zeotech

Annual Report 2023

Zeotech Limited
ABN 29 137 984 297

CORPORATE DIRECTORY

Directors

Sylvia Tulloch (Non-Executive Chair)
Peter Zardo (Managing Director)
Robert Downey (Non-Executive Director)

Company Secretary

Neville Bassett

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Auditors

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Stock Exchange Listing

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

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CHAIR'S LETTER

Sylvia Tulloch BSc. MSc.

We are pleased to present the 2022/23 Annual Report. The year delivered many promising achievements and great momentum has built as we continue to advance our strategic projects over the coming year.

Our vision is to leverage the Company's advanced materials for a sustainable future, and our investment in the novel and proprietary mineral processing technology, together with large-scale climate technology initiatives has positioned the Company well to benefit from the current tailwinds in sustainability and climate change mitigation.

Following the acquisition of the Toondoon project earlier in the year, which includes an approved mining lease and associated exploration permits covering 28,000 hectares, we were fortunate to secure the acquisition of the freehold land underlying the whole of the mining lease and overlapping the adjacent exploration permits.

This provides the Company with a high-grade kaolin resource for immediately accessible low-cost feedstock for zeolite production, combined with genuine near-term revenue opportunities from direct shipping ore and metakaolin (calcined clay) as supplementary cementitious material for decarbonising cement production.

We were pleased to commence the landfill methane emissions control research in collaboration with Cleanaway Waste Management, catalysed by the Griffith University study which identified several pathways for potential greenhouse gas mitigation using Zeotech products.

The promising early methane adsorption results under conditions that simulate the top layer of landfill capping soils is encouraging, as it meets the first criteria required for effective methane elimination.

We are proud to be leading this important research, and excited by the potential to develop novel climate change mitigation technology. This is highlighted Australia's commitment to the Global Methane Pledge which acknowledges the significance of this powerful greenhouse gas.

The Company's agri-product trials associated with nutrient management and soil carbon sequestration continues to deliver promising results. The first major project update was delivered in May and highlighted the superior nutrient retention capacity of the Zeotech products, together with protecting approximately 30% of added carbon and providing the necessary chemical conditions for inorganic carbon protection.

The opportunity to deliver multiple benefits, such as improved nutrient use efficiency, increase carbon sequestration and reduce on-farm greenhouse gas emissions is truly encouraging, and is the result of more than 2-years of dedicated research in collaboration with Griffith University.

This year has marked a significant milestone for Zeotech as we transitioned the development of our novel mineral processing technology in-house. This was preceded by the refurbishment of the Company's office and laboratory facility at Brisbane Technology Park and commissioning of a scaled-up pilot facility during the first half of the year.

To deliver on our expanded research capacity and capability, we have welcomed several new team members who have been attracted by the Company advancing an Australian mineral processing innovation, and its strategic investments in climate technology.

Expansion of our in-house research team has been rewarded with the lodgement of two new patent applications associated with the synthesis of low-cost zeolite products from coal fly ash and lithium process by-product. In addition, the research team have advanced process innovations which have been developed in-house and will be protected by trade-secret protocols.

We continue to manage the Company's balance sheet in a prudent manner and develop pathways that best leverage the cashflow to advance our research and development activity, including through the Federal Government's R&D tax incentive.

On behalf of the entire Board, I would like to express my gratitude to our Managing Director, Peter Zardo, and our in-house technical team, led by Dr. John Vogrin, for their tireless commitment to advancing the interests of our Company. We also welcomed Alister Morrison to the executive team.

Finally, I would again like to thank you, our shareholders, for your support. We are all stakeholders in building an innovative Australian technology company and have much to look forward as we advance our intent to contribute to a net zero future.

Yours sincerely,

Sylvia Tulloch
Chair

DIRECTORS' REVIEW OF ACTIVITIES

MINERAL PROCESSING TECHNOLOGY: MANUFACTURED ZEOLITE

In-house Research & Development

To continue advancing the Company's novel and proprietary mineral processing technology, it commenced a refurbishment of an office and lab tenancy at Brisbane Technology Park ("BTP") in September 2022. The unique space provided an established lab facility and private office, together with shared facilities such as a kitchen, boardroom, and meeting rooms.

The refurbished lab facility was completed in November 2022 and hosts a scaled-up pilot plant which was commissioned in January 2023. The in-house pilot has been vital to advance optimisation and de-risking of the Company's proprietary mineral processing technology, whilst enabling the development of novel zeolite synthesis processes for the low-cost manufacture of different targeted zeolite products.

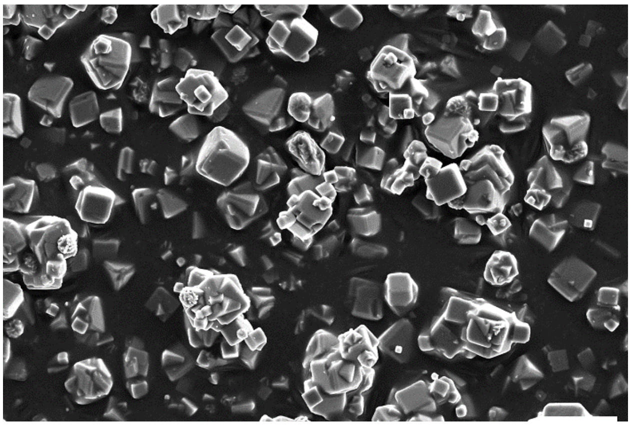
Since the commissioning of the in-house pilot, the lab team has produced more than 300 kilograms of zeolite product, which has supported demand for manufactured zeolites samples for the Company's large-scale research projects.

Zeotech Lab – Brisbane Technology Park

During the second half of the financial year, considerable effort was devoted to developing new grades and varieties of targeted zeolite products for high volume applications such as soil carbon enhancement, agricultural nutrient management, and methane emissions control.

During the June quarter, the lab completed approximately 100 scoping batch tests to optimise production of new zeolite products from coal fly ash, and lithium process by-product feedstock, utilising novel processes developed by Zeotech's Head of Projects, Research & Development, Dr. John Vogrin.

This work culminated in the lodgement of two new patent applications for the synthesis of low-cost zeolites from coal fly ash and lithium process by-product, shortly after the end of the financial year.



SEM image of Linde Type A zeolite synthesised from coal fly ash by-product

Planning and design work has since commenced for the development of a demonstration plant, in conjunction with further upscaling of the Company's in-house lab pilot, targeting production of up to 100 kilograms of zeolite product per week by the end of Q3 2023, to support increased zeolite sample demand.

The University of Queensland ("UQ")

The Company's novel and proprietary mineral processing technology associated with a pure Linde Type A zeolite was advanced under the dual-feed pilot program ("Pilot") with UQ School of Chemical Engineering.

The Pilot focussed on performance runs which targeted process optimisation and de-risking along with establishing the optimal conditions for leaching and precipitation from kaolin feedstock. This resulted in more than 20 kilograms of manufactured zeolite 4A being produced during the Pilot.

Following a 3-month extension, the Pilot was concluded in November 2022 and achieved its principal objectives by demonstrating a continuous closed-loop circuit from lithium process by-product (leached spodumene) and kaolin feedstock options, providing important process validation of the patent-pending technology for pure a Linde Type A zeolite.

NUTRIENT MANAGEMENT & SOIL CARBON

Zeotech continues to advance its integrated business model by cultivating potential markets for large-scale applications for its targeted manufactured zeolite products.

A key pillar of this strategy is the dual-stream nutrient management and soil carbon research program ("Agri-soil Program"), in collaboration with Griffith University ("Griffith").

The Agri-soil Program, together with the Company's preceding agronomic study, represents more than 2-years of combined research and development effort. We are encouraged by the results and data emerging from the program, which have continued to validate the potential for Zeotech targeted products to offer an economic controlled release fertiliser delivery compound, together with the potential to sequester organic and inorganic soil carbon.

Soil Carbon

Characterisation work highlighted the ability of the manufactured zeolites to enhance the moisture factor of the soil, which is particularly useful for soil studies as it offers insights into processes including:

- Water retention;
- Nutrient retention;
- Carbon sequestration potential; and
- Microbial community development.

Zeotech products show promise for improving these soil processes as their moisture factors far exceed those of most soils. Results have also indicated chemical interaction with the zeolite surface when carbon is introduced to soil. This is significant because the addition of manufactured zeolites in soil could result in effective long-term soil organic carbon retention.

Bench-scale trials have revealed that the application of Zeotech products to common agricultural soils can protect approximately 30% of added organic carbon.

Therefore, the Company's targeted zeolite products demonstrate significant potential to bolster soil organic carbon. This could translate to an estimated increase in soil organic carbon content of 0.50%[1] over a five-year period, and result in additional carbon sequestration of approximately 110 tonnes per hectare over the same period.

Enhanced Carbon Sequestration

The Agri-soil Program has also delivered encouraging results that show the addition of Zeotech products can provide the necessary chemical conditions for organic and inorganic carbon protection in soil.

Early pH data from experiments support that the zeolites are buffering pH in both common agricultural soil types tested (vertisol and dermosol), which is particularly promising for agricultural soils which commonly experience acidification resulting from continued application of ammonium-based fertilisers.

By maintaining the capacity to buffer against this acid-generating process, the Company's products could directly protect common soil inorganic carbon compounds.

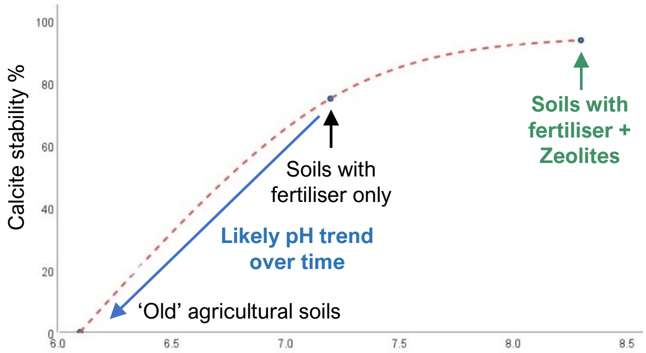


Figure 1 - Relationship between soil pH and inorganic carbon solubility.

Figure 1 shows how this change in pH affects the stability of inorganic carbon phases in the soils. Zeotech products could protect approximately 95% of inorganic carbon during the short-term period after fertilisation.

Inorganic carbon content of soils is relatively small. However, when scaled up, it potentially equates to tonnes of additional carbon stocks on a per hectare basis. Therefore, this offers a tangible pathway for Zeotech products to further enhance and protect soil carbon.

Soil Carbon Method Development & Alignment

It is encouraging to observe the strong research results achieved by Zeotech products. Whilst high surface area minerals, such as zeolite, are known to offer good prospects for meaningful long-term soil organic carbon sequestration, it is apparent that not all zeolites perform the same.

This validation accelerated discussions with Griffith relating to carbon credit methodology and alignment, together with identifying potentially novel processes that the Company could safeguard through making a new patent application.

This work has led to the Company lodging a patent application in August 2023, associated with utilising Zeotech products to enhance and protect soil carbon. This important step recognises the comprehensive trials undertaken at Griffith over the past 2-years and acknowledges the potentially novel processes that the Company's products could offer for soil carbon sequestration.

[1] *Dr Chris Pratt – Griffith University*

The patent application could significantly enhance the commercial prospects of the Company from the addition of a soil carbon credit accumulation pathway, alongside the potential layered benefits offered by a Zeotech agri-soil product.

Nutrient Management

Results from the nutrient management stream have demonstrated superior nutrient retention capacity of the Zeotech products relative to natural zeolites and biochar. The data implies that zeolites have the potential to regulate nutrient delivery to crops in the soil environment, which could improve net nutrient use efficiency.

