



ZEUS RESOURCES LIMITED



Interim Report For the half-year Ended 31 December 2021

The information contained in this report is to be read in conjunction
with Zeus Resources Limited's 2021 Annual Report and
announcements released to the market during the half-year period
ended 31 December 2021



CORPORATE DIRECTORY

Directors

Mr Dongfeng Zhang - Chairperson
Mr Jiangang Zhao - Acting CEO and Executive Director
Mr Jian Liu – General Manager - Geology & Exploration and Executive Director
Mr Yicheng Zhang – Non-executive Director (appointed 28 October 2021)
Mr Colin Mackay - Non-executive Director (appointed 6 December 2021)
Mr Gregory Clifton Hall - Non-executive Director (resigned 6 December 2021)
Mr Yong Zhang - Non-executive Director (resigned 28 October 2021)

Company Secretary

Mr Jian Liu

Principal registered office

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North Sydney NSW 2060
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Auditor

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Share Registry

Boardroom Services Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000

Australian Securities Exchange

ASX Code – ZEU

Website: www.zeusresources.com



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DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company for the financial half-year period ended 31st December 2021.

Directors

The Directors in office during the half-year and as at the date of this report are:

Mr Dongfeng Zhang - Chairperson

Mr Jiangang Zhao - Acting CEO and Executive Director

Mr Jian Liu – General Manager - Geology & Exploration and Executive Director

Mr Yicheng Zhang – Non-executive Director (appointed 28 October 2021)

Mr Colin Mackay - Non-executive Director (appointed 6 December 2021)

Mr Gregory Clifton Hall - Non-executive Director (resigned 6 December 2021)

Mr Yong Zhang - Non-executive Director (resigned 28 October 2021)

Directors have been in office since the start of the financial year (1 July 2021) to date of this report unless otherwise stated.

Highlights

During the period, half year ended 31st December 2021, a field work program was instigated at the Mortimer Hills Project (E09/2147) in the Gascoyne District. The program comprises of reverse circulation (RC) drilling (22 holes for 1,598m) at the Reid Well base metal prospect and continued field mapping and rock chip sampling targeting outcropping Lithium-Caesium-Tantalum (LCT) pegmatites. Zeus considers the identification of prospective pegmatites at Pegmatite Creek, a short distance along strike from a known Lithium-Caesium-Tantalum (LCT) pegmatite mineral system to be highly encouraging.

Exploration instigated at the Wiluna Project E53/1603 & ELA 53/2197) comprises of a ground gravity survey to define the centre of the palaeochannel and locate a position for a hydrological pump test drill hole.

Exploration and evaluation of potential tenements in Laos and other regions globally have not been pursued due to the COVID19 pandemic. The consequent risk to staff being exposed to the COVID19 virus in the SE Asia remains very high and therefore the Company is not expecting to conduct any travel to these areas before the end of 2022.

The Company is still under suspension by ASX. Zeus is doing its utmost to comply with the ASX listing rules and keep updating ASX for the progresses.

Corporate and Financial

- Half-year administrative and other operational expenditures are within budget.
- Zeus issued to Cloud Securities' designated nominees 12 million unquoted non-transferable options which allowed the option holder to have issued to them one Share in the Company per option at an exercise price of \$0.03 per option and an exercise period of 6 months from the issue of the options (**Contractor Options**). 100% of the Contractor Options were fully exercised on 13 August 2022, and the Company has received \$360,000, which will support the plans on the existing WA tenements exploration work and project generation.
- The Company has appointed Mr Yicheng Zhang as a Non-Executive Director of the Company on 28th October.
- The Company has appointed Mr Colin Robert Mackay as a Non-Executive Director of the Company on 6 December 2021.
- The 2021 AGM had been held on 14th January 2022; all resolutions, including the Remuneration Report, have been carried at the AGM.

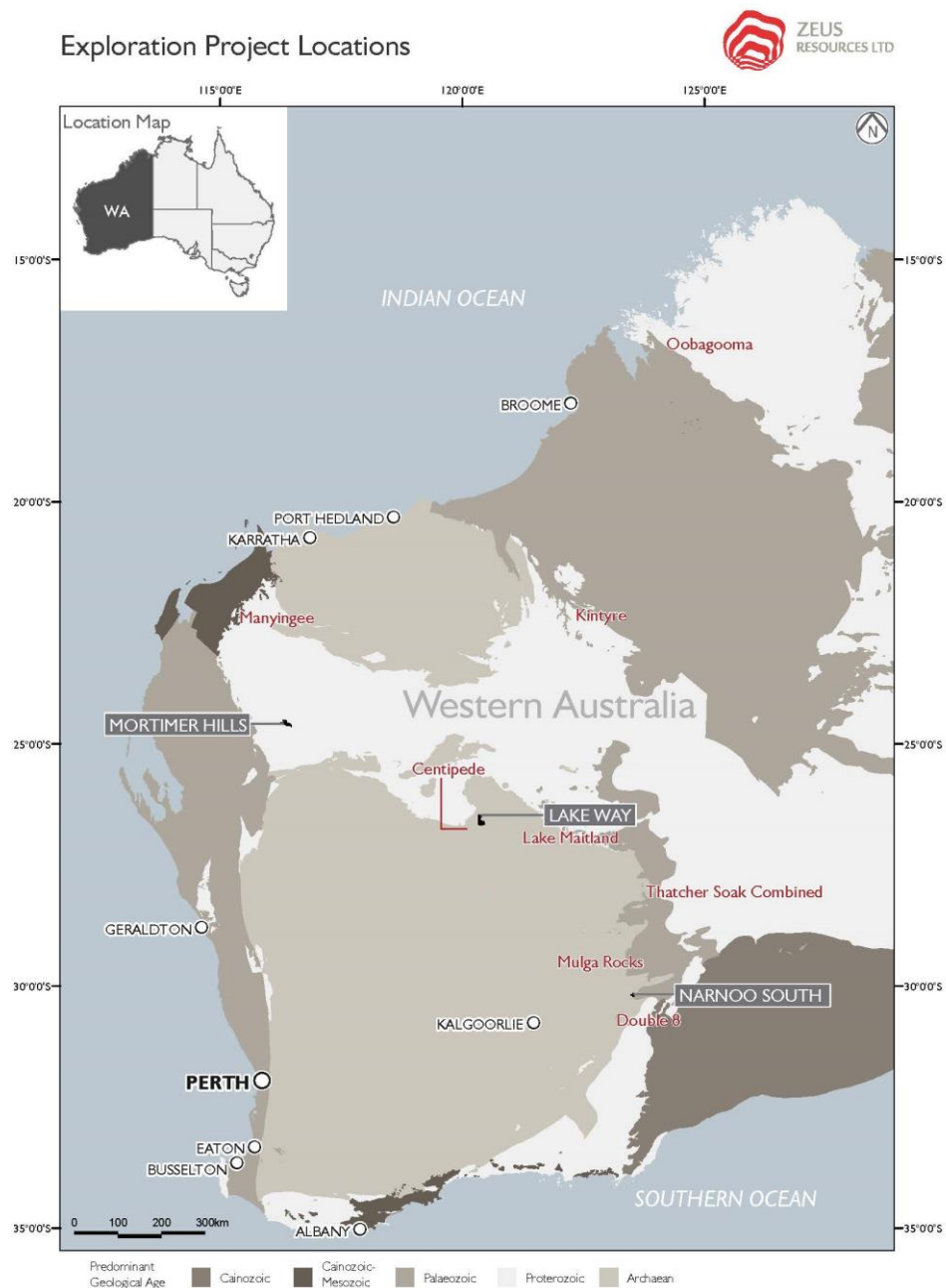


DIRECTORS' REPORT

Exploration Report

During the half year ended 31 December 2021, the Company applied for a new exploration licence – E53/2197 at the Wiluna Project. There were no other changes to Zeus' granted tenement holdings during the period. Tenements are shown in Figure 1 and detailed in Table 1.

