ASX & MEDIA RELEASE

Zenith Minerals Limited
ABN 96 119 397 938

ACQUISITION OF ADVANCED QUEENSLAND COPPER-ZINC-GOLD-SILVER DEPOSITS

7th July 2014

HIGHLIGHTS

Acquisition of up to 100% interest in Develin Creek Project, assets include:

- **3 Massive Sulphide Deposits with JORC 2004 Compliant Resources;**
  - **1.76Mt grading 1.7% copper, 2% zinc and 0.2g/t gold** total inferred resource (refer attached JORC compliant resource statement),
  - Drilling outside the existing Sulphide City resource intersected results up to **13.5 metres @ 3.3% copper, 4.0% zinc and 0.4g/t gold,** extending mineralisation up to a further 200m south,
  - Numerous other geophysical and geochemical targets along 50km of host volcanic rocks,
  - Downhole electromagnetic geophysical surveys (DHEM) clearly detect massive copper-zinc sulphide zones, and IP geophysical surveys show strong chargeability anomalies associated with stringer zone mineralisation beneath the massive sulphides,
  - Recent airborne electromagnetic survey (HeliTEM) flown over entire host volcanic sequence with limited ground follow-up to date.
- **Deal terms, summary:**
  - Zenith to purchase initial 51% equity (subject to QLD Ministerial approval) for $200,000 cash and 500,000 ordinary Zenith shares, and
  - Option to purchase the remaining 49% equity for $300,000 cash and 3 million Zenith ordinary shares within 24 months,
  - Other industry standard terms and conditions (refer to deal terms at end of this release).

Commenting on the acquisition, Zenith Minerals Limited Chairman - Mike Joyce said;

"We are delighted to have secured the Develin Creek massive sulphide copper-zinc-gold project with its extensive landholdings covering 50km of host volcanics. We believe the area is highly prospective for further discoveries. VHMS style deposits like Develin Creek occur in clusters, and there has only been limited systematic exploration away from the main resource areas.

Zenith's technical team has already identified a number of brownfields resource extension targets as well as multiple regional targets in the existing datasets. The recent project wide airborne EM survey has identified numerous targets for ground testing, which we plan to start evaluating immediately.

This acquisition fits Zenith's strategy of adding great projects to the Company's portfolio at the bottom of the market".

ASX CODE: ZNC

Activities

Exploration /Development

- Earaheedy Manganese
- Kavaklitepe Gold
- Develin Creek Copper-Zinc-Gold
- Mt Minnie Gold
- Mt Alexander Magnetite Iron

Details as at Jun 2014

Issued Shares	112.3 m
Unlisted options	1.1 m
Mkt. Cap. ($0.08)	A$ 9.0m
Cash June 14	A$1.00m
Debt	Nil

Directors

Michael Clifford	Managing Director
Mike Joyce	Non ExecChairman
Stan Macdonald	Non Exec Director
Julian Goldsworthy	Non Exec Director

Major Shareholders

HSBC Custod. Nom.	9.3%
Giralia (Atlas Iron)	9.1%
Miquilini	5.3%
Tilbrook/Grey Willow	5.3%
Nada Granich	4.8%
Yandal Inv. PL	3.0%

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DEVELIN CREEK PROJECT SUMMARY

The Develin Creek base metals project is located 70km north-west of Rockhampton in Central Queensland and hosts several copper-zinc-gold-silver volcanic hosted massive sulphide (VHMS) deposits and covers an extensive belt of underexplored prospective volcanic rocks. Mineralisation comprises massive sulphide, stringer and breccia style copper-zinc-gold-silver deposits, hosted by basalts.

The Develin Creek deposits are of a style similar to those currently being mined by Sandfire Resources NL at DeGrussa and Independence Group NL at Jaguar, both deposits are located in Western Australia. These types of deposits typically occur in clusters making them attractive exploration targets.

The current JORC 2004 Inferred Resource estimate for the three main mineralized bodies (Sulphide City, Scorpion and Window) defined to date by drilling is: **1.76Mt grading 1.7% copper (Cu), 2% zinc (Zn) and 0.2g/t gold** (refer attached JORC compliant resource statement). The main deposits are shown in Figure 1 below.