Nearly two-thirds of applied nitrogen and more than half of applied phosphorous is lost to the environment (runoff) and becomes a pollutant[2]. Further, nitrogen-based fertiliser production and use accounts for approximately 5% of global GHG emissions[3].

Enhanced nutrient use efficiency delivered by the Zeotech products underscores a targeted 20% reduction in fertiliser application costs, which is being evaluated under the Agri-soil Program.

Product Development

Work has commenced on developing low-cost approaches for converting the targeted manufactured zeolite product(s) into granule, bead or pellet form, that will offer a practical nutrient delivery compound for large-scale agricultural applications.

Zeolite and commercial fertiliser blends have been developed, and early phases of this activity have involved trialling various binding agents to produce a stable compound product.

An optimal method has been successfully established, and granules or pellets will be further blended with dry fertiliser compounds to produce the Company's zeolite-based fertiliser delivery product, which will be taken forward into future trials.

METHANE EMISSIONS CONTROL

In a further expansion of the Company's diversified business model and investment in climate technology, it launched a multi-stage targeted research program ("Methane Program") with Griffith to develop and validate the application of Zeotech products for controlling landfill methane emissions in October 2022.

The research is being undertaken in collaboration with Cleanaway Waste Management Limited ("Cleanaway"), Australia's leading waste management, industrial and environmental services company.

The opportunity to contribute to climate change mitigation was identified in an extended carbon market scoping study by Griffith, which was strategically tailored to be carried out at the beginning of the Company's dual-stream Agri-soil Program.

The Methane Program commenced in February 2023 and its early focus has been on analysing the properties of capping soil samples collected from the Cleanaway's host site, together with characterisation work aimed at evaluating the chemical methane and carbon dioxide adsorption capacities of the Company's targeted **zeoteCH_4™** products.

Efficient methane adsorption properties have been observed for the three designed zeolite-based products under conditions that simulate the top layer of landfill capping soils.

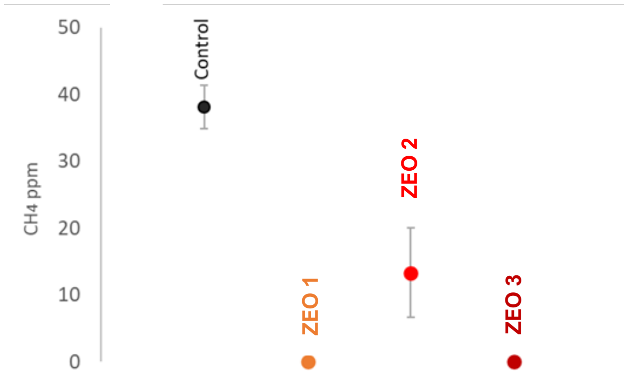


Figure 2 - headspace methane concentrations in the baseline adsorption reaction vessels

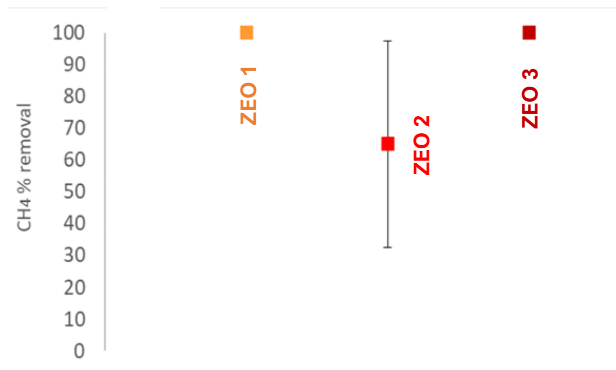


Figure 3 - % removal by the three zeolites. Mean values shown with error bars representing standard errors from the means.

The adsorption results are encouraging as they demonstrate that the **zeoteCH_4™** products meet the first criteria required for effective methane elimination (either chemically or biologically).

[2] *H. Ritchie - Our World Data (2021) "Excess fertilizer use: Which countries cause environmental damage by overapplying fertilizers?"*

[3] *Yunhu Gao and André Cabrera Serrenho. Nature Food (2023)*

Since the launch of the program, the Company has negotiated an extension of stage B to increase the number of **zeoteCH$_4$™** products, together with expanding the variety of methanotrophic sources to optimise the potential for biological oxidation.

This extension has increased the overall program schedule by 4-months, with a forecast completion date of approximately June 2024.

INTELLECTUAL PROPERTY PORTFOLIO

The Company is continuing to advance its commercial strategy by developing a portfolio of Intellectual Property ("IP"), and pursing protection of its IP through a combination of patent and trade-secret protocols.

Zeotech's patent application associated with mineral processing technology for 'The Synthesis of Adsorption Materials' (manufacturing pure Linde Type A zeolite), continues to advance through the National Phase of the patent granting process.

The Company's invention associated with mineral processing technology for 'Treating a Material', lithium process by-product (leached spodumene) has entered the National Phase of the patent granting procedure to protect & commercialise the IP in relevant jurisdictions.

National Phase entry of 'Treating a Material' IP, follows positive findings in an International Preliminary Report on Patentability under Chapter II ("IPRP(II)") of the Patent Cooperation Treaty ("PCT") undertaken by the Australian Patent Office. An IPRP(II) was issued in which the examiner expressed a view that all 20 of the claims in the PCT application are novel and involve inventive step over the prior art base.

Since January 2023, the in-house technical team have advanced several alternate process innovations (targeting lower cost) using the Company's scaled-up pilot and various sources of feedstock. These potentially novel steps are being protected using trade-secret protocols, in addition to the Company lodging two new patent applications associated with a circular process solution for the synthesis of low-cost zeolites from coal fly ash and lithium process by-product.

Based on data and findings from the Company's Agri-soil Program at Griffith, a further patent application was lodged in August 2023, and associated with mechanisms for carbon protection and enhancement in the soil, facilitated by Zeotech products.

The Company continues to manage and, where possible, add further value to its portfolio of IP and seek the appropriate protection that best leverages the commercial prospects of the technology it is advancing.

Patent Name	Status	Jurisdiction(s)
Synthesis of Adsorption Materials (associated with zeolite synthesis)	National Phase	Australia, Canada, China, India, Japan, Republic of Korea, and United States of America
Treating a Material (associated with lithium process by-product)	National Phase	Australia, Canada, Europe, India, China, Republic of Korea, and United States of America
Methods of Preparing a Zeolite (associated with coal fly ash)	Lodged	Australia (initial application)
Methods of Preparing a Zeolite (associated with lithium process by-product)	Lodged	Australia (initial application)
Method and Use of Zeolites (associated with soil carbon sequestration)	Lodged	Australia (initial application)

Summary of Zeotech patent applications

COLLABORATION

Carbon Capture & Utilisation

The Company continues to expand its climate technology research for zeolite-based applications associated with carbon capture and utilisation. This is being advanced through strategic collaborations with research partners.

Further to the Australian Research Council ("ARC") Industrial Transformation Training Centre for the Global Hydrogen Economy ("GlobH2E"), the Company has supported a successful Advance Queensland Industry Research Fellowship ("AQIRF") program for 'Tailor-made Nanocomposite Membranes for Greenhouse Gas Capture'.

The program will support Dr. Gloria Milena Monsalve Bravo, from the UQ School of Chemical Engineering, research and develop next generation Greenhouse Gas ("GHG") capture technology using zeolite membranes.

Research in GHG capture compliments the Company's adjacent research at UQ under the GlobH2E, together with being announced as an industry partner in the ARC Centre of Excellence for Green Electrochemical Transformation of Carbon Dioxide ("GETCO2").

GlobH2E and GETCO2 will explore pathways for utilising captured CO_2 to produce value-add products such as syngas and hydrocarbon fuels in a hydrogenation process using metal-based zeolite catalysts, as well the potential for carbon capture using zeolites.

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

In June 2023, the Company received an initial draft Trailblazer[4] agreement ("Agreement") from UQ. The Agreement is currently being reviewed by all stakeholders, acknowledging that the terms of the Agreement are based on project activities and fiscal contributions that were developed in Q4 2021.

OPERATIONS

Product Marketing

The Company continues to receive regular inbound enquiries for manufactured zeolite products.

In December 2022, maiden samples of the Company's manufactured zeolite product were dispatched to a North American company following ongoing correspondence with the counterparty over the previous 12-months. The company is part of a global brand that is domiciled in Europe and specialises in animal feed products.

Discussions with the prospect have continued following the provision of samples, progressing to a face-to-face meeting held at the Company's office & laboratory facilities at Brisbane Technology Park in April 2023.

Zeotech is planning to expand its engagement with prospective zeolite buyers.

MINING TENEMENTS

TOONDOON PROJECT – AUSTRALIA

The Toondoon Project ("Toondoon") is located in central Queensland, approximately 20km from Mundubbera, and is one of the highest-grade (alumina content) raw ore kaolin deposits in Australia held under an approved Mining Lease.

Toondoon is well served by existing infrastructure, including two major ports within 280km and access to major arterial highways.

The tenement comprises an approved Mining Lease (ML 80126) together with Exploration Permit for Minerals (EPM 27395 and 27866) which spans over 28,000 hectares.

The Mineral Resource Estimate of the Toondoon Project is set out on page 57 of the Ausrocks Mineral Estimate Report and includes:

Measured Resource

Kaolinite Clay (High Iron) – 0.88Mt @ 36.79% Al_2O_3, 1.92% Fe_2O_3, 44.92% SiO_2

Kaolinite Clay (Low Iron) – 1.57Mt @ 37.48% Al_2O_3, 0.41% Fe_2O_3, 46.5% SiO_2

Indicated Resource

Kaolinite Clay (High Iron) – 1.66Mt @ 36.48% Al_2O_3,2.32% Fe_2O_3, 45.24% SiO_2

Kaolinite Clay (Low Iron) – 1.99Mt @ 37.57% Al_2O_3,0.4% Fe_2O_3, 46.43% SiO_2

(refer to the Ausrocks Mineral Estimate Report contained in the ASX announcement dated 28 July 2022 titled 'Notice of General Meeting/Proxy Form (Part 2 of 2))

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

Toondoon's near surface, high grade and low impurity raw ore kaolin is amenable to low-cost, open cut mining operations.

The high alumina content will allow the ore to be highly suitable to several sectors including the white cement industry, refractories, and fibreglass manufacturing.

Near surface kaolin ore at the Toondoon Project

The Toondoon project's approved mining lease will offer the Company access to a low-cost high-grade kaolin feedstock. Raw ore from the project will not have to undergo sizing (wet/dry processing) to increase alumina content and will provide immediate manufactured zeolite feedstock.

[4] *ASX Announcement 22/04/2022 "University Trailblazer Partnership for ZEO Lithium Cleantech"*

Planning & Approvals

The Company, together with tenement manager Ardent Group, completed a waste rock sample collection from a variety of drill-hole locations and depths.

The samples are undergoing analysis to assist with environmental approvals and Estimated Rehabilitation Cost (ERC) calculations.

A traffic impact assessment for notifiable road use combined with preliminary work on cultural heritage approvals is also underway.

The underlying land covering the whole of the Company's Mining Lease (ML 80126) is freehold and therefore it is not overlapped by any areas where native title exists. Together with the acquisition of the freehold land, it is expected to substantially reduce the complexity of planning approvals, mining operations and access.

Direct Shipping Ore (DSO)

Zeotech continues to assess opportunities for DSO of Toondoon's near surface, high-grade and low iron raw ore kaolin with interested counterparties located in India and China during the year, and recently engaged the services of a Hong Kong based commodity marketing agency, to increase market awareness.

