

**Interim Financial Report  
for the half year ended  
31 December 2021**

**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 2021 and any public announcements made by Zeotech Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001**

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## **CORPORATE DIRECTORY**

### **Directors**

Sylvia Tulloch (Non-Executive Chair)

Peter Zardo (Managing Director)

Robert Downey (Non-Executive Director)

### **Company Secretary**

Neville Bassett

### **Registered Office**

Level 27, 32 Turbot Street,

Brisbane QLD 4000

Telephone: +61 7 3181 5523

### **Postal Address**

Level 27, 32 Turbot Street,

Brisbane QLD 4000

### **Internet**

W: [www.zeotech.com.au](http://www.zeotech.com.au)

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

### **Share Registry**

Automic Pty Ltd

Level 5, 191 St Georges Terrace

Perth WA 6000

Telephone: 1300 288 664

Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

Web: [automicgroup.com.au](http://automicgroup.com.au)

### **Auditors**

Rothsay Auditing

Level 1, Lincoln House

4 Ventnor Avenue

West Perth WA 6005

Telephone: +61 8 9486 7094

### **Stock Exchange Listing**

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

## **DIRECTORS' REPORT**

Your directors are pleased to present their report on Zeotech Limited and its controlled entities ("Zeotech" or "the Group"), for the half-year ended 31 December 2021.

### **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 2021 of \$2,219,527 compared to a loss of \$1,678,260 for the corresponding period in the prior year.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Group during the period was continued research and development of the Group's patent-pending zeolite mineral processing technology at The University of Queensland, with the objective of finalising lab test-work in preparation for pilot plant program and assessing potential of the technology using mine tailings and process residues as feedstock. The Group also continued its evaluation of the kaolin mineralisation at its Abercorn Project, in central Queensland.

### **REVIEW OF OPERATIONS**

#### **SYNTHETIC ZEOLITE MINERAL PROCESSING TECHNOLOGY**

##### **Zeotech dual-feed pilot plant program update - first successful closed-loop circuit**

On 30 November 2021, the Company announced it had successfully completed its first continuous closed-loop circuit, utilising kaolin feedstock to produce pure Linde Type A synthetic zeolite product. This marked a significant step in progressing the Company's dual-feed pilot program.

The achievement of a continuous closed-looped circuit will allow Zeotech, and the team at The University of Queensland ("UQ"), to commence pilot plant set-up and construction during Q1 2022.

##### **Highlights**

- Successful bench-scale continuous closed-loop circuit achieved utilising kaolin feedstock to produce pure Linde Type A synthetic zeolite product.
- Over 110 optimisation batch tests undertaken using Toondoon kaolin and Li process by-product samples, undertaken since May 2021.
- Over 30 continuous tests completed on individual process steps, involving leaching, filtration/decanting, and precipitation.
- Plant and equipment procurement underway, with construction and commissioning of pilot plant on track to commence Q1 2022.

### **Zeotech to develop products for carbon markets in collaboration with Griffith University**

On 8 November 2021, the Company advised that, following promising pilot trials<sup>1</sup> led by Griffith University ("Griffith") which identified potential to develop products for agricultural markets, it executed an additional comprehensive research program with Griffith. The research program involves pilot trials and establishing scientific validation intended for developing Zeotech product applications in two high potential areas of carbon markets and agricultural nutrient management.

The goal of the program being undertaken by Griffith is to conduct research that will underpin agronomic opportunities for Zeotech products that aim to provide competitive advantages to existing soil amendments such as fertilisers and soil conditioners, with the early and substantial focus on the 'carbon markets' program.

### **Lithium refinery cleantech progresses to the next stage of IP protection**

On 20 October 2021, the company announced it had filed under the Patent Cooperation Treaty ("PCT") to protect and commercialise the intellectual property ("IP") associated with mineral processing technology for the manufacturing (synthesising) of zeolites from lithium process by-product. By filing PCT, Zeotech can subsequently seek patent protection in over 150 countries<sup>2</sup>.

The Patent Cooperation Treaty enables Zeotech to seek international patent protection and extends the Company's IP portfolio to include additional steps applied to its novel mineral processing technology for the manufacturing (synthesising) of zeolites, specifically utilising lithium process by-product as a feedstock.

### **Zeolite technology patent application enters national phase**

On 11 October 2021, the Company announced that, after receiving an International Preliminary Report on Patentability (under Chapter II of the PCT) that contained positive findings as to the novelty and inventiveness of the Company's 100% owned patent application associated with mineral processing technology for the manufacturing (synthesising) of zeolites ("IP"), it progressed to the National Phase of the patent granting procedure, which followed filing under Patent Cooperation Treaty on 8 May 2020.