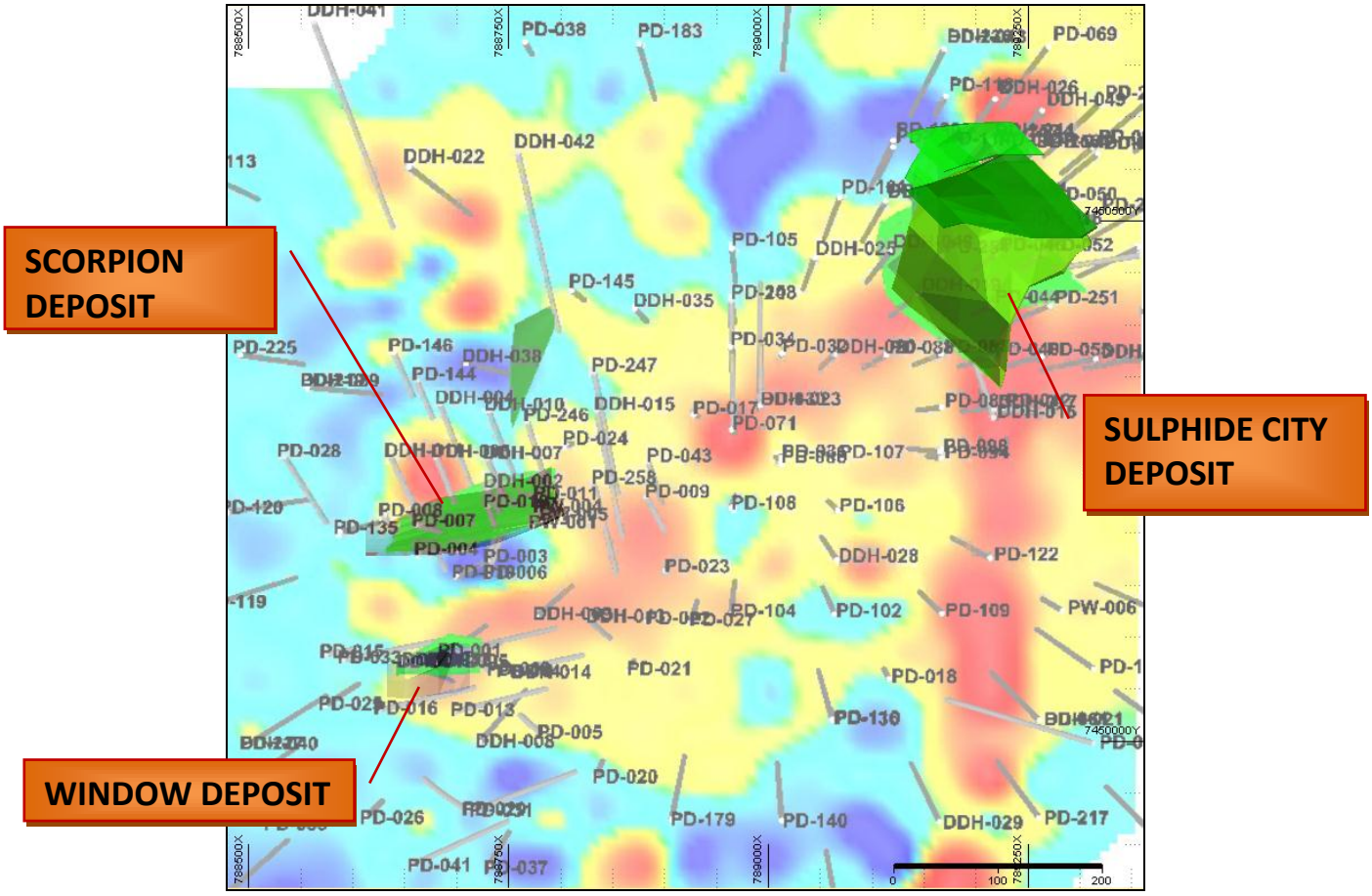

Figure 1: Develin Creek Resources – Plan View of Sulphide City, Scorpion and Window Deposits Overlying Image of IP Chargeability Anomaly (Red zones are high chargeability)

Sulphide City Deposit

The Sulphide City mineralisation consists of stockwork, disseminated and massive sulphide mineralisation. The main Sulphide City lens, outlined with a 1% copper equivalent cut-off, has a horizontal projection of about 300m x 150m. The lens varies from 2.5m to 29m in thickness and generally dipping 25-30° west-northwest. The main sulphide lens has been intersected at depth intervals between 80m and 200m. Better historic drill intersections (previously reported by Fitzroy Resources Limited to the ASX, 14th Oct 2010, 11th May 2011 and 28th Oct 2011) include:

