Zenith
Minerals
Limited
ABN 96 119 397 938

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

TABLE OF CONTENTS

CORPORATE INFORMATION

DIRECTORS

Rodney M Joyce (Non-Executive Chairman)

Michael J Clifford (Managing Director)

Stanley A Macdonald (Non-Executive Director)

Julian D Goldsworthy (Non-Executive Director)

COMPANY SECRETARY

Melinda Nelmes

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

2nd Floor
33 Ord Street
WEST PERTH WA 6005
PO Box 1426
WEST PERTH WA 6872
Telephone: +61 (0)8 9226 1110
Facsimile: +61 (0)8 9481 0411
Email: info@zenithminerals.com.au
Website: www.zenithminerals.com.au

SHARE REGISTER

Security Transfer Australia
770 Canning Highway
APPLECROSS WA 6153
Telephone: 1300 992 916
From Overseas: +61 3 9628 2200
Facsimile: +61 (0)8 9315 2233

AUDITORS

PKF Mack
Level 5/ 35 Havelock Street
WEST PERTH WA 6005
Telephone: +61 (0)8 9322 2798
Facsimile: +61 (0)8 9481 2019

SOLICITORS

Allion Legal
863 Hay Street
PERTH WA 6000
Telephone: +61 (0)8 9216 7100
Facsimile: +61 (0)8 9324 1075

BANKERS

ANZ
1275 Hay Street
WEST PERTH WA 6005
Telephone: +61 (0)8 9216 0724
Facsimile: +61 (0)8 9321 8658

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: ZNC

Dear fellow shareholders,

The 2016–2017 financial year was a very busy one for the Company, encouraged by increasing market interest in resource stocks particularly those with gold and lithium assets.

In a process commenced last year, we identified and secured a series of new lithium projects in the Americas. In the USA the Company added to its San Domingo pegmatite project in Arizona by optioning the Burro Creek lithium clay project, and staking the Wilson Salt Flat and Spencer salt lake brine targets in Nevada, while in Mexico the Zacetecas salar brine project was identified and staked.

In March 2017 the Company announced that it had attracted an earn-in joint venture partner for the USA Mexico lithium portfolio, with prominent UK investor Jim Mellon through his private company Bradda Head agreeing to a funding package of US$5 million of in-ground expenditure and a A$2million cash injection into Zenith.

Activities funded by Bradda Head to date have included surface sampling and a recent initial shallow auger program in Mexico, plus electrical geophysics, and metallurgy on US projects.

A 25 hole maiden drilling program at the Kavaklitepe gold project in Turkey in late 2016 funded by our joint venture partner (a Turkish subsidiary of Teck) returned some very exciting results including 16m @ 4.7 g/t Au, 9 m @ 5.2 g/t Au and 7.8 m @ 7.3 g/t Au. Drilling for the 2017 field season is anticipated to commence in September, with a program planned to extend and infill mineralization defined to date.

Zenith commenced work on its new 100% owned Split Rocks project in the Forrestania Greenstone Belt of Western Australia, close to significant lithium discoveries announced by competitors. We have also reported encouraging early results for gold at Split Rocks. Elsewhere in Australia new lithium targets were generated and applied for at Pollapa and Waratah Well.

We further expanded our interests in Queensland and continued to explore the 100% owned Develin Creek copper-zinc-gold-silver project in Queensland, where we have a current JORC Mineral Resource of 2.57 million tonnes of massive sulphide, and numerous new drill targets over 50 km of strike.

After the end of the financial year the Company announced the acquisition of the Tate River gold project, and a silver gold anomaly at Red Mountain in Queensland.

We also continue to hold existing JORC Mineral Resources at our Mt Alexander magnetite iron and Earaheedy manganese projects under retention status.

On behalf of the Board I again thank Zenith's hard working management, technical and administrative team for their efforts.

Rodney (Mike) Joyce
Chairman
27 September 2017

Exploration and Development Activities

Projects Overview

During the last 12 months the Company has significantly advanced its project portfolio.

In Turkey drilling was highly successful in late 2016 with the intersection of high-grade bedrock gold at the Kavaklitepe project, follow-up drilling will commence in earnest shortly with a large drill program to scope out the size of the gold mineralized system anticipated to be completed by year end 2017.

Via the American lithium joint venture our partner is funding exploration activities aimed at assessing three lithium brine targets, one lithium pegmatite play and preparing a lithium clay project for initial resource drilling.

In Australia the company has continued to implement its strategy of being an exploration project generator. On the gold front it has advanced its gold targets at Split Rocks to drill status whilst at the Tate River gold project in north Queensland, subject to an option to earn a 70% interest, initial trenching has defined widespread gold mineralisation at surface.

With respect to lithium in Australia the company now controls a large ground holding at Split Rocks in the Forrestania greenstone belt adjacent to Kidman Resources' Earl Grey lithium deposit.

At the 100% owned Develin Creek copper-zinc-gold-silver project in central Queensland a breakthrough on understanding the massive sulphide deposit host rock sequences will hopefully lead to the discovery of new copper-zinc deposits (Figure 1).