Metakaolin for Greener Cement

The Company has provided samples of its Toondoon kaolin clay to a large Queensland cement producer to investigate the suitability of a metakaolin (calcined clay) product as a Supplementary Cementitious Material ("SCM"). The use of calcined clays as SCMs provide the opportunity to significantly reduce the cement industry's carbon footprint.

Cement, which is the most essential component of concrete, is a carbon-intensive material. Manufacturing cement requires high temperatures, which is currently associated with high emissions from the burning of fossil fuels. Further, the chemical process of cement manufacturing involves the release of carbon dioxide into the atmosphere. One of the effective approaches used to reduce the carbon footprint of cement is through the introduction of SCMs that reduces the proportion of cement used in concrete production.

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

The study with CQU commenced in September 2023 and will run for approximately 5-months.

ABERCORN PROJECT - AUSTRALIA

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

The Abercorn Project comprises 4 contiguous EPM's 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.

Resource test work at the Abercorn Project Total has delivered an indicated and Inferred JORC 2012 resource of:

39.06Mt yielding 36.8% -20µm grading 28.6% Al_2O_3 & 1.18% K_2O, using a cut-off grade of 26% Al_2O_3

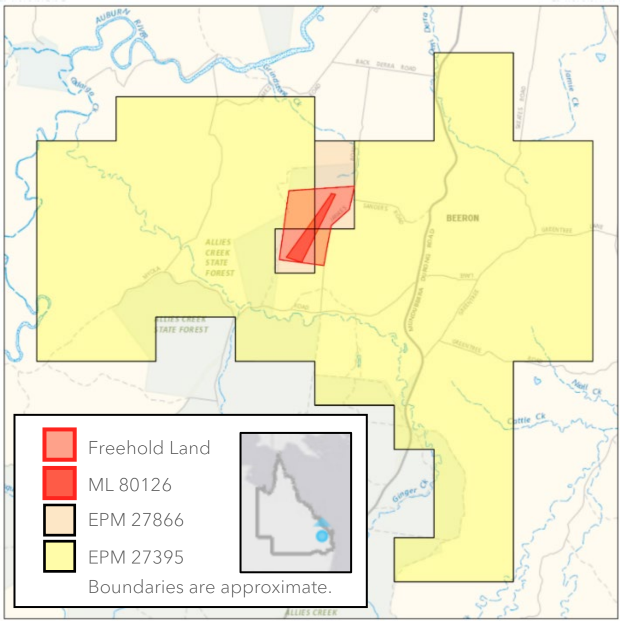
(refer ASX announcement dated 6 July 2020)

CORPORATE

Toondoon Kaolin Project

On 28 July 2022, the Company dispatched meeting materials, explanatory statement and an independent expert's report to shareholders for a general meeting that was held on 31 August 2022 and sought shareholder approval for the acquisition of Kalotech Pty Ltd, the holder of the Toondoon Kaolin Project.

Shareholders approved the acquisition at the general meeting and the acquisition settled on 1 September 2022.



Map to the Toondoon Project and associated ML, EPMs and underlying freehold land

In a further step to de-risk the Company's investment at Toondoon, it executed land purchase agreements and achieved settlement of approximately 682ha of freehold and that underlies the whole of the Toondoon project's existing's ML as well as overlapping the adjacent EPMs.

The land provides direct access to local roads and water sources which will be necessary for future mining operations.

The acquisition accelerates time to mining by facilitating greater control over necessary approvals and represents a major de-risking initiative for Zeotech. Further, it affords the Company the opportunity to potentially consider a regional manufacturing opportunity for its future zeolite production.

Research & Development

The Company received a cash refund of $1,040,353 from its R&D tax incentive claim for the financial year ending 30 June 2022.

The Australian Federal Government's R&D Tax Incentive Program provides a cash refund on eligible research and development activities performed by Australian companies.

Share Placement

During the year, Zeotech secured funding of $5,209,930 by way of two successful capital raises which have been applied to acquiring Toondoon freehold land and advancing the Company's strategic projects.

Legal Proceedings

On 31 August 2022, the Company advised that Goody Investments Pty Ltd (a related party of John Goody being an ex-director of the Company) ("Plaintiff 1") had commenced legal proceedings against the Company in the Supreme Court of Western Australia[5]. The Company had been served with a Writ and Statement of Claim.

The proceedings related to the issue of ordinary fully paid shares in Zeotech (Shares) with respect to the Second Milestone Performance Rights in the Company (Performance Rights), issued to Plaintiff 1 as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019. Under this agreement the Company acquired the Abercorn Kaolin Project.

On 10 November 2022, the Company advised that Gold Coast Tweed Pet Motels Pty Ltd ("Plaintiff 2") had commenced legal proceedings against the Company in the Supreme Court of Queensland[6].

The proceedings also related to the Second Milestone Performance Rights in the Company, issued to the Plaintiff 2 as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019.

Representatives from Zeotech attended a court ordered mediation in March 2023 with representatives from Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels Pty Ltd (jointly "the Plaintiffs") in Perth, Western Australia in relation to both legal proceedings.

As a result of the mediation, all parties executed a final binding Deed of Settlement and Release (the "Settlement Agreement")[7]. Pursuant to the Settlement Agreement, Zeotech and the Plaintiffs reached a mutually agreeable release of all legal claims and the terms upon which both legal proceedings will be discontinued.

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

(i) Goody Investments Pty Ltd – 23,782,500 Settlement Performance Rights; and
(ii) Gold Coast Tweed Pet Motels Pty Ltd – 15,847,500 Settlement Performance Rights.

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

MATERIAL BUSINESS RISKS

Development and commercialisation of the Company's technology

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

Exploration and development

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

[5] *ASX announcement 31/08/2022 "Commencement of Legal Proceedings against Zeotech"*

[6] *ASX announcement 10/11/2022 "Commencement of Legal Proceedings against Zeotech"*

[7] *ASX Announcement 26/05/2023 "Settlement of Legal Proceedings"*

Staffing and reliance on key management

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

Intellectual property

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

Capital and funding requirements

Given its focus on commercialising its proprietary mineral processing technology, the Company has negative operating cashflow and, at present, it does not generate any material revenue. No assurance can be given that the Company will achieve commercial viability though its existing technology or otherwise. Until the Company is able to realise the full value from its technology, it is likely to incur ongoing operating losses.

The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcements 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.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Zeotech Limited (the Company), and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The names and details of the Company's directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Sylvia Tulloch BSc, MSc (Non-Executive Chairman)

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

Peter Zardo MAICD (Managing Director)

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

Robert Downey B.Ed., LL.B (Hons) (Non-Executive Director)

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

Mr Downey is currently a director of Connexion Telematics Ltd, Reach Resources Limited, Askari Metals Ltd, Mt Malcolm Mines NL and Everest Metals Corporation Ltd.

COMPANY SECRETARY

Mr Bassett was appointed Company Secretary on 7 May 2015.

Mr Bassett is a chartered accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has experience in matters pertaining to the *Corporations Act*, ASX listing requirements, corporate taxation, and finance.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares of the Company or a related body corporate were held by directors at the date of this report:

	Ordinary Shares	Options	Performance Rights
Directors			
Sylvia Tulloch	10,600,000	-	-
Peter Zardo	57,808,088	20,000,000	40,000,000
Robert Downey	1,378,925	-	-

There were no share options or performance rights of Zeotech Limited, which were granted to directors of the Company with shareholder approval since 1 July 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period was:

- the exploration of the Group's mineral tenements with the objective of identifying economic mineral deposits;
- advancing commercialisation of its patent-pending and trade-secret zeolite mineral processing technology at its in-house laboratory that consumes kaolin or suitable process by-products to produce high value zeolites;
- collaborating with research and industry partners to advance new market applications associated with climate change mitigation technology utilising the Company's targeted zeolite-based products; and
- the identification and evaluation of new venture and corporate opportunities.

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

The Group commenced the financial year with cash assets of $2,906,956.

During the period, total exploration expenditure expensed by the Group amounted to $96,985 (2022: $104,574). Net administration expenditure incurred amounted to $721,840 (2022: $448,488), technology expenses incurred totalled $756,003 (2022: $1,742,898) and expense for share based payments amounted to $360,000 (2022: $1,743,500). This has resulted in an operating loss after income tax for the year ended 30 June 2023 of $2,468,947 (2022: $4,228,779). At 30 June 2023, cash assets available totalled $4,212,481.

Operating Results for the Period

Summarised operating results are as follows:

	2023	
	Revenues $	**Results $**
Revenues and loss from ordinary activities before income tax expense	1,073,091	(2,468,947)

Shareholder Returns

	2023	**2022**
Basic loss per share (cents)	(0.153)	(0.280)

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year other than that referred to in the financial statements or notes thereto in the *Review of Activities*.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than as referred to in the *Review of Activities and as* detailed below.

(i) On 31 August 2022, the Company advised that Goody Investments Pty Ltd (a related party of John Goody being an ex-director of the Company) ("Plaintiff 1") had commenced legal proceedings against the Company in the Supreme Court of Western Australia[8]. The Company had been served with a Writ and Statement of Claim.

The proceedings related to the issue of ordinary fully paid shares in Zeotech (Shares) with respect to the Second Milestone Performance Rights in the Company (Performance Rights), issued to Plaintiff 1 as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019. Under this agreement the Company acquired the Abercorn Kaolin Project.

On 10 November 2022, the Company advised that Gold Coast Tweed Pet Motels Pty Ltd ("Plaintiff 2") had commenced legal proceedings against the Company in the Supreme Court of Queensland[9]. The proceedings also related to the Second Milestone Performance Rights in the Company, issued to Plaintiff 2 as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019.

Representatives from Zeotech attended a court ordered mediation in March 2023 with representatives from Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels Pty Ltd (jointly "the Plaintiffs") in Perth, Western Australia in relation to both legal proceedings.

As a result of the mediation, all parties executed a final binding Deed of Settlement and Release (the "Settlement Agreement")[10]. Pursuant to the Settlement Agreement, Zeotech and the Plaintiffs reached a mutually agreeable release of all legal claims and the terms upon which both legal proceedings will be discontinued.

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

a. Goody Investments Pty Ltd – 23,782,500 Settlement Performance Rights; and

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

On 7 July 2023, the Company dispatched meeting materials and explanatory statement to shareholders for a general meeting that was later held on 7 August 2023, where shareholders would consider and, if thought fit, pass a resolution related to the issuance for Settlement Performance Rights as per the requirements of the Settlement Agreement.

At the general meeting, shareholders voted in favour of the resolution to issue the Settlement Performance Rights[11].

[8] *ASX announcement 31/08/2022 "Commencement of Legal Proceedings against Zeotech"*
[9] *ASX announcement 10/11/2022 "Commencement of Legal Proceedings against Zeotech"*
[10] *ASX Announcement 26/05/2023 "Settlement of Legal Proceedings"*
[11] *ASX announcement 07/08/2023 "Results of Meeting"*

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

Development of its proprietary mineral processing technology has transitioned in-house where it is advancing novel zeolite synthesis processes and safeguarding its intellectual property through a combination of patent protection and trade-secret protocols.

Zeotech aspires to improve environmental outcomes by continuing to build on the potential of its mineral processing technology to be applied in the circular economy, utilising process tailing streams as feedstock for the low-cost production of zeolites, and continues to advanced innovations associated with coal fly ash and leached spodumene by-products.

