



Zenith Minerals Limited
ABN: 96 119 397 938

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Date of Meeting: Friday, 17th November 2023
Time of Meeting: 10.00 am WST
Place of Meeting: PKF Perth
Level 5, 35 Havelock Street, WEST PERTH WA 6005

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Zenith Minerals Limited will be held at PKF Perth, Level 5, 35 Havelock Street, West Perth, Western Australia, at 10.00 am WST on Friday, 17th November 2023.

AGENDA

ORDINARY BUSINESS

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2023 Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2023.

Note: There is no requirement for Shareholders to approve these reports.

RESOLUTIONS

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following Resolution as a **non-binding advisory resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual Remuneration Report as set out in the Directors' Report for the financial year ending 30 June 2023."

Please note that in accordance with section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any member of the Key Management Personnel whose remuneration is included in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote cast on this Resolution by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR STANLEY MACDONALD

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

"That, Mr Stanley Macdonald, who retires as a Director of Zenith Minerals Limited, pursuant to clause 12.3 of the Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

SPECIAL BUSINESS

3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 391,466 ORDINARY SHARES TO LODED DOG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue under Listing Rule 7.1 of 391,466 Shares to Loded Dog on 19 January 2023, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Loded Dog and any Associates of Loded Dog. However, this does not apply to a vote cast in favour of this resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 674,839 ORDINARY SHARES TO KMA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue under Listing Rule 7.1 of 674,839 Shares to KMA on 22 May 2023, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of KMA and any Associates of KMA. However, this does not apply to a vote cast in favour of this resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely by reason of being a holder of ordinary securities) if the Resolution is passed, or any Associate of those persons. However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Important note: The persons to whom any Equity Securities under the Additional 10% Placement Facility may be issued to are not as yet known or identified. In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

BY ORDER OF THE BOARD

Nicholas Ong

Company Secretary

13 October 2023

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- a) each Shareholder has a right to appoint a proxy;
- b) the proxy need not be a Shareholder of the Company; and
- c) a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- a) if proxy holders vote, they must cast all directed proxies as directed; and
- b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEDT) on 15 November 2023.

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Voting by poll

All Resolutions under this Notice will be determined by poll.

Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at info@zenithminerals.com.au by 7:00pm (AEDT) on 15 November 2023.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. Shareholders are limited to a maximum of two questions each (including any submitted in advance of the Meeting). The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9226 1110.

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The 2023 Annual Financial Report for the period ended 30 June 2023 (including the financial statements, Directors' Reports and Auditor's Report) is tabled for the information of Shareholders. A copy of the 2023 Annual Financial Report can be accessed on-line at www.zenithminerals.com.au. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve this report and no vote will be taken on the 2023 Annual Financial Report.

However, time will be allowed during the Annual General Meeting for consideration by Shareholders of the Annual Financial Report (including the associated Directors' Report and Auditor's Reports).

The Company's auditor, PKF Perth, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5.00pm (WST) on Wednesday, 15th November 2023:

In person at: Level 2, 33 Ord Street, West Perth, Western Australia

By post to: PO Box 1426, West Perth WA 6872

By email to: info@zenithminerals.com.au.

1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the year ended 30 June 2023 is set out in the 2023 Annual Financial Report and is also available on the Company's website at www.zenithminerals.com.au.

The Remuneration Report includes an explanation of the Company's remuneration policies and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, then the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote. If the Company's remuneration report receives at least 25% of the votes cast against its adoption at two consecutive annual general meetings (that is 'two strikes'), the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting (**Spill Meeting**) to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of that second annual general meeting. All of the Directors who were in office when the Company's Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company. Further information will be

provided on the Spill Resolution and Spill Meeting for any annual general meeting at which the Company may face a 'second strike'.

The Company's remuneration report for the financial year ended 30 June 2022 did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 28 November 2022. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the Remuneration Report are against the adoption of the Remuneration Report.

1.1 Board recommendations

The Board unanimously recommends Shareholders vote in favour of this Resolution.