Figure 1. Zeus Resources Tenement Location Map





DIRECTORS' REPORT

| Region | Project | Tenement | Status | Holder | Operator | Comments |
|----------|----------------|-----------|-------------|--------------------|--------------------|------------------------|
| Wiluna | Lake Way | E 53/1603 | Granted | Zeus Resources Ltd | Zeus Resources Ltd | |
| Wiluna | Lake Way | E53/2197 | Application | Zeus Resources Ltd | Zeus Resources Ltd | Applied for 27/10/2021 |
| Narnoo | Narnoo South | E 28/2097 | Granted | Zeus Resources Ltd | Zeus Resources Ltd | |
| Gascoyne | Mortimer Hills | E 09/2147 | Granted | Zeus Resources Ltd | Zeus Resources Ltd | |

Table 1. Zeus Resources Licence Details

Exploration Program

During the period, half year ended 31st December 2021, a field work program was completed at the Mortimer Hills Project (E09/2147) in the Gascoyne District. The program comprised reverse circulation (RC) drilling (22 holes for 1,598m) at the Reid Well base metal prospect and continued field mapping and rock chip sampling targeting outcropping Lithium-Caesium-Tantalum (LCT) pegmatites. Exploration at the Wiluna Project (E53/1603 & ELA 53/2197) comprised a ground gravity survey to define the centre of the palaeochannel and locate a position for a hydrological pump test drill hole. No fieldwork was completed during the period on the other tenements managed by Zeus Resources Ltd. The Board continues reviewing all the Company's projects and updating the exploration plans accordingly. The Company hopes to launch further exploration work on the Western Australia projects during the March Quarter 2022 subject to permitting and approvals and drill rig availability.

Gascoyne Project

The Gascoyne Project comprises one exploration licence, Mortimer Hills E09/2147 (see Figure 2.). The Extension of Term for E09/2147 has been granted for a further period of 5 years by the Department of Mines, Industry Regulation and Safety of WA on 22 November 2021, the expiry date is 14 September 2026.

During September 2021 a field reconnaissance trip was undertaken to investigate the potential of the tenement for base metals, gold, and pegmatite hosted lithium mineralisation. **(See Zeus ASX announcements dated 1st October 2021 and 1st November 2021)**

The field work focused on identifying drill pad locations for subsequent RC exploration drilling at the Reid Well Base Metal Prospect (completed in early December 2021 - see Figure 3 and 4) and reconnaissance mapping to investigate the potential of the tenement for pegmatite-hosted lithium mineralisation similar to Arrow Minerals' Malinda Li Deposit of on the adjoining tenement.



DIRECTORS' REPORT

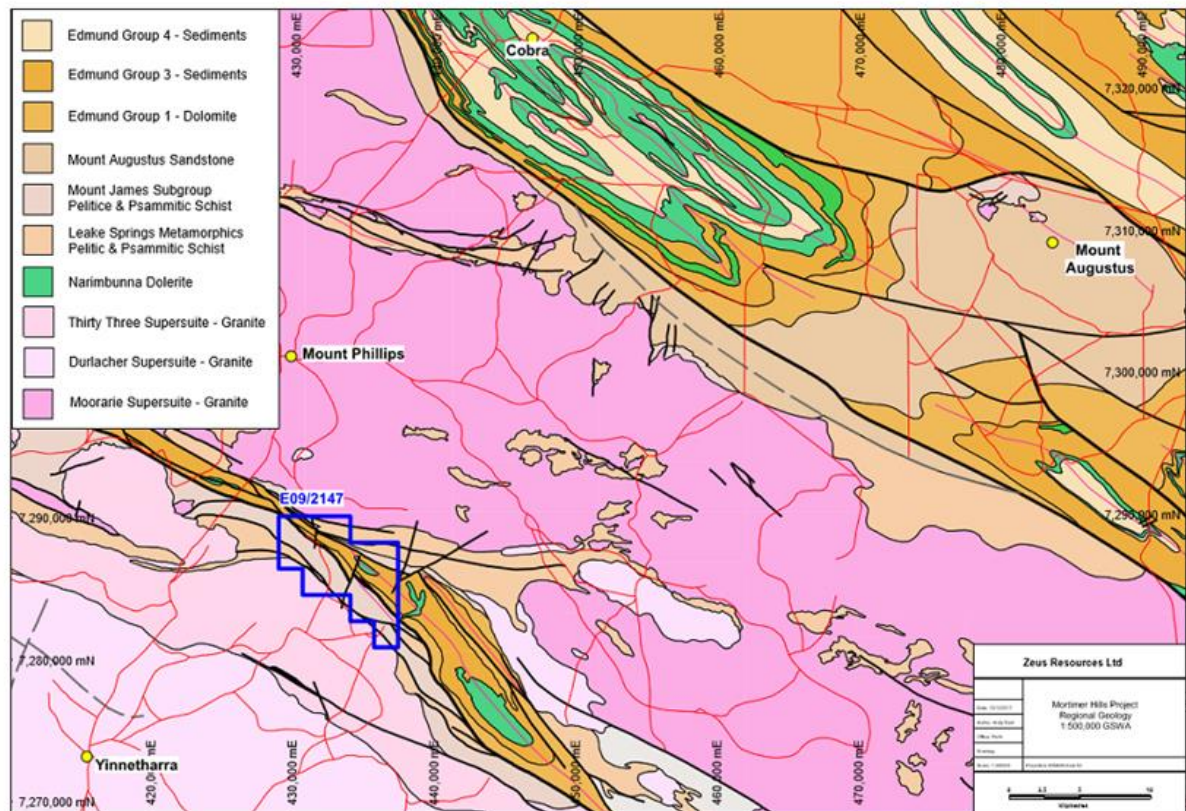


Figure 2. Gascoyne Project- Mortimer Hills E09/2147 Regional Geology

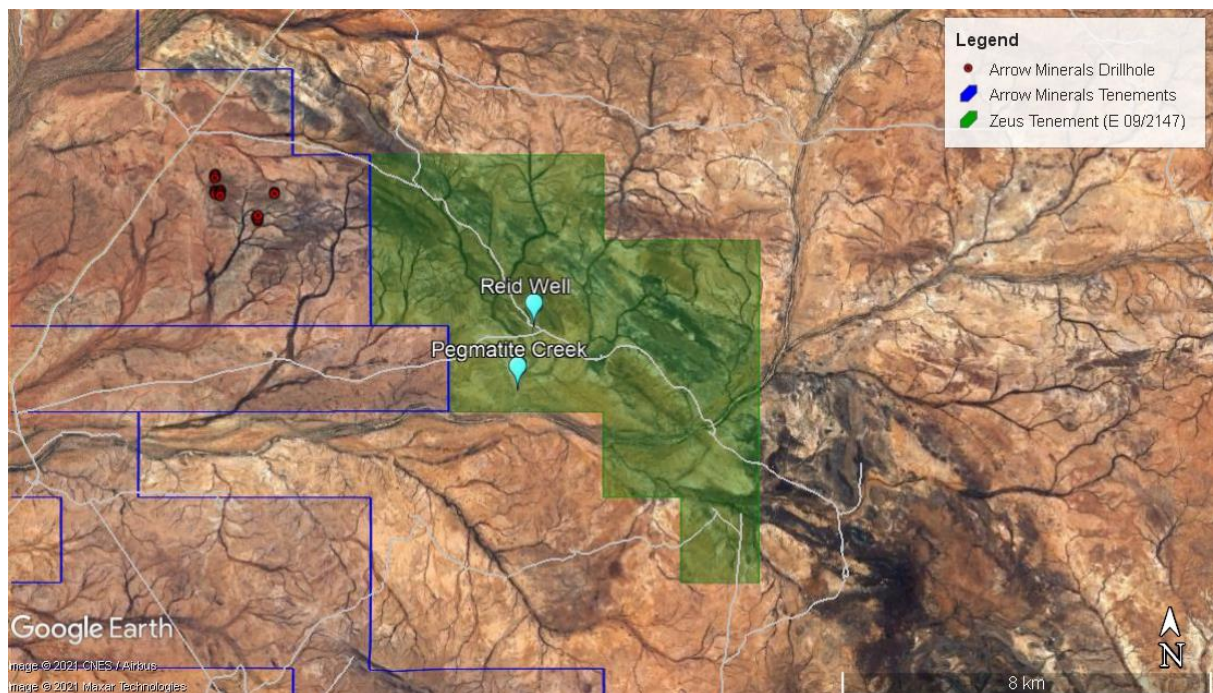


Figure 3. Gascoyne Project- Mortimer Hills E09/2147 Prospect Locations.