- **DDH-016 14.5m @ 0.6% Cu and 4.3% Zn (includes 2.5m @ 12.0% Zn)**
- **DDH-044 11.3m @ 2.1% Cu, 5.9% Zn, 16g/t Ag and 1.21g/t Au**

- **PD-050 12.0m @ 2.1% Cu and 3.2% Zn**
- **PD-052 15.0m @ 3.1% Cu, 2.3% Zn**

The pyritic stringer mineralisation continues partly upwards above the Sulphide City lens to meet a second smaller lens rich in base metals called Sulphide Heights that may sub-crop at the edge of the Tertiary cover (see Figure 2).

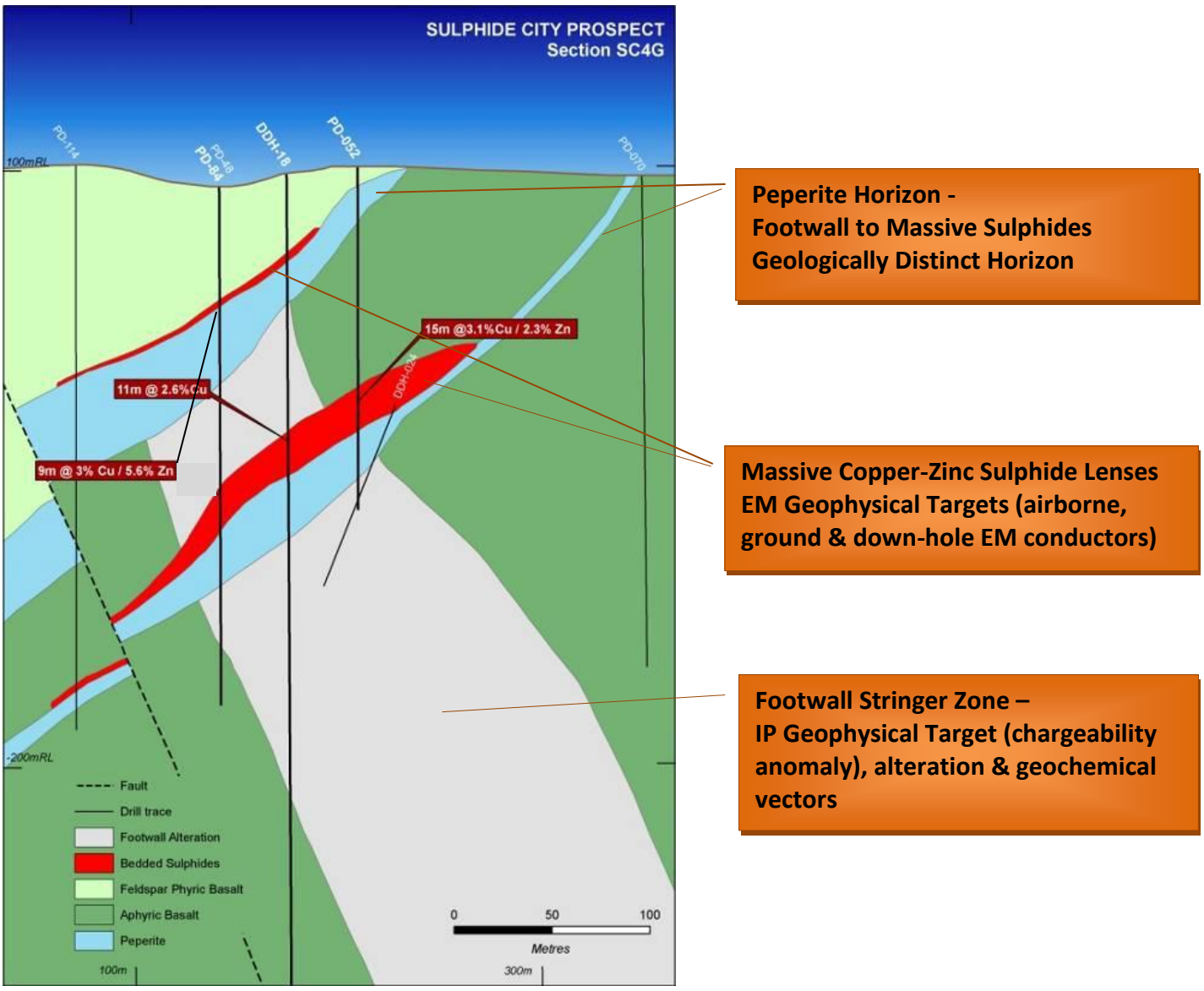

Figure 2: Sulphide City Deposit Cross Section

Scorpion Deposit

The Scorpion deposit, 500m south-west of the Sulphide City deposit occurs in a 400m X 200m zone in altered volcanic rocks, the sulphide body, 2.5m – 9.5m thick consists of brecciated massive sulphides grades up to 6% Cu, 9% Zn , 43g/t Ag and 1g/t Au and crops out as a small highly ferruginous gossan at the northern edge of a basement window within the Tertiary cover (Figure 3). Better historic drill results (previously reported by Fitzroy Resources Limited to the ASX, 14th Oct 2010 and 11th May2011) include:

- **DDH-001 21.6m @ 2.5% Cu, 1.5% Zn, 13g/t Ag, 0.5g/t Au, (includes 16.2m @ 3.2% Cu, 1.6% Zn)**
- **DDH-002 31.6m @ 1.5% Cu, 1.5% Zn,15g/t Ag and 0.3g/t Au (includes 16.7m @ 2.1% Cu, 2.0% Zn)**
- **DDH-007 24.0m @ 1.3% Cu, 1.9% Zn, 8g/t Ag and 0.3g/t Au (includes 14.0m @ 2.1% Cu, 2.8% Zn)**
- **PD-007 44.0m @1.6% Cu,1.0% Zn, 8g/t Ag, 0.3g/t Au, (includes 25.0m @ 2.6% Cu, 1.2% Zn, 10g/t Ag)**