The Company's technology, together with its Toondoon and Abercorn kaolin projects, offers an integrated business model. In conjunction with the Company's expanded in-house research and development facilities, Zeotech continues to leverage the academic capability of its research partners to focus on new market applications associated with climate technology. Current research initiatives include:

- Methane emissions control, initially targeting the landfill sector;
- Soil carbon sequestration and agricultural nutrient management;
- Tailor-made nanocomposite membranes for greenhouse gas capture; and
- Carbon capture and utilisation technology advanced by the GlobH2E and GETCO2 research centres.

Zeotech is exploring pathways advance further decarbonisation technology by investigating the potential for a metakaolin (calcined clay) product from its Abercorn and Toondoon projects, as a supplementary cementitious material to support reducing carbon emissions associated with the cement industry.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities in Australia. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the period under review.

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Zeotech Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Zeotech Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 11.0% (2023: 10.5%), and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Base fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee incentive plan.

Performance based remuneration

During the year, the Group did not issue incentive options or performance rights to directors or other key management personnel.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2023.

Voting and comments made at the Company's 2022 Annual General Meeting

The Company received approximately 78.57% of "yes" votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group comprise the directors and the chief executive officer (where appointed) who have authority and responsibility for planning, directing and controlling activities within the Group.

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key management personnel of the Group

		Short-Term		Post-Employment		Share-based Payments	Total
		Salary & Fees	Non-Monetary	Superannuation	Retirement benefits		
		$	$	$	$	$	$
Directors							
Sylvia Tulloch							
*	**2023**	**90,909**	**-**	**-**	**-**	**-**	**90,909**
*	2022	88,333	-	-	-	550,000	638,333
Peter Zardo							
*	**2023**	**271,320**	**-**	**28,489**	**-**	**360,000**	**659,809**
*	2022 [1]	260,984	-	26,099	-	540,000	827,083
Robert Downey							
*	**2023**	**60,000**	**-**	**-**	**-**	**-**	**60,000**
*	2022	60,000	-	-	-	-	60,000
*							
Other key management personnel							
Alister Morrison – CEO Appointed 13 March 2023							
*	**2023**	**75,072**	**-**	**7,920**	**-**	**-**	**82,992**
*	2022	-	-	-	-	-	-
*							
Total Key Management Personnel Remuneration							
*	**2023**	**497,301**	**-**	**36,409**	**-**	**360,000**	**893,710**
*	2022	409,317	-	26,099	-	1,090,000	1,525,416

[1] The share-based payment expense of $540,000 is based on the initial agreement for 12,000,000 loan funded shares with an issue price of $0.05. The issue price per security was amended from $0.05 to $0.08 and the corresponding interest free non-recourse loan from $600,000 to $960,000 during the period ending 30 June 2023. The fair value per Share of the Plan Shares is now $0.036, total value $432,000, under the amended terms.

Service agreements

Peter Zardo

In April 2020, the Company entered into an Executive Service Agreement with Mr Peter Zardo.

Under the Agreement, Mr Zardo was engaged by the Company to provide services to the Company in the capacity of COO.

The material terms of the executive service agreement with Mr Zardo are as follows:

1. $165,000 per annum base salary (plus statutory superannuation).
2. Rights to the following service securities (issued 6 April 2020):
    a. 20,000,000 unlisted sign-on options with an exercise price of $0.015 cents and an expiry date of four years from the commencement date of the employment. The options will not vest until the 12-month anniversary of the Commencement Date.
3. Rights to the following performance incentive securities (issued 6 April 2020):

    Five tranches of performance rights (Class C, D, E, F and G) of 10,000,000 performance rights each, with each tranche having the following performance hurdles:

    a. Class C – On the Pilot Plant Completion Date (as that term is defined in the Licence Agreement). These have vested and shares were issued on 28 November 2022;
    b. Class D – Upon completion and sign off by a competent person of a prefeasibility study (as that phrase is defined in the JORC Code 2012) of the Abercorn Project;
    c. Class E – upon the first to occur of either:
        a. Execution and completion of a sub-licencing agreement under clause 4.2 of the Licence Agreement between Zeotech and UQ and pursuant to which Zeotech has commenced receiving royalty payments from the sub-licensor arising from commercial production of synthetic zeolites; or
        b. Execution and completion of an unconditional offtake agreement pursuant to which the third party agrees to take or pay a minimum of 1,000,000 tonnes of kaolin (on a dry metric tonne basis) per annum for minimum period of five years
    d. Class F – Upon the commencement of commercial production of either ALUM or HPA from the proprietary HPA processing patents owned and developed by Zeotech; and
    e. Class G – Upon commencement of commercial production of synthetic zeolite (as that phrase is defined in the Licence Agreement).
4. The agreement is for a fixed term of 2 years, although;
    a. May be terminated by the Company with 6 months' notice under specified terms and subject to a termination benefit equal to the balance of term
    b. May be terminated by the Company with immediate effect in the event of serious or wilful misconduct.

Mr Zardo was appointed Managing Director of the Company on 7 July 2020.

In May 2021, Mr Zardo's salary was approved by the Board to be increased to $258,400 per annum base salary (plus statutory superannuation).

In May 2022, Mr Zardo's salary was approved by the Board to be increased to $271,320 per annum base salary (plus statutory superannuation).

Service agreements (continued)

Alister Morrison

In December 2022, the Company entered into an Executive Service Agreement with Mr Alister Morrison, effective 13 March 2023.

Under the Agreement, Mr Morrison is engaged by the Company to provide services to the Company in the capacity of Chief Executive Officer (CEO).

The material terms of the executive service agreement with Mr Morrison are as follows:

1. $270,000 per annum base salary (plus statutory superannuation).
2. Rights to the following performance incentive securities (yet to be issued):

   Six tranches of performance rights (Class A, B, C, D, E and F) of 5,000,000 performance rights each, with each tranche having the following performance milestone:

   a. Class A – On the execution of a licensing agreement utilising the Company's proprietary leached spodumene to zeolite processing technology;
   b. Class B – Upon Zeotech accruing its maiden gross revenue of greater than or equal to AUD$500,000.00 in an audited financial year from the Company's proprietary technology developed or held by the Company and associated with carbon capture or carbon utilisation;
   c. Class C – Upon Zeotech accruing its maiden gross revenue of greater than or equal to AUD$500,000.00 in an audited financial year from the Company's proprietary technology developed or held by the Company and associated with zeolite-based agricultural soil products;
   d. Class D – Upon Zeotech accruing its maiden gross revenue of greater than or equal to AUD$500,000.00 in an audited financial year from the Company's proprietary technology developed or held by the Company and associated with any one of the following applications; wastewater treatment, methane control or greenhouse gas mitigation;
   e. Class E – Upon execution and completion of unconditional binding off-take agreement(s) totalling 100,000 tonnes of manufactured zeolites; and
   f. Class F – Upon execution and completion of unconditional binding off-take agreement(s) totalling 100,000 tonnes of direct shipping ore (DSO) kaolin.
3. The agreement is for no fixed term, although;
   a. May be terminated by the Company with 6 months' notice under specified terms and subject to a termination benefit equal to the balance of term
   b. May be terminated by the Company with immediate effect in the event of serious or wilful misconduct.

Shareholdings of key management personnel

The number of ordinary shares in the Group held during the financial year by each director of Zeotech Limited and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at start of the year	Granted as compensation	Acquired	Net Change Other	Balance at end of the year
Directors					
Sylvia Tulloch	10,000,000	-	600,000	-	10,600,000
Peter Zardo	43,380,000	-	10,000,000	4,428,088	57,808,088
Robert Downey	1,378,925	-	-	-	1,378,925
Other key management personnel					
Alister Morrison	-	-	-	312,500	312,500

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of key management personnel

The number of unlisted options over ordinary shares in the Company held during the financial year by directors of Zeotech Limited and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at start of the year	Granted as compensati on	Acquired (Expired)	Net Change Other	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Sylvia Tulloch	-	-	-	-	-	-	-
Peter Zardo	20,000,000	-	-	-	20,000,000	20,000,000	-
Robert Downey	-	-	-	-	-	-	-
Other key management personnel							
Alister Morrison	-	-	-	-	-	-	-

Share-based compensation

The number of performance rights in the Company held during the financial year by directors of Zeotech Limited and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at start of the year	Granted as compensation	Acquired (Expired)	Net Change Other	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Sylvia Tulloch	-	-	-	-	-	-	-
Peter Zardo	54,770,000	-	(4,770,000)	(10,000,000)	40,000,000	-	40,000,000
Robert Downey	-	-	-	-	-	-	-
Other key management personnel							
Alister Morrison	-	-	-	-	-	-	-

Shares provided on exercise of remuneration options

During the financial year ended 30 June 2023 no remuneration options were exercised.

End of remuneration report

DIRECTORS' MEETINGS

During the financial year the Company held meetings of directors. The attendance of directors at meetings of the Board were:

	Director's Meetings		Audit Committee Meetings	
	A	B	A	B
Sylvia Tulloch	6	6	2	2
Peter Zardo	6	6	2	2
Robert Downey	6	6	2	2

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the period.

SHARES UNDER OPTION

At the date of this report there are 88,917,388 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	20,000,000
Movements of share options during the period	
Lapsed	-
Issued	68,917,388
Total number of options outstanding as at 30 June 2023 and the date of this report	**88,917,388**

The balance is comprised as follows:

Expiry date	Exercise price (cents)	Number of options
listed		
-	-	-
unlisted		
6 April 2024	$0.015	20,000,000
30 September 2024	$0.10	26,308,690
30 June 2025	$0.10	42,608,698
Total number of options outstanding at the date of this report		**88,917,388**

The following options lapsed during the year:

Original Expiry date	Exercise price (cents)	Number of options
listed		
-	-	-
unlisted		
-	-	-
Total option lapsed		**-**

No shares in Zeotech Limited were issued during the year ended 30 June 2023 upon the exercise of options.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers for 2023 has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than the matters included in this Directors Report or elsewhere in the Annual Financial Report, future developments, business strategies and prospects of the Company and the expected results of those operations have not been disclosed as the Directors believe that their inclusion would most likely result in unreasonable prejudice to the Company.

NON-AUDIT SERVICES

No non-audit services have been provided by the Company’s auditors, Rothsay Audit & Assurance Pty Ltd.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

Signed in accordance with a resolution of the directors.

Sylvia Tulloch
Chair
20 September 2023

ROTHSAY
AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the audit of Zeotech Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

20 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZEOTECH LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zeotech Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matters to communicate in our report:

<table>
<tr><th>Key Audit Matter - Share-based Payments</th><th>How our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>
In the current year, the Group recorded share-based payment expense of $360,000 and $50,000 settlement with the lead manager as cost of equity.
Share based payments are considered to be a focus area due to:

the value of the transactions;
the complexities involved in the recognition and measurement of these instruments; and
the judgement involved in determining the inputs used in the valuations.

Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved estimations and judgements to determine the fair value of the equity instruments granted.
Additionally, Management reviewed the conditions of the loan share issue to Peter Zardo, increasing the issue price to $0.08 from $0.05.
</td><td>
Our procedures over the existence of the Group's share-based payments included but were not limited to:

Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements;
Reviewing Management's valuation of share-based payments;
Reviewing Management's treatment of the modification of the loan share issue conditions and the subsequent measurement; and
Reviewing the compliance of accounting treatment of the share-based payments with AASB 2 Share-based Payment.