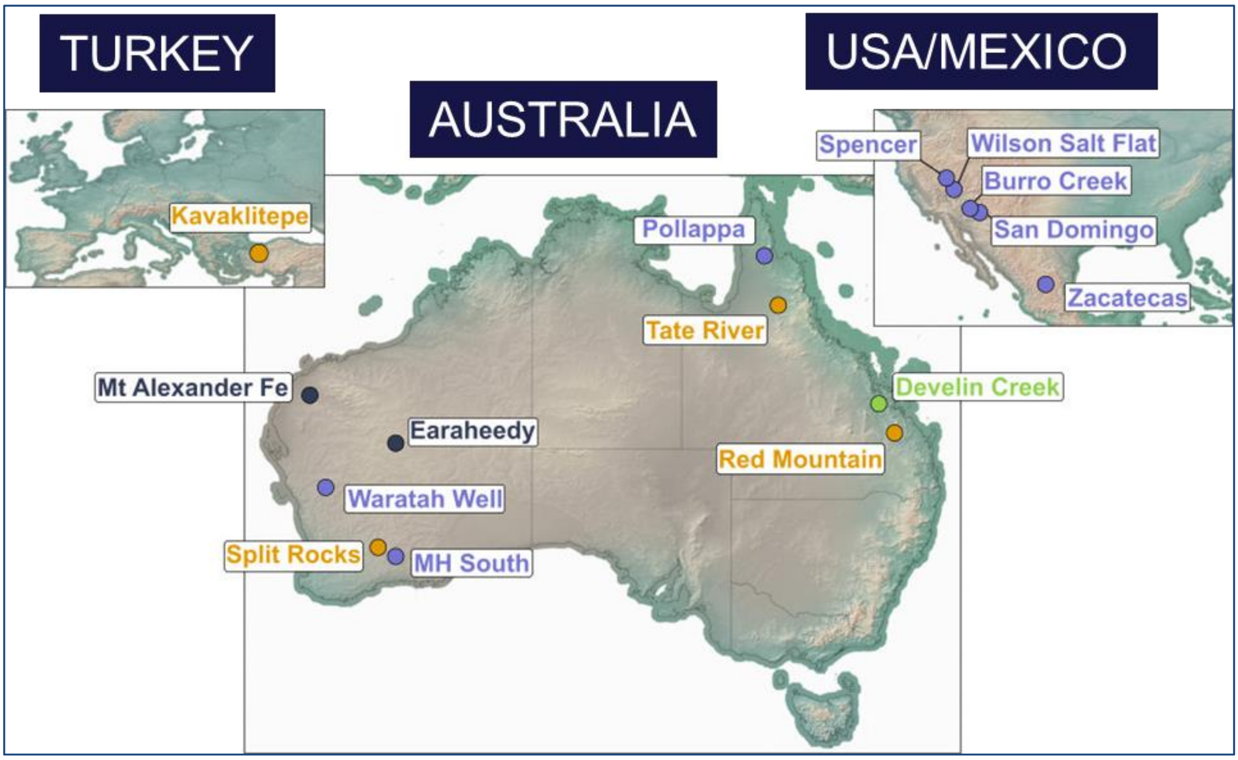

Figure 1: Zenith Project Locations

KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith 30%)

- **Two coherent plus 800 metre long, high order gold in soil anomalies (+50 ppb), with peak soil sample values over 1 g/t gold;**
- **Continuous rock chip of 54.0 metres grading 3.33 g/t gold, including 21.5 metres grading 7.2 g/t gold within the northwest soil anomaly (Kuzey Zone);**
- **Continuous rock chip of 21 metres grading 2.67 g/t gold at the Discovery Zone, and 12 metres @ 2.5 g/t gold at the Guney Zone;**
- **Strong chargeable IP geophysical anomaly identified directly beneath high-grade surface rock chip samples (7.68, 22.7 g/t gold) and gold in soil (up to 6.05 g/t gold) at the Kuzey Zone;**
- **2016 drill results include: 16m @ 4.7 g/t, 9m @ 5.2g/t and 7.8m @ 7.3g/t Au.**

During 2016 the maiden short-hole diamond drilling program using a mobile rig was completed at the Kavaklitepe gold project in western Turkey. Zenith considers the 2016 program to have been successful with sulphide-related gold mineralisation being discovered at both the Discovery Zone and Kuzey Zone, and with near surface high-grade oxide and transition gold mineralisation also intersected at Kuzey.

In summary a total of 2558.5m of drilling was completed in twenty-five short diamond drill holes KT-01 to KT-25, & KT-06A at the three target zones: Kuzey, Discovery and Guney during the 2016 exploration campaign.

- Kuzey Zone 11 holes (KT-01 to KT-11, including KT-06A);
- Guney Zone 11 holes (KT-12 to KT-17 & KT-19 to KT-22 & KT-24 to KT-25) and
- Discovery Zone 2 holes (KT-18A and KT-23).

Kuzey Zone

Drilling completed this year has provided an initial wide spaced test of only 360m of the 900m by 250m wide Kuzey Zone gold-in-soil anomaly target (Figure 2).

Drill results previously reported (5th October 2016) from the Kuzey Zone include: hole KT-09; an overall 67.7m gold mineralised zone from 46.2 to end of hole at 113.9m (true width unknown) including several zones of higher grade: **18.7m @ 1.7 g/t Au** from 50.2m, **16.0m @ 4.7 g/t Au** from 82.1m, (including **8.0 m @ 7.1 g/t Au**) and **8.8m @ 1.0 g/t Au** with the drill hole ending in mineralisation at 113.9m and hole KT-08; an overall 76.0m gold mineralised zone from 12.5m to 88.5m including: **13.4m @ 1.0 g/t Au** from 16.1m, **1.5m @ 1.3 g/t Au** from 33.0m, **2.0m @ 3.0 g/t Au** from 48.8m, **9.5m @ 1.2 g/t Au** from 56.8m and **4.0m @ 1.2 g/t Au** from 84.5m depth, hole KT-07; **12.9m @ 1.2 g/t Au** from surface and hole KT-06A; **6.3m @ 3.6 g/t Au** from surface.

These, high-grade, wide, gold intersections in hole KT-09 are particularly significant, as they represent the best sulphide gold mineralisation intersected to date at Kavaklitepe. Mineralisation extends from approximately 35m vertically below surface to a down-hole depth of 113.9m where it remains open (Figure 3). Sulphide gold intersections are down-hole widths as the orientation of that style of mineralisation is currently unknown.

In addition, gold mineralisation at the Kuzey Zone remains open to the north and east and is open along strike to the south (Figure 4) where drill holes KT-02, KT03 and KT05 only test a portion of the target zone (80m of width).

