PITT STREET RESEARCH

Zeotech Ltd

Industry partnerships accelerate, as the AusPozz™ Project advances towards a DFS and FID

Share Price: A$0.083

ASX: ZEO

Sector: Industrials

25 November 2025

2025 has been a transformative year for Zeotech (ASX:ZEO), with the Company advancing AusPozz™ - a manufactured pozzolan (high-reactivity metakaolin) designed to replace up to 50% of cement in concrete. AusPozz™ enables the production of better-performing, low-carbon concrete with compelling economic benefits. Concrete incorporating AusPozz™ delivers higher strength and improved durability, while requiring fewer additives across a broad range of applications. Importantly, this substitution materially reduces embodied carbon, providing a practical and scalable pathway for decarbonising construction materials.

2025 is the year the high-performance capabilities of AusPozz™ were successfully introduced to the market

During 2025, Zeotech launched the AusPozz™ Project to the market. The company released a PFS back in June that showed an eventual operation could have an $406m NPV, a 42% IRR, and a mere 2.1-year payback period. Zeotech also ran a successful commercial-scale trial, of 100 cubic meters (17 concrete trucks). The Company signed its first and Australia's largest-ever ($200m) direct shipping ore (DSO) kaolin offtake, with MSI China. Whilst advancing commercial collaborations with major players in the construction and building materials sector, adding two MoUs, with companies that attended the large-scale concrete trial first hand (in Cement Australia and Laing O'Rourke), and an LOI with Bisley Group. These add to the MOU signed with Holcim Australia, in late 2024.

2026 will be an even bigger year

2026 is planned to be the year that Zeotech undertakes a Definitive Feasibility Study (DFS) on the AusPozz™ Project and progresses toward a Final Investment Decision (FID), and commences mining operations to generate material cash flows, from its 950,000 tonne DSO Kaolin offtake with MSI. Hypothetically, even in the unlikely event Zeotech never signed another DSO kaolin customer, the company could be lucrative with MSI's deal alone, which will be worth $200m over the next 5 years (at 45% margin); however, we expect further customers and material offtakes for AusPozz™.

Valuation range of $0.27-$0.38 per share reiterated

We continue to value Zeotech at $559.4m in our base case and $786.6m in our bull case. This is currently $0.27 per share and $0.38 per share in light of the company's recent capital raising (previously $0.30-0.42 per share). Please see page 9 for the key risks.

Market cap. (A$ m)	170.4
# shares outstanding (m)	2,053.6
# shares fully diluted (m)	2,108.1
Market cap ful. dil. (A$ m)	175.0
Free float	100%
52-week high/low (A$)	0.105 / 0.041
Avg. 12M daily volume ('1000)	1,730.5
Website	www.zeotech.com.au

Source: Company, Pitt Street Research

Share price (A$) and avg. daily volume (k, r.h.s.)

Source: Refinitiv Eikon, Pitt Street Research

Valuation metrics	
DCF fair valuation range (A$m)	559.4/789.6
DCF fair valuation range (A$ per share)	0.27-0.38

Source: Pitt Street Research

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Pitt Street research directors own shares in Zeotech.

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Reintroduction to Zeotech (ASX: ZEO) and AusPozz™

AusPozz™ is a high-performance manufactured pozzolan certified under Australian standards that allows concrete producers to cut cement content and embodied carbon while improving costs and structural performance.

Zeotech is the company behind AusPozz™, a high-performance Supplementary Cementitious Material (SCM) and manufactured pozzolan under Australian concrete standards. AusPozz™ can replace up to 50% of the cement binder in concrete, delivering a step-change reduction in embodied carbon. Beyond its improvements in carbon emissions profile, AusPozz™ enhances material performance, producing concrete that is significantly stronger and more durable. Independent testing has demonstrated a more than 50% increase in unconfined compressive strength (UCS) even with reduced cement content. These attributes translate into compelling cost, performance, and sustainability advantages for construction and infrastructure applications.