We have also assessed the appropriateness of the disclosures included in the financial report.
</td></tr>
<tr><th>Key Audit Matter - Impairment of Assets</th><th>How our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>
The Group has significant capitalised assets for exploration and evaluation expenditure of $6,647,290 and intangible assets of $2,165,210. In aggregate, these assets comprise 59% of the total assets of the Group.
We note that assessment for impairment of these assets is subject to a significant level of judgement. Management reviewed the assets for any indicators of impairment under the relevant accounting standards.
</td><td>
Our procedures in reviewing the need for impairment of the exploration and evaluation and intangible assets included but were not limited to the following:

Reviewing the reasonableness of the Management's assessment of the indicators of impairment; and
Reviewing the compliance of Management's assessment with the relevant accounting standards.

We have also assessed the appropriateness of the disclosures included in the financial report.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZEOTECH LIMITED (continued)

Key Audit Matter - Exploration and Evaluation Expenditure	***How our Audit Addressed the Key Audit Matter***
As disclosed in Note 28 to the financial statements, the Group increased the value of its capitalised exploration expenditure by $2,385,074 through an acquisition of 100% shares in Kalotech Pty Ltd. The recognition and recoverability of exploration and evaluation was considered a focus area as judgement is involved to determine whether the acquisition is to be capitalised in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* or meets the definition of a business acquisition in compliance with AASB 3 *Business Combinations*.	Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following: - Reviewing the acquisition agreement and evaluated if the transaction met the requirements of a business combination under AASB 3 *Business Combinations*; - We assessed the reasonableness of capitalising exploration and evaluation expenditure in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, and We assessed the appropriateness of the related disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZEOTECH LIMITED (continued)

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ZEOTECH LIMITED (continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2023.

In our opinion the remuneration report of Zeotech Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 20 September 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2023	Notes	Consolidated	
		2023 $	2022 $
REVENUE	4	**1,073,091**	645,641
EXPENDITURE			
Depreciation and amortisation expense		**(162,674)**	(26,716)
Employee benefits expense	5	**(1,396,659)**	(808,244)
Exploration expenses		**(96,985)**	(104,574)
Administration expenses		**(721,840)**	(448,488)
Technology expenses		**(756,003)**	(1,742,898)
Share based payments expense	27	**(360,000)**	(1,743,500)
Financing costs		**(47,877)**	-
LOSS BEFORE INCOME TAX		**(2,468,947)**	(4,228,779)
Income tax benefit / (expense)	6	**-**	-
LOSS FOR THE YEAR		**(2,468,947)**	(4,228,779)
OTHER COMPREHENSIVE INCOME			
Fair value decrease in financial assets		**(140,000)**	-
Foreign exchange loss on translation of foreign operations		**57**	(197)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF ZEOTECH LIMITED		**(2,608,890)**	(4,228,976)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	25	**(0.153)**	(0.280)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023	Notes	Consolidated 2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	7	**4,212,481**	2,906,956
Trade and other receivables	8	**104,506**	115,950
Financial assets	9	**-**	140,000
TOTAL CURRENT ASSETS		**4,316,987**	3,162,906
NON-CURRENT ASSETS			
Property, Plant and equipment	10	**1,498,244**	159,695
Exploration and evaluation costs	11	**6,647,290**	4,267,216
Intangible assets	12	**2,165,210**	1,451,895
Right-of-use asset	13	**325,001**	475,996
TOTAL NON-CURRENT ASSETS		**10,635,745**	6,354,802
TOTAL ASSETS		**14,952,732**	9,517,708
CURRENT LIABILITIES			
Trade and other payables	14	**375,886**	183,462
Lease liability	13	**54,768**	55,242
TOTAL CURRENT LIABILITIES		**430,654**	238,704
NON-CURRENT LIABILITIES			
Lease liability	13	**311,266**	420,754
TOTAL NON-CURRENT LIABILITIES		**311,266**	420,754
TOTAL LIABILITIES		**741,920**	659,458
NET ASSETS		**14,210,812**	8,858,250
EQUITY			
Issued capital	15	**43,489,091**	35,577,639
Reserves	16(a)	**2,809,028**	2,898,971
Accumulated losses	16(b)	**(32,087,307)**	(29,618,360)
TOTAL EQUITY		**14,210,812**	8,858,250

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2023	Notes	Issued Equity	Share-Based Payments and Options Reserves	Foreign Exchange Reserves	Financial Asset Reserve	Accumulated Losses	Total
Consolidated		$	$	$	$	$	$
BALANCE AT 1 JULY 2021		**35,589,258**	**960,000**	**195,668**	**-**	**(25,389,581)**	**11,355,345**
Loss for the period	16(b)	-	-	-	-	(4,228,779)	(4,228,779)
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**-**	**-**	**(4,228,779)**	**(4,228,779)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		-	-	-	-	-	-
Shares issued under loan funded share plan		-	1,743,500	-	-	-	1,743,500
Share issue costs		(11,619)	-	-	-	-	(11,619)
Foreign exchange movement		-	-	(197)	-	-	(197)
BALANCE AT 30 JUNE 2022		**35,577,639**	**2,703,500**	**195,471**	**-**	**(29,618,360)**	**8,858,250**
BALANCE AT 1 JULY 2022		**35,577,639**	**2,703,500**	**195,471**	**-**	**(29,618,360)**	**8,858,250**
Loss for the period	16(b)	-	-	-	-	(2,468,947)	(2,468,947)
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**-**	**-**	**(2,468,947)**	**(2,468,947)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		5,209,930	-	-	-	-	5,209,930
Shares issued for acquisition		2,035,000	-	-	-	-	2,035,000
Shares issued for licence agreement		600,000	-	-	-	-	600,000
Shares issued on satisfaction of performance rights		360,000	-	-	-	-	360,000
Options issued during the year (share issue cost)		-	50,000	-	-	-	50,000
Share issue costs		(293,478)	-	-	-	-	(293,478)
Fair value decrease in financial assets		-	-	-	(140,000)	-	(140,000)
Foreign exchange movement		-	-	57	-	-	57
BALANCE AT 30 JUNE 2023		**43,489,091**	**2,753,500**	**195,528**	**(140,000)**	**(32,087,307)**	**14,210,812**

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2023	Notes	Consolidated 2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,675,164)**	(3,026,058)
Expenditure on mining interests		**(101,032)**	(89,531)
Finance costs		**(47,877)**	-
Other income		**1,073,091**	645,641
Net cash outflow from operating activities	**24**	**(1,750,982)**	(2,469,948)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,424,821)**	(172,250)
Net cash on acquisition of Kalotech Pty Ltd		**297**	-
Payments to acquire mining assets		**(350,000)**	-
Payments for other intangible assets		**(115,964)**	(152,793)
Payments to acquire investment		**-**	(140,000)
Net cash outflow from investing activities		**(1,890,488)**	(465,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares (net of share issue cost)		**4,987,213**	(11,619)
Payments for lease liabilities		**(40,218)**	-
Net cash inflow from financing activities		**4,946,995**	(11,619)
Net (decrease)/increase in cash and cash equivalents		**1,305,525**	(2,946,610)
Cash and cash equivalents at the beginning of the financial year		**2,906,956**	5,853,795
Effects of exchange rate fluctuations on cash held		**-**	(229)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**7**	**4,212,481**	2,906,956

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Zeotech Limited and its subsidiaries. The financial statements are presented in Australian currency. Zeotech Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 20 September 2023. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Zeotech Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Zeotech Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2022 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2022.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention unless otherwise stated.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zeotech Limited ("Company" or "parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. Zeotech Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Zeotech Limited.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Zeotech Limited.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Zeotech Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for expected credit losses is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(k) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

(l) Financial assets

Classification

On initial recognition, the Group classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statements of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less any allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised. Any gains or losses arising on changes in fair value are recognised through other comprehensive income (FVOCI).

(m) Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise of trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(n) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(o) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial year the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(p) Intangible Assets

Intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents, trademarks and licences

Patents, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses once the asset is considered held ready for use. Intellectual property and licences are amortised on a systematic basis matched to the future economic benefits over the useful life of the project once the patents are considered held ready to use.

Significant costs associated with trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(r) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as payables.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(s) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

(w) Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment of assets

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(x) 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 is appropriate to prepare the consolidated entity's financial statement 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 assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2001, if required, by a 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 interests 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.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Board has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

(i) Price risk

Given the current level of operations, being mineral exploration projects, the Group is not exposed to price risk.

(ii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of un-restricted cash and cash equivalents for the Group $4,212,481 (2022: $2,906,956) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the period depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 0% (2022: 1%).

Sensitivity analysis

At 30 June 2023, if interest rates had changed by +/- 100 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been $42,125 (2022: $29,061) lower/higher as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

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 for the year ended 30 June 2022. 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. The Botswana operations ceased in 2022 financial year and was dormant in the year ended 30 June 2023 with no assets or liabilities.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Australia		Botswana		Consolidated Total	
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Segment revenue	-	-	-	-	-	-
Reconciliation of segment revenue to total revenue before tax:						
Other revenue	1,073,091	645,641	-	-	1,073,091	645,641
Total revenue	1,073,091	645,641	-	-	1,073,091	645,641
Segment results	(96,985)	(104,574)	-	-	(96,985)	(104,574)
Reconciliation of segment result to net loss before tax:						
Other corporate and administration	(3,445,053)	(4,762,694)	-	(7,152)	(3,445,053)	(4,769,846)
Net profit/(loss) before tax	(2,468,947)	(4,221,627)	-	(7,152)	(2,468,947)	(4,228,779)
Income tax benefit	-	-	-	-	-	-
Net profit/(loss) after tax	(2,468,947)	(4,221,627)	-	(7,152)	(2,468,947)	(4,228,779)
Segment operating assets	10,635,745	5,878,806	-	-	10,635,745	5,878,806
Reconciliation of segment operating assets to total assets:						
Other corporate and administration assets	4,316,987	3,636,626	-	2,276	4,316,987	3,638,902
Total assets	14,952,732	9,515,432	-	2,276	14,952,732	9,517,708
Segment operating liabilities	(375,886)	(182,269)	-	(1,193)	(375,886)	(183,462)
Reconciliation of segment operating liabilities to total liabilities:						
Other corporate and administration liabilities	(366,034)	(475,996)	-	-	(366,034)	(475,996)
Total liabilities	(741,920)	(658,265)	-	(1,193)	(741,920)	(659,458)

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2023 $	Consolidated 2022 $
4. REVENUE		
From continuing operations		
Interest	**32,738**	8,959
R&D refund	**1,040,353**	636,682
	1,073,091	645,641
5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Defined contribution superannuation expense	**106,868**	50,663
6. INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(2,468,947)**	(4,228,779)
Prima facie tax benefit at the Australian tax rate of 30%	**(740,684)**	(1,268,634)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and Development Grant	**(312,106)**	(191,005)
Entertainment	**(1,237)**	(506)
Share-based payments	**108,000**	523,050
	(946,027)	(937,095)
Movements in unrecognised temporary differences	**26,454**	490,029
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**919,573**	447,066
Income tax expense	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2023 $	Consolidated 2022 $

6. INCOME TAX (CON'T)

(c) Unrecognised temporary differences
Deferred Tax Assets (at 30%)
On Income Tax Account

	2023 $	2022 $
Provision for expenses	**88,962**	21,564
Capital raising costs	**104,879**	68,818
Investments	**-**	2,146
Carry forward revenue tax losses	**7,466,420**	7,107,385
	7,660,261	7,199,913
Deferred Tax Liabilities (at 30%)		
Intangible assets	**289,563**	435,569
Capitalised tenement acquisition costs	**252,687**	1,280,165
Investments	**-**	42,000
	542,250	1,757,734

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash and cash equivalents		
Cash at bank and in hand	**4,212,481**	2,906,956
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**4,212,481**	2,906,956

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade and other receivables	**104,506**	115,950

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2023 $	Consolidated 2022 $

9. CURRENT ASSETS – FINANCIAL ASSETS

	2023 $	2022 $
Financial assets		
Financial assets at FV through OCI	-	140,000
Net book amount	-	140,000
Reconciliation		
Carrying amount at the beginning of the period	**140,000**	140,000
Movement in fair value of financial assets – FV through OCI	**(140,000)**	-
Balance at the end of the financial year	-	140,000

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.

