

Advance ZincTek Ltd Market Update

October 2024



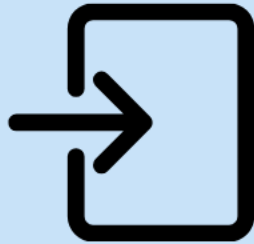
Managing Director for ANO: Geoff Acton
Appointed March 2016

Federal Court Action - Veganic SKN Ltd

The proceedings commenced by Veganic SKN Ltd allege that Cancer Council Australia has and continues to engage in misleading conduct in respect of the Chemical UV filters contained in the sunscreens that it sells and promotes.

This conduct may also have affected ANO. ANO has asked its legal advisors to consider the merit of ANO joining the proceeding in the Federal Court as an applicant, alongside Veganic SKN Ltd.

Impact of Inferior Imported - Zinc Oxide Powders



- Quote from the TGA - "The TGA does not currently require sponsors to submit details of the GMP Compliance for active ingredients used in listed medicines, as this step is not recorded in the application at the time of listing on the Australian register of Therapeutic Goods (ARTG). However, in practice, active ingredients are expected to be manufactured to a standard consistent with GMP principles controlled at the supply point to the finished product of supply and it remains the sponsor's responsibility to ensure that the active ingredients are manufactured to a standard consistent with GMP principles."
- Manufacturers in Australia are required to meet strict requirements for Zinc Oxide (listed medicine) including factory inspections and compliance with "PIC" guides.
- Importers of Zinc Oxide only require a COA from the overseas company and a GMP certification. There are no factory inspections of the factories by the TGA. Since July 2024, the TGA have reinstated their inspection program.
- These same ingredients, Zinc Oxide Powder, cannot be exported into the USA and Canada, and the overseas manufacturers are not registered with the FDA
- **Why would the federal government allow cheap imports to not meet the same strict requirements as local manufacturers?**

Imported - Zinc Oxide Powders

		Not Compliant with Monographs (BP/ USP)		
IMPORTED FROM	ZINC OXIDE MONOGRAPH REQUIREMENTS/SPECIFICATIONS OF BRITISH PHARMACOPOEIA (BP) 2024	COA SPECIFICATIONS	ZINC OXIDE MONOGRAPH REQUIREMENTS/ SPECIFICATIONS OF USP NF	COA SPECIFICATIONS
India	Thallium Limit: Max 5ppm Cadmium Limit: Max 5ppm Lead Limit: Max 10ppm	Thallium Limit: Missing Cadmium Limit: Max 10ppm Lead Limit: NMT 50ppm	Not tested in the scope of USP NF	
India	Thallium Limit: Max 5ppm Cadmium Limit: Max 5ppm Lead Limit: Max 10ppm	Thallium Limit: Missing Cadmium Limit: Max 10ppm Lead Limit: Max 50ppm Conforms to 2019 Standards	Not tested in the scope of USP NF	
Indonesia	Thallium Limit: Max 5ppm Cadmium Limit: Max 5ppm Lead Limit: Max 10ppm Identification: A + B Alkalinity: Conforms	Thallium Limit: Missing Cadmium Limit: 20ppm Lead Limit: Max 50ppm Identification: Missing Alkalinity: Missing	Identification: A + B Alkalinity: Conforms Arsenic Limit: NMT 6ppm Carbonate & Colour of Solution: Conforms	Identification: Missing Alkalinity: Missing Arsenic Limit: Missing Carbonate & Colour of Solution: Missing
Indonesia	Thallium Limit: Max 5ppm Cadmium Limit: Max 5ppm Lead Limit: Max 10ppm Identification: A + B Alkalinity: Conforms	Thallium Limit: Missing Cadmium Limit: Max 20ppm Lead Limit: Max 50ppm Identification: Missing Alkalinity: Missing	Identification: A + B Alkalinity: Conforms Arsenic Limit: NMT 6ppm Carbonate & Colour of Solution: Conforms	Identification: Missing Alkalinity: Missing Arsenic Limit: Missing Carbonate & Colour of Solution: Missing
India	Conforms		Not tested in the scope of USP NF	

Recent UV Filter Developments

UV Filter	Australian Limit (140ml per a day)	EU Limit (18g per a day)	FDA
4-MBC *	4%	BANNED	BANNED
Homosalate	15%	0.5%	10%
Oxyzone	10%	2.2%	6%

*Formulated into 19 Cancer Council Australia sunscreens, including kids' sunscreens.



Homosalate = 240 times greater exposure for Australians vs EU. Maximum

“Evidence suggests **potential endocrine disruption and carcinogenicity** at higher concentrations.” – European Union

“The use of BP-3 as a UV-filter up to a maximum concentration of 6% in sunscreen products, either in the form of body cream, sunscreen propellant spray or pump spray, **is not safe for the consumer.**” – European Union

4 MBC/ Enzacamene: 2022 European Union SCCS Review Highlighted

1

Endocrine Disruption

"Evidence suggests potential endocrine disruption and carcinogenicity at higher concentrations."