DIRECTORS' REPORT



Figure 4. Drilling operations at the Reid Well Base Metals Prospect

1. Reid Well Base Metal Prospect

Barite-copper-galena mineralisation at Reid Well was first recognised by AGIP Nucleare Australia Pty Ltd ("AGIP") during the 1974 to 1977 period. AGIP conducted rock chip sampling, limited trenching, and shallow percussion drilling. Zeus relocated the historical occurrence in 2015 and has subsequently conducted follow up mapping and sampling with assay results up to 13% Cu, 2.95% Pb & 128ppm Ag (**See Zeus ASX Announcement dated 20 June 2015 and 29 November 2021**).

Reconnaissance mapping indicates mineralisation forms an elongate exhalative lens some 2-3m thick (see Figure 5) within a quartz-biotite-chlorite-sericite schist +/- garnet, tourmaline, and magnetite zone within the Morrissey Metamorphic Suite. Disseminated copper mineralisation, in the form of malachite, azurite and chalcocite (see Figure 6) extends for over ~100m along strike length before disappearing under alluvium. Selected previous 2021 assay results from the Reid Well Base-Metals Prospect are detailed in Table 2.

| Sample # | GDA94_E | GDA94_N | Description | Cu (%) | Pb (%) | Zn (ppm) | Ag (ppm) | BaO (%) |
|---------------|---------|-----------|--|--------|--------|----------|----------|---------|
| ZEU004 | 432,593 | 7,286,562 | Subcropping Cu-barite lens rubble. Westernmost extent of lens. | 10.90 | 6.04 | 150 | 195.0 | 41.81 |
| ZEU016 | 432,661 | 7,286,550 | Subcropping Cu-barite lens. | 1.40 | 0.19 | 125 | 18.4 | 52.53 |
| ZEU017 | 432,678 | 7,286,539 | Subcropping Cu-barite lens. | 0.21 | 0.30 | 135 | 10.0 | 57.08 |
| ZEU018 | 432,670 | 7,286,544 | Subcropping Cu-barite lens. | 1.41 | 1.20 | 130 | 30.9 | 53.39 |
| ZEU019 | 432,655 | 7,286,552 | Subcropping Cu-barite lens. | 2.04 | 4.43 | 135 | 18.5 | 49.04 |
| ZEU020 | 432,646 | 7,286,555 | Subcropping Cu-barite lens. | 0.86 | 2.35 | 130 | 13.8 | 52.35 |
| ZEU021 | 432,639 | 7,286,560 | Subcropping Cu-barite lens. | 2.34 | 10.90 | 115 | 90.6 | 40.19 |
| ZEU022 | 432,666 | 7,286,455 | Carbonate-siliceous sinter lens. | 0.02 | 0.08 | 10 | 0.7 | 0.41 |
| ZEU023 | 432,714 | 7,286,452 | Ironstone block exposed by rip line. | 0.44 | 0.48 | 320 | 0.9 | 2.17 |

Table 2. Reid Well Base-Metals Prospect Assay Results 2021



DIRECTORS' REPORT



Figure 5. Reid Well VMS base-metal target; exhalative malachite, chalcocite, and galena-bearing barite lens. (Sample# ZEU016).

Prior to drilling, detailed mapping conducted on site defined a further four exhalative barite lenses showing indications of copper mineralisation, extending the known strike length to over 300m. Mapping indicates the deposit is highly sheared with more competent barite lenses forming elongate lobes, stringers, and pods. A further 18 rock chip samples were taken along the mapped lenses.



Figure 6. Detail of mineralised outcrop. (Sample# ZEU016 = 1.4% Cu, 0.19% Pb, 125 ppm Zn & 18.4 ppm Ag)

A total of 22 RC drillholes were completed for 1,598m during early December 2021 targeting the Reid Well Base Metal Prospect (see Figure 7, Table 3). **(See Zeus ASX Announcement dated 17 December 2021)**

The drill hole logging indicates the copper-bearing barite lens(es) mapped at surface continue in the subsurface and dip ~ 45 degrees to the south. Minor to moderate indications of Cu mineralisation were consistently observed in RC drill chips within the barite zones and a total of 491 samples are submitted for geochemical assay.



DIRECTORS' REPORT

| Hole ID | GDA94_E | GDA94_N | GPS_RL | Survey Method | Dip | Azi | Max Depth | Comments |
|----------|---------|-----------|--------|---------------|-----|-----|-----------|---------------------------------------|
| Z21RC001 | 432,702 | 7,286,514 | 318 | GPS | -60 | 30 | 36 | |
| Z21RC002 | 432,694 | 7,286,501 | 321 | GPS | -60 | 30 | 72 | |
| Z21RC003 | 432,685 | 7,286,487 | 322 | GPS | -60 | 30 | 114 | |
| Z21RC004 | 432,667 | 7,286,529 | 321 | GPS | -60 | 30 | 36 | |
| Z21RC005 | 432,657 | 7,286,512 | 320 | GPS | -60 | 30 | 72 | |
| Z21RC006 | 432,648 | 7,286,499 | 319 | GPS | -60 | 30 | 114 | |
| Z21RC007 | 432,641 | 7,286,544 | 318 | GPS | -60 | 30 | 36 | |
| Z21RC008 | 432,628 | 7,286,524 | 319 | GPS | -60 | 30 | 72 | |
| Z21RC009 | 432,621 | 7,286,516 | 319 | GPS | -60 | 30 | 114 | |
| Z21RC010 | 432,654 | 7,286,567 | 320 | GPS | -60 | 210 | 60 | Scissor hole on main mineralised zone |
| Z21RC011 | 432,587 | 7,286,554 | 320 | GPS | -60 | 30 | 36 | |
| Z21RC012 | 432,577 | 7,286,539 | 321 | GPS | -60 | 30 | 72 | |
| Z21RC013 | 432,569 | 7,286,527 | 328 | GPS | -60 | 30 | 114 | |
| Z21RC014 | 432,492 | 7,286,665 | 326 | GPS | -60 | 30 | 36 | |
| Z21RC015 | 432,482 | 7,286,652 | 326 | GPS | -60 | 30 | 62 | |
| Z21RC016 | 432,473 | 7,286,640 | 327 | GPS | -60 | 30 | 114 | |
| Z21RC017 | 432,465 | 7,286,628 | 326 | GPS | -60 | 30 | 132 | |
| Z21RC018 | 432,438 | 7,286,682 | 325 | GPS | -60 | 30 | 36 | |
| Z21RC019 | 432,428 | 7,286,666 | 334 | GPS | -60 | 30 | 72 | |
| Z21RC020 | 432,419 | 7,286,654 | 327 | GPS | -60 | 30 | 114 | |
| Z21RC021 | 432,564 | 7,286,599 | 324 | GPS | -60 | 30 | 30 | |
| Z21RC022 | 432,557 | 7,286,590 | 324 | GPS | -60 | 30 | 54 | |

Table 3. Reid Well Base Metal Prospect, Drill Collar Locations



Figure 7. Reid Well Base Metal Prospect - Drillhole locations



DIRECTORS' REPORT

2. Thirty-Three Supersuite Lithium-Caesium-Tantalum (LCT) Pegmatite Prospectivity

Previous work by Arrow immediately to the east of Zeus' E09/2147 tenement has identified the Thirty-Three Supersuite as a fertile parent granite with the potential to generate LCT Pegmatite swarms.