The Chair intends to vote all available proxies to the extent expressly authorised in favour of Resolution 1.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR STANLEY MACDONALD

Pursuant to Listing Rule 14.4 and clause 12.3 of the Constitution, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

For this reason, Mr Stanley Macdonald retires as a Director of the Company and offers himself for re-election.

Further details about Mr Stanley Macdonald are set out in the Company's 2023 Annual Report which is available on the Company's website at www.zenithminerals.com.au.

2.1 Voting consequences

If Shareholders do not vote in favour of Resolution 2, Mr Stanley Macdonald will not be re-elected as a Director of the Company and will retire at the conclusion of the Annual General Meeting.

If Shareholders vote in favour of Resolution 2, Mr Stanley Macdonald will be re-elected as a Director of the Company.

2.2 Board Recommendation

The Directors (other than Mr Stanley Macdonald) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 391,466 ORDINARY SHARES TO LODED DOG

3.1 Background

On 19 January 2023, the Company announced that it had entered into an option agreement with Loded Dog Prospecting Pty Ltd (ACN 147 675 492) (**Loded Dog**) to acquire up to a 100% interest in the Hayes Hill Lithium-Nickel Project located in the Norseman-Widgiemooltha area of Western Australia (**Hayes Hill Option Agreement**). As part of the consideration under the Hayes Hill Option Agreement, the Company issued Loded Dog 391,466 Shares using the Company's 15% placement capacity under Listing Rule 7.1 (**Hayes Hill Vendor Shares**).

A summary of the material terms of the Hayes Hill Option Agreement is contained in Section 3.2(g) of this Notice of Annual General Meeting.

For further information in relation to the Hayes Hill Lithium-Nickel Project and subsequent updates please refer to the Company's ASX announcements dated 19 January 2023, 5 July 2023 and 3 August 2023 respectively. Each of these announcements are available on the Company's website at www.zenithminerals.com.au.

As at the date of this Notice of Meeting, the Company has not exercised its option under the Hayes Hill Option Agreement.

The purpose of Resolution 3 is for Shareholders to ratify the issue of the Hayes Hill Vendor Shares.

3.2 Regulatory Requirements

As noted at Section 3.1, the Company issued the Hayes Hill Vendor Shares on 19 January 2023 under Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Hayes Hill Vendor Share issue does not fit within any of the exceptions under Listing Rule 7.1 and as the Hayes Hill Vendor Share issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing Zenith's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of Hayes Hill Vendor Share issue.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

Zenith wishes to maintain as much flexibility as possible to issue additional equity securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 3 seeks shareholder approval of the Hayes Hill Vendor Share issue under and for the purposes of Listing Rule 7.4.

If Resolution 3 is passed, the Hayes Hill Vendor Shares will be excluded in calculating Zenith's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Hayes Hill Vendor Share issue.

If Resolution 3 is not passed, the Hayes Hill Vendor Shares will be included in calculating Zenith's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Hayes Hill Vendor Share issue.

The Hayes Hill Vendor Shares issued, for which approval and ratification is sought under Resolution 3, comprise approximately [0.11]%¹ of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolution 3:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Hayes Hill Vendor Shares under Resolution 3 were issued to Loded Dog, as announced to the ASX on 19 January 2023.

Loded Dog is not a related party or material investor in the Company.²

(b) **Number of securities issued**

Under Resolution 3, the Company seeks from Shareholders approval for, and ratification of, the issue of 391,466 Hayes Hill Vendor Shares.

¹ This percentage is based on the total number of ZNC shares and options on at the date of this Notice of Annual General Meeting, being 364,130,883 (rounded to two decimal places).

² ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

(c) **Terms of the securities**

The Hayes Hill Vendor Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Hayes Hill Vendor Shares.

(d) **Date of issue**

The Hayes Hill Vendor Shares were issued on 19 January 2023.

(e) **Issue price or other consideration**

The Hayes Hill Vendor Shares were issued in part consideration under the Hayes Hill Option Agreement, for an aggregate value of \$100,000.

(f) **Purpose of the issue**

The issue of the Hayes Hill Vendor Shares formed part of the consideration paid to Loded Dog pursuant to the Hayes Hill Option Agreement.

