on 21 August, which is associated with carbon sequestration in soils utilising the Company's zeolite-based products.

This patent application reflects the promising outcomes achieved under the soil carbon stream and the development of novel soil carbon mechanisms associated with the Company's agri-soil products which could enhance the commercial value of the Company's technology.

Nutrient Management

The nutrient management stream focussed on developing and optimising zeolite-based nutrient delivery compounds, together with evaluating the performance of the compounds in glasshouse agronomic trials. The agronomic trials will test product formulations on plant performance, alongside the potential environmental benefits from reduced nutrient leaching (runoff), highlighting the prospects mitigating a key environmental concern associated with the application of fertilisers to agricultural soils.

Zeotech continues to advance its industry partner attraction initiatives, supported by the mature datasets from the program and the patent application associated with carbon sequestration in soils using the Company's zeolite-based products.

Central Queensland University ("CQU")

Metakaolin for Lower Carbon Cement

To support further engagement with industry, the Company executed a proposal with CQU to investigate the suitability of its Toondoon and Abercorn kaolin clays, across a variety of grades, that will target the optimum method of pozzolanic activation to maximise their potential commercial value as an efficient supplementary cementitious material (SCM).

The use of metakaolin or calcined clays as SCMs provide the opportunity to significantly reduce the cement industry's carbon emissions.

The proposal with CQU was executed in September 2023 and a range of samples were delivered the following month.

An interim project update provided by CQU has indicated that the Company's products show high pozzolanic reaction that confirms the strong potential for a high reactivity metakaolin and SCM product.

These outcomes are corroborated by results provided by a Queensland cement producer that received and analysed product samples provided in the previous quarter and highlights the considerable promise for an efficient SCM for greener cement.

The focus of the CQU program has shifted to compression strength testing using the metakaolin products that will be benchmarked against Australian and ASTM standards and support further engagement with industry.

The University of Queensland ("UQ")

Carbon Capture & Utilisation

Zeolite-Based Nanocomposite Membrane

The Advance Queensland Industry Research Fellowship associated with zeolite-based nanocomposite membranes for selective greenhouse gas ("GHG") capture commenced during the half.

Members of Zeotech met with Dr Gloria Milena Monsalve Bravo at UQ and provided three initial samples of the Company's manufactured zeolite product together with characterisation data.

To date, initial fabrication of the high-value nanocomposite membranes has begun, using Zeotech's zeolite samples. The next stage of the project will investigate selectivity testing and optimisation.

ARC Centre of Excellence for Green Electrochemical Transformation of Carbon Dioxide ("GETCO2")

In November, representatives from Zeotech attended the UQ International Symposium on Green Transformation of Carbon Dioxide, which connects to Zeotech's ongoing carbon capture & utilisation research programs at UQ and GETCO2.

The symposium showcased the developments in zeolite technology, particularly in the areas of CO₂ hydrogenation and storage, which could be essential in advancing Australia's net-zero emissions target by 2050.

GETCO2 is planned to commence in January 2024, and chiefly aims to investigate efficiently converting carbon dioxide (CO₂) into valuable products, such as chemicals and fuels.

Zeotech has been accepted as a Partner Organisation within GETCO2, and its project will aim to implement a powerful, computational, multiscale approach for the design of polymer-zeolite composite membranes for direct air capture (DAC) of CO₂.

The Company will retain all new IP that is developed from the project, in line with the pre-existing royalty agreement between UniQuest (UQ's commercialisation company) and Zeotech.

ARC Industrial Transformation Training Centre for the Global Hydrogen Economy ("GlobH2E")

Zeotech has continued its collaboration with GlobH2E's UQ researchers. The research program targets developing a sustainable process for effective CO₂ conversion into valued-added hydrocarbon fuels such as methanol, through hydrogenation, using structured metal-doped synthetic zeolites as a catalyst.

The aim is to develop a sustainable and cost-effective utilisation solution which will close the loop in a circular carbon economy.

During the half-year, various monometallic and bimetallic zeolite catalysts for hydrogenation of CO₂ have been developed and tested with good conversion and high selectivity for methane and ethane products.

In November 2023, Zeotech delivered a sample of one of its zeolites to be used in the next stage of the program, which will include externally sourced commercial zeolites for performance comparison.