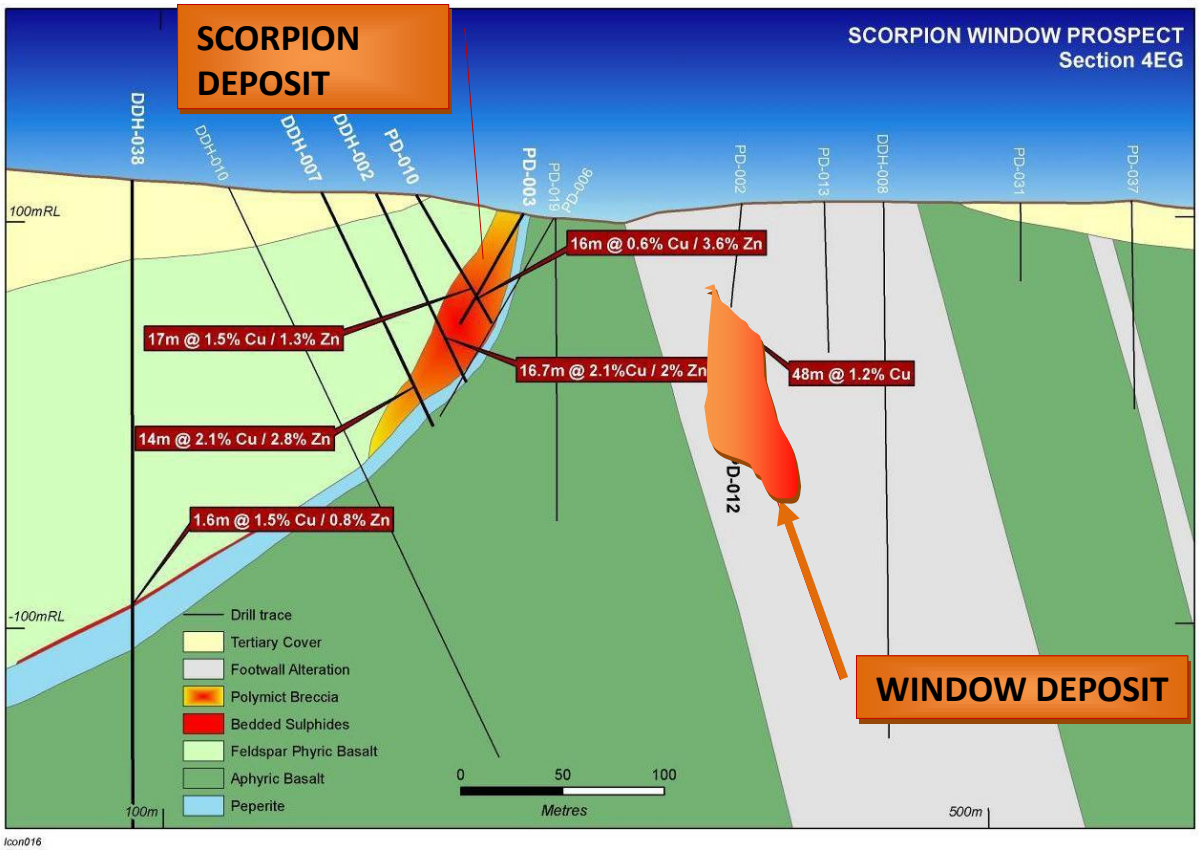

Figure 3: Scorpion and Window Deposits Cross Section

Window Deposit

The highly weathered Window mineralisation consists of steeply dipping chalcopyrite massive sulphides and sulphidic breccias with a 2m thick supergene blanket of covellite-chalcocite at 50m depth within a wider zone of stringer style mineralisation. The location and style of mineralisation indicates that the Window Deposit may be the partially eroded footwall stringer zone to the nearby Scorpion massive sulphide lenses (Figure 3). Better historic drilling results previously reported by Fitzroy Resources Limited to the ASX, 14th Oct 2010) include:

- **PD-012 84.0m @ 0.8% Cu (includes 48.0m @ 1.2%)**

DEVELIN CREEK - MINERAL RESOURCES

Inferred Resources (JORC (2004) code) were estimated for the Develin Creek Deposits and first reported to the ASX by Icon Resources Limited (2007) for the 3 known mineralised bodies, totalling **1.76Mt @ 1.71% copper, 2.05% zinc, 8.5g/t silver and 0.24g/t gold,** at a 1% Cu equivalent cut-off (as tabulated below).

Deposit	Tonnes	Cu% Grade	Zn% Grade	Ag g/t Grade	Au g/t Grade
SULPHIDE CITY	1,114,784	1.64	2.41	7.2	0.20
SCORPION	485,100	1.98	1.87	13.9	0.39
WINDOW	156,960	1.45	-	1.0	0.02
TOTAL	1,756,844	1.71	2.05	8.5	0.24