Zeotech has proceeded with filing in the following jurisdictions:

- Australia
- Canada
- Chile
- China
- India
- Japan
- Republic of Korea
- Eurasia - covers Russia and Kazakhstan
- Thailand
- United States of America
- Europe - various jurisdictions including France, Germany, Italy, Spain, and the United Kingdom

<sup>1</sup> ASX release dated 06/09/2021 "Griffith University Agronomic Studies deliver Promising Results"

<sup>2</sup> [https://www.wipo.int/pct/en/pct\\_contracting\\_states.html](https://www.wipo.int/pct/en/pct_contracting_states.html)

### ***Griffith University agronomic studies deliver promising results***

On 6 September 2021, the Company announced that it had received promising results from agronomic studies undertaken by Griffith University ("GU"). The results follow a nine-month GU research program ("Pilot") that commenced in November 2020.

GU's nine-month Pilot trial revealed that there is considerable potential to develop Zeotech products that offer solutions for large-scale agricultural challenges. The results provide confidence in the use of synthetic zeolites to develop an economically compelling fertiliser delivery platform, which offers multiple adjunct benefits including the potential for CO<sub>2</sub> sequestration, as well as the application of synthetic zeolites as an agricultural pollutant treatment.

The agronomic studies showed that synthetic zeolites were capable of:

- High nutrient retention and exceptionally high phosphorus retention;
- Pesticide removal and compound breakdown;
- Enhanced moisture retention; and
- Decreased soil acidification.

### ***Collaboration targets global Mycotoxin animal feed additives industry***

On 13 July 2021, the Company announced it had provided a range of Type A molecular sieve zeolites to a leading Australian manufacturer of advanced animal feed additives, 'Bioproton', for in-vitro screening of mycotoxin binding, across seven toxins.

Zeotech and Bioproton will assess the initial test results to evaluate the potential of utilising synthetic zeolites to develop targeted mycotoxin binder product(s).

The Company provided 3A, 4A and 5A molecular sieve zeolites for the program, which will incorporate 7 mycotoxin tests across under 2 pH conditions (acid and neutral).

## **THE ABERCORN PROJECT**

The Abercorn Project is a large-scale kaolin prospect, located in central Queensland and has demonstrated it contains a resource of significant scale, and a very consistent grade of kaolinite mineralisation.

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

The Abercorn Project is situated approximately 135km south of the deep-water port of Gladstone and 125km west of the deep-water port of Bundaberg in Central Queensland. Both major ports are connected to the Abercorn Project by sealed roads. The Burnett highway bisects the property.

The resource remains open in all directions with less than circa 10% of the Project area being drilled, leaving potential for substantial future upgrade.

The Company previously announced a Maiden Indicated and Inferred JORC 2012 Compliant Resource (refer ASX announcement dated 6 July 2020), comprising:

- Total Maiden Resource for the Abercorn Project area is 39.06Mt yielding 36.8% -20µm grading 28.6% Al<sub>2</sub>O<sub>3</sub> & 1.18% K<sub>2</sub>O, using a cut-off grade of 26% Al<sub>2</sub>O<sub>3</sub>
- A high-grade section within the Project area called the Railcut Prospect contains 14Mt yielding 38% -20µm fraction grading 30.26% Al<sub>2</sub>O<sub>3</sub> & 0.89% K<sub>2</sub>O, using a cut-off grade of +29% Al<sub>2</sub>O<sub>3</sub>

- A second high-grade section within the Project area called the Area 3 Prospect contains 1.66 Mt yielding 30.9% -20µm fraction grading 30.7% Al<sub>2</sub>O<sub>3</sub> & 0.83% K<sub>2</sub>O

During the period the Company continued evaluation work on Abercorn kaolin in collaboration with research projects being undertaken by the University of Queensland. No on-ground was undertaken during the half-year.

The Company 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 company 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.

## THE TOONDOON PROJECT

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

### Toondoon Kaolin Project overview:

When the transaction is completed, Zeotech will hold 100% of the Toondoon project and associated licences, including ML 80016, EPM 27395 and EPMa 27866 through its ownership of Kalotech. The project is one of the highest-grade kaolin deposits in Australia. It is located approximately 20 kilometres south of Munduberra, Queensland and spans over 28,000 hectares.

Resource estimation test work at the Toondoon Mining Lease, ML 80126, has delivered an Indicated JORC 2012 Resource of:

White Kaolin Clay - 5.07Mt @ 37% Al<sub>2</sub>O<sub>3</sub>, 0.9% Fe<sub>2</sub>O<sub>3</sub>, 46.3% SiO<sub>2</sub>, Alumina/Silica Ratio of 0.80<sup>3</sup>.