Resources Technology and Critical Minerals Processing Trailblazer Program ("Trailblazer")

Following receipt of the initial draft agreement from UQ in June, Zeotech has held discussions with UQ regarding project options that can be advanced under the Trailblazer.

The Company is considering potential projects that are aligned with its present strategic objectives, and met with industry partner, Covalent Lithium, to discuss possible options in further detail.

CORPORATE

Executive Management Changes

Former CEO, Mr. Alister Morrison, transitioned to the role of Chief Development Officer (CDO), while Mr. Scott Burkhart transitioned from the role of COO to CEO during the period. The changes came into effect on 1 November 2023.

Settlement of legal proceedings

On 26 May, the Company provided an update on the legal proceedings in relation to Second Milestone Performance Rights in the Company issued to Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels (the "Plaintiffs") as part consideration under the Abercorn Project Term Sheet executed on 9 August 2019 (the "Agreement") under which the Company acquired the Abercorn project.

The court ordered mediation initiated in March 2023 has concluded and all parties have executed a final binding Deed of Settlement and Release (the "Settlement Agreement").

Pursuant to the Settlement Agreement, Zeotech and the Plaintiffs have reached a mutually agreeable release of all legal claims and the terms upon which both legal proceedings will be discontinued.

Amongst the key terms of the Settlement Agreement, settlement was conditional upon the Company obtaining shareholder approval to issue the following settlement performance rights ("Settlement Performance Rights") to the Plaintiffs:

- (i) Goody Investments Pty Ltd – 23,782,500 Settlement Performance Rights; and

(ii) Gold Coast Tweed Pet Motels Pty Ltd – 15,847,500 Settlement Performance Rights.

A General Meeting was held on 7 August 2023, where shareholders passed a resolution related to the issuance for the Settlement Performance Rights as per the requirements of the Settlement Agreement. 39,630,000 Performance Rights were issued to the Plaintiffs on 23 August 2023.

MINING TENEMENTS

Toondoon Kaolin Project (“Toondoon”)

During the period, the Company provided samples of its Toondoon kaolin clay to two Queensland cement producers to investigate the suitability of a metakaolin (calcined clay) product as a SCM.

Further product samples of the Company’s Toondoon kaolin were also provided to one of the largest suppliers and manufacturers of building materials in Australia and New Zealand for testing and analysis.

Following initial testing and analysis carried out by the counterparty, Zeotech is having further discussions relating to potential commercial arrangements in the future.

The Company engaged Conrad Partners, a Hong Kong based commodity marketing agency, to promote its high-quality DSO kaolin product, with a focus on large Asian markets.

Zeotech provided approximately 40 kilograms of kaolin product samples to Conrad’s in Beijing, China to support early marketing and engagement with prospective offtake partners.

The waste rock assessment report associated with the Estimated Rehabilitation Cost (“ERC”) calculations has been completed during the half-year.

The report, prepared by tenement managers Ardent Group, concluded that the quality characteristics of the topsoil were assessed as suitable for use in rehabilitation, with no amendments necessary to reach the proposed post mining land use outcome of native ecosystems. Consequently, management measures proposed for topsoil, overburden and ore stockpiles are in accordance with standard practices on mine sites.

The traffic impact assessment for notifiable road use was finalised during the period. The report will inform future engagement with TMR alongside the North Burnett Regional Council for a notifiable road use application.

Work commenced on planning for a test pit to procure further quantities of the Company’s kaolin product that will advance its research & development initiatives, and potential additional testing by prospective offtake partners for DSO interest and metakaolin for the cement industry.

No groundwork was undertaken during the half-year.

Abercorn Kaolin Project (“Abercorn”)

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).

Samples of Abercorn kaolin clay was provided to CQU as part of a research proposal to investigate its suitability as an SCM for the cement industry.