The estimates were calculated by Ms Fleur Muller BSc (Hons) MAusIMM, a fulltime employee of Geostat Services Pty Ltd. Zenith Minerals has not independently validated the resource estimates but presents them here as publically reported by Icon Resources Limited now Carbine Tungsten Limited (ASX release 28th Nov 2007) by the Competent Person responsible for them. The location of the 3 deposits is illustrated in Figure 2.

Note that subsequent to the resource estimates reported in 2007, drilling by Fitzroy extended mineralisation at the Sulphide City deposit by 200m to the south. Drilling intersections previously reported by Fitzroy (ASX Releases 28th July 2011, 28th Oct 2011 and 30th Jan 2012) that extend high-grade copper-zinc mineralisation to the north and south that are not included in the 2007 resource estimate above are shown in Figure 4 and include:

- **FRWD0002 - 13.5m @ 3.3% Cu, 4.0% Zn & 0.4g/t gold from 182m depth (40m south of resource)**
- **FRWD0004 - 1.05m @ 3.5% Cu, 1.7% Zn & 0.6g/t gold from 122.2m depth (140m south of resource)**
- **FRWD0001 - 0.69m @ 4.4% Cu, 1.6% Zn & 0.8g/t gold from 308.1m depth (50m north of resource)**
- **FRWC007 - 2.0m @ 0.23% Cu, 2.41% Zn & 2.51g/t silver from 74.0m depth (200m south of resource)**