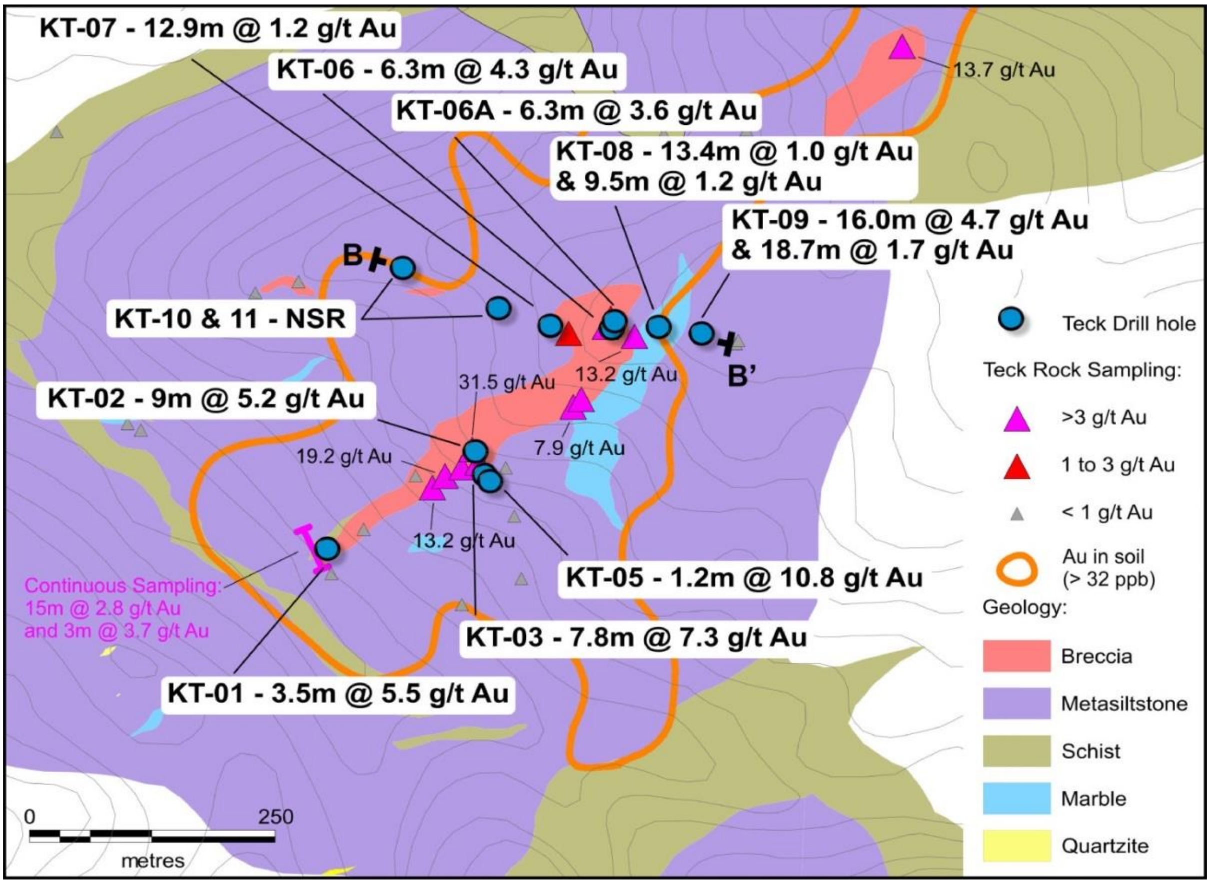

Figure 2: Kavaklitepe Kuzey Zone Drill Hole Locations, Gold Intersections and Location of Cross Sections (B-B')

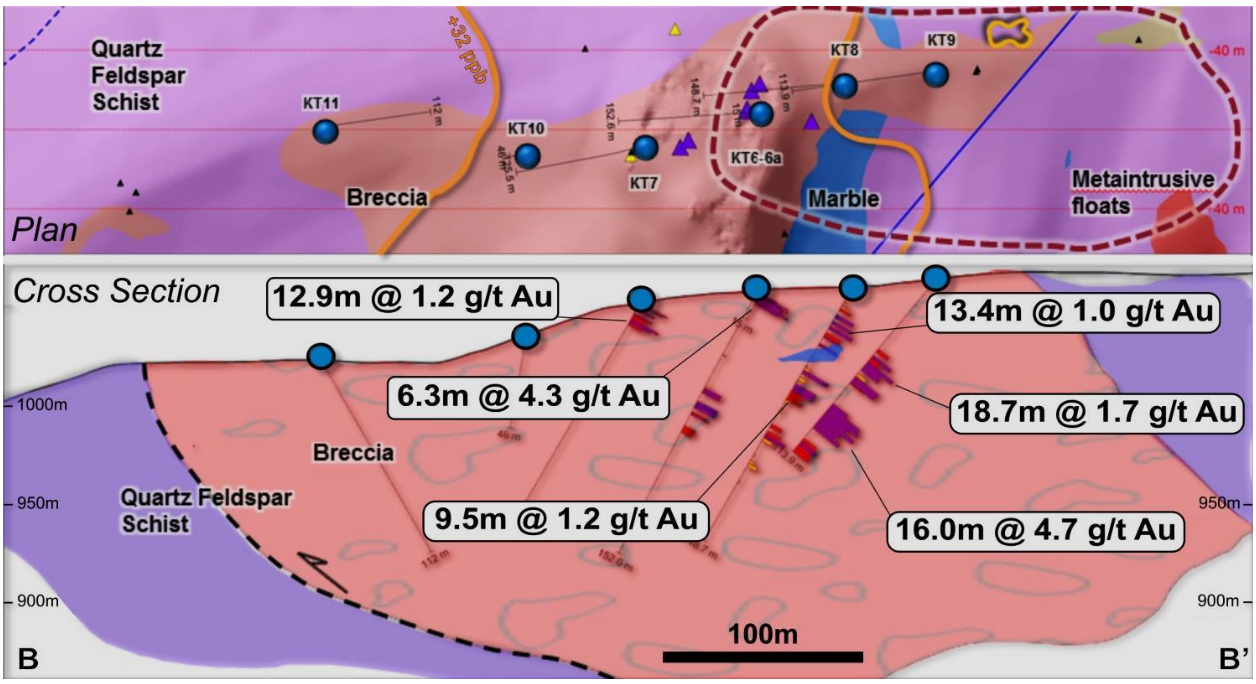

Figure 3: Kavaklitepe Kuzey Zone Cross Section (B-B')

