

# **Advance ZincTek Ltd Market Update**

**October 2024**



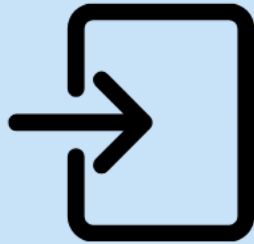
**Managing Director for ANO: Geoff Acton**  
Appointed March 2016

# Federal Court Action - Veganic SKN Ltd

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

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

# Impact of Inferior Imported - Zinc Oxide Powders



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

# Imported - Zinc Oxide Powders

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

# Recent UV Filter Developments

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

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



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

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

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

# 4 MBC/ Enzacamene: 2022 European Union SCCS Review Highlighted

**1**

## **Endocrine Disruption**

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

**2**

## **Bioaccumulation**

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

**3**

## **Breast Cancer**

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

**4**

## **Now banned in over 29 countries**

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

**Still allowed in Australia (4%).**

# Brisbane Production Capacity (Active Ingredients)

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

# 20 New Dispersions | 17 New Sunscreens

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

# New Dispersions | New Sunscreens

## Coming Soon.

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

# Key Highlights 2024

## Distributor Network

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

# Items in Investor Presentation 2023

## November **2023** Target

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

**White  
Sapphire  
Alusion**

## **2024** Delivered

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

# Sales and Profit Comparison 2024-2025

Total Actual sales to  
October 10, 2025

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

Profit before tax  
3 months to 30/09

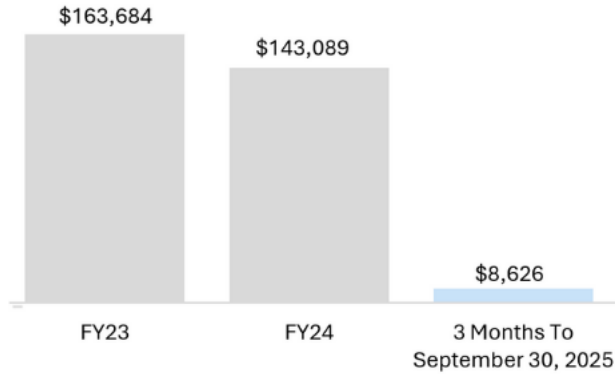
|           |           |
|-----------|-----------|
| \$106,862 | \$114,967 |
|-----------|-----------|

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

# Consolidation of Operations

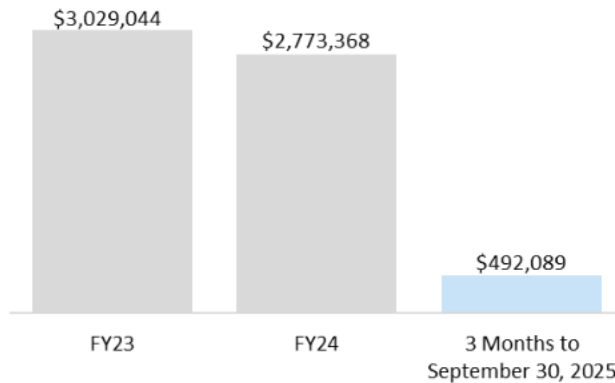
## Expenses (expected savings of up to \$1M)

### Electricity



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

### Wages

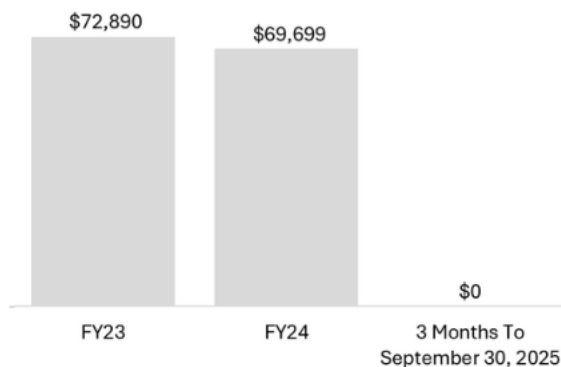


- Wages expected to be less than \$2.1 million for 2025.

# Consolidation of Operations

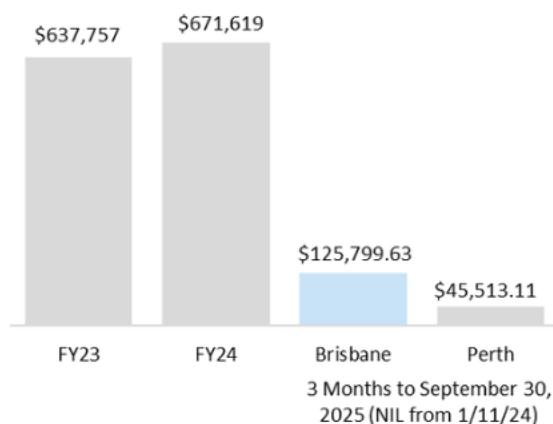
## Expenses (expected savings of up to \$1M)

### Transport to Perth



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

### Rent



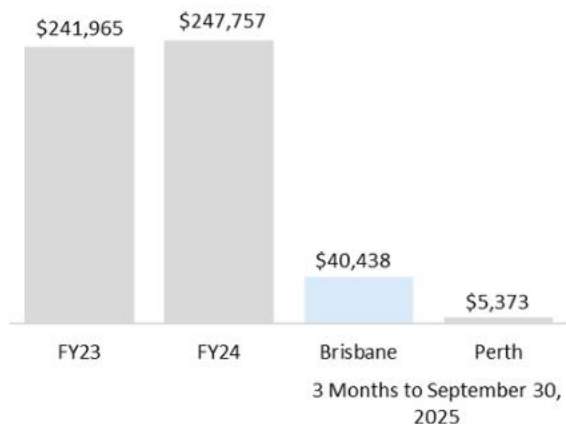
#### Rent in Perth:

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

# Consolidation of Operations

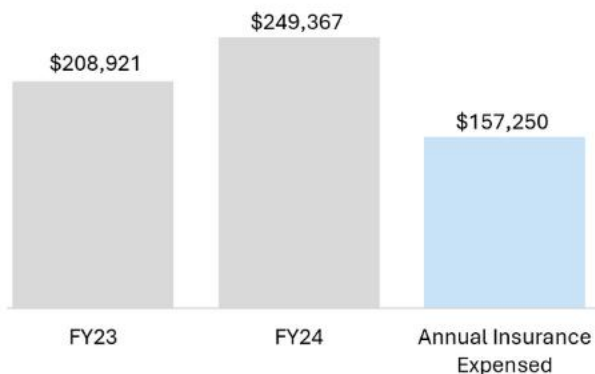
## Expenses (expected savings of up to \$1M)

### Workers Compensation/ Payroll Tax



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

### Insurance



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

# Disclosures Regarding Forward Looking Statements

- This Market Statement includes forward-looking statements based on current expectations and predictions about future events including Advance ZincTek's intentions.
- These forward-looking statements are, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Advance ZincTek to differ materially from the expectations and predictions, express or implied, in such forward-looking statements.
- None of Advance ZincTek, its officers, directors, the persons named in this Market Update with their consent, or the persons involved in the preparation of this, Market Update makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this market update.
- We can't predict the situation in Europe with war, issues between China and the USA and what impact global inflation pressures will have on our views.