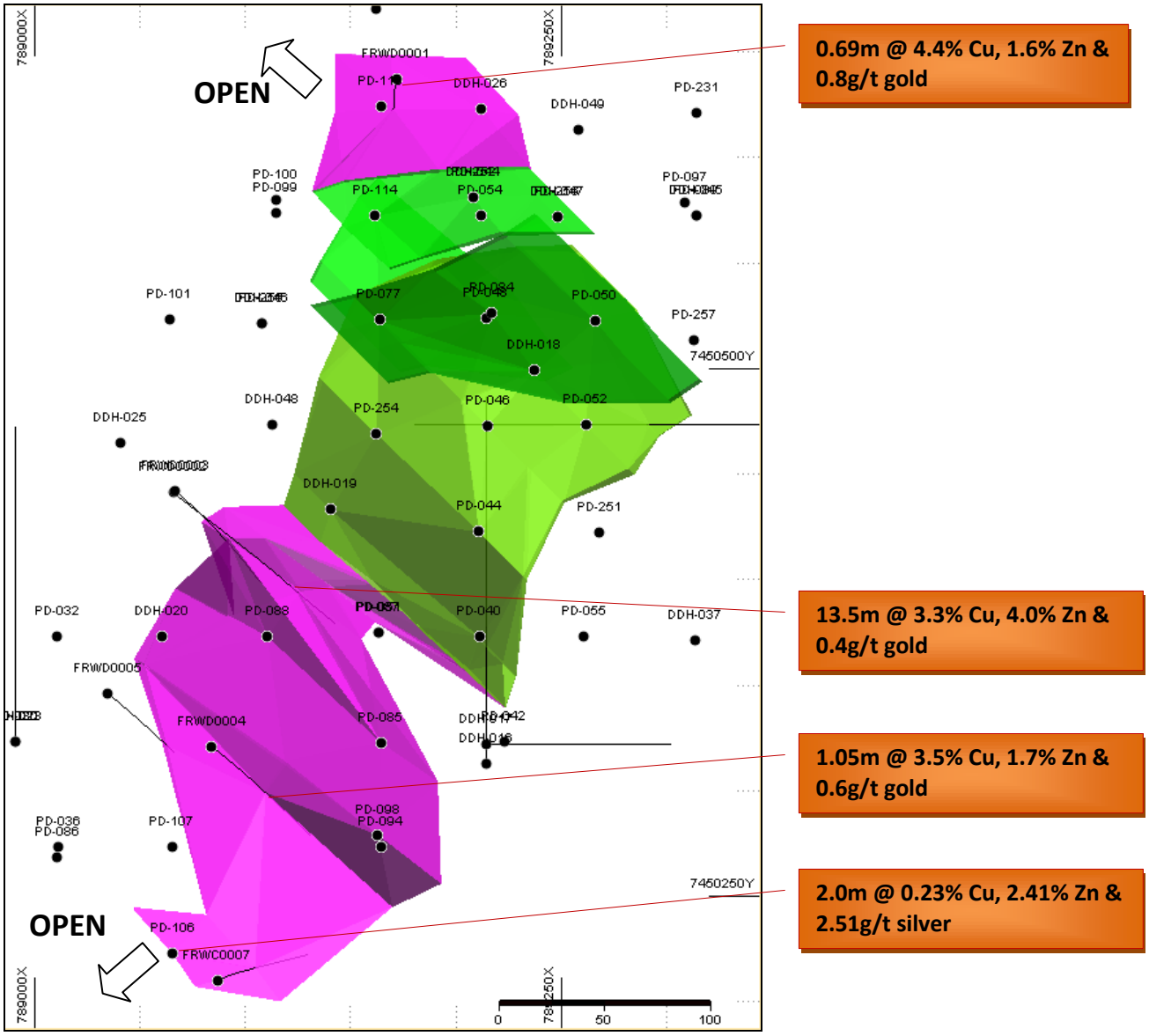

Figure 4: Sulphide City Deposit (Green) Showing Drill Extensions defined by Fitzroy Resources (Purple) (Note these intersections were not included in previous JORC 2004 Resource Estimate)

TARGETS AND PROPOSED PROGRAM

Significant potential exists to extend the currently defined copper-zinc-gold-silver deposits of Sulphide City, Scorpion and Window and to discover new mineralisation lenses in higher or lower stratigraphic positions.

Elsewhere within the project area, there is good potential to discover previously undetected VHMS mineralisation, in the extensive landholdings totalling 300km^2. Zenith now controls over 50km of strike length of prospective volcanic host rock sequence. The application of modern geophysical exploration technology offers an improved ability to see through areas of surficial cover to define new drilling targets. Testwork by Fitzroy and previous explorers clearly demonstrates that both IP and electromagnetic (EM) geophysical surveys are able to detect the disseminated and massive sulphide bodies respectively. Although IP geophysical coverage is limited to the area surrounding the known deposits the project wide HeliTEM survey has identified over 66 EM targets of which only a few have had cursory follow-up ground work.

Zenith is currently prioritising the many Develin Creek exploration targets it has identified for assessment and these will be the subject of a follow-up ASX release.

Field exploration programs are planned to commence in the current quarter.