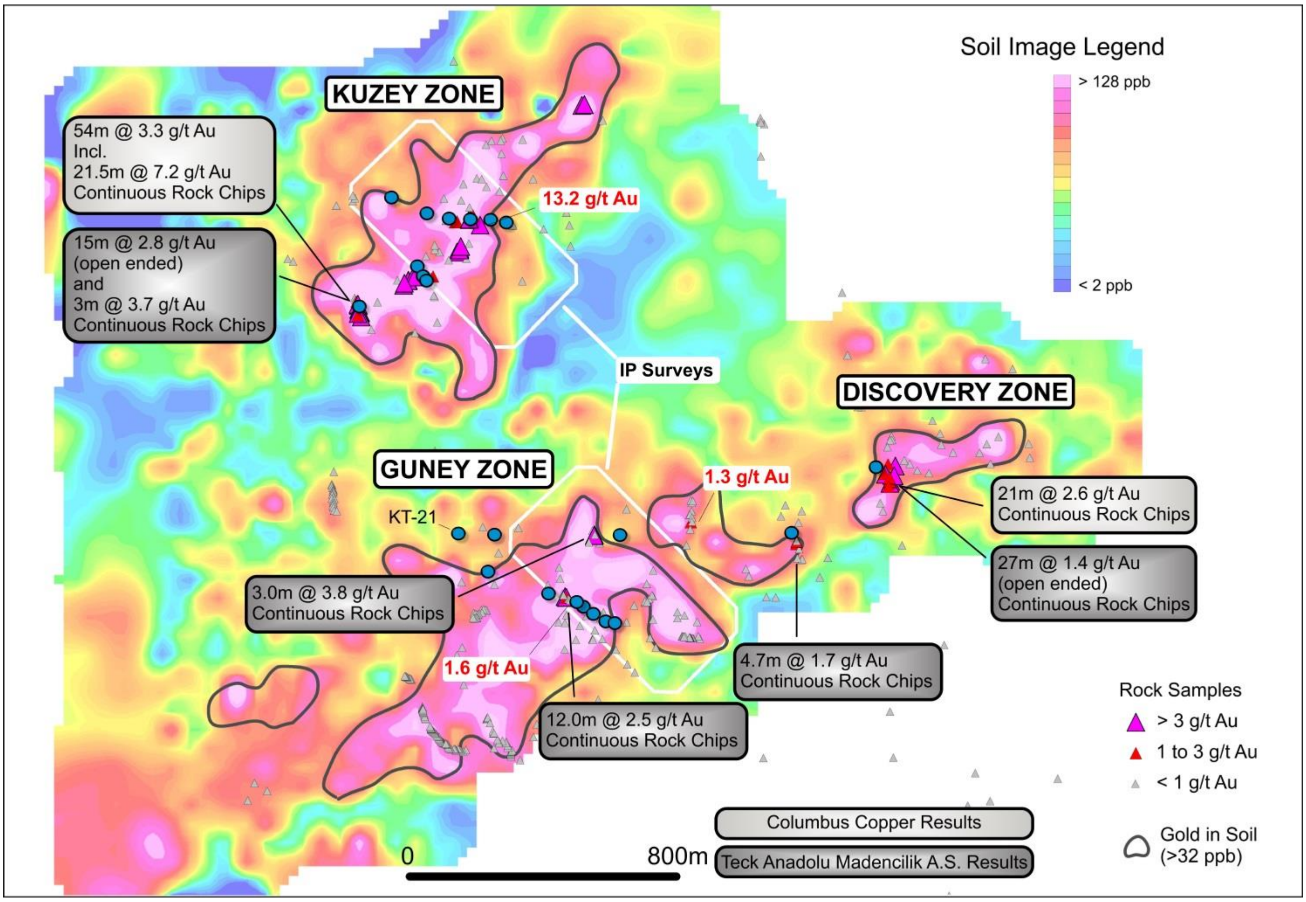

Figure 4: Plan Showing Kavaklitepe Project Gold Geochemistry

Near surface oxide and transition gold mineralisation is interpreted to occur as a flat lying zone extending over the full 360m length that has been drill tested to date. Better intersections that are considered close to true width of high-grade, near surface, gold mineralisation (previously reported) include:

- KT-01; **3.5m @ 5.5 g/t Au** from surface ;
- KT-02; **9.0m @ 5.2 g/t Au** from surface ;
- KT-03; **7.8m @ 7.3 g/t Au** from 3.3m depth ;
- KT-05; **1.2m @ 10.8 g/t Au** from 14.7m (as part of a 16.9m mineralised zone with lower core recovery)
- KT-06; **6.3m @ 4.3 g/t Au** from surface and a zone from 58.4m to 73.7m depth including 2.9m @ 1.1 g/t Au and 7.7m @ 1.2 g/t Au;
- KT-06A ; 6.3m @ 3.6 g/t Au from surface;
- KT-07 ; 12.9m @ 1.2 g/t Au from surface;

Reporting cut-off criteria and associated JORC tables are included in ASX release dated 22nd December 2016.

Discovery Zone

Gold mineralisation was intersected at the Discovery Zone in a single drill hole test (KT-18A) over a 23.5m interval from 22.5m to 46.0m depth with results including: **9.4m @ 1.5 g/t Au and 3.5m @ 2.1 g/t Au** (true width intervals). The near surface gold mineralisation dips to the northwest and is 60m down dip of previously reported continuous roadside surface sample results that include: **21.0m @ 2.7 g/t Au and 27.0m @ 1.4 g/t Au** (Figures 5 & 6). The roadside sampling was conducted as an initial test of the 400m long gold-in-soil anomaly at the Discovery Zone.

The new Discovery Zone gold mineralisation remains open to the northeast and southwest and is open down dip. A second drill hole (KT-23) has now been completed 275m southwest along strike where surface rock chip samples returned up to 2.4g/t Au, intersecting 1.3m @ 1.3 g/t Au within a 17.9m wide altered zone from 17.5m to 35.4m with associated anomalous silver, arsenic and antimony.