2

Bioaccumulation

"Increased dermal absorption values and recalculated systemic exposure dose (SED) lead to significant safety concerns."

3

Breast Cancer

"In micromolar concentrations, enzacamene accelerates cell proliferation rate in MCF-7 human breast cancer cells."

4

Now banned in over 29 countries

Including USA, Switzerland, Japan, Canada and All European Union Countries.

Still allowed in Australia (4%).

Brisbane Production Capacity (Active Ingredients)

XP Powder <ul style="list-style-type: none">• From 75 cents per 100g tube based on 25% Zinclear®XP Powder	<ul style="list-style-type: none">• 5000 MT per annum (STD 1 shift).• Equivalent of > 200,000,000 100g tubes of sunscreen > (SPF 30).• Sufficient to produce.
24 Zinc Based Dispersions	<ul style="list-style-type: none">• Total of 1,516,800 KGS per annum (STD 1 shift).• Equivalent of 39,915,788 100g tubes.• Based on 30% dispersion used for > SPF 30.• Sufficient to produce.

20 New Dispersions | 17 New Sunscreens

Oil	Dispersion Name	Sunscreen Recipe Name	% of Zinc Oxide	Sunscreen In Vivo	Recommended Australian Reseller AUD Dispersion Price Per KG	RRP End User Australia Price for 100g tube (Based on 25% Zinc Oxide)
AB	ZinClear®XP65A AB+D	OBSA XP65A AB+D	65		\$36.55	\$1.38
MCT	ZinClear®XP65MCT	MCT10 Sunscreen	65	37.2	\$36.55	\$1.38
JJ	ZinClear®XPA_XP6 1JJE	OBSA XPA_XP61JJE	61		\$44.07	\$1.81
Sunflower	ZinClear® XP50 Sunflower Blended Alusion	Base 600	50	50.4 (In Vivo SPF Final)	\$48.37	\$2.42
Coco Caprylate	ZinClear®XP76-82A_COCO+LT	OBSA XP76-82A_COCO+LT	76		\$36.55	\$1.20

New Dispersions | New Sunscreens

Coming Soon.

DISPERSIONS UNDER DEVELOPMENT	SUNSCREEN RECIPE NAME	SUNSCREEN IN VIVO RESULT 10/ PERSON	SUNSCREEN IN VITRO RESULT
APRICOT	OBSA_XP65APRP	36.9 (Final)	45
HEMP	OBSA_XP65HEMP	34.7 (5 people only)	49.91

Key Highlights 2024

Distributor Network

Location	2023	2024	% Increase	Countries
USA/ Canada	1	4	300%	2
Europe	7	11	57%	23
Asia	6	11	83%	10
South America	1	4	300%	4
Total:	15	30	Up 100%	39
Australian/ New Zealand Customers	36	34		2

Items in Investor Presentation 2023

November **2023** Target

- Continue to grow the number of distributors in Europe, Asia and South America.
- Introduce new organic/vegan oils, expanding our dispersion range.
- Provide formulation recipes and full test results to potential users.
- White Sapphire High Purity product development.

**White
Sapphire
Alusion**

2024 Delivered

- 3 new distributors in USA/ Canada.
 - 4 new distributors in Europe.
 - 5 new distributors in Asia.
 - 3 new distributors in South America.
-
- 20 new Zinc based dispersions.
 - 2 new Zinc based dispersions under development (new oils).
 - 17 new sunscreen recipes.
 - 2 new sunscreen recipes under development.
-
- 1st White Sapphire trials complete.
 - Identified 9 applications and currently have 180 potential customers to send samples to.

Sales and Profit Comparison 2024-2025

Total Actual sales to
October 10, 2025

FY 24	FY 25
\$2,812,285	\$2,715,860

Profit before tax
3 months to 30/09

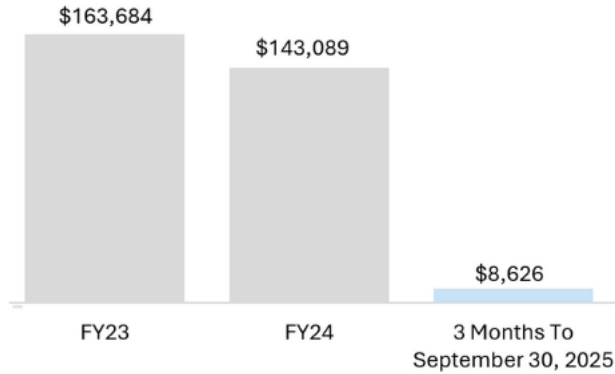
\$106,862	\$114,967
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- Clarification to the Chairman's letter FY24. "We are likely to match our total USA FY24 sales in the first half of FY25."
- Sales of White Sapphire Alusion will be reduced in the first half of FY24 as our largest customer continues to trial the Brisbane White Sapphire Alusion product. At this point they requested we return to the original specifications which we are currently working on.