Geochemical sampling by Arrow observed distinct Niobium/Tantalum fractionation trends extending outwards from the parent granite intrusion. Rock chip sampling returned results up to 3.77% Li₂O and subsequent exploration drilling at the Malinda Lithium Prospect (~2-3 kms west of Zeus' tenement boundary) intersected up to 2.0% Li₂O and >800ppm Ta₂O₅ with high-grade mineralisation confirmed as Li-bearing spodumene. Lepidolite was also identified within two proximal drill holes at the T-Bone prospect (**See Segue Resources ASX Announcement, 09 October 2017**).

The Thirty-Three Supersuite extends ESE along strike along the southern margin of Zeus' tenement. Zeus considers the tenement has substantial potential to host related LCT Pegmatite mineralisation. Extensive tourmaline alteration of the country rock also suggests the granitoids of the Thirty-Three Supersuite are highly fractionated and have the potential to generate LCT Pegmatites. Subcropping deformed pegmatites, similar in character to those encountered further west at Arrow's Malinda Lithium Prospect, have been previously identified on Zeus' E09/2147 tenement (**See Zeus ASX Announcement, 1 October 2021**).

Further continued mapping and prospecting. (**See Zeus ASX Announcement, 17 December 2021**), was undertaken by Zeus during the period, along the prospective zone extending outwards from the intrusive contact of the Thirty-Three Supersuite with the host country rock



Figure 8. Extensive quartz sheetwash blanket covering the metamorphosed contact between the vegetated Thirty-Three Supersuite granitoids (RHS) and metasedimentary country rock. Arrow pointing to the location of the Pegmatite Creek prospect (see Figure 3 for prospect location).

The prospective zone extending outwards from the margins of the prospective granites into the host metasediments is largely obscured by an extensive blanket of quartz sheetwash (see Figure 8) derived from weathering of the granitoid. Further reconnaissance mapping by Zeus has identified a zone of extensive outcropping pegmatites along a creek line; now referred to as 'Pegmatite Creek' (see Figure 3), where the sheetwash blanket has been removed by erosion (see Figure 9).



DIRECTORS' REPORT



Figure 9. Pale-coloured pegmatite intruding reddish brown pegmatitic granite.

Importantly, the contact between the granites and the host rock is exposed in the creek and together with evidence of contact metamorphism of the host metasediments, confirms their intrusive nature (see Figure 10).

A total of 30 rock samples were collected to determine the geochemical signature of the pegmatites and their parent granite.



Figure 10. Pale-coloured pegmatite intruding greenish grey chloritic schists on the margins of the Thirty-Three Supersuite.

Zeus considers the identification of prospective pegmatites at Pegmatite Creek, a short distance along strike from a known a Lithium-Caesium-Tantalum (LCT) pegmatite mineral system to be highly encouraging. Follow up airborne and ground surveying is being planned for early 2022 to target the the lithium 'sweet spot' lying between 500 to 3,000m out from the contact of the parent granitoid.



DIRECTORS' REPORT

Wiluna Project (E53/1603)

The Wiluna Project comprises one exploration licence, E53/1603 and one new exploration licence application (E53/2197) covering part of the Kukkuburra Palaeochannel, developed in granite and greenstone basement. During the period, Zeus commenced a three-phase exploration program to target the Archean lode gold potential of the underlying greenstones. **(See Zeus ASX announcement dated 6 September 2021)**

The Company has engaged Western Geophysics Pty Ltd in WA to undertake the Phase 1 geophysical compilation and interpretation. Based on the results desktop-based work and the advice from professionals, the project is being repositioned as a Muriate of Potash project replacing the former uranium focus. **(See Zeus ASX announcement dated 1 November 2021).**

Muriate of Potash projects require at least 15km of defined palaeochannel as Trigg Mining Ltd, Kalium Lakes Ltd and Australian Potash Ltd tenement holdings demonstrate. On 27 October 2021, Zeus lodged an Exploration Licence Application (E53/2197) for 60 blocks (approximately 184km²) covering the northern extension of the Kukkuburra Palaeochannel. The likely total channel length within this combined area is about 25km comprising 6km within the granted E53/1603 and a likely 19 further kilometres in the E53/2197L application. The palaeochannel at Wiluna has had its brine tested previously at Lake Way by Salt Lake Potash Ltd. **(See Zeus ASX announcement dated 1 November 2021).**

During November the Company engaged Atlas Geophysics to complete a gravity survey, including gravity acquisition and processing (192 new gravity stations at 200m spacing on one-kilometre spaced lines) to cover the southern part of the Wiluna Project and the Kukkuburra Palaeochannel. The gravity survey commenced on 14 November and lasted 4 days. (see Figure 11). **(See Zeus ASX announcement dated 1 December 2021).**

The gravity data was acquired using Scintrex CG5 digital gravity meters and Hi Target differential GNSS receivers. Expected accuracy of this gravity survey would be better than 0.02 mGal with recorded elevations accurate to better than 2cm.

Figure 12 shows residual bouger gravity (gravity minus the calculated regional gravity trend). The blue line is an interpretation of the Kukkuburra Palaeochannel axis which is approximately the deepest part of the channel. The paleochannel extends southeast into the application area resulting in 8 km lying within Zeus tenure. This work will help to define the location for the hydrological pump test drill holes.

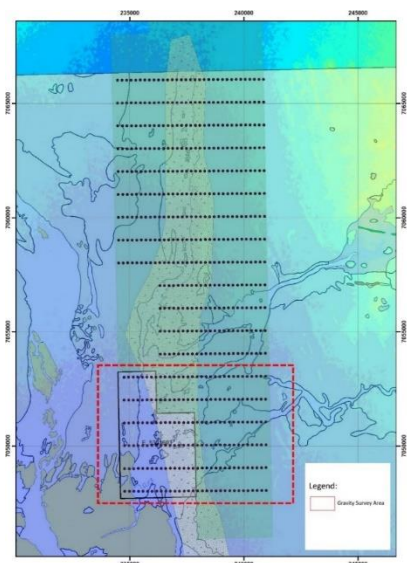


Figure 11. Wiluna Project gravity survey stations completed (within the red box)

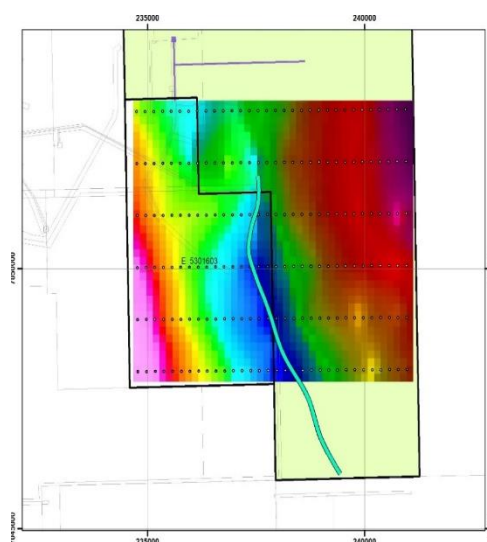


Figure 12. Residual Bouger gravity anomaly image. The blue colour is indicative of low density values interpreted to be due to the paleochannel. The interpreted deepest part of the paleochannel is represented by the thin green line.



DIRECTORS' REPORT

Western Geophysics Pty Ltd currently is collecting additional data and defining the locations of the proposed drill holes. The next phase of exploration program will be drilling and a hydrological pump test within the granted tenement (E53/1603).

Narnoo Project (E28/2097)

The Narnoo Project comprises one exploration Licence, E28/2097. The Extension of Term Application for E28/2097 has been granted on 18 November 2021 and the tenement now expires on 8 May 2023.

Based on the recommendations from the Company's tenement manager with regards to latest changes in the legislation, the Company is not able to actively explore for uranium without certain Federal Government approval. The Board is reconsidering the exploration plan for the Narnoo Project (E28/2097), and no immediate exploration work has been planned.