10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Property, Plant and equipment		
Cost	**1,599,885**	345,609
Accumulated depreciation	**(101,641)**	(185,914)
Net book amount	**1,498,244**	159,695
Property, Plant and equipment		
Opening net book amount	**159,695**	9,753
Additions	**1,419,973**	176,658
Disposals	**(165,697)**	-
Reversal of accumulated depreciation on disposal	**165,697**	-
Depreciation charge	**(81,424)**	(26,716)
Closing net book amount	**1,498,244**	159,695

11. NON-CURRENT ASSETS – MINING PROPERTIES

	2023 $	2022 $
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening net book amount	**4,267,216**	4,267,216
Additions	**2,380,074**	-
Capitalised tenement acquisition costs written off	-	-
Closing net book amount	**6,647,290**	4,267,216

The ultimate recoupment of costs carried forward for tenement acquisition is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Tenement acquisition costs carried forward relate to the company's Australian held tenements.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated	
	2023	2022
	$	$

12. NON-CURRENT ASSETS – INTANGIBLE ASSETS

Patents and Licences		
Cost	**2,165,210**	1,451,895
Less: Accumulated amortisation and impairment losses	**-**	-
Net book amount	**2,165,210**	1,451,895
Reconciliation		
Carrying amount at the beginning of the period	**1,451,895**	1,318,778
Additions during the period	**713,315**	133,117
Disposals	**-**	-
Amortisation expense	**-**	-
Balance at the end of the financial year	**2,165,210**	1,451,895

Synthetic Zeolite Mineral Processing Technology

On the 7 April 2020, the Company announced it had secured an exclusive worldwide licence from UniQuest, the technology transfer company of The University of Queensland (UQ) for the manufacturing (synthesising) of zeolites (Technology). The UQ synthetic zeolite mineral processing technology has the potential to significantly reduce the cost of manufacturing synthetic zeolites.

On 7 May 2020, the Company announced it had executed the research agreement ("Research Agreement") with UQ for the continued research and development of the patent pending mineral processing Technology.

On 29 January 2021, Zeotech and UniQuest Pty Ltd, the technology transfer company of The University of Queensland 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, the technology transfer company of The University of Queensland.

On 28 November 2022, the Company announced that it had successfully produced more than twenty kilograms of manufactured zeolite from the Pilot and it had triggered a further milestone under the Company's original Licence Agreement where a success milestone of $600,000 is payable by way of cash or the issue of ordinary fully paid shares in the capital of the Company, calculated on a 30-day VWAP (at the Company's election). The Company elected to issue 16,176,820 fully paid ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2023 $	Consolidated 2022 $

13. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Group's right-of-use assets include a building and car parking bays (in the form of an office lease). In May 2022, the Group signed a 5-year office lease commencing on 30 June 2022.

	2023 $	2022 $
Right-of-use assets		
Leased buildings and car parking bays (i)	**406,251**	475,996
Accumulated amortisation	**(81,250)**	-
	325,001	475,996
Lease liability		
Current	**54,768**	55,242
Non-current	**311,266**	420,754
	366,034	475,996

(i) Adjustment due to modification to the lease

14. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	**87,521**	47,154
Other payables and accruals	**288,365**	136,308
	375,886	183,462

Fair Value and Risk Exposures

(i) Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

15. ISSUED CAPITAL

(a) Share capital

	Notes	2023 Number of shares	2023 $	2022 Number of shares	2022 $
Ordinary shares fully paid	15(b), 15(d)	**1,705,923,065**	**43,489,091**	1,524,915,470	35,577,639
Total issued capital		**1,705,923,065**	**43,489,091**	1,524,915,470	35,577,639
(b) Movements in ordinary share capital					
Beginning of the financial year		**1,524,915,470**	**35,577,639**	1,485,915,470	35,589,258
Issued during the year:					
• Issued for cash at 4.2 cents per share		**52,617,380**	**2,209,930**	-	-
• Issued for cash at 4.6 cents per share		**65,217,395**	**3,000,000**	-	-
• Conversion of performance rights at 3.6 cents per share		**10,000,000**	**360,000**	-	-
• Issued for acquisition at 5.5 cents per share		**37,000,000**	**2,035,000**	-	-
• Issued for licence agreement at 3.7 cents per share		**16,172,820**	**600,000**	-	-
• Issued to employees for Incentive Share Plan (refer Note 27)		**-**	**-**	39,000,000	-
Less: Transaction costs		**-**	**(293,478)**	-	(11,619)
End of the financial year		**1,705,923,065**	**43,489,091**	1,524,915,470	35,577,639

(c) Movements in options on issue

	2023	2022
Beginning of the financial year	**20,000,000**	20,000,000
Options lapsed during the year	**-**	-
Issued during the year	**68,917,388**	-
End of the financial year	**88,917,388**	20,000,000

At the beginning of the financial year the Company had the following options on issue:

- 20,000,000 (unlisted, ex $0.015 on or before 6 April 2024)

During the financial year the Company issued the following options:

- 26,308,690 (unlisted, ex $0.10 on or before 30 September 2024)
- 42,608,698 (unlisted, ex $0.10 on or before 30 June 2025)

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Performance Rights

	2023	2022
Beginning of the financial year	**125,000,000**	125,000,000
Performance rights converted on satisfaction of performance milestone	**(10,000,000)**	-
Performance rights lapsed during the year	**(75,000,000)**	-
Issued during the year	**-**	-
End of the financial year	**40,000,000**	125,000,000

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated 2023 $	Consolidated 2022 $
16. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share-based payments and option reserve	**2,753,500**	2,703,500
Foreign currency translation reserve	**195,528**	195,471
Financial asset reserve	**(140,000)**	-
	2,809,028	2,898,971
Movements:		
Share-based payments and option reserve		
Balance at beginning of financial year	**2,703,500**	960,000
Options issued during the year	**50,000**	-
Share based payment expense	**-**	1,743,500
Balance at end of financial year	**2,753,500**	2,703,500
Foreign currency translation reserve		
Balance at beginning of year	**195,471**	195,668
Exchange differences on translation of foreign operation	**57**	(197)
Balance at end of financial year	**195,528**	195,471
Financial asset reserve		
Balance at beginning of year	**-**	-
Fair value decrease in financial assets	**(140,000)**	-
Balance at end of financial year	**(140,000)**	-
(b) Accumulated losses		
Balance at beginning of financial year	**(29,618,360)**	(25,389,581)
Net loss for the year	**(2,468,947)**	(4,228,779)
Balance at end of financial year	**(32,087,307)**	(29,618,360)

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(iii) Financial asset reserve

The financial asset reserve records the fair value movement on financial assets.

17. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated	
	2023	2022
	$	$

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation		
Short-term benefits	**497,301**	409,317
Post-employment benefits	**36,409**	26,099
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**360,000**	1,090,000
	893,710	1,525,416

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 23.

Apart from the detail in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. Certain non-executive directors provided consulting services to the Group during the year. These services were charged to the Group based on the days worked. The total amount payable while they held positions as directors is shown in the Remuneration Report.

(b) Loans to key management personnel

There were no loans to key management personnel during the year other than non-recourse loan for the Shares issued under the Incentive Share Plan (refer Note 27 for further details).

(c) Other transactions with key management personnel

Services

Legal fees of $80,588 (2022: $24,135) were paid to Dominion Legal, a partnership of which Mr Robert Downey is a partner of. The amounts paid were on arm's length commercial terms.

19. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Audit services		
Rothsay Auditing – audit and review of financial reports	**-**	23,000
Rothsay Audit & Assurance Pty Ltd – audit and review of financial reports	**38,500**	13,000
Total remuneration for audit services	**38,500**	36,000
(b) Non-audit services		
Total remuneration for other services	**-**	-

20. CONTINGENCIES

Legal Proceedings Against Zeotech

On 31 August 2022, the Company advised that Goody Investments Pty Ltd (a related party of John Goody being an ex-director of the Company) ("the Plaintiff") has commenced legal proceedings against the Company in the Supreme Court of Western Australia. The Company has been served with a Writ and Statement of Claim.

On 10 November 2022, the Company advised that Gold Coast Tweed Pet Motels Pty Ltd ("the Plaintiff") had commenced legal proceedings against the Company in the Supreme Court of Queensland. The Company has been served with a Writ and Statement of Claim.

The proceedings relate to the issue of ordinary fully paid shares in Zeotech (Shares) with respect to the Second Milestone Performance Rights in the Company (Performance Rights), issued to the plaintiff as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019. Under this agreement the Company acquired the Abercorn Kaolin Project.

Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels Pty Ltd were issued with 23,782,500 and 15,847,500 Performance Rights respectively, which conversion into Shares was subject to the achievement of a second milestone, being the completion of a scoping study on the Abercorn Project ("Abercorn Scoping Study") before the expiry date, being 8 August 2022.

The statement of claims allege that the Company was subject to an obligation to undertake the Abercorn Project Scoping Study to satisfy the second performance milestone by the expiry date. The Company denies the nature of the allegation. The proceedings with Goody Investments Pty Ltd seek damages of $1,426,950 plus interest and any further orders of the Court. The proceedings with Gold Coast Tweed Pet Motels Pty Ltd seek damages, interest, and such further or other relief as the Court considers just.

On 26 May 2023, the Company provided update on the legal proceedings in relation to Second Milestone Performance Rights in the Company issued to the Plaintiffs. The court ordered medication initiated in March 2023 has concluded and all parties have executed a final binding Deed of Settlement and Release (the "Settlement Agreement").

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

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

Toondoon Royalties

On 8 December 2022, the Company executed Agreements for the freehold land underlying the Company's approved Mining Lease (ML 80126) at the high-grade Toondoon kaolin project, located in the North Burnett District of Queensland. The property acquisition was settled on 20 December 2022.

Royalties of $2.00 per tonne on all minerals produced and sold from the land is payable as part of the acquisition Agreement.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated	
	2023	2022
	$	$

21. COMMITMENTS

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2023 $	2022 $
within one year	**330,100**	238,000
later than one year but not later than five years	**887,500**	48,000
	1,217,600	286,000

(i) 2023 includes Toondoon EPMs for the first time and associated exploration expenditure.
(ii) 2023 encapsulates the renewal of two EPMs for a further 5-years each and associated estimated exploration expenditure.
(iii) The work programs associated with the renewed EPMs are outcomes based. Therefore, the financial commitments are an estimate only and does not reflect a minimum amount that must be spent.

(b) Research commitments

The Group has certain commitments to meet research milestone payments to Uniquest Pty Ltd, the commercialisation company for the University of Queensland, Griffith University and the University of New South Wales as follows:

	2023 $	2022 $
within one year	**781,556**	323,984
later than one year but not later than five years	**225,000**	359,555
	1,006,556	683,539

Research agreements relate to:

(i) Agricultural nutrient management and soil carbon sequestration;
(ii) Methane emissions control; and
(iii) Carbon capture and utilisation research initiatives.

22. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Zeotech Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 23.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 18.