(g) **Relevant agreement**

The Hayes Hill Vendor Shares were issued pursuant to the Hayes Hill Option Agreement, the material terms of which are summarised below:

- (i) **(Option)** the Company has acquired the option to acquire up to a 100% interest in the Hayes Hill Lithium Project;
- (ii) **(Consideration)** \$150,000 (excluding GST) in cash and Shares to the value of \$100,000;
- (iii) **(Initial Option Term)** the initial term of the Option is 14 months, during which time the Company must expend \$375,000 on exploration expenditure (or pay to Loded Dog any shortfall of this amount) **(Exploration Expenditure)**;
- (iv) **(Option Exercise Price)** upon the Company incurring the requisite Exploration Expenditure within the Initial Option Term, it may elect to exercise the Option to acquire an 80% interest in the Hayes Hill Lithium Project for consideration of \$700,000;
- (v) **(Unincorporated Joint Venture)** if the Company elects to pay the Option Exercise Price, it will form an unincorporated joint venture with Loded Dog, with the latter holding the residual 20% free carried interest in the Hayes Hill Lithium Project;
- (vi) **(Lithium Production Payment)** on the formation of the Unincorporated Joint Venture, the Company must pay to Loded Dog a lithium production payment of \$2,000,000 within 6 months of the earlier of the following occurring, or if the Company does not have sufficient free cash flow to make that payment within 6 months then in two equal instalments on the first and second anniversary of the earlier of the following:
 - (A) the date of the first commercial shipment of lithium minerals; or
 - (B) the date of the first toll treatment of lithium minerals;
- (vii) **(Buy-Out Election)** the Company retains the right to acquire the remaining 20% of the Hayes Hill Lithium Project for consideration of \$8,000,000 within 3 years from the payment of the Option Exercise Price;
- (viii) **(Royalty)** if the Company makes the Buy-Out Election, it must grant a 1.5% net smelter royalty to Loded Dog on all minerals other than lithium on the tenements that comprise the Hayes Hill Lithium Project; and
- (ix) **(Other)** the Hayes Hill Option Agreement contains other clauses, including warranties, that are considered standard for agreements of its nature.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice of General Meeting preceding this Explanatory Statement.

4.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities under Listing Rule 7.1 during the next 12 months without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 674,839 ORDINARY SHARES TO KMA

4.1 Background

On 22 May 2023, the Company announced that it had entered into an option agreement with Kalgoorlie Mining Associates Pty Ltd (ACN 139 197 130) (**KMA**) to acquire up to a 100% interest in the lithium and rare earth mineral rights relating to the Yilmia Lithium Project located in the Coolgardie region of Western Australia (**Yilmia Option Agreement**). As part of the consideration under the Yilmia Option Agreement, the Company issued KMA 674,839 Shares using the Company's 15% placement capacity under Listing Rule 7.1 (**Yilmia Vendor Shares**).

A summary of the material terms of the Yilmia Option Agreement is contained in Section 4.2(g) of this Notice of Annual General Meeting.

For further information in relation to the Yilmia Lithium Project and subsequent updates please refer to the Company's ASX announcements dated 22 May 2023 and 4 October 2023 respectively. Each of these announcements are available on the Company's website at www.zenithminerals.com.au.

As at the date of this Notice of the Meeting, the Company has not exercised its option under the Yilmia Option Agreement.

The purpose of Resolution 4 is for Shareholders to ratify the issue of the Yilmia Vendor Shares.

4.2 Regulatory Requirements

As noted at section 4.1, the Company issued the Yilmia Vendor Shares on 22 May 2023 under Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Yilmia Vendor Share issue does not fit within any of the exceptions under Listing Rule 7.1 and as the Yilmia Vendor Share issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing Zenith's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of Yilmia Vendor Share issue.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

Zenith wishes to maintain as much flexibility as possible to issue additional equity securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 4 seeks shareholder approval of the Yilmia Vendor Share issue under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the Yilmia Vendor Shares will be excluded in calculating Zenith's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Yilmia Vendor Share issue.

If Resolution 4 is not passed, the Yilmia Vendor Shares will be included in calculating Zenith's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Yilmia Vendor Share issue.