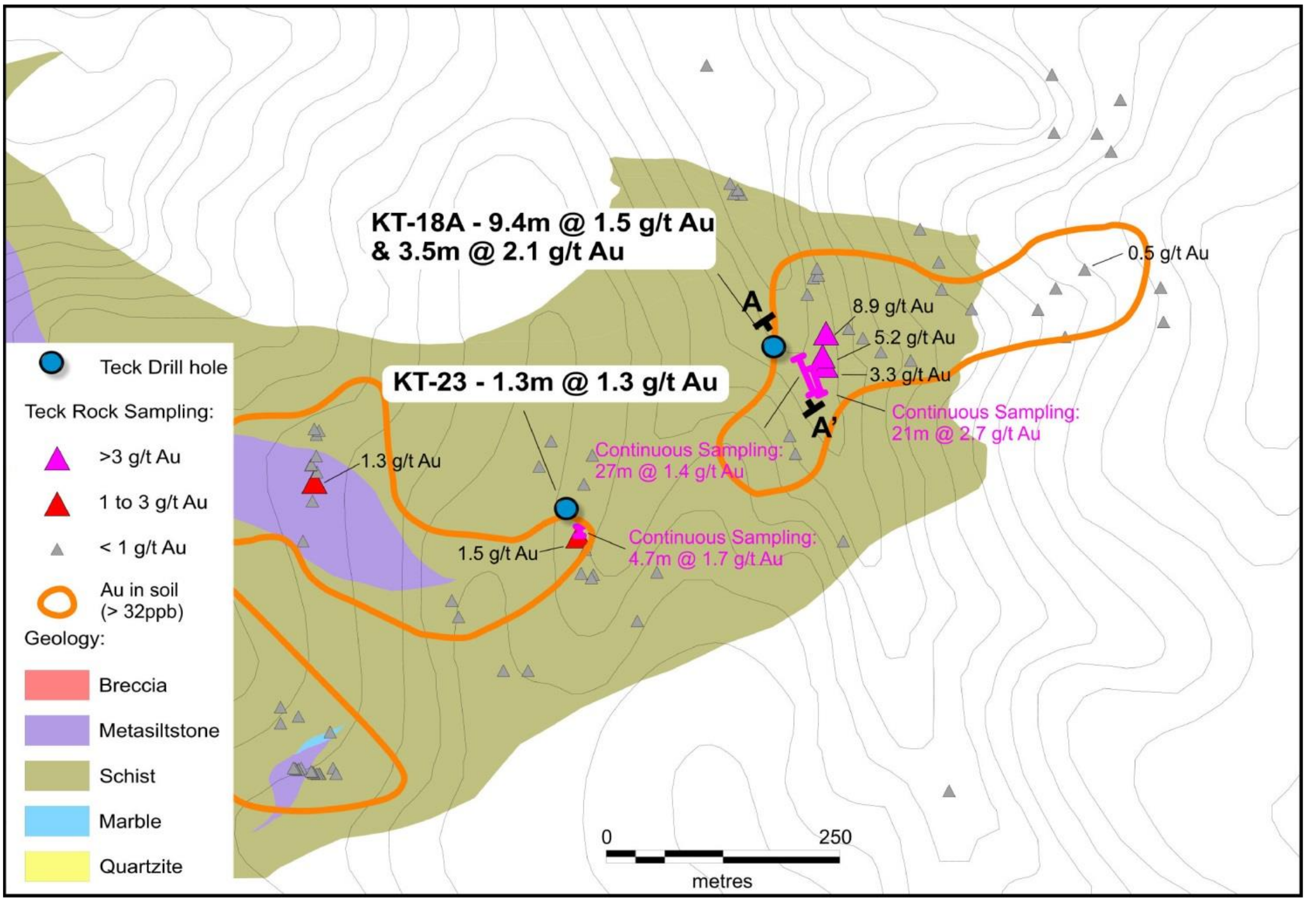

Figure 5: Kavaklitepe Discovery Zone Drill Hole Locations, Gold Intersections and Location of Cross Section (A-A')

These new drill results at the Discovery Zone extend and support high-grade, near surface gold intersections previously reported over +360m strike at the Kuzey Zone located 1.3km to the northwest.

Drilling at the **Guney Zone** has been technically difficult with seven drill holes KT-12 to KT-17, KT-19 & KT-24 completed as a section across the central portion of the prospect. The drilling intersecting a thick, flat-lying, massive sequence of calc-silicate rocks which contained multiple underground cavities up to 4 metres deep that caused several holes to fail at shallow depths and provided locally only very poor diamond drill core sample recoveries. Hole KT-12 returned **1.2m @ 1.4g/t Au** from 12.5m and 1.3m @ 0.6g/t Au from 17.2m before being abandoned in a cavity. The massive calc-silicate rock sequence is not considered a preferred host to gold mineralisation. In contrast drill hole KT-21 drilled on the northern part of the prospect (Figure 6) intersected a wide zone (30.7 m) of silicified and altered breccia crosscutting a meta-siltstone rock sequence from 54.9m to 85.6m with associated higher concentrations of trace elements arsenic, antimony and silver more similar to those returning significant gold intersections at the Kuzey and Discovery zones. Follow-up along strike of this zone will be a priority exploration target in 2017.

The 2017 exploration programs and budgets have been finalised by the joint venture partners and drilling is anticipated to commence in mid-September 2017.