(d) Loans to related parties

Zeotech Limited has provided unsecured, interest free loans to its wholly owned subsidiaries totalling $5,494,718 (2022: $7,610,485). An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the respective subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss. The loans were impaired by a total of $5,374,751 (2022: $7,584,445).

23. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding[(1)]	
			2023 %	2022 %
Kalotech Pty Ltd	Australia	Ordinary	**100**	Nil
Abercorn Kaolin Pty Ltd	Australia	Ordinary	**100**	100
Kraaipan Founders Pty Ltd	Australia	Ordinary	**100**	100
Kraaipan Founders (UK) Pty Ltd	UK	Ordinary	**100**	100
KFPL (UK) Pty Ltd	UK	Ordinary	**100**	100
South East Metals (Pty) Ltd	Botswana	Ordinary	**100**	100
Laconia South America Pty Ltd[(2)]	Australia	Ordinary	**100**	100
Gold Mines of Peru SAC	Peru	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) This entity was incorporated on 1 November 2011 with Zeotech Limited as the sole shareholder.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

	Consolidated	
	2023	2022
	$	$

24. STATEMENT OF CASH FLOWS

	2023 $	2022 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(2,468,947)**	(4,228,779)
Non-Cash Items		
Depreciation of non-current assets	**162,674**	26,716
Share-based payments expense	**360,000**	1,743,500
Accrued charges	**-**	75,314
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**11,444**	(115,950)
Increase in trade and other payables	**183,847**	29,251
Net cash outflow from operating activities	**(1,750,982)**	(2,469,948)

25. LOSS PER SHARE

	2023 $	2022 $
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(2,468,947)**	(4,228,779)

	Number of shares	
	2023	2022
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**1,610,826,527**	1,508,792,182

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2023, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

	Consolidated	
	2023	2022
	$	$

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Zeotech Limited, at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2023	2022
Current assets	**4,328,021**	3,147,845
Non-current assets	**10,652,739**	6,392,911
Total assets	**14,980,760**	9,540,756
Current liabilities	**429,516**	237,511
Non-current liabilities	**311,266**	420,754
Total liabilities	**740,782**	658,265
Net assets	**14,239,978**	8,882,491
Issued capital	**43,489,091**	35,577,639
Foreign Currency Reserve	**166,449**	166,449
Share-based payments and option reserve	**2,753,500**	2,703,500
Financial asset reserve	**(140,000)**	-
Accumulated losses	**(32,029,062)**	(29,565,097)
Total equity	**14,239,978**	8,882,491
Loss for the year	**(2,463,965)**	(4,228,975)
Total comprehensive loss for the year	**(2,463,965)**	(4,228,975)

27. SHARE BASED PAYMENTS

Shares issued under Incentive Share Plan:

There were no Shares issued to directors, employees and consultants by way of a provision of, non-recourse, interest free loans during the period ending 30 June 2023.

There were 39,000,000 Shares issued to directors, employees and consultants by way of a provision of, non-recourse, interest free loans during the period ending 30 June 2022 under the Incentive Share Plan approved by Shareholders at the 2020 AGM. The total value of the loans is $2,030,000 and are detailed below.

Incentive Share Plan	Number	Date Issued	Issue Price per Share	Loan Value
Plan Shares 1	9,000,000	7-Sep-21	$0.07	$630,000
Plan Shares 2	3,000,000	7-Sep-21	$0.05	$150,000
Plan Shares 3 (1)	10,000,000	20-Dec-21	$0.04	$400,000
Plan Shares 4 (2) (3)	12,000,000	20-Dec-21	$0.05	$600,000
Plan Shares 5	5,000,000	15-Mar-22	$0.05	$250,000

(1) Shares issued to Ms Sylvia Tulloch

(2) Shares issued to Mr Peter Zardo

(3) The issue price per security was amended from $0.05 to $0.08 and the corresponding interest free non-recourse loan from $600,000 to $960,000 during the period ending 30 June 2023.

No funds will be raised from the issue of the Plan Shares as there will be no change to the Company's cash position (i.e. the Loan made by the Company will be used to subscribe for the Plan Shares to be issued to the Related Party, employee or consultant). Amounts repaid to the Company by the Related Party, employee or consultant in the future in satisfaction of the Loan will be used by the Company for general working capital purposes.

The fair value per Share was calculated using the Black Scholes method and are detailed below. The total value of the shares issued is $1,743,500. The Shares were issued pursuant to shareholder approval at the Company's 2020 AGM.

Incentive Share Plan	Share Price	Risk Free Interest Rate	Volatility	Loan Term	Fair Value per Share	Milestone Probability	Total Value
Plan Shares 1	$0.085	0.10%	111.90%	3 Years	$0.059	50%	$265,500
Plan Shares 2	$0.085	0.10%	111.90%	5 Years	$0.071	100%	$213,000
Plan Shares 3 (1)	$0.077	0.10%	72.60%	5 Years	$0.055	100%	$550,000
Plan Shares 4 (2) (3)	$0.077	0.10%	72.60%	3 Years	$0.045	100%	$540,000
Plan Shares 5	$0.059	0.10%	67.40%	5 Years	$0.035	100%	$175,000

(1) Shares issued to Ms Sylvia Tulloch

(2) Shares issued to Mr Peter Zardo

(3) The issue price per security was amended from $0.05 to $0.08 and the corresponding interest free non-recourse loan from $600,000 to $960,000 during the year ended 30 June 2023. The fair value per Share of the Plan Shares is now $0.036, total value $432,000, under the amended terms.

27. SHARE BASED PAYMENTS (CON'T)

Options issued under Incentive Option Scheme:

There were no (2022: nil) new options granted during the year under the Incentive Option Scheme.

The following table is a summary of the movement of options that have been issued under the Incentive Option Scheme.

	2023 number	2022 number	2023 weighted average exercise price	2022 weighted average exercise price
Outstanding at the beginning of the year	20,000,000	20,000,000	1.5 cents	1.5 cents
Granted during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	20,000,000	20,000,000	1.5 cents	1.5 cents
Exercisable at the end of the year	-	-		

$360,000 (2022: $1,743,500) share based payments and options expense was charged against operations for the year.

Performance Rights Granted:

There were no (2022: nil) performance rights issued during the year.

The following table is a summary of the movement of performance rights.

	2023 number	2022 number	2023 weighted average exercise price	2022 weighted average exercise price
Outstanding at the beginning of the year	125,000,000	125,000,000	-	-
Granted during the year	-	-	-	-
Exercised during the year	(10,000,000)	-	3.6 cents	-
Lapsed during the year	(75,000,000)	-	-	-
Outstanding at the end of the year	40,000,000	125,000,000	-	1.2 cents

As part of the acquisition of the Abercorn High Purity Alumina ("HPA") Project, 150,000,000 performance rights were issued to the Vendors. $900,000 value has been ascribed to 75,000,000 of the performance rights as the first milestone was met in July 2020 and Shares were issued at $0.012 each. Nil value was ascribed to the remaining 75,000,000 performance rights as it was not definitively known whether the final milestone would be achieved. The remaining 75,000,000 performance rights expired on 8 August 2022.

As part of Mr Peter Zardo's executive service agreement, 50,000,000 performance rights were issued in 2020. 10,000,000 Class C performance rights vested on completion of the pilot plant on 28 November 2022 and Shares were issued at $0.036 each, total value $360,000. Nil value has been ascribed to the remaining 40,000,000 performance rights as it is not definitively known whether certain milestones would be achieved.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

28. ACQUISITION OF KALOTECH PTY LTD (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 held a legally binding exercised option to acquire the mining lease and exploration licences for the Toondoon Kaolin Project ("Toondoon").

On 25 March 2022, the Company received notice that the Queensland Government – Department of Resources gave approval to register the transfer of the Toondoon Kaolin Project Mining Lease (ML 80126) to Kalotech.

On 28 July 2022, the Company dispatched meeting materials, explanatory statement and an independent expert's report to shareholders for the general meeting that was held on 31 August 2022 and sought shareholder approval for the acquisition of Kalotech Pty Ltd, the holder of the Toondoon Kaolin Project. Consideration for the acquisition was 37,000,000 fully paid ordinary shares in Zeotech Limited and reimbursement of costs up to $350,000 in relation to expenditure on the Toondoon tenements.

Shareholders approved the acquisition at the general meeting held on 31 August 2022 and the acquisition settled on 1 September 2022.

Fair Value Consideration	**$**
Cash	350,000
Issue of shares in Zeotech Ltd to vendors (37,000,000 at $0.055)	2,035,000
	2,385,000

The assets acquired and liabilities assumed at the date of acquisitions are as follows:

Recognised Amounts as Identifiable Net Assets on Acquisition	
Cash	297
Trade and other receivables	4,629
Mining properties	2,380,074
	2,385,000

Acquisition Related Costs

Acquisition related costs of $23,959 have been expensed during the year.

NOTES TO THE FINANCIAL STATEMENTS (CON'T)

29. EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the below.

(i) On 31 August 2022, the Company advised that Goody Investments Pty Ltd (a related party of John Goody being an ex-director of the Company) ("the Plaintiff") has commenced legal proceedings against the Company in the Supreme Court of Western Australia. The Company has been served with a Writ and Statement of Claim.

On 10 November 2022, the Company advised that Gold Coast Tweed Pet Motels Pty Ltd ("the Plaintiff") had commenced legal proceedings against the Company in the Supreme Court of Queensland. The Company has been served with a Writ and Statement of Claim.

The proceedings relate to the issue of ordinary fully paid shares in Zeotech (Shares) with respect to the Second Milestone Performance Rights in the Company (Performance Rights), issued to the plaintiff as part consideration under the Abercorn Kaolin Project Term Sheet executed on 9 August 2019. Under this agreement the Company acquired the Abercorn Kaolin Project.

Goody Investments Pty Ltd and Gold Coast Tweed Pet Motels Pty Ltd were issued with 23,782,500 and 15,847,500 Performance Rights respectively, which conversion into Shares was subject to the achievement of a second milestone, being the completion of a scoping study on the Abercorn Project ("Abercorn Scoping Study") before the expiry date, being 8 August 2022.

The statement of claims alleges that the Company was subject to an obligation to undertake the Abercorn Project Scoping Study to satisfy the second performance milestone by the expiry date. The Company denies the nature of the allegation. The proceedings with Goody Investments Pty Ltd seek damages of $1,426,950 plus interest and any further orders of the Court. The proceedings with Gold Coast Tweed Pet Motels Pty Ltd seek damages, interest, and such further or other relief as the Court considers just.

On 26 May 2023, the Company provided update on the legal proceedings in relation to Second Milestone Performance Rights in the Company issued to the Plaintiffs. The court ordered mediation initiated in March 2023 has concluded and all parties have executed a final binding Deed of Settlement and Release (the "Settlement Agreement").

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

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

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements, notes and additional disclosures are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Group's and the consolidated entity's financial position as at 30 June 2023 and of their performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Sylvia Tulloch
Chair
20 September 2023

ANNUAL MINERAL RESOURCE STATEMENT

1. Mineral Resource Estimate – Abercorn Project

A summary of the Mineral Resources at the Abercorn Project as at 30 June 2023 is shown in Table 1 below.

The Mineral Resource estimation was carried out by Angela Phipson BSc, MSc and reported on 6 July 2020.

In completing the annual review for the year ended 30 June 2023, the historical resource factors were reviewed and found to be relevant and current. The Abercorn Project has not been converted to any active operation yet and hence no resource depletion has occurred for the review period.