Zeotech's commercial plan is:

1. **To mine high-purity kaolin clays at its Toondoon Project in Queensland's Burnett Region**. Zeotech intends to commence mining operations of its high-purity kaolin resource at the Toondoon Project in Queensland's Burnett Region in 2026. The project hosts 10.87Mt of kaolin, with grade and mineralogy suitable to fully support the production profile outlined in the PFS. With kaolinite content of more than 90%, Toondoon provides an exceptional feedstock for both Direct Shipping Ore (DSO) supply and low-cost AusPozz™ manufacturing.

   The unique deposit enables low-impact, open-cut mining with minimal overburden, translating to attractive operating economics and a simplified mining process. This combination of scale, grade, and mining simplicity positions Toondoon as a strategically significant, long-life source of ultra-high-purity kaolin—a key competitive advantage for Zeotech;
2. **Haul the kaolin to a Manufacturing Facility at the Port of Bundaberg** via a 260km Queensland Department of Transport and Main Roads (TMR) approved heavy-haulage transport route from the Toondoon Mine Site;
3. **Process and store at the Bundaberg facility,** which will contain storage facilities (both for stockpile and processed ore ready to be exported) as well as administration and laboratory facilities, not to mention necessary equipment for processing; and
4. **Targeting seaborne shipping to supply both domestic East Coast and export markets**, with customers expected to include major cement producers, building materials suppliers, and potentially large construction and engineering firms seeking to specify AusPozz™ in project-level concrete mix designs. The AusPozz™ Project is designed for an initial production capacity of 300,000 tpa (Train 1), with the site engineered to accommodate a second train that could double throughput as demand scales.

   Near-term cash flows will be underpinned by Zeotech's direct shipping ore (DSO) kaolin strategy, following the Company's execution of a binding five-year offtake agreement with Jiangsu Mineral Sources International Trading (MSI) in August. The contract represents over A$200 million in forecast revenue across the initial term, at an attractive ~45% margin. While Zeotech expects to secure further offtake agreements for its AusPozz™ product, the scale and quality of the MSI contract provides a significant financial foundation to support development of the Toondoon Kaolin Project. It also highlights the inherent value of Zeotech's ultra-high-purity kaolin feedstock—reinforcing the likelihood that MSI is only the first of multiple major customers.

AusPozz™ production at Bundaberg Port offers a strategic low-carbon logistics advantage in accessing Australia's largest concrete-consuming markets, Sydney and Melbourne, by sea.

How does AusPozz work?

Formally, AusPozz™ is classified as a high-reactivity metakaolin and manufactured pozzolan. Metakaolin is produced from kaolin that is heated to 600-800°C, which activates the inert kaolin to convert it to a reactive pozzolanic material (Figure 1).

Figure 1: The AusPozz™ manufacturing process

Source: Company

When AusPozz™ is mixed with cement and water, it reacts with calcium hydroxide (portlandite) - a by-product of cement hydration - to form calcium silicate hydrate, which is a concrete binder.

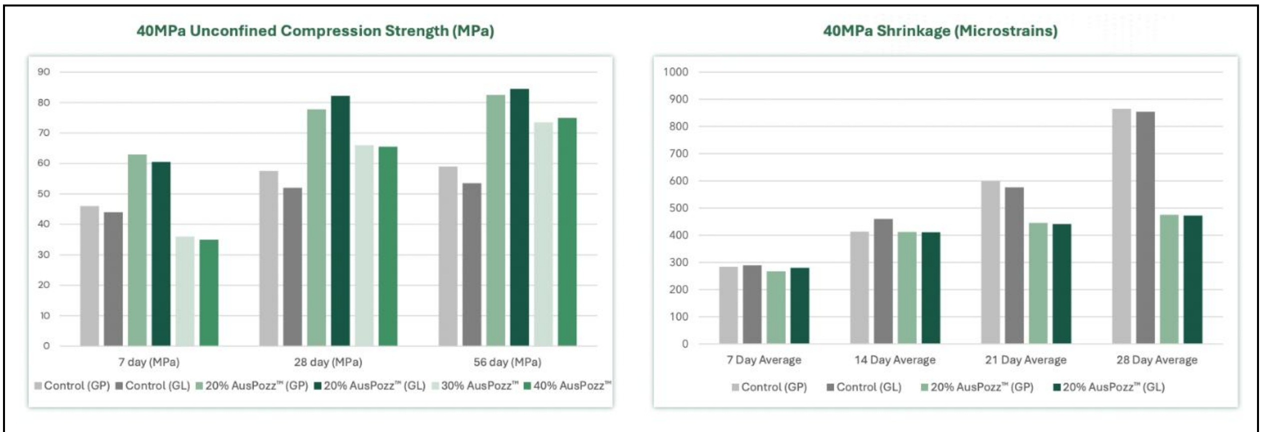
AusPozz™ customers receive a product that can significantly increase the strength and durability of concrete while reducing the financial costs and embodied carbon emissions.