The Yilmia Vendor Shares issued, for which approval and ratification is sought under Resolution 4, comprise approximately [0.18]³ of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolution 4:

(b) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Yilmia Vendor Shares under Resolution 4 were issued to KMA, as announced to the ASX on 22 May 2023.

KMA is not a related party or material investor in the Company.⁴

(i) **Number of securities issued**

Under Resolution 4, the Company seeks from Shareholders approval for, and ratification of, the issue of 674,839 Yilmia Vendor Shares.

(j) **Terms of the securities**

The Yilmia Vendor Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Yilmia Vendor Shares.

(k) **Date of issue**

The Yilmia Vendor Shares were issued on 22 May 2023.

(l) **Issue price or other consideration**

The Yilmia Vendor Shares were issued in part consideration under the Yilmia Option Agreement, for an aggregate value of \$100,000.

(m) **Purpose of the issue**

The issue of the Yilmia Vendor Shares formed part of the consideration paid to KMA pursuant to the Yilmia Option Agreement.

(n) **Relevant agreement**

The Yilmia Vendor Shares were issued pursuant to the Yilmia Option Agreement, the material terms of which are summarised below:

- (i) **(Option)** the Company has acquired the option to acquire up to a 100% interest in the lithium and rare earth mineral rights in two exploration licenses (namely E15/1760 and E15/1783) which comprise the Yilmia Lithium Project **(Mineral Rights)**;
- (ii) **(Consideration)** \$100,000 (excluding GST) in cash and Shares to the value of \$100,000;
- (iii) **(Initial Option Term)** the initial term of the Option is 3 years, during which time the Company must expend \$200,000 on exploration expenditure **(Exploration Expenditure)**;

³ This percentage is based on the total number of ZNC shares and options on at the date of this Notice of Annual General Meeting, being 364,130,883 (rounded to two decimal places).

⁴ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

- (iv) **(Option Exercise Price)** upon the Company incurring the requisite Exploration Expenditure within the Initial Option Term, it may elect to exercise the Option to acquire a 70% interest in the Mineral Rights for consideration of \$500,000;
 - (v) **(Unincorporated Joint Venture)** if the Company elects to pay the Option Exercise Price, it will form an unincorporated joint venture with KMA, with the latter holding the residual 30% free carried interest in the Mineral Rights;
 - (vi) **(Buy-Out Election)** the Company retains the right to acquire the remaining 30% of the Mineral Rights for consideration of \$5,000,000 within 6 years of the payment of the Option Exercise Price;
 - (vii) **(Retained Mineral Rights)** KMA will retain the rights to minerals other than the Mineral Rights pursuant to a mineral rights deed to be executed on or prior to the date that the Company pays the Option Exercise Price; and
 - (viii) **(Other)** the Yilmia Option Agreement contains other clauses, including warranties, that are considered standard for agreements of its nature.
- (o) **Voting exclusion statement**
- A voting exclusion statement for Resolution 4 is included in the Notice of General Meeting preceding this Explanatory Statement.

4.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities under Listing Rule 7.1 during the next 12 months without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

5.1 Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its member, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Additional 10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting

The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- (1) plus the number of fully paid shares issued in the 12-months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
 - (2) plus the number of fully paid shares issued in the 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - a. the convertible securities were issued or agreed to be issued before the 12 month period; or

- b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;
- (3) plus the number of fully paid shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - a. the agreement was entered into before the 12 month period; or
 - b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;
- (4) plus the number of partly paid shares that became fully paid in the 12-months;
- (5) plus the number of fully paid shares issued in the 12-months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (6) less the number of fully paid shares cancelled in the 12-months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

“relevant period” means the 12 month period immediately preceding the date of the issue or agreement.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(c) below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to a combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities (i.e. the Additional 10% Placement Capacity) without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

5.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

(a) **Issue Period**

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period and that the approval will cease to be valid in the event that holders of the eligible entity's ordinary securities approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(b) **Minimum Issue Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (b)(i) above, the date on which the Equity Securities are issued.