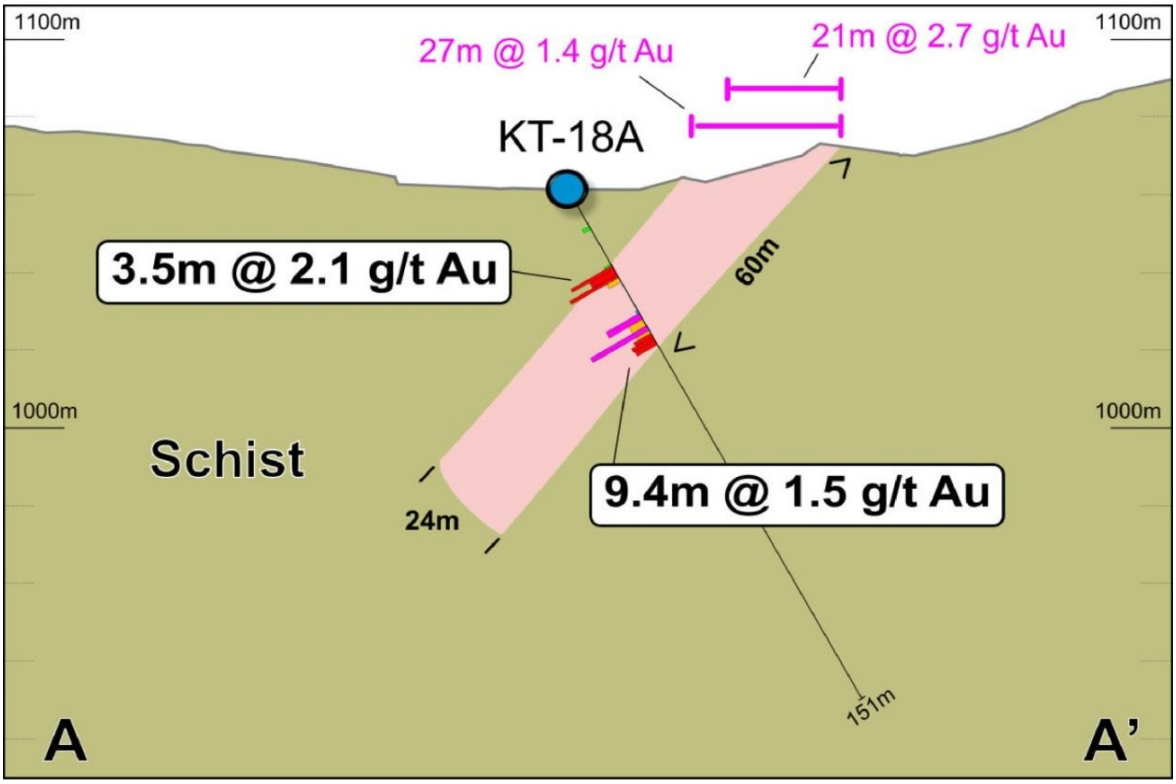

Figure 6: Kavaklitepe Discovery Zone Cross Section (A-A')

Background on the Kavaklitepe Project

Columbus Copper discovered mineralization at Kavaklitepe in 2013 by following up a stream sediment anomaly to a stream bed outcrop that returned 5.2 g/t Au. Subsequently a small trench in a nearby road cut returned 2.6 g/t Au over 21.0 metres of exposure. About 1.4 kilometres northwest from the discovery outcrop four samples from a gold bearing breccia zone returned 28.2 g/t, 21.7 g/t, 6.7 g/t and 3.6 g/t Au respectively (Columbus Copper release March 1, 2013). Further rock sampling along a road bank in this zone confirmed the presence of high-grade gold mineralization returning 54 metres of continuous rock chips with an average grade of 3.3 g/t Au (no gold grade cut-off applied), including 21.5m grading 7.2 g/t Au. A total of 2,127 soil samples were also collected on the Property in 50 metre x 50 metre and 100 metre x 100 metre grids covering an area of approximately 11 square kilometres, of which 176 samples returned gold grades higher than 50 ppb, 112 - higher than 100 ppb and 40 - higher than 250 ppb with 9 of these samples containing more than 1000 ppb (1 g/t) Au. The soil sampling outlined a potentially mineralized zone measuring 850 metres by 250 metres and continuing for another 800 metres to the southwest. There are strong, coincident arsenic and antimony anomalies.

Kavaklitepe Joint Venture

Teck Anadolu Madencilik A.S. ("Teck"), a Turkish subsidiary of Teck Resources Limited, has earned a 70% interest in the Kavaklitepe gold project from Zenith by spending US$700,000 in property expenditures including a minimum of 1500m of drilling. Both companies may continue to explore or develop the property by contributing their pro-rata costs or they may elect to dilute their interests according to a standard industry formula. If Zenith reduces its equity below 10% then the remaining interest is converted to a 5% net profit interest royalty.

AMERICAN LITHIUM JOINT VENTURE

The American Lithium Joint Venture includes a US$5 million farm-in deal with a private company controlled by prominent UK investor Jim Mellon (Bradda Head Ltd) (ASX Release 7th March 2017) to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio.

The transaction brings together the financial strength and market contacts of Bradda Head with the strong technical knowledge of the Zenith team and its USA and Mexican associates to advance its' outstanding lithium project portfolio including: lithium brine, lithium pegmatite and lithium clay targets.

The Board of Zenith will also continue to consider whether shareholders' interests might be best served by the possible future spin out of this now well-funded lithium portfolio, once the projects are more advanced.

ZACATECAS LITHIUM PROJECT – MEXICO

- **Tenure (26,000 acres) over extensive system of salt lakes within emerging lithium brine district in central Mexico;**
- **Lithium brines to 2.1% lithium reported in regional sampling program conducted by the Mexican Federal Government from solar evaporation ponds for salt production on adjacent salt lake (10km west of Zenith's new tenure).**
- **Results confirm lithium enriched source brines are present in the district, as well as demonstrating that concentration of lithium by traditional solar evaporation methods is possible: Four water samples returned 1.2%, 1.4%, 1.4% and 2.1% lithium, these very high-grade lithium brines are similar to post-concentration brine feedstock to lithium brine production facilities;**
- **Systematic surface geochemical sampling by Zenith on salt pans covering the Company's new Zacatecas tenure returned highly anomalous lithium in surface sediments up to 1046ppm - comparable to and higher than those from competitor lithium brine projects in Mexico and the USA;**
- **An initial 11 hole shallow auger drilling program completed (27m maximum hole depth) returning strongly anomalous lithium levels in sediment samples to 874ppm Li, whilst the brine lithium levels and salinity is increasing with depth in all holes; and**
- **Electrical geophysical surveying to test for presence and depth of subsurface brines to precede deeper drill testing.**

The Company announced (ASX release 17th January 2017) that it has staked new 100% owned concessions (totalling 26,440 acres) over a new lithium brine exploration project in central Mexico. The region is generally known for its large scale silver mines and has excellent infrastructure.