What is in it for customers?

AusPozz™ customers receive a product that can significantly increase the strength and durability of concrete while reducing the costs and embodied carbon emissions.

AusPozz™ was validated in early 2025 by an independent concrete expert on a commercial scale. This testing found that AusPozz™ can replace up to 40% of cement while providing significantly higher strength and lower shrinkage. Figure 2 shows that structures with a high proportion of AusPozz™ (up to 40%) have greater strength compared to GP and GL cement types commonly used in Australia. Concrete with 20% of cement replaced showed a 50% increase in strength and 50% reduction in shrinkage[1] (Figure 2).

Figure 2: AusPozz™ testing results (L-R: Strength and Shrinkage)



Source: Company

[1] ASX announcement 15 April 2025

An independent Life Cycle Analysis (LCA) of the carbon footprint of AusPozz™ (produced at Bundaberg Port) has also shown superior results with an average of 204kg per tonne vs 951kg per tonne of GP Cement – equating to a 79% reduction in the embodied carbon cement binder, whilst bringing technical and economic advantages when replacing cement.

AusPozz™ nameplate production of 300,000tpa presents a material positive carbon emissions impact, with the application of this volume in the built environment, enabling the avoidance of 229,900t of CO_2 emissions every year, equivalent to:

a) Removing 53,600 petrol-powered cars from the road every year;
b) Annual electricity use in over 30,860 homes; or
c) Planting and growing 3.8 million tree seedlings each year for 10 years.

The opportunity Zeotech is facing

Zeotech's June 2025 Preliminary Feasibility Study for AusPozz™ found a 20-year mine life with $1,014m after-tax EBITDA, an NPV of $406m, and an IRR of 42%.

Zeotech's June 2025 Preliminary Feasibility Study for AusPozz™ found a 20-year mine life with $1,014m after-tax EBITDA, an NPV of $406m, and an IRR of 42% (Figure 3).

Figure 3: 2025 PFS results

Parameter	Unit	Result
Mine Plan		
Life of Mine	Years	20
Stripping Ratio	t/dry	0.3:1
Mineral Resource	MT	10.87
Production Summary		
Mine Production (DSO)	Kt dry	153
Mine Production (AusPozz)	Kt dry	371
Production Target (DSO)	Kt dry	151
Production Target (AusPozz)	Kt dry	300
Financial Metrics (post-tax)		
Revenue	A$m	3,385
EBITDA	A$m	1,604
Initial Capital Cost	A$m	115
Capital Requirement	A$m	95
Sustaining Capital	A$m	17
Net Cashflow	A$m	1,014
NPV (8% discount)	A$m	406
IRR	%	42
Payback Period	Years	2.1

Source: Company

Looking at the broader market opportunity, the key catalyst for AusPozz™ adoption will be the push to reduce carbon emissions from the use of cement. Cement production is expected to reach 6 trillion kg by 2050, up from 4.1 trillion kg in 2020 and 0.5-0.7 CO_2 is emitted per kg of cement[2]. Overall, cement is responsible for 8% of global emissions and there is 30Mm^3 of concrete in Australia alone, using over 10Mt of cement.