Wandagee Project (E09/2499)

In July 2021, the Company entered into an exclusivity agreement with Westoz to conduct due diligence on the Wandagee Project (exploration licence application – E09/2499 ("Tenement")) ("Exclusivity Agreement") to explore the potential acquisition of the Tenement from Westoz if it was granted (**See Zeus ASX announcement dated 30 July 2021**).

The Company appointed HSG Australia Pty Ltd in WA to carry out a site visit, which included mapping and sampling. The site visit commenced on 9 September 2021 and lasted for 3 days.

The Company did not reach an agreement for the acquisition with Westoz, and the Exclusivity Agreement was terminated by both parties on 29 October 2021.



DIRECTORS' REPORT

Competent Person Statement:

Information in this release that relates to Exploration Results and rock chip sampling program at the Mortimer Hills Project and the RC drilling program at the Reid Well Base Metal Prospect is based on information compiled by Mr Jonathan Higgins, who is a Member of the Australian Institute of Geologists (AIG). Mr Higgins is engaged by Zeus Resources Limited as an independent consultant. Mr Higgins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Higgins consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Competent Person Statement:

Information in this release that relates to Exploration Results relating to the Wiluna Project is based on information compiled by Mr Steve Massey, who is a Member of the Australian Institute of Geologists (AIG). Mr Massey is engaged by Zeus Resources Limited as an independent consultant. Mr Massey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Massey consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.



DIRECTORS' REPORT

JORC Code, 2012 Edition – Table 1 Report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC 2012 Code Explanation | Commentary |
|-----------------------|--|---|
| Sampling techniques | <ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. | <p>RC Drilling</p> <ul style="list-style-type: none"> Sample intervals for conventional geochemical assay were collected at 2m intervals. Where geological logging indicated intervals with no evidence of mineralisation samples were composited over 6m intervals. |
| | <ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. | <p>RC Drilling</p> <ul style="list-style-type: none"> Representative RC drill cuttings were collected from a rotary cone splitter mounted on the side of the RC drilling rig. |
| | <ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. | <p>RC Drilling</p> <ul style="list-style-type: none"> N/A |
| Drilling techniques | <ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | <p>RC Drilling</p> <ul style="list-style-type: none"> Drilling was conducted using a Reverse Circulation (RC) drilling rig supplied by Great Northern Drilling. Holes were planned at -60 Dip and Azimuth of 030 degrees (magnetic) at right angles to strike of out-cropping mineralisation. |
| Drill sample recovery | <ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. | <p>RC Drilling</p> <ul style="list-style-type: none"> Drill cuttings from the entire 2m sample interval were collected from the drill-rig cyclone buckets (amounting to 20-30kg of sample per interval) and laid out on the ground for geological logging. |
| | <ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. | <p>RC Drilling</p> <ul style="list-style-type: none"> Drill cuttings from the entire 2m sample interval were collected from the drill-rig cyclone. |
| | <ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | <p>RC Drilling</p> <ul style="list-style-type: none"> No bias exists in sampling. |
| Logging | <ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. | <p>RC Drilling</p> <ul style="list-style-type: none"> All RC cuttings were geologically logged in detail at 2m intervals. Composite samples were collected over 6m intervals for barren zones. |
| | <ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. | <p>RC Drilling</p> <ul style="list-style-type: none"> Representative qualitative cuttings samples were collected in chip trays with a reference photography being taken. |
| | <ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. | <p>RC Drilling</p> <ul style="list-style-type: none"> All RC cuttings were geologically logged in detail. |



DIRECTORS' REPORT

| | | |
|--|---|--|
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. | <ul style="list-style-type: none"> RC Drilling N/A |
| | <ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. | <ul style="list-style-type: none"> RC Drilling 2m interval samples were collected in calico bags from the side of the rotary cone splitter. 6m composite samples were collected by spearing of dry sample piles. |
| | <ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. | <ul style="list-style-type: none"> RC Drilling The nature and quality of the sampling technique is appropriate for the drill method and is in line with industry standard procedures. |
| | <ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. | <ul style="list-style-type: none"> RC Drilling N/A |
| | <ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in situ material collected, including for in-stance results for field dupli-cate/second-half sampling. | <ul style="list-style-type: none"> RC Drilling 2m interval samples were collected in calico bags from the side of the rotary cone splitter. 6m composite samples were collected by multiple spearing's of the sample piles from different angles. |
| | <ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. | <ul style="list-style-type: none"> RC Drilling Sample sizes are appropriate for the grainsize of the material. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> The nature, quality and appropriate-ness of the assaying and laboratory procedures used and whether the technique is considered partial or total. | <ul style="list-style-type: none"> RC Drilling 491 samples, including Zeus standards and field duplicates, were submitted to ALS Laboratory in Perth for standard multi-element assay. Comments on laboratory procedures are not appro-priate as assay results have not yet been received at the time of writing. |
| | <ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the pa-rameters used in determining the anal-ysis including instrument make and model, reading times, calibrations fac-tors applied and their derivation, etc. | <ul style="list-style-type: none"> Wiluna Gravity Survey Gravity data were acquired with Scintrex CG5 digi-tal gravity meters. The accuracy of the processed gravity data is ± 0.01 milligals. Elevation and location data were acquired using differential GNSS GPS receivers. The accuracy of the elevation data is ± 2cm. Data quality was checked by completing repeat measurements at various stations All gravity data are levelled to the Australia gravity network. |
| | <ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, dupli-cates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | <ul style="list-style-type: none"> RC Drilling Sample intervals were submitted to ALS analytical laboratory in Perth for conventional geochemical as-say. Duplicate samples were inserted at 1 in 20 ratio. Assay results have not been received at the time of writing. |
| Verification of sampling and assaying | <ul style="list-style-type: none"> The verification of significant intersec-tions by either independent or alterna-tive company personnel. | <ul style="list-style-type: none"> RC Drilling Assay results have not been received at the time of writing. |
| | <ul style="list-style-type: none"> The use of twinned holes. | <ul style="list-style-type: none"> N/A |
| | <ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, da- | <ul style="list-style-type: none"> RC Drilling Primary assay data (including assay certificates) is |



DIRECTORS' REPORT

| | | |
|---|---|---|
| | <p>ta storage (physical and electronic) protocols.</p> | <p>stored electronically as either '.csv' or '.pdf' on the Zeus server in Zeus' Sydney office.</p> <ul style="list-style-type: none"> Zeus' database and server is backed up regularly. Assay results have not been received at the time of writing. |
| | <ul style="list-style-type: none"> Discuss any adjustment to assay data. | <ul style="list-style-type: none"> Assay results have not been received at the time of writing. |
| Location of data points | <ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. | <p>RC Drilling</p> <ul style="list-style-type: none"> Sample locations were recorded using handheld GPS. Drilling comprised initial scout exploration drilling. No down-hole surveys were undertaken due to the lack of survey tool availability. <p>Wiluna Gravity Survey</p> <ul style="list-style-type: none"> Gravity data were acquired with Scintrex CG5 digital gravity meters. Elevation and location data were acquired using differential GNSS GPS receivers. The accuracy of the processed gravity data is ± 0.01 milligals. The accuracy of the elevation data is ± 2cm. |
| | <ul style="list-style-type: none"> Specification of the grid system used. | <p>RC Drilling</p> <ul style="list-style-type: none"> The grid system used is GDA94, Zone 50. <p>Wiluna Gravity Survey</p> <ul style="list-style-type: none"> The grid system used is GDA94, Zone 51. |
| | <ul style="list-style-type: none"> Quality and adequacy of topographic control. | <p>RC Drilling</p> <ul style="list-style-type: none"> Detailed topographic information has not been acquired for the project. Initial elevation data collected at this stage has been supplied from hand held GPS. Drillholes will be surveyed at a later date. |
| Data spacing and distribution | <ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. | <p>RC Drilling</p> <ul style="list-style-type: none"> Holes were drilled perpendicular to strike on approximately 13m hole spacings on 50m spaced lines. <p>Wiluna Gravity Survey</p> <ul style="list-style-type: none"> Gravity acquisition comprised 6 lines spaced 1 km apart. A total of 192 new gravity stations at 200m intervals were acquired. |
| | <ul style="list-style-type: none"> Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied | <p>RC Drilling</p> <ul style="list-style-type: none"> Outcropping barite-copper mineralisation was observed to be geologically continuous in the subsurface. Assay results have not been received at the time of writing |
| | <ul style="list-style-type: none"> Whether sample compositing has been applied. | <p>RC Drilling</p> <ul style="list-style-type: none"> 2m samples were collected over mineralised intervals and a further 10m into barren host rock. Sample compositing over 6m intervals was undertaken over barren intervals. 2m sample bags have been retained for re-assay should composite intervals intersect any mineralisation. |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. | <p>RC Drilling</p> <ul style="list-style-type: none"> Drillholes were oriented perpendicular to strike of the outcropping mineralised horizons. |
| | <ul style="list-style-type: none"> If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | <p>RC Drilling</p> <ul style="list-style-type: none"> No sampling bias is evident in the orientation of the drill holes. |