DEVELIN CREEK - EXPLORATION HISTORY

Mineralisation was first identified in the Develin Creek project area in late 1992, when gossanous outcrop was located by Queensland Metals Corporation (QMC) over what is now the Scorpion deposit. Between 1993 and mid-1995, QMC undertook an extensive geological and geophysical exploration program focused on the Develin Creek area, with 45,531m of drilling in and around the Develin Creek deposits, 10,049m of percussion drilling was completed at nine prospects along the contact with younger Tertiary cover and 4,856m of drilling at the Comanche prospect in the southern extremity of the current Zenith tenure.

In July 1995, QMC entered into a joint venture agreement with Outokumpu Mining Australia Pty Ltd (OMA) to continue exploration. OMA withdrew from the joint venture in 1996 and QMC (later changed names to Australian Magnesium Corporation) maintained the tenements until relinquishment in 2002. Icon Limited (Icon) acquired the tenement and in 2007 completed a resource estimate for Sulphide City, Scorpion and Window from historical drilling data.

Fitzroy acquired the project from Icon and listed via prospectus dated October 2010 and subsequently completed a HeliTEM survey, minor DHEM, some geochemical sampling and drilling of 12 holes). Of those 12 holes, 6 diamond holes were drilled to the south and east of the Develin Creek resource. Drill hole FRWD0002 collared near the southern edge of the resource intersected 13.5m grading 3.3%Cu, 4.0%Zn, 0.5g/t Au and 30g/t Ag in massive sulphide from 182m. The mineralisation was intersected in a position that extends the known limits of the resource by around 40m to the south where it remains open to further upside. In addition Fitzroy completed 3 RC holes at the Lygon Prospect and a further 2 south of the Develin Creek resource area. Fitzroy's exploration efforts were significantly hampered over two field seasons by significant rainfall events including that associated with the devastating floods caused by cyclone Yasi in 2011.

GEOLOGY

The Early Permian Rookwood Volcanics, the host sequence to the Develin Creek copper-zinc-gold deposits form a north-south orientated belt that extends 50km along the length of Zenith's Develin Creek Project (Figure 4). There are two main areas of the prospective Rookwood Volcanics within the project area: the Develin Creek area in the north and Comanche area to the south. These are separated by an extensive area of surficial cover rocks including: lateritised Cretaceous and Tertiary sandstone and conglomerate, as well as Quaternary alluvium.

Within the project area, the Rookwood Volcanics consist of submarine pillow basalt flows, hyaloclastite, high-level basaltic sills and dykes, and minor mudstone and sandstone. Felsic units, including rhyodacite and dacite tuff, are minor in proportion and generally preserved near the top of the unit. Thin peperite horizons formed during lava emplacement. Siliceous chert and red jasper are present as thin layers or small pods through the sequence. Magnetite-bearing black mudstones, massive sulphide beds and polymict breccias are also locally present.

In addition to the main Sulphide City, Scorpion and Window deposits there are numerous other prospects within the project area that are less well explored. These show various levels of base and precious metal anomalies associated with surface gossan development. They include Comanche, Redback, Tarantula, Sulphide Suburb, Ten Mile Creek and Planet Pyrite (Figure 5).