While there are various decarbonisation pathways to reduce emissions from cement usage, less carbon-intensive binders are the most feasible alternative given the lower cost of adoption.

The NSW Government's Decarbonising Infrastructure Delivery Policy ensures upfront carbon is a key consideration across the project stages within tender submissions.

In some cases, companies will be compelled to reduce emissions through government mandates like the Safeguard Mechanism at a federal level, and state government policies for carbon managers – all to all NSW Government building projects (tenders) valued over $50 million, and linear infrastructure projects valued over $100 million[3].

However, even setting aside carbon emissions, AusPozz™ will also be more lucrative due to its ability to reduce financial costs compared to alternatives.

Zeotech’s recent achievements and upcoming catalysts

Key achievements in 2025 so far have included the release of the PFS in June 2025 and a growing number of strategic collaborations with segment leaders within the construction and building materials sector.

As highlighted in our September 2025 research note, Zeotech has delivered a series of significant milestones throughout the year. The release of the PFS in June 2025 provided the first detailed validation of the AusPozz™ Project’s economics, while industry engagement has continued to deepen. A standout achievement was the signing of MSI as Zeotech’s inaugural DSO kaolin customer- an agreement worth $204 million over five years at an attractive 45% margin, establishing a clear pathway to material cash flows commencing in 2026.

Equally important was the commercial-scale concrete demonstration conducted earlier in the year with Holcim. This was the first trial of its kind in Australia and was attended by influential representatives from Laing O’Rourke, BMD Group, Empower Construction, Icubed Consulting, and the Queensland Department of Transport and Main Roads. The demonstration not only showcased AusPozz™ to potential end-users but also generated valuable data on optimal mix designs, enhancing the product’s value proposition and supporting future commercial roll-out.

Zeotech’s achievements in the past couple of months

Australia’s largest commercial concrete pour demonstration using high-reactivity metakaolin was a pivotal event.

Since our previous note (from mid-September), Zeotech’s achievements have included:

- Completing the large-scale commercial concrete demonstration pour of 100m^3, or 17 concrete truckloads (Figure 4), validating its performance at scale as well as workability in real-world conditions (Watch it here);
- Raising $13m in capital to accelerate mining readiness activities and exploration at Toondoon, as well as to progress a DFS;
- Hosting representatives from Cement Australia at the proposed Bundaberg Manufacturing Facility and the Toondoon mine site, a visit followed by Zeotech executives visiting Cement Australia’s Gladstone operations.

[2] Ibid.
[3] https://www.infrastructure.nsw.gov.au/expert-advice/decarbonising-infrastructure/

This culminated in signing a recent MOU with Cement Australia, the nation's leading supplier of cement products and services across Australia, to accelerate the commercialisation of AusPozz™, by collaborating on the completion of an AusPozz™ technical and value assessment, alongside an evaluation of Cement Australia's infrastructure and supply chain options; and

- Signing an MoU with Laing O'Rourke, a global engineering and manufacturing-led construction leader, delivering state-of-the-art infrastructure and building projects across Australia, the UK, and the Middle East, to explore trials of AusPozz™ for its own projects and tenders. This followed on from June's trials with Holcim, which Laing O'Rourke attended.
- Secured a LOI with Bisley Group, a leading multinational marketer and distributor of quality industrial raw materials and specialty additives, with over 70 years of operating history, across the Asia Pacific (APAC), the Middle East, and North America, to develop and assess a potential commercialisation and distribution framework, including pricing, logistics, and customer support structures, for distribution of AusPozz™ products within Australia and selected international markets.