(c) **Purpose of Issues**

The Company will only seek to issue the Equity Securities for cash consideration for the following purposes:

- (i) an acquisition of new assets or investments (including expense associated with such acquisition);
- (ii) continued exploration and scoping and feasibility study expenditure on the Company's current assets; and
- (iii) general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.3.

(d) **Dilution**

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues.

There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The below table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 or Listing Rule 10.11 that are approved at a Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2	Dilution			
		\$0.05 50% decrease in Issue Price	\$0.10 Issue Price	\$0.15 50% increase in Issue Price
Current Variable A 352,380,883 Shares	10% voting dilution	35,238,088	35,238,088	35,238,088
	Funds raised	\$1,761,904	\$3,523,809	\$5,285,713
50% increase in current Variable A 528,571,324 Shares	10% voting dilution	52,857,132	52,857,132	52,857,132
	Funds raised	\$2,642,857	\$5,285,713	\$7,928,570
100% increase in current Variable A 704,761,766 Shares	10% voting dilution	70,476,176	70,476,176	70,476,176
	Funds raised	\$3,523,809	\$7,047,618	\$10,571,426

The table has been prepared on the following assumptions:

1. Variable A has been calculated in accordance with the formula in Listing Rule 7.1A.2 as at 10 October 2023.
2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
3. No Options are exercised into Shares before the date of the issue of the Equity Securities.
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
5. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
7. The issue price is 10 cents, being the closing price of the Shares on ASX on 10 October 2023.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued to will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue, a placement and a pro rata offer, a placement and an offer under securities purchase plan or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders.

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will not include related parties of the Company.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A.**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2022 annual general meeting on 28 November 2022.

In the 12 months preceding this Notice of Annual General Meeting, the Company has not issued any Shares under Listing Rule 7.1A.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom any Equity Securities may be issued to under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

5.3 Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.

GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires.

2023 Annual Financial Report	The Company's annual report dated 28 th September 2023.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Listing Rules.
ASX	ASX Limited.
Board	board of Directors.
Chair	chairperson of the Annual General Meeting.
Company or Zenith	Zenith Minerals Limited ACN 119 397 938.
Company Secretary	the company secretary of the Company.
Constitution	the constitution of the Company adopted on 17 May 2023.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Directors' Report	the annual directors' report of the Company.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of Annual General Meeting.
Hayes Hill Lithium -Nickel Project	Means the Hayes Hill Lithium-Nickel Project, located in the Norseman–Widgiemooltha area of Western Australia.
Hayes Hill Option Agreement	has the meaning given to that term in Section 3.1 of the Explanatory Statement.
Hayes Hill Vendor Shares	has the meaning given to that term in Section 3.1 of the Explanatory Statement.
Key Management Personnel	key management personnel of the Company (as defined in section 9 of the Corporations Act).
KMA	Kalgoorlie Mining Associates Pty Ltd (ACN 139 197 130).
Listing Rules	listing rules of the ASX.
Loded Dog	Loded Dog Prospecting Pty Ltd (ACN 147 675 492).
Meeting or Annual General Meeting	the annual general meeting convened by this Notice of Annual General Meeting.
Notice or Notice of Annual General Meeting or Notice of Meeting	this notice of Annual General Meeting.
Option	an option to subscribe for a Share.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.
Remuneration Report	the Company's remuneration report for the year ended 30 June 2023.
Resolution	Resolution contained in this Notice of Annual General Meeting.
Section	means a section of this Notice of Annual General Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
Spill Meeting	has the meaning given in Section 1 of this Notice of Annual General Meeting.
Spill Resolution	has the meaning given in Section 1 of this Notice of Annual General Meeting.
VWAP	volume weighted average price.
WST	Australian Western Standard Time.
Yilmia Lithium Project	means the Yilmia Lithium Project located in the Coolgardie region of Western Australia.
Yilmia Option Agreement	has the meaning given in Section 4.1 of this Notice of Annual General Meeting.
Yilmia Vendor Shares	has the meaning given in Section 4.1 of this Notice of Annual General Meeting.

Your proxy voting instruction must be received by **10.00am (AWST) on Wednesday, 15 November 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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