Three areas; San Juan, San Vicente and Illescas (covering a total of 26,440 acres) have been applied for with Zenith to hold 100% interest through a Mexican subsidiary. Lithium brines to 2.1% lithium have been taken from small scale, salt production solar evaporation ponds on an adjacent salt lake located 10km west of Zenith's new tenure. The samples were taken as part of a water and surface sediment sampling program conducted by the Mexican Federal Government - Mineral Resource Council. These results confirm lithium enriched source brines are present in the Zacatecas district, as well as demonstrating that concentration of lithium by traditional solar evaporation methods is possible.

Systematic surface geochemical sampling by Zenith on salt pans covering the Company's new Zacatecas tenure returned highly anomalous lithium in surface sediments up to 1046ppm - comparable to and higher than those from competitor lithium brine projects in Mexico and the USA.

The conceptual deposit model for Zenith's new Zacatecas lithium brine project is adapted from the known deposits being exploited by other companies in the USA, Chile, Bolivia and Argentina. Water-bearing formations or aquifer types range from deep volcano-sedimentary units within the valley-fill sequence that are saturated in lithium-enriched brine such as at Albemarle's Clayton Valley operation in Nevada USA to near-surface salt lakes and ponds in the south American lithium operations. Existing lithium brine operations have lithium resource grades ranging from 102 milligrams per litre (mg/l) to 1409 mg/l this is roughly equivalent to 80 to 1100ppm lithium. In most cases the lithium brine is pumped into surface ponds and the lithium is concentrated to percent levels by solar evaporation before final treatment in a processing plant to produce lithium carbonate or similar products commonly used by battery manufacturers.

The Zacactecas lithium brine project within the closed El Barril aquifer, with its thick sequence of Tertiary, Cretaceous, and Quaternary age clastic sediments, ash beds and evaporite deposits is prospective for lithium brines. In addition, low average annual rainfall and very high average annual evaporation rates means that traditional methods of solar evaporation of brines are a viable production method. This is also evidenced in the many artisanal table salt production facilities that exploit the brines on several of the salt lakes within this district.

A program of shallow drilling has been completed at the Zacatecas Lithium Project in central Mexico (ASX Release on the 26th June 2017). The aim of the short hole auger program was to provide an initial test for lithium in near surface brines and sediments of the San Juan salt pans where recent systematic, infill sampling returned highly encouraging surface sediment results up to 1046ppm lithium in the top 1 metre. As previously advised (ASX Release 24th May 2017) the surface sampling program has outlined a large 4km by 2km strong lithium anomaly (values greater than 300ppm lithium) on the San Juan concession. The program consisted of 11 short auger holes (27m maximum hole depth) across the 2km x 4km surface lithium anomaly. The holes intersected clay and sand horizons with salt and gypsum, basement was not reached in any of the holes. The holes returned strongly anomalous lithium levels in sediment samples up to 874ppm, whilst the lithium levels and salinity in the brine samples collected from the each holes is increasing with depth.

Ground based electrical geophysical surveying to test for presence and depth of deeper subsurface brines to precede deeper drill testing.

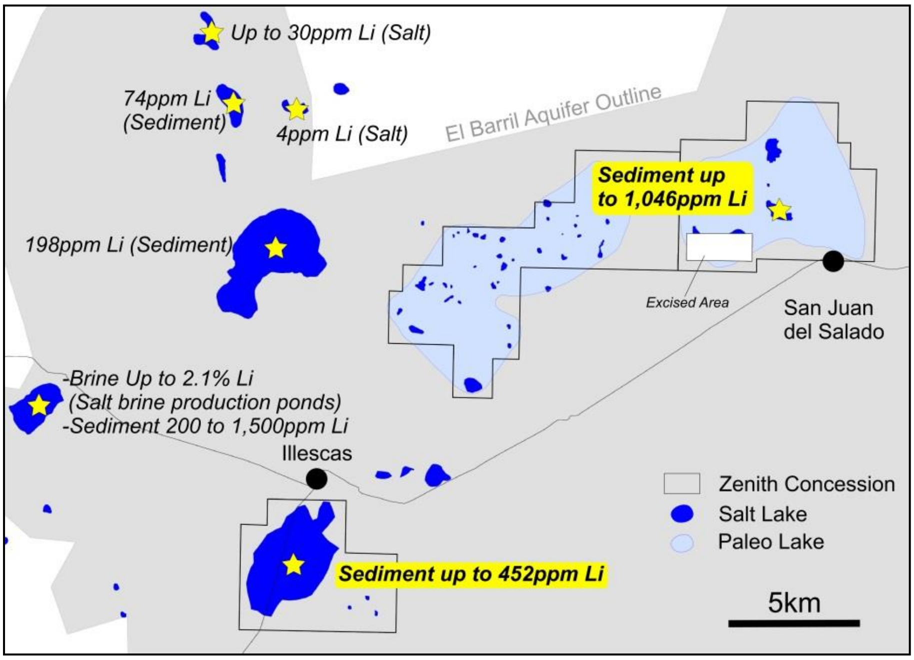

Figure 7: Zacatecas Lithium Brine Project – Location Map

BURRO CREEK LITHIUM CLAY PROJECT – ARIZONA, USA (Option to Earn 100%)

- **Large scale lithium (Li) clay target under exclusive option in Arizona, USA;**
- **Follow-up surface sampling returned high-grade lithium results of widths up to 33.6m metres at 980 ppm Li, and 15m @ 1427 ppm Li. These results are comparable to competitor lithium clay projects in USA and Mexico that are subject to feasibility studies and trial processing plants respectively;**
- **Recent geological mapping and seismic geophysical surveys confirm extensive zones of shallow dipping lithium bearing clay with true thickness up to 50 metres;**
- **Ongoing metallurgical testwork has returned positive results on Burro Creek clay samples, with lithium recoveries to 90% from simple acid leach, and to 75% via calcine-water leach process.**
- **Permitting for resource drilling progressing well.**

On the 10th November the Company announced that it had secured an exclusive option to acquire a 100% interest in the Burro Creek lithium clay project located in central western Arizona, USA. Located in an active mining district, Freeport McMoRan's operating Bagdad porphyry copper mine is located 10km from the Burro Creek project.