The Mineral Resource estimate consists of:
- 37.45Mt yielding 36.8% -20µm grading 28.6% Al_2O_3 & 1.18% K_2O, using a cut-off grade of 26% Al_2O_3;
- A high-grade section within the Project area called the Railcut Prospect contains 14Mt yielding 38% -20µm fraction grading 30.26% Al_2O_3 & 0.89% K_2O, using a cut-off grade of +29% Al_2O_3;
- 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_2O_3 & 0.83% K_2O.

Table 1: Abercorn Project Mineral Resources Statement (as at 30 June 2023)

Railcut Resource Table

Grade Category		***Estimated Grade***		
	Tonnes (million)	**Al_2O_3 (%)**	**K_2O (%)**	**-20µm (%)**
Al_2O_3% ≥ 26%				
Indicated	22.22	29.06	1.13	37.14
Inferred	15.23	27.88	1.25	36.35
Total	**37.45**	**28.58**	**1.18**	**36.82**

Area 3 Prospect Resource Table

Grade Category		***Estimated Grade***		
Al_2O_3 ≥ 29%	**Tonnes (million)**	**Al_2O_3 (%)**	**K_2O (%)**	**-20µm (%)**
Inferred	**1.66**	**30.74**	**0.83**	**30.86**

2. Mineral Resource Estimate – Toondoon Project

A summary of the Mineral Resources at the Toondoon Project as at the date of this report is shown in Table 2 below. The acquisition of the Toondoon Project was completed on 1 September 2022.

The Mineral Resource estimation was carried out by Ausrocks Pty Ltd and reported on 28 July 2022.

Table 2:Toondoon Project Mineral Resources Statement

Resource Category	Lithology	Volume (Mm3)	Density (t/m3)	Tonnes (T)	Al_2O_3 %	Fe_2O_3 %	SiO_2 %	TiO_2 %	LOI %	K_2O %	Cut-Off Grade
Measured	Bauxitic Clay	750,000	2.05	1,530,000	38.81	13.86	21.92	4.53	20.07	0.06	No cut-off applied
Measured	Plastic Clay	1,380,000	1.74	2,400,000	35.45	4.98	41.39	3.38	14.20	0.02	No cut-off applied
Measured	Kaolinite Clay (High Iron)	510,000	1.74	880,000	36.79	1.92	44.92	2.19	13.63	0.05	No cut-off applied
Measured	Kaolinite Clay (Low Iron)	900,000	1.74	1,570,000	37.48	0.41	46.50	1.59	13.43	0.12	No cut-off applied
Measured	Sandy Clay	800,000	1.69	1,350,000	26.79	0.73	61.24	1.21	9.52	0.05	23% Al2O3
Indicated	Bauxitic Clay	1,510,000	2.05	3,090,000	37.04	16.05	22.62	4.19	19.43	0.05	No cut-off applied
Indicated	Plastic Clay	2,620,000	1.74	4,560,000	35.22	4.84	42.09	3.15	14.06	0.03	No cut-off applied
Indicated	Kaolinite Clay (High Iron)	950,000	1.74	1,660,000	36.48	2.32	45.24	1.85	13.49	0.08	No cut-off applied
Indicated	Kaolinite Clay (Low Iron)	1,150,000	1.74	1,990,000	37.57	0.40	46.43	1.58	13.41	0.12	No cut-off applied
Indicated	Sandy Clay	1,460,000	1.69	2,460,000	26.10	0.76	62.15	1.21	9.25	0.05	23% Al2O3
Inferred	Bauxitic Clay	480,000	2.05	990,000	30.73	27.86	22.44	3.19	15.18	0.03	No cut-off applied
Inferred	Plastic Clay	510,000	1.74	890,000	34.19	5.88	42.41	3.55	13.31	0.03	No cut-off applied
Inferred	Kaolinite Clay (High Iron)	110,000	1.74	190,000	34.81	6.00	44.02	1.46	13.07	0.15	No cut-off applied
Inferred	Sandy Clay	190,000	1.69	330,000	28.04	2.22	57.93	1.19	10.12	0.06	23% Al2O3

3. Material Changes and Resource Statement Comparison

A comparison between the 2022 and 2023 Mineral Resource Estimate for the Abercorn Project is shown in Table 3 below.

Table 3: Abercorn Project Mineral Resource Comparison Between 2022 and 2023

Estimate as at 30 June 2023

Railcut Resource Table

Grade Category		*Estimated Grade*		
	Tonnes (million)	Al_2O_3 (%)	K_2O (%)	-20µm (%)
Al_2O_3% ≥ 26%				
Indicated	22.22	29.06	1.13	37.14
Inferred	15.23	27.88	1.25	36.35
Total	**37.45**	**28.58**	**1.18**	**36.82**

Area 3 Prospect Resource Table

Grade Category		*Estimated Grade*		
Al_2O_3 ≥ 29%	Tonnes (million)	Al_2O_3 (%)	K_2O (%)	-20µm (%)
Inferred	**1.66**	**30.74**	**0.83**	**30.86**

Estimate as at 30 June 2022

Railcut Resource Table

Grade Category		*Estimated Grade*		
	Tonnes (million)	Al_2O_3 (%)	K_2O (%)	-20µm (%)
Al_2O_3% ≥ 26%				
Indicated	22.22	29.06	1.13	37.14
Inferred	15.23	27.88	1.25	36.35
Total	**37.45**	**28.58**	**1.18**	**36.82**

Area 3 Prospect Resource Table

Grade Category		*Estimated Grade*		
Al_2O_3 ≥ 29%	Tonnes (million)	Al_2O_3 (%)	K_2O (%)	-20µm (%)
Inferred	**1.66**	**30.74**	**0.83**	**30.86**

The updated estimation represented no change.

The Toondoon Project JORC compliant Mineral Resource estimate was announced on 28 July 2022, with the acquisition of the Toondoon Project completing subsequent to the reporting date, as such no comparison information is reported.

4. Governance Arrangements and Internal Controls

The Company's currently does not have a formal governance arrangement and internal control process for the reporting and review of its Mineral Resource Estimates, other than those prescribed for the initial estimation of Mineral Resource estimates in the JORC Code. The Company is of the view that a formal governance arrangement and internal control process is not required at this stage on the basis that the maiden Mineral Resource Estimate for the Abercorn Project was announced on 6 July 2020 and the Abercorn Project has not been converted to any active operation yet and hence no resource depletion has occurred since the maiden Mineral Resource Estimate. The Mineral Resource Estimate for the Toondoon Project was announced on 28 July 2022 and the Toondoon Project has not been converted to any active operation yet and hence no resource depletion has occurred since reporting the Mineral Resource Estimate. The Company will consider whether a formal governance arrangement and internal control process is required prior to 30 June 2024.

The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcements and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 announcement.

ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 7 September 2023.

Number of quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Ordinary shares	1,705,923,065	-
Performance Rights – Class D	-	10,000,000
Performance Rights – Class E	-	10,000,000
Performance Rights – Class F	-	10,000,000
Performance Rights – Class G	-	10,000,000
Performance Rights – Class H	-	39,630,000
Options expiring 6 April 2024	-	20,000,000
Options expiring 30 September 2024	-	26,308,690
Options expiring 30 June 2025	-	42,608,698

Distribution of holders of equity securities

	Fully paid ordinary shares	Performance Rights	Options 6/04/2024	Options 30/09/2024	Options 30/06/2025
1 - 1,000	103	-	-	-	1
1,001 - 5,000	135	-	-	-	-
5,001 – 10,000	255	-	-	-	-
10,001 - 100,000	904	-	-	3	4
100,000 and over	667	3	1	27	44
	2,064	**3**	**1**	**30**	**49**
Holding less than a marketable parcel	545				

Substantial Shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	No. of Shares	%
Mr Anthony Paul Sheridan	127,301,000	7.46
LL & P Pty Ltd	110,796,540	6.49
Goody Investments Pty Ltd <Goody Family A/C>	93,201,000	5.46
Uniquest Pty Ltd	108,480,512	6.36

Twenty largest holders of quoted equity securities

Fully Paid Ordinary Shares

The names of the twenty largest holders of quoted ordinary shares (ASX:ZEO) are:

		Number of shares	Percentage of total ordinary shares
1	Uniquest Pty Ltd	108,480,512	6.36%
2	LL&P Pty Ltd <The Andrew Solomons S/F A/C >	101,128,795	5.93%
3	Goody Investments Pty Ltd <Goody Family A/C>	82,155,828	4.82%
4	Buttonwood Nominees Pty Ltd	76,000,000	4.46%
5	Dontoro Pty Ltd <The Mollica Family A/C>	56,982,609	3.34%
6	Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/C>	45,994,591	2.70%
7	Mr Anthony Paul Sheridan	44,371,480	2.60%
8	Echelon Super Pty Ltd <Echelon Super Fund A/C>	43,360,109	2.54%
9	Mr Anthony Poloni	40,374,050	2.37%
10	Mr Michael John Gregg	37,150,000	2.18%
11	Mr Michael John Gregg & Mrs Suzanne Jane Gregg	34,900,000	2.05%
12	J&M Page Superannuation Pty Ltd <J&M Page Super Fund A/C>	31,363,140	1.84%
13	Baldey Super Pty Ltd <Baldey Super Fund A/C>	31,220,420	1.83%
14	Faraday Nominees Pty Ltd <Bronte Investment A/C>	28,000,000	1.64%
15	Choice Concept Pty Ltd <Choice Concept Super A/C>	26,000,000	1.52%
16	Mr Peter Zardo <Zardo Family A/C>	26,000,000	1.52%
17	Acilloom Pty Ltd <Mollica Super Fund A/C>	25,850,000	1.52%
18	Mr Andre Szarukan & Ms Rose Braniska <The A & R Super fund A/C>	24,325,151	1.43%
19	Mr Peter Dallas Checkley & Ms Niomie Esther Varaday <Checkley Family S/F A/C>	23,819,994	1.40%
20	Mr Peter Coroneos	22,000,000	1.29%
		909,476,679	**53.31%**

Unquoted Equity Securities holdings greater than 20%

	Number Held
Performance Rights – Class D	
Mr Peter Zardo <Zardo Family A/C>	10,000,000
Performance Rights – Class E	
Mr Peter Zardo <Zardo Family A/C>	10,000,000
Performance Rights – Class F	
Mr Peter Zardo <Zardo Family A/C>	10,000,000
Performance Rights – Class G	
Mr Peter Zardo <Zardo Family A/C>	10,000,000
Performance Rights – Class H	
Goody Investments Pty Ltd <Goody Family A/C>	23,782,500
Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/C>	15,847,500
Options exercisable at $0.015 each, expiring 6 April 2024	
Mr Peter Zardo <Zardo Family A/C>	20,000,000
Options exercisable at $0.01 each, expiring 30 September 2024	
Mr Michael John Gregg & Mrs Suzanne Jane Gregg	12,000,000
Options exercisable at $0.01 each, expiring 30 June 2025	
Evolution Capital Pty ltd	10,000,000

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Home exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth. The Company's securities are not quoted on any other stock exchange.

Buy back

Nil.

Restricted securities

There were no securities restricted by the ASX at the date of this report or the year ended 30 June 2023.

Schedule of interest in mining tenements

Location	Tenement	Percentage held/earning
Australia	EPM 19081	100
Australia	EPM 26837	100
Australia	EPM 26903	100
Australia	EPM 27427	100
Australia	ML 80126	100
Australia	EPM 27395	100
Australia	EPM 27866	100

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Zeotech Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Corporate Governance Statement and the Appendix 4G statement have been released to the ASX and can be found on the Company's website at www.zeotech.com.au