Figure 4: AusPozz™ Commercial-Scale Concrete Demonstration Pour

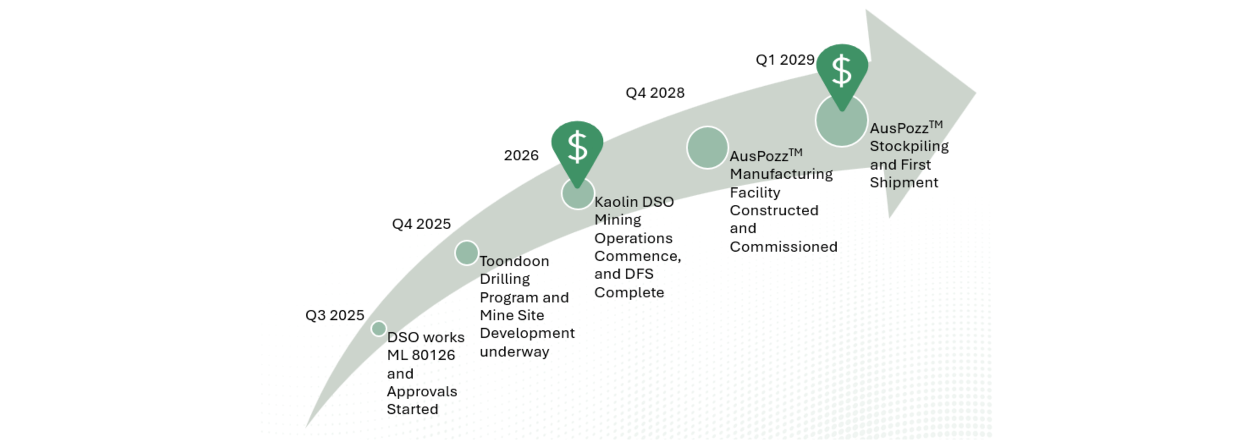
Source: Company

2026 milestones will include mine development, a DFS, and early-stage Direct Shipping Ore (DSO) sales.

2026 is shaping up to be a significant year for Zeotech

Although the complete AusPozz™ project will not be realised until early 2029, 2026 will see several pivotal milestones, including commencement of DSO mining operations, leading to cash flows from early-stage DSO sales, the undertaking and completion of the AusPozz™ Project DFS, and Final Investment Decision (FID) (Figure 5).

Figure 5: Indicative Project Delivery Timeline



Source: Company

The 2026 sales of DSO are expected to generate approximately $30m in revenue and over $12m in EBITDA in Year 1, with this continuing to ramp up as sales increase year-on-year, driven by uplift in volumes of higher-value DSO Cosmetic Kaolin. (Figure 6)

While AusPozz™ is expected to generate higher annual revenues than DSO kaolin, with pricing dependent on the customer mix and application, the simple dig-and-ship DSO strategy provides Zeotech with a powerful financial tailwind. Shipments of high-purity kaolin to MSI and future customers are expected to generate significant early cash flows, with the binding MSI offtake alone valued at over $200 million at a margin of ~45% during its first five years.

Investors should also anticipate continued commercial progress for AusPozz™. In our view, the depth of engagement with Laing O'Rourke, Bisley Group, and Cement Australia suggests that one or all of these collaborations could plausibly evolve into binding agreements, adding further validation and momentum to the commercial rollout.

Valuation of AusPozz™ reiterated

We've derived an NPV for AusPozz™ of $559.4m in our base case and $789.6m in our bull case which amount to $0.27-0.38 per share.

We reiterate our valuation of AusPozz™ as outlined in our initiation report. We have modelled Zeotech's opportunity with AusPozz™, and we derive an NPV of $559.4m in our base case and $789.6m in our bull case which amount to $0.27-0.38 per share (previously $0.30-0.42 per share prior to the recent capital raising) (Figure 6).

Figure 6: Our valuation of Zeotech

Valuation (A$m)	Base Case	Bull case
Equity value (A$ m)	**559.4**	**789.6**
Shares outstanding	2,053.6	2,108.1
Implied price (A$ cents)	**0.270**	**0.380**
Current price (A$ cents)	0.083	0.083
Upside (%)	225%	358%

Estimates: Pitt Street Research

Our assumptions were as follows:

– **Project life and operations**. We assumed a 20-year life commencing in late CY28 with 4 products: Kaolin DSO, Cosmetic Kaolin DSO, AusPozz™ and AusPozz Max.

– **Revenue model.** Our base case assumed the 'low price' as outlined in Figure 6 while our bull case assumed a 'midway' point between the Low and High price.