The potential exists to expand the high-grade kaolin resource, which remains open in all directions.

The consideration for the acquisition of all of the issued share capital of Kalotech will be the issue of 37,000,000 fully paid ordinary shares in Zeotech (**Shares**) and reimbursement of costs up to \$350,000 in relation to expenditures on ML80016, EPM27395 and EPMa27866 (**Acquisition**).

The Acquisition remains conditional on:

- obtaining all shareholder approvals required under ASX Listing Rules 10.1 and 10.11, and Chapter 2E of the Corporations Act; and
- written approval from Queensland Department of Resources for the transfer of ML80016 from the current registered holder to Kalotech being granted and the change in title being registered.

<sup>3</sup> Refer to ASX Announcement 23/8/2021 "Zeotech to Acquire one of Australia's Highest Grade Kaolin Projects held within an Approved Mining Lease"



The Company is in the process of preparing the necessary meeting material to obtain shareholder approval for the Acquisition and the issue of the share consideration pursuant to Listing Rules 10.1 and 10.11, in compliance with the disclosure requirements of Listing Rules 10.5 and 10.13. The meeting material will include an Independent Expert's Report ("IER") being prepared by Moore Australia Corporate Finance (WA) Pty Ltd to provide an opinion as to whether it is considered that the proposed transaction is in the best interest of the members of Zeotech.

### **INVESTMENT IN REGEN DIGITAL PTY LTD**

On 14 December 2021, the Company announced it had entered into a Subscription Agreement with environment farm management technology start-up, Regen Digital Pty Ltd ("Regen").

Zeotech invested \$140,000 for a 4% post money interest in Regen, through a fully subscribed \$500,000 seed capital round undertaken by the group. Regen provides members of Regen Farmers Mutual a platform to enter into and manage environmental and green provenance contracts and Regen Farmers Mutual Limited holds 77% of Regen on a post-money basis.

The early-stage investment establishes a symbiotic partnership with Zeotech's agronomic objectives, aimed at developing agri-products that improve nutrient management and offer farmers access to carbon markets.

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

Subsequent to the end of the period:

- The Company received a cash refund of \$636,682 under the Australian Federal Governments R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2021.

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

Section 307C of the Corporations Act 2001 requires our auditors, Rothsay Auditing, 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 9 and forms part of this directors' report for the half-year ended 31 December 2021.

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  
4 March 2022



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsay.com.au](http://www.rothsay.com.au)

**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 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Auditing

Daniel Dalla  
Partner

4 March 2022



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

	Note	2021 \$	2020 \$
<b>REVENUE AND INCOME</b>	<b>2</b>	<b>641,646</b>	<b>37,651</b>
<b>EXPENDITURE</b>			
Administration expenses		(275,011)	(180,215)
Depreciation expense		(4,821)	(2,873)
Exploration expenses		(40,377)	(118,455)
Salaries and employee benefits expense		(369,172)	(220,947)
Technology expenses		(603,292)	(353,421)
Share based payments expense		(1,568,500)	(840,000)
<b>LOSS BEFORE INCOME TAX</b>		<b>(2,219,527)</b>	<b>(1,678,260)</b>
Income tax benefit / (expense)		-	-
<b>LOSS FOR THE YEAR</b>		<b>(2,219,527)</b>	<b>(1,678,260)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange loss on translation of foreign operations		(581)	(3,934)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ZEOTECH LIMITED</b>		<b>(2,220,108)</b>	<b>(1,682,194)</b>
Basic and diluted loss per share (cents)		(0.15)	(0.13)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

	31 December 2021	30 June 2021
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,257,708	5,853,795
Trade and other receivables	741,995	65,679
Financial Assets	140,000	-
<b>TOTAL CURRENT ASSETS</b>	<b>5,139,703</b>	<b>5,919,474</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	56,880	9,753
Exploration and evaluation costs	4,267,216	4,267,216
Intangible assets	1,426,610	1,318,778
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,750,706</b>	<b>5,595,747</b>
<b>TOTAL ASSETS</b>	<b>10,890,409</b>	<b>11,515,221</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5	159,876
<b>TOTAL CURRENT LIABILITIES</b>	<b>196,197</b>	<b>159,876</b>
<b>TOTAL LIABILITIES</b>	<b>196,197</b>	<b>159,876</b>
<b>NET ASSETS</b>	<b>10,694,212</b>	<b>11,355,345</b>
<b>EQUITY</b>		
Issued capital	35,579,733	35,589,258
Reserves	2,723,587	1,155,668
Accumulated losses	(27,609,108)	(25,389,581)
<b>TOTAL EQUITY</b>	<b>10,694,212</b>	<b>11,355,345</b>