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:

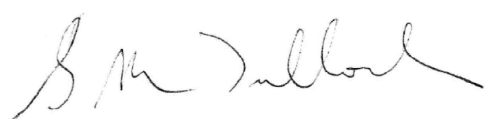
- Receipt of a cash refund of \$682,019 under the Australian Federal Government's R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2023.
- On 30 January, the Company announced that it would proceed with field validation of its zeoteCH₄® methane control technology at Cleanaway's landfill site following successful outcomes from extended methane oxidation trials undertaken during Activity B of the program. Two of the Company's zeoteCH₄® products have shown constant high oxidation rates over a 3-month period of greater than 70% following initial inoculation and will be taken forward into field validation.
- On 6 March, the Company announced that it had executed a non-binding Memorandum of Understanding ("MOU") with Protekta Incorporated ("Protekta"), an innovative North American company that produces and distributes animal nutrition products. The MOU establishes the framework to negotiate in good faith the terms of a potential offtake agreement for the Company's manufactured zeolite product. The agreement also considers the potential for a joint venture or alternative profit sharing structures that could advance Zeotech's mineral processing technology in North America. The parties have agreed to collaborate and develop an agreed process for Zeotech to supply Protekta a large sample of its manufactured zeolite product for further commercial validation.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, In.Corp 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 10 and forms part of this directors' report for the half-year ended 31 December 2023.

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, 13 March 2024



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 2023, 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.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

13 March 2024

In.Corp Audit & Assurance Pty Ltd
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$	2022 \$
REVENUE AND INCOME	2	729,736	1,047,776
EXPENDITURE			
Administration expenses		(397,848)	(390,353)
Depreciation expense		(100,728)	(75,128)
Exploration expenses		(39,756)	(42,694)
Salaries and employee benefits expense		(836,334)	(558,160)
Technology expenses		(601,047)	(287,305)
Share based payments expense		(784,250)	(360,000)
Share based payments expense – legal settlement		(1,783,350)	-
Financing costs		(22,158)	(28,666)
LOSS BEFORE INCOME TAX		(3,835,735)	(694,530)
Income tax benefit / (expense)		-	-
LOSS FOR THE YEAR		(3,835,735)	(694,530)
OTHER COMPREHENSIVE INCOME			
Foreign exchange profit / (loss) on translation of foreign operations		32	328
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ZEOTECH LIMITED		(3,835,703)	(694,202)
Basic and diluted loss per share (cents)		(0.22)	(0.04)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		31 December 2023	30 June 2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,297,056	4,212,481
Trade and other receivables		800,318	104,506
TOTAL CURRENT ASSETS		3,097,374	4,316,987
NON-CURRENT ASSETS			
Property, plant and equipment		1,477,415	1,498,244
Exploration and evaluation costs		6,647,290	6,647,290
Intangible assets		2,206,575	2,165,210
Right-of-use asset		290,083	325,001
TOTAL NON-CURRENT ASSETS		10,621,363	10,635,745
TOTAL ASSETS		13,718,737	14,952,732
CURRENT LIABILITIES			
Trade and other payables	3	439,833	375,886
Lease liability		61,760	54,768
TOTAL CURRENT LIABILITIES		501,593	430,654
NON-CURRENT LIABILITIES			
Lease liability		283,186	311,266
TOTAL NON-CURRENT LIABILITIES		283,186	311,266
TOTAL LIABILITIES		784,779	741,920
NET ASSETS		12,933,958	14,210,812
EQUITY			
Issued capital	4	43,480,340	43,489,091
Reserves		5,376,660	2,809,028
Accumulated losses		(35,923,042)	(32,087,307)
TOTAL EQUITY		12,933,958	14,210,812

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 2023

	Contributed Equity	Share-based Payments and Options Reserve	Foreign Exchange Reserves	Financial Asset Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2022	35,577,639	2,703,500	195,471	-	(29,618,360)	8,858,250
Loss for the period	-	-	-	-	(694,530)	(694,530)
TOTAL COMPREHENSIVE LOSS	-	-	-	-	(694,530)	(694,530)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
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
BALANCE AT 31 DECEMBER 2022	40,727,974	2,703,500	195,799	-	(30,312,890)	13,314,383
BALANCE AT 1 JULY 2023	43,489,091	2,753,500	195,528	(140,000)	(32,087,307)	14,210,812
Loss for the period	-	-	-	-	(3,835,735)	(3,835,735)
TOTAL COMPREHENSIVE LOSS	-	-	-	-	(3,835,735)	(3,835,735)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued under loan funded share plan	-	784,250	-	-	-	784,250
Settlement performance rights issued	-	1,783,350	-	-	-	1,783,350
Share issue costs	(8,751)	-	-	-	-	(8,751)
Foreign exchange movement	-	-	32	-	-	32
BALANCE AT 31 DECEMBER 2023	43,480,340	5,321,100	195,560	(140,000)	(35,923,042)	12,933,958