DIRECTORS' REPORT

JORC Code, 2012 Edition – Table 1 Report

Section 2 Reporting of Exploration Results.

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC 2012 Code Explanation | Commentary |
|---|--|--|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. | <ul style="list-style-type: none"> Zeus Resources holds one granted exploration tenement (E09/2147) within the Gascoyne Gascoyne Project. An extension of term has recently been granted until 14/09/2026. Zeus holds one granted exploration tenements (E53/1603) and one exploration Licence application (E53/2197) within the Wiluna Project Zeus holds one granted exploration licence (E28/2097) within the Narnoo Project. Zeus holds a 100% interest in these tenements. |
| | <ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | <ul style="list-style-type: none"> All tenements are in currently in good standing and no impediments to operating are currently known to exist. |
| Exploration done by other parties | <ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. | <ul style="list-style-type: none"> Exploration efforts have been conducted following review of publicly available historical exploration data from the WA Department of Mines & Petroleum "WAMEX" dataset. Mortimer Hills (Gascoyne Project) Soil sampling, trenching and limited non-JORC compliant drilling was previously conducted in the tenement by by AGIP Nucleare Ltd in the 1970's. No data from this work is available. |
| Geology | <ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. | <ul style="list-style-type: none"> Mortimer Hills (Gascoyne Project) The Reid Well deposit is considered to be an exhalative volcanic massive sulphide type (VMS) deposit. Mineralisation at Reid Well is hosted within qtz-biotite-chlorite-sericite schist (+/- garnet & tourmaline) of the Morrisey Metamorphic Suite. Pegmatite & pegmatitic granite type intervals referred to are interpreted to conform to the Lithium-Caesium-Tantalum (LCT) pegmatite-hosted mineralisation style. Wiluna Project The deposit is covering the northern extent of the Kukkuburra Palaeochannel as a Muriate of Potash deposit. |



DIRECTORS' REPORT

| | | |
|--|--|---|
| Drill hole Information | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> All drillholes are reported within the drillhole details Table. <p>Wiluna Project</p> <p>No drilling has been undertaken by Zeus at this time.</p> |
| Data aggregation methods | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> Assay results have not yet been received at the time of writing. <p>Wiluna Project</p> <ul style="list-style-type: none"> Gravity data have been processed to derive the Bouguer anomaly. Further processing included the calculation of residual gravity. These data have been imaged and are interpreted as indicating a paleochannel that may be prospective for the target commodity. |
| | <ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. | <ul style="list-style-type: none"> N/A |
| | <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> Assay results have not yet been received at the time of writing. |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> Assay results have not yet been received at the time of writing. |
| | <ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> Surface outcrop of the main mineralised zone forms an elongate lens 2-4m thick and approximately 100m in strike length. Additional related lenses were located by mapping and cover a strike length of ~300m. |
| | <ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | <p>Mortimer Hills (Gascoyne Project)</p> <ul style="list-style-type: none"> Downhole intervals have not been reported as assay results have not yet been received at the time of writing. |



DIRECTORS' REPORT

| | | |
|------------------------------------|---|---|
| Diagrams | <ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | <ul style="list-style-type: none"> Mortimer Hills (Gascoyne Project) Refer to location maps. |
| Balanced reporting | <ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | <ul style="list-style-type: none"> Mortimer Hills (Gascoyne Project) Assay results have not yet been received at the time of writing. Wiluna Project Exploration results are preliminary at this point and are subject to confirmation by drilling. |
| Other substantive exploration data | <ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | <ul style="list-style-type: none"> Mortimer Hills (Gascoyne Project) Geological observations have been accurately reported. Assay results have not yet been received at the time of writing. |
| Further work | <ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). | <ul style="list-style-type: none"> Planned further work is dependent upon drilling results and likely encompasses follow RC and potentially DD drilling. |
| | <ul style="list-style-type: none"> Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | <ul style="list-style-type: none"> Mortimer Hills (Gascoyne Project) Refer to drillhole location maps for current drilling areas. |



DIRECTORS' REPORT

Results of Operations

For the half-year ended 31st December 2021 the Company recorded a loss of \$143,170 (31 December 2020: Loss \$121,681).

Total exploration expenses for the half-year were \$144,030 (31 December 2020: \$64,816), \$116,684 of the exploration expenses were capitalised to current exploration assets (31 December 2020: \$63,375).

Significant changes in state of affairs

There were no significant changes in the state of the affairs of the Company.

Principal activities

The principal activities of the Company during the year was the exploration for uranium and other base metals and research and analysis of investment opportunities in the mining and exploration sector.

Dividends

No dividends have been declared in respect of the half-year ended 31st December 2021 (31 December 2020: nil).

Options

Options were approved to be issued at the General Meeting held 31st July 2021:

- Unlisted Options 12,000,000 at 3 cents each expiring 9th February 2022
- Unlisted Options 9,000,000 at 10 cents each expiring 9th August 2022

The Company received \$360,000 in proceeds from the exercise of 12,000,000 options with an exercise price of \$0.03 each on 13th August 2021.



DIRECTORS' REPORT

Events subsequent to the end of the reporting period

(a) Annual General Meeting

The Company held its AGM on 14th January 2022 in accordance with section 251AA of the Corporations Act 2001 (Cth). All resolutions were carried by way of a poll.

- Adoption of Remuneration Report Financial Year ended 30 June 2021
- Re-election of Director Mr Dongfeng Zhang
- Re-election of Director Mr Jian Liu
- Re-election of Director Mr Yicheng Zhang
- Re-election of Director Mr Colin MacKay
- Approval of 10% placement facility
- Amendment of Constitution of the Company

(b) ASX Listing Suspension

The Company was suspended from the ASX on 3 September 2021, due to a perceived breach of listing rule 12.1. The Company is continuing to work with the ASX to be re-instated by providing demonstrable compliance with listing rule 12.1. The Company has submitted its latest report to the ASX to meet with re-instatement requirements on 7th February 2022. The evaluation of the report by ASX Compliance team is currently ongoing. The Company expects to be informed of the results of the evaluation before the end of February 2022.

Other than the above, there are no matters or circumstances that have arisen since 31 December 2021 that have significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.



DIRECTORS' REPORT

Auditor independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2021 has been received and can be found on page 25 of this interim report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Zhang Dongfeng', with a stylized flourish at the end.