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

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

	Contributed Equity	Share-based Payments and Options Reserve	Acquisition Reserves	Foreign Exchange Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
<b>BALANCE AT 1 JULY 2020</b>	<b>27,727,506</b>	<b>120,000</b>	<b>900,000</b>	<b>199,333</b>	<b>(22,469,748)</b>	<b>6,477,091</b>
Loss for the period	-	-	-	-	(1,678,260)	(1,678,260)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,678,260)</b>	<b>(1,678,260)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the year	1,657,500	-	-	-	-	1,657,500
Share issue costs	(15,935)	-	-	-	-	(15,935)
Shares issued under loan funded share plan	-	840,000	-	-	-	840,000
Shares issued for acquisition	900,000	-	(900,000)	-	-	-
Foreign exchange movement	-	-	-	(3,934)	-	(3,934)
<b>BALANCE AT 31 DECEMBER 2020</b>	<b>30,269,071</b>	<b>960,000</b>	<b>-</b>	<b>195,399</b>	<b>(24,148,008)</b>	<b>7,276,462</b>
<b>BALANCE AT 1 JULY 2021</b>	<b>35,589,258</b>	<b>960,000</b>	<b>-</b>	<b>195,668</b>	<b>(25,389,581)</b>	<b>11,355,345</b>
Loss for the period	-	-	-	-	(2,219,527)	(2,219,527)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,219,527)</b>	<b>(2,219,527)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Share issue costs	(9,525)	-	-	-	-	(9,525)
Shares issued under employee share plan	-	1,568,500	-	-	-	1,568,500
Foreign exchange movement	-	-	-	(581)	-	(581)
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>35,579,733</b>	<b>2,528,500</b>	<b>-</b>	<b>195,087</b>	<b>(27,609,108)</b>	<b>10,694,212</b>

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

	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(37,011)	(126,829)
Payments to suppliers and employees	(1,274,440)	(786,748)
Other income	4,964	37,651
<b>Net cash outflow from operating activities</b>	<b>(1,306,487)</b>	<b>(875,926)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(51,947)	(1,472)
Payments for other intangible assets	(92,986)	(27,427)
Payments to acquire investment	(140,000)	-
<b>Net cash outflow from investing activities</b>	<b>(284,933)</b>	<b>(28,899)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of ordinary shares net of share issue cost	(4,407)	1,641,565
<b>Net cash inflow from financing activities</b>	<b>(4,407)</b>	<b>1,641,565</b>
Net (decrease)/increase in cash and cash equivalents	(1,595,827)	736,740
Exchange differences on cash and cash equivalents	(260)	(1,647)
Cash and cash equivalents at the beginning of the half-year	5,853,795	1,566,656
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>4,257,708</b>	<b>2,301,749</b>

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 2021 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 2021 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 2021, 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 2021.

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 2021. 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**

	<b>Half Year Consolidated</b>	
	<b>December 2021</b>	<b>December 2020</b>
<b>From continuing operations</b>	<b>\$</b>	<b>\$</b>
Interest revenue	4,964	145
Other revenue	-	20,000
R&D refund	636,682	17,506
<b>Total revenue</b>	<b>641,646</b>	<b>37,651</b>

### **NOTE 3: SEGMENT INFORMATION**

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

#### **Primary Reporting – geographical segments**

The geographical segments of the consolidated entity are as follows:



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

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

**Revenue by geographical region**

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

	<b>December 2021 \$</b>	<b>December 2020 \$</b>
Australia	641,646	37,651
Botswana	-	-
<b>Total revenue</b>	<b>641,646</b>	<b>37,651</b>

**Segment results by geographical region**

Australia	2,219,336	1,666,017
Botswana	191	12,243
<b>Net loss before tax</b>	<b>2,219,527</b>	<b>1,678,260</b>

**Assets by geographical region**

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

	<b>December 2021 \$</b>	<b>June 2021 \$</b>
Australia	10,881,204	11,505,742
Botswana	9,205	9,479
<b>Total assets</b>	<b>10,890,409</b>	<b>11,515,221</b>

**Liabilities by geographical region**

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

	<b>December 2021 \$</b>	<b>June 2021 \$</b>
Australia	195,009	158,828
Botswana	1,188	1,048
<b>Total liabilities</b>	<b>196,197</b>	<b>159,876</b>