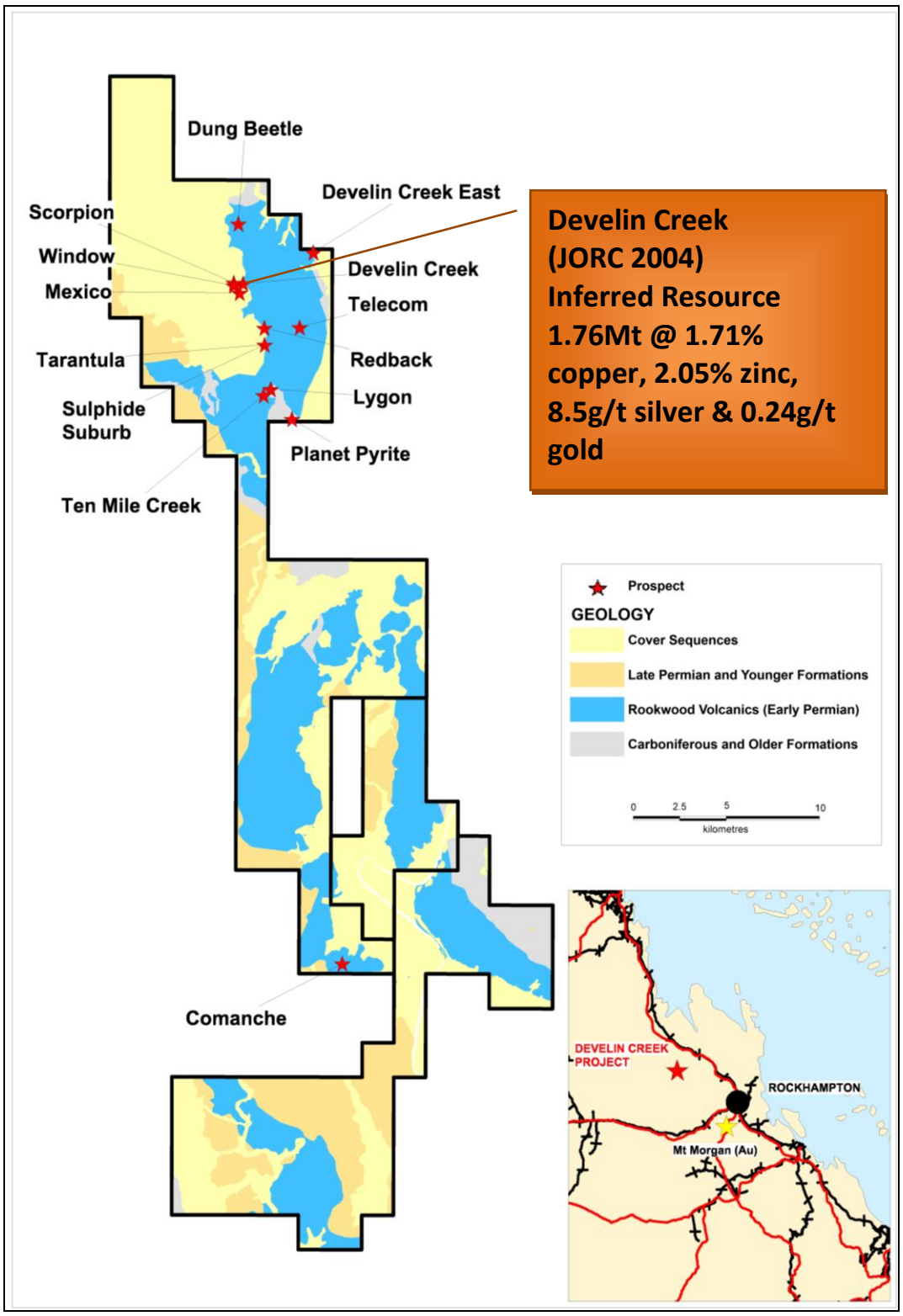

Figure 5: Map of the Develin Creek Region - Showing the Resource Area and Key Prospects

DEAL TERMS

Key Terms of the Develin Creek Sale and Option Agreement are as follows:

- Up-front cash payment of $200k and 0.5 million ordinary Zenith Minerals Limited shares to purchase 51% equity,
- An exclusive 24 month period within which Zenith has the option to purchase the remaining 49% equity in the Develin Creek project at Zenith's election, the 24 month period will include an automatic extension period when there is bona fide no or limited access to the project site due to major rainfall events or events beyond Zenith's control,
- An option exercise fee of $300k cash and 3 million ordinary Zenith Minerals Limited shares to acquire the remaining 49% equity,
- If after 24 months Zenith decides at its absolute discretion not to purchase the remaining 49% equity, then:
    - The companies will either form a joint venture to progress the evaluation of the project with normal industry contribution and dilution clauses or
    - Fitzroy has a one-off opportunity to buy-back 100% of the project for cash consideration equal to the greater of $200k or 50% of the total expenditure incurred by Zenith during the option period.

Zenith Minerals Limited **7th July 2014**

For further information contact;

Directors Michael Clifford or Mike Joyce

Phone 08 9226 1110

This information in this Report that relates to in-situ Mineral Resources at the Develin Creek project is extracted from the 28th November 2007 ASX release by Icon Resources (now Carbine Tungsten Limited) entitled 'Exploration Update' which is available to view on the ASX's website. The Mineral Resource estimate was prepared and first disclosed under the JORC Code 2004, and is based on information compiled by Fleur Muller an employee of Geostat services Pty Ltd. Fleur Muller takes overall responsibility for the Mineral Resource estimate. She is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity she is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 and 2012 Editions). Ms Muller consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

This information was prepared and first disclosed to the ASX on the 28th November 2007 under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 28th November 2007 market announcement, and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the 28th November 2007 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 announcement.

The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith Minerals Limited. Mr Clifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Clifford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.