Mr. Dongfeng Zhang
Chairman

Dated this 24th February 2022



Zeus Resources Limited

Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2021 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

William Buck
Accountants & Advisors
ABN 16 021 300 521

R. Ahrens
Partner
Sydney, 24 February 2022

ACCOUNTANTS & ADVISORS

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Notes | Half-Year ended 31-Dec-21 | Half-Year ended 31-Dec-20 |
|---|-------|------------------------------|------------------------------|
| | | \$ | \$ |
| Interest Income | | 391 | 2,453 |
| Less expenses: | | | |
| Corporate and administration costs | | | |
| - Accounting and Audit Fees | | 25,368 | 32,033 |
| - Company secretarial and compliance | | 22,025 | 12,267 |
| - Computers and communications | | 2,963 | 7,895 |
| - Directors' fees | | 7,500 | 7,500 |
| - Directors' meetings and expenses | | 5,876 | 10,954 |
| - Employee salaries and benefits | | (9,413) | 1,046 |
| - Insurance | | 2,534 | 2,534 |
| - Legal and consultants' fees | | 19,500 | - |
| - Share registry maintenance and listing fees | | 15,659 | 17,966 |
| - Utilities | | 686 | 697 |
| Exploration and evaluation costs | | | |
| - Project expenditure (net of capital expenses) | | 27,346 | 1,441 |
| Business development costs | | | |
| - Travel and accommodation | | - | 2,421 |
| Other expenses from ordinary activities | | | |
| - Depreciation | | 21,628 | 21,430 |
| - Other expenses | | 1,889 | 5,699 |
| Total Expenses | | 143,561 | 124,134 |
| Loss before income tax | | (143,170) | (121,681) |
| Income tax expense | | - | - |
| Loss for the period attributable to the Company | | (143,170) | (121,681) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the period attributable to the Company | | (143,170) | (121,681) |
| Earnings per Share | | | |
| Basic – cents per share | | (0.07) | (0.07) |
| Diluted – cents per share | | (0.07) | (0.07) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Notes | As at 31-Dec-21 | As at 30-Jun-21 |
|-----------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | \$ | \$ |
| Cash and cash equivalents | | 1,571,327 | 1,518,885 |
| Other assets | | 30,040 | 15,058 |
| Right of Use Asset | | 3,199 | 22,393 |
| TOTAL CURRENT ASSETS | | 1,604,566 | 1,556,336 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | 2 | 568,392 | 451,708 |
| Property, plant and equipment | | 6,257 | 7,310 |
| TOTAL NON-CURRENT ASSETS | | 577,848 | 459,018 |
| TOTAL ASSETS | | 2,182,414 | 2,015,354 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 68,675 | 97,950 |
| Lease Liability | | 3,484 | 23,979 |
| TOTAL CURRENT LIABILITIES | | 72,159 | 121,929 |
| TOTAL LIABILITIES | | 72,159 | 121,929 |
| NET ASSETS | | 2,110,255 | 1,893,425 |
| EQUITY | | | |
| Contributed equity | 3 | 18,496,219 | 18,136,219 |
| Accumulated losses | 5 | (16,385,964) | (16,242,794) |
| TOTAL EQUITY | | 2,110,255 | 1,893,425 |

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



STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Note | Contributed Equity | Accumulated Losses | Total |
|--|------|-----------------------|-----------------------|------------------|
| | | \$ | \$ | \$ |
| Balance at 1 July 2021 | | 18,136,219 | (16,242,794) | 1,893,425 |
| Options exercised 13 August 2021 (12,000,000) | 4 | 360,000 | - | 360,000 |
| Total comprehensive loss for the half-year | | - | (143,170) | (143,170) |
| Balance at 31 December 2021 | | <u>18,496,219</u> | <u>(16,385,964)</u> | <u>2,110,255</u> |
| Balance at 1 July 2020 | | 17,398,334 | (15,999,435) | 1,398,899 |
| Total comprehensive loss for the half-year | | - | (121,681) | (121,681) |
| Balance at 31 December 2020 | | <u>17,398,334</u> | <u>(16,121,116)</u> | <u>1,277,218</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Half-Year Ended 31-Dec-21 | Half-Year Ended 31-Dec-20 |
|---|------------------------------|------------------------------|
| | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (170,742) | (103,174) |
| Interest received | 361 | 2,166 |
| Net cash used in Operating Activities | (170,381) | (101,008) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for exploration and evaluation | (116,682) | (64,816) |
| Net cash used in Investing Activities | (116,682) | (64,816) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments for Lease Liability | (20,495) | (18,738) |
| Options exercised 13th August 2021 | 360,000 | - |
| Net cash used in Financing activities | 339,505 | (18,738) |
| Net (decrease) / increase in cash and cash equivalents held | 52,442 | (184,562) |
| Cash at beginning of financial year | 1,518,885 | 1,138,805 |
| Cash and Cash Equivalents at end of the period | 1,571,327 | 954,243 |

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



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Statement of compliance**

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 '*Interim Financial Reporting*' and other pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 '*Interim Financial Reporting*'.

The principal accounting policies adopted are consistent with those of the previous Financial Year ended 30 June 2021 unless otherwise stated.

This interim 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 of Zeus Resources Limited for the year ended 30 June 2021 and any public announcements made by Zeus Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

The financial statements have been approved by the Board on the date of signing.

b. Basis of Preparation

The interim financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars (unless otherwise indicated).

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2021.

c. New Standards and Interpretations applicable for the half-year ended 31 December 2021

For the half-year ended 31 December 2021, the Directors have reviewed all the new and revised Standards and interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

Their adoption has not had a material impact on the disclosures and/or amounts reported in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

d. New Standards and Interpretations issued and not yet adopted

For the half-year ended 31 December 2021, the Directors have also reviewed all the new and revised Standards and interpretations issued by the AASB and not yet adopted that are relevant to the Company. As a result of this review the Directors have determined that the Standards and Interpretations on issue and not yet adopted by the Company will have no material impact on the Company's financial reports and therefore no changes are necessary to the Company's current accounting policies.

e. Significant Accounting Judgements and Key Estimates.

The preparation of this interim financial report requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied in the financial report for the year ended 30 June 2021.

f. Going Concern

For the half-year ended 31 December 2021, the Company recorded a loss of \$143,170 (half-year ended 31 December 2020: loss \$121,681), incurred net cash outflows from operating activities of \$170,381 (half-year ended 31 December 2020: outflows \$101,008). Net assets for the half-year ended 31 December 2021 amounted \$2,110,255 (30 June 2021: \$1,893,425) were largely represented by cash and tenement assets.

The Company, since listing, is yet to report profitable operations and management is closely monitoring the remaining tenements held, to control cash outflows arising from existing exploration activity and the funding requirements needed to develop future projects.

These circumstances currently point towards a material uncertainty, and if not addressed, may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlements of liabilities in the normal course of business over the next 12 months period for the following reasons: the Board performs continuous assessments on the recoverability of the tenements held at each reporting period; and

- the Board has prepared detailed cash flow forecasts through to June 2024 which reflects the Company's ability to continue to pay its debts as and when they fall due; and
- raising further cash for operations from issue of shares and options; and
- developing existing tenements and other future tenements into productive operations or desirable assets for sale.

Should the Company be unsuccessful in these endeavours, it may not be able to continue as a going concern, and it could be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in these financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.