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(47,003)	(57,881)
Payments to suppliers and employees	(1,786,991)	(1,120,942)
Finance costs	(22,158)	-
Interest received	40,755	6,290
Other income	6,962	-
Net cash outflow from operating activities	(1,808,435)	(1,172,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(9,084)	(1,369,846)
Net cash on acquisition of Kalotech Pty Ltd	-	297
Payments to acquire mining assets	-	(350,000)
Payments for other intangible assets	(41,365)	(17,816)
Net cash outflow from investing activities	(50,449)	(1,737,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of ordinary shares net of share issue cost	(29,512)	2,155,335
Payments for lease liabilities	(27,029)	-
Net cash inflow from financing activities	(56,541)	2,155,335
Net (decrease)/increase in cash and cash equivalents	(1,915,425)	(754,563)
Cash and cash equivalents at the beginning of the half-year	4,212,481	2,906,956
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,297,056	2,152,393

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

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 2023 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 2023 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 2023, 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 2023.

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 2023. 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 2023	December 2022
From continuing operations	\$	\$
Interest revenue	40,755	7,423
Other revenue	6,962	-
R&D refund	682,019	1,040,353
Total revenue	729,736	1,047,776

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 3: TRADE AND OTHER PAYABLES

	Half-Year Consolidated	
	December 2023	June 2023
	\$	\$
Trade creditors	152,720	87,521
Director's fees payable	15,334	14,826
Other payables and accruals	128,461	144,935
Provision for annual leave	143,318	128,604
Total	439,833	375,886

NOTE 4: ISSUED CAPITAL

	December 2023 Shares	December 2023 \$	June 2023 Share s	June 2023 \$
Issues of ordinary shares during the half-year				
Beginning of the financial year	1,705,923,065	43,489,091	1,524,915,470	35,577,639
Issued to employees for Incentive Share Plan*	27,500,000	-	-	-
Issued for cash	-	-	117,834,775	5,209,930
Issued for acquisition	-	-	37,000,000	2,035,000
Issued for licence agreement	-	-	16,172,820	600,000
Conversion of performance rights	-	-	10,000,000	360,000
Share issue cost	-	(8,751)	-	(293,478)
	1,733,423,065	43,480,340	1,705,923,065	43,489,091

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 5: RELATED PARTY TRANSACTIONS

There were no changes to related parties since 30 June 2023 other than the below.

1. The Company engaged registered Government Lobbyist firm Convaim Pty Ltd, of which Sylvia Tulloch's son is the sole shareholder and director.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2023, 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 \$682,019 under the Australian Federal Governments R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2023.
2. On 30 January, the Company announced that it would proceed with field validation of its zeoteCH₄® methane control technology at Cleanaway's landfill site following successful outcomes from extended methane oxidation trials undertaken during Activity B of the program. Two of the Company's zeoteCH₄® products have shown constant high oxidation rates over a 3-month period of greater than 70% following initial inoculation and will be taken forward into field validation.
3. On 6 March, the Company announced that it had executed a non-binding Memorandum of Understanding ("MOU") with Protekta Incorporated ("Protekta"), an innovative North American company that produces and distributes animal nutrition products. The MOU establishes the framework to negotiate in good faith the terms of a potential offtake agreement for the Company's manufactured zeolite product. The agreement also considers the potential for a joint venture or alternative profit sharing structures that could advance Zeotech's mineral processing technology in North America. The parties have agreed to collaborate and develop an agreed process for Zeotech to supply Protekta a large sample of its manufactured zeolite product for further commercial validation.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 11 to 18 are in accordance with the Corporations Act 2001, including:
 - a) complying with Australian 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 2023 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, 13 March 2024

**ZEOTECH LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Zeotech Limited

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 2023, 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 2023 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 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.

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ZEOTECH LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 2023 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.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Perth, 13 March 2024