– **Costs and margins.** Using the same Fixed and Variable cost figures as the PFS, this derived an EBITDA margin of just over 40%. We then modelled depreciation as a fixed annual percentage of the project's (original) NPV, then for interest to be paid on the company's financing at 5% (see below). Accordingly, we have not assumed any dilution of equity investors.

– **Capex.** We have assumed that the company funds its capex needs with debt finance and repays it gradually over the first decade of operations, noting the PFS states an attractive 2.1 year payback from free cash flow after commissioning the AusPozz Manufacturing Facility.

– **Tax.** We assume a corporate tax rate of 25% which is Australia's present rate for companies with >$50m profits.

– **Discount rate.** We used an NPV discount rate of 8%, the same as used in the PFS.

Our valuation was 100% of our projected NPV of the project. Zeotech's current market capitalisation of $176.6m reflects 31.6% of our base case NPV and 43% of the NPV of the 2025 PFS. We think a re-rating to towards 100% is plausible as the company edges closer to production.

We think further catalysts for closing the gap will include:

– The completion and release of a Definitive Feasibility Study (DFS) for AusPozz™;

– The obtaining of all necessary regulatory approvals;

– Transitioning existing non-binding MOUs/LOIs into binding commercial agreements;

– The securing of financing and commencement of construction and development at the Toondoon Mine Site and at the proposed manufacturing facility in Bundaberg; and

– The making of a Final Investment Decision for the AusPozz™ plant.

Risks

We see the following key risks to our investment thesis:

- **Funding risk**: Zeotech will likely need finance to realise its ambitions with AusPozz™. Securing finance, particularly on favourable terms, can be difficult for aspiring industrial project developers.
- **Regulatory risk.** The company's ability to realise its ambitions is subject to meeting various regulations, including securing necessary construction and environmental approvals. One possible risk is that Zeotech's mining permits expire in 2030, 4 years after commencement of DSO kaolin mining operation and within the first 2 years of the commencement of commercial-scale AusPozz™ operations, although the Company believes this is low.
- **Commercial risk**. There is a risk that the company may fail to execute its commercial objectives for various reasons, including supply chain issues, construction delays, inability to secure financing, or competition.
- **Pricing risk**. One of the biggest keys to our NPV is assuming the price used in the PFS. If prices turn out to be lower, this could have a material adverse impact on shareholder value.
- **DFS risk**. There is the risk that the forthcoming DFS could show worse outcomes than the PFS, thus eroding the confidence of potential investors and customers in the company.
- **Key personnel risk**: There is the risk that the company may lose key personnel and be unable to replace them and/or their contribution to the business.

Appendix I – Analysts' Qualifications

Stuart Roberts, lead analyst on this report, has been an equities analyst since 2002.

- Stuart obtained a Master of Applied Finance and Investment from the Securities Institute of Australia in 2002. Previously, from the Securities Institute of Australia, he obtained a Certificate of Financial Markets (1994) and a Graduate Diploma in Finance and Investment (1999).
- Stuart joined Southern Cross Equities as an equities analyst in April 2001. From February 2002 to July 2013, his research specialty at Southern Cross Equities and its acquirer, Bell Potter Securities, was Healthcare and Biotechnology. During this time, he covered a variety of established healthcare companies, such as CSL, Cochlear, and ResMed, as well as numerous emerging companies. Stuart was a Healthcare and Biotechnology analyst at Baillieu Holst from October 2013 to January 2015.
- After 15 months over 2015–2016 doing Investor Relations for two ASX-listed cancer drug developers, Stuart founded NDF Research in May 2016 to provide issuer-sponsored equity research on ASX-listed Life Sciences companies.
- In July 2016, with Marc Kennis, Stuart co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including Life Sciences companies.
- Since 2018, Stuart has led Pitt Street Research's Resources Sector franchise, spearheading research on both mining and energy companies.

Nick Sundich is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018 and the designation of Financial Modelling & Valuation Analyst by the Corporate Finance Institute. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously, he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms

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