NOTES TO THE FINANCIAL STATEMENTS

| NOTE 2. EXPLORATION AND EVALUATION ASSETS | As at 31-Dec-21 | As at 30-Jun-21 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Wiluna (Lakes Way) | | |
| Opening Balance | 131,348 | 87,928 |
| Capitalised Costs | 47,073 | 43,420 |
| Impairment | - | - |
| Closing Balance | 178,421 | 131,348 |
| Gascoyne (Mortimer Hills & Reid) | | |
| Opening Balance | 134,550 | 108,498 |
| Capitalised Costs | 68,085 | 26,052 |
| Impairment | - | - |
| Closing Balance | 202,635 | 134,550 |
| Narnoo (North) | | |
| Opening Balance | 185,811 | 126,820 |
| Capitalised Costs | 1,524 | 58,991 |
| Impairment | - | - |
| Closing Balance | 187,335 | 185,811 |
| Total Exploration and Evaluation Assets | 568,392 | 451,709 |



NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CONTRIBUTED EQUITY

31-Dec-21

| (a) Ordinary Shares Number | Number on Issue |
|---|------------------------|
| Balance at the beginning of the half year | 207,150,000 |
| Shares issued during the half year | 12,000,000 |
| Balance at the end of the half year | 219,150,000 |
| (b) Ordinary Shares Value | Value (\$) |
| Balance at the beginning of the half year | 18,136,219 |
| Shares issued during the half year | 360,000 |
| Share issue costs | - |
| Balance at the end of the half year | 18,496,219 |

30-Jun-21

| (a) Ordinary Shares Number | Number on Issue |
|--|------------------------|
| Balance at the beginning of the year | 180,150,000 |
| Shares issued during the year | 27,000,000 |
| Balance at the end of the financial year | 207,150,000 |
| (b) Ordinary Shares Value | Value (\$) |
| Balance at the beginning of the year | 17,398,334 |
| Shares issued during the year | 810,000 |
| Share issue costs | (72,115) |
| Balance at the end of the financial year | 18,136,219 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

NOTE 4. OPTIONS

| | | | | 31-Dec-21 | 30-Jun-21 |
|---|----------------------|--------------------|-------------------------------|------------------|------------------------|
| (a) Unlisted options issued | Approval Date | Expiry Date | Average weighted price | Qty | Number on Issue |
| Balance at the beginning of the half year | | | | - | - |
| Contractor Options approved | 31/07/2021 | 9/02/2022 | 0.03 | 12,000,000 | - |
| Attaching Options Approved | 31/07/2021 | 9/08/2022 | 0.10 | 9,000,000 | - |
| Options exercised 13 August 2021 | 31/07/2021 | 9/02/2022 | 0.03 | (12,000,000) | - |
| Balance at the end of the half year | | | | 9,000,000 | - |

Contractor Options: Unquoted Non-transferable Options (Expiring on 9 February 2022) 12,000,000 'Contractor Options' (Item 3 above), were fully exercised by entitled investors. The issue of 12,000,000 shares at 3 cents per share raised \$360,000 in capital for the Company. The Ordinary Shares were issued on 13 August 2021. (These Options formed part of the previous capital raise of 9 June 2021).

Attaching Options: On valid exercise, these options grant the option holder one Share for every Attaching Option and have an exercise price of 10 cents per option.



NOTES TO THE FINANCIAL STATEMENTS

| NOTE 5. ACCUMULATED LOSSES | As at 31-Dec-21 | As at 30-Jun-21 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Accumulated losses at the beginning of the reporting period | (16,242,794) | (15,999,435) |
| Net loss attributable to members of the entity | (143,170) | (243,359) |
| Accumulated losses at the end of the reporting period | (16,385,964) | (16,242,794) |

| NOTE 6: RELATED PARTY TRANSACTIONS | 31-Dec-21 | 31-Dec-20 |
|------------------------------------|-----------|-----------|
| | \$ | \$ |
| Short-term employee benefits/Fees | 65,725 | 7,500 |
| Long-term employee benefits/Fees | 15,025 | - |
| Total KMP compensations | 80,750 | 7,500 |

Transactions with key management personnel and their related parties:

During the half year ended 31 December 2021 no payments (2020 half year: nil) were made to ZIMC in relation of fees appointed nominee directors, acting CEO and Chairperson. As the end of the half year there was nil payable (2020: nil) by the Company to ZIMC.

During the half year ended 31 December 2021, payments amounting to \$4,125 were made to Golden Phoenix International Unit Trust (2020 half year: \$7,950) in relation to the director's fees of Mr Greg Hall. As the end of the half year there was \$2,750 payable (2020 half year: \$4,125) by the Company to Golden Phoenix International Unit Trust.

During the half year ended 31 December 2021 no payments (2020 half year: nil) were made to Heng Ji Pty Ltd in relation of fees appointed director, Yong Zhang. As the end of the half year there was nil payable (2020: nil) by the Company to Heng Ji Pty Ltd.

During the half year ended 31 December 2021, Canneng Australia was paid \$3,850 (2020 half year: nil) in relation to director and company secretarial fees for Mr Jian Liu. As the end of the half year there was nil payable (2020: nil) by the Company to Canneng Australia.

NOTE 7. OPERATING SEGMENTS

The Company's operations are in one reportable business segment being the exploration of uranium, other metals and minerals. The Company currently operates in one geographical segment being Australia.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: CONTINGENT LIABILITIES

There were no contingent liabilities during the half-year ended 31 December 2021 (2020: nil).

NOTE 9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amount of the financial assets and liabilities recorded in the financial statements approximates their fair values.

| NOTE 10. COMMITMENTS | 31-Dec-21 | 30-Jun-21 |
|--|----------------|----------------|
| <i>Exploration Projects in Western Australia:</i> ¹ | \$ | \$ |
| Within 1 year ¹ | 160,417 | 146,667 |
| More than 1 year but not later than five years ¹ | 540,825 | 750,000 |
| More than five years | - | - |
| Total | <u>701,242</u> | <u>896,667</u> |

¹ Based on current commitment requirements set by Department Mining and Petroleum and blocks licenced.

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. The above table is a summary of aggregate commitments.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EVENTS SUBSEQUENT TO REPORTING DATE

(a) Annual General Meeting

The Company held its AGM on 14th January 2022 in accordance with section 251AA of the Corporations Act 2001 (Cth). All resolutions were carried by way of a poll.

- Adoption of Remuneration Report Financial Year ended 30 June 2021
- Re-election of Director Mr Dongfeng Zhang
- Re-election of Director Mr Jian Liu
- Re-election of Director Mr Yicheng Zhang
- Re-election of Director Mr Colin MacKay
- Approval of 10% placement facility
- Amendment of Constitution of the Company

(b) ASX Listing Suspension

The Company was suspended from the ASX on 3 September 2021, due to a perceived breach of listing rule 12.1. The Company is continuing to work with the ASX to be re-instated by providing demonstrable compliance with listing rule 12.1. The Company has submitted its latest report to the ASX to meet with re-instatement requirements on 7th February 2022. The evaluation of the report by ASX Compliance team is currently ongoing. The Company expects to be informed of the results of the evaluation before the end of February 2022.

Other than the above, there are no matters or circumstances that have arisen since 31 December 2021 that have significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.



DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 27 to 37 are in accordance with the *Corporations Act 2001*:
 - 1.a comply with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001 and
 - 1.b give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Company.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company 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 Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Zhang Dongfeng', with a stylized flourish at the end.

Mr. Dongfeng Zhang
Chairman

Dated this 24th February 2022



TENEMENT SCHEDULE

| Licence Name | Licence Number | State/ Territory | Area Graticular Blocks | Project | Date Expires/ Note | Ownership |
|------------------------------|-----------------------|-----------------------------|---------------------------------------|----------------|-----------------------------------|---|
| Lake Uramurdah | E53/1603 | W.A. | 5 | Wiluna | 14 Feb 23 | 100% owned and Operated by Zeus Resources Ltd |
| Lake Leo | E53/2197 | W.A. | 60 | Wiluna | Application | Application lodged 27/10/2022 |
| Great Victoria Desert | E28/2097 | W.A. | 5 | Narnoo | 08 May 23 | 100% owned and Operated by Zeus Resources Ltd |
| Reid | E09/2147 | W.A. | 15 | Gascoyne | 14 Sep 26 | 100% owned and Operated by Zeus Resources Ltd |

Zeus Resources Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Zeus Resources Limited (the Company) which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 half-year financial report of Zeus Resources Limited is not in accordance with the *Corporations Act 2001* including:

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$143,170 (2020: \$121,681) and incurred net cash outflows from operating activities of \$170,381 (2020: \$101,008 outflows) during the period ended 31 December 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the 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.

Responsibility of Management for the Financial Report

The directors of the Zeus Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Financial Report

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

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



William Buck
Accountants & Advisors
ABN 16 021 300 521



R. Ahrens
Partner
Sydney, 24 February 2022