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

**NOTE 4: ISSUED CAPITAL**

	<b>December 2021 Shares</b>	<b>December 2021 \$</b>	<b>June 2021 Shares</b>	<b>June 2021 \$</b>
<b>Issues of ordinary shares during the half-year</b>				
Issued for cash	-	-	214,364,286	7,058,000
Issued for acquisition	-	-	75,000,000	900,000
Issued to employees for Incentive Share Plan*	<b>34,000,000</b>	-	20,000,000	-
Share issue cost	-	<b>(9,525)</b>	-	(96,248)
	<b>34,000,000</b>	<b>(9,525)</b>	309,364,286	7,861,752

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

**NOTE 5: TRADE AND OTHER PAYABLES**

	<b>Half-Year Consolidated</b>	
	<b>December 2021 \$</b>	<b>June 2021 \$</b>
Trade creditors	<b>98,789</b>	44,983
Director's fees payable	<b>42,988</b>	34,038
Other payables and accruals	<b>54,420</b>	80,855
<b>Total</b>	<b>196,197</b>	159,876

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

### **NOTE 6: CONTINGENCIES**

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

#### **Abercorn Acquisition**

On 16 October 2019, the Company completed the acquisition of the Abercorn Kaolin Project ("Abercorn Project").

The acquisition included contingent consideration for issue of further Shares to the Vendors or their nominees upon the achievement of certain milestones:

- (i) upon certification by an independent Competent Person on or before the first anniversary of the date of the term sheet of an inferred JORC compliant resource of 10,000,000 tonnes of raw ore containing 29%  $\text{Al}_2\text{O}_3$  at -20  $\mu\text{m}$  sizing, the issue by the Group to the Vendors of 75,000,000 ZEO Shares (Class A Performance Rights); and
- (ii) upon completion by the Group of a Scoping Study (as defined in the JORC Code) before the 3rd anniversary of the date of the term sheet, the issue by the Group to the Vendors of 75,000,000 ZEO Shares (Class B Performance Rights).

The first milestone has been met and the deferred consideration of 75,000,000 ZEO Shares were issued on 8 July 2020.

#### **Licence Agreement – Synthetic Zeolite**

On 7 April 2020, the Company secured an exclusive worldwide licence from Uniquist Pty Ltd ("Uniquist"), the technology transfer company of The University of Queensland, for the manufacturing (synthesising) of Zeolites (the Technology).

On 29 January 2021, Zeotech and UniQuest executed a Deed of Assignment that formed part of the Licence Agreement and paid the \$500,000 Assignment Fee. Which facilitated all rights, title, and interest in the licensed Intellectual Property to be legally assigned to Zeotech from UniQuest, free of any encumbrances, but inclusive of the following contingent consideration upon the achievement of certain milestones and outcomes:

- (i) in the event that a patent is granted or on the successful production of three five kilogram batched of type A synthetic zeolite from the Pilot Plant that it will at that time pay a success milestone of \$600,000 either in cash or by way of the issue of ordinary fully paid shares in the capital of the Company, calculated on a 30-day VWAP (at the Company's election); and
- (ii) a 5% royalty on gross sales of synthetic zeolites produced using the Technology.

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

**NOTE 6: CONTINGENCIES (continued)**

**Acquisition of Kalotech Pty Ltd (Toondoon Project)**

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

The consideration for the acquisition of all of the issued share capital of Kalotech will be the issue of 37,000,000 fully paid ordinary shares in Zeotech (**Shares**) and reimbursement of costs up to \$350,000 in relation to expenditures on ML80016, EPM27395 and EPMa27866 (**Acquisition**).

The Acquisition remains conditional on:

- (iii) obtaining all shareholder approvals required under ASX Listing Rules 10.1 and 10.11, and Chapter 2E of the Corporations Act; and
- (iv) written approval from Queensland Department of Resources for the transfer of ML80016 from the current registered holder to Kalotech being granted and the change in title being registered.

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

**NOTE 7: SUBSEQUENT EVENTS**

No matter or circumstance has arisen since 31 December 2021, 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 \$636,682 under the Australian Federal Governments R&D Tax Incentive Program on eligible research and development activities claimed for the financial year ending 30 June 2021; and
2. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

## **DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 10 to 20 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 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  
4 March 2022



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsay.com.au](http://www.rothsay.com.au)

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

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

***Conclusion***

We have reviewed the half-year financial report of Zeotech Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Basis for Conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.





### ***Directors' Responsibility for the Half-Year Financial Report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### ***Auditor's Responsibility for the Review of the Half-Year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 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.

**Rothsay Auditing**

Dated 4 March 2022

**Daniel Dalla**  
Partner