Consolidation of Operations

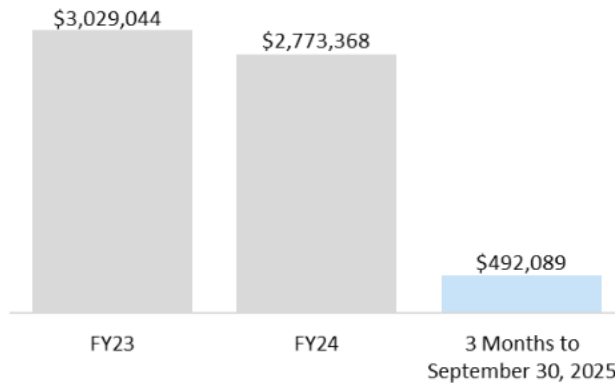
Expenses (expected savings of up to \$1M)

Electricity



- Perth electricity represented 58.66% of FY23 and FY24.
- Cost of 6000m2 facility in Brisbane is offset by our solar PV panels.

Wages

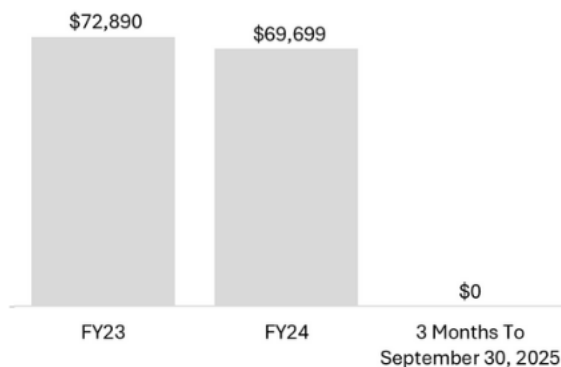


- Wages expected to be less than \$2.1 million for 2025.

Consolidation of Operations

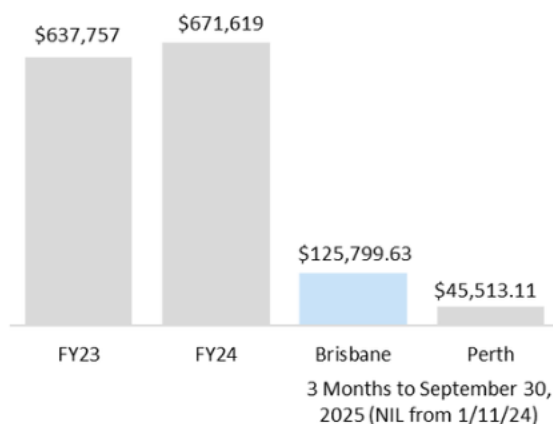
Expenses (expected savings of up to \$1M)

Transport to Perth



- NIL containers to and from Perth for XP powder, IM powder and raw ingredients.

Rent



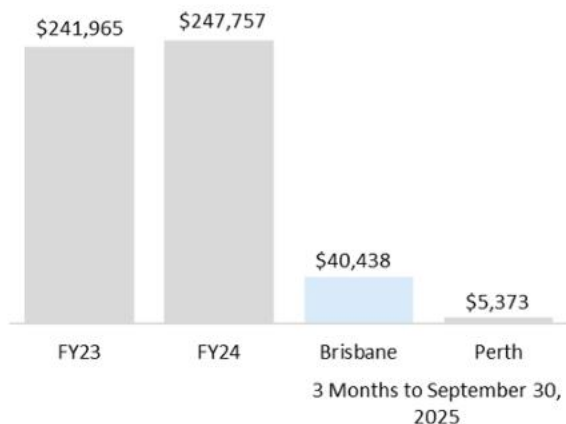
Rent in Perth:

- Charles Street surrendered on October 1, 2024.
- Radium Street will surrender on November 1, 2024.

Consolidation of Operations

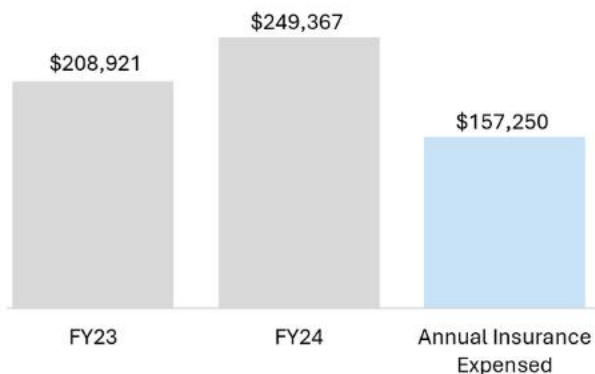
Expenses (expected savings of up to \$1M)

Workers Compensation/ Payroll Tax



- Workers' compensation and payroll tax Perth of \$41,750 will not reoccur this year.

Insurance



- Insurance is reduced with no Perth facilities and no employees.

Disclosures Regarding Forward Looking Statements

- This Market Statement includes forward-looking statements based on current expectations and predictions about future events including Advance ZincTek's intentions.
- These forward-looking statements are, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Advance ZincTek to differ materially from the expectations and predictions, express or implied, in such forward-looking statements.
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- We can't predict the situation in Europe with war, issues between China and the USA and what impact global inflation pressures will have on our views.