Surface sampling by the Company of the lithium clay exposures (ASX releases 10th November 2016 & 13th January 2017) returned results up to 33.6m @ 980ppm Li whilst grab samples of relict drill spoil from shallow holes completed during a small, historical program to test the clay for industrial purposes returned results including: 1650ppm Li and 1290ppm Li.

The lithium bearing clay zone is a near surface, flat lying horizon extending over 1700m by 1000m within the eastern project leases and a further 800m by 600m within the western lease areas. Observations from mapping and sampling programs indicate that the clay horizon generally has a true thickness greater than 30 m where it is exposed in gullies within gently undulating, poorly vegetated hills that comprise the eastern project area. Previous drilling to test the clay quality for industrial uses intersected clay units over thicknesses up to 20m in the western half of the project area, notwithstanding that drilling did not penetrate the full thickness of those clay beds which are up to 50 m thick in outcrop in the eastern area. The Company therefore concludes that there is excellent potential for large tonnages of lithium bearing clay within the Burro Creek project.

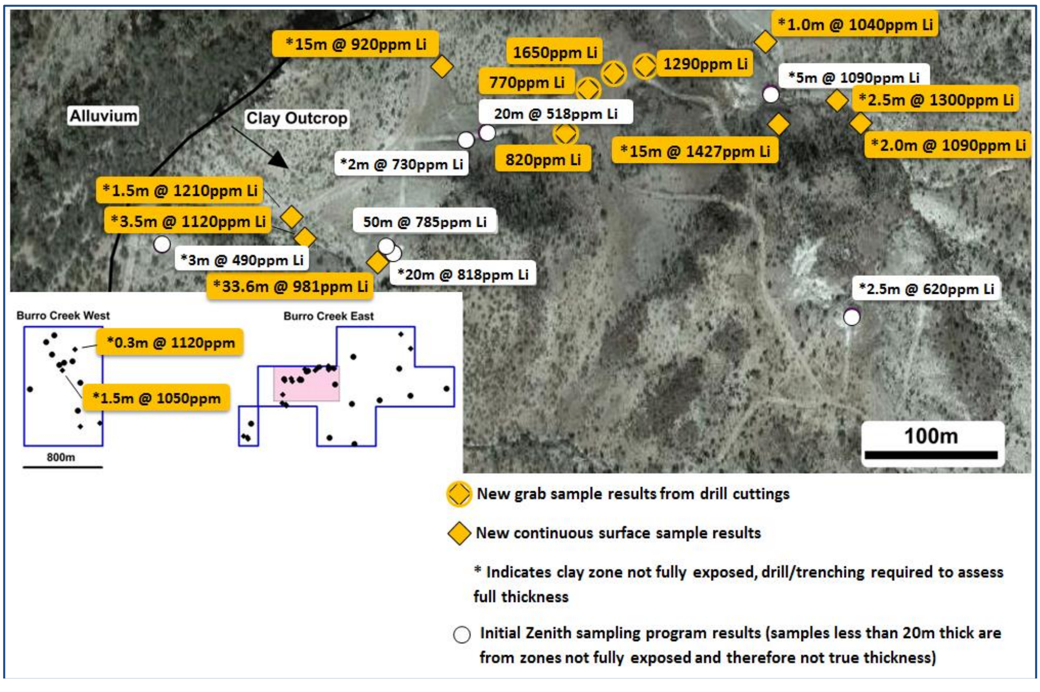

Figure 8: Burro Creek Sample Location and Results Map (Enlargement - East Burro Creek Sample Results)

Metallurgical testwork completed to date has returned high lithium recoveries of 90% by leaching using a simple sulphuric acid leach at a temperature of 80^{0}C. Acid consumption was similar to that of raw ore from the Rhyolite Ridge lithium project in Nevada owned by Global Geoscience Limited (ASX:GSC, market capitalisation $A210 million) as documented in a release dated 1st June 2017.

Additional initial testwork using a water leach after calcining as proposed for the Sonora lithium clay project located in Mexico owned by Bacanora Minerals Limited (TSX:BCN, market capitalisation $C175 million) has also been completed. Calcined clay from Burro Creek with various additives was leached by water and up to 89% lithium recovery has been achieved to date.

Permitting to allow resource drilling to commence is progressing well. Ongoing metallurgical testwork will assess if further variations to additives in the calcine-water leach approach will improve overall lithium recovery.

WILSON SALT FLAT LITHIUM BRINE PROJECT – NEVADA USA

- **Initial reconnaissance sampling by Zenith returned up to 192ppm lithium from the surface of a salt lake;**
- **The high-grade lithium surface sample results are coincident with gravity low anomalies reflecting basin sedimentary sequences that potentially host lithium brines.**
- **Both aeromagnetic and gravity modelling indicate complex basement geology indicative of major faults capable of channelling and focusing lithium enriched geothermal fluids; and**
- **Ground based magnetotelluric (MT) geophysical survey indicates conductive layer in upper 200 – 300m below surface, representing a lithium brine drill target.**

The Wilson Salt Flat Project is located in Nye County, Nevada 140km east from the lithium production area of Silver Peak- Clayton Valley. The Project is 100% owned by Zenolith and is located in the Railroad Basin. The property is comprised of 168 unpatented placer claims in a single claim block totalling 3,360 acres that were located in November 2016 to encompass highly anomalous lithium in surface sediment samples up to 192ppm lithium coincident with a salt lake and discrete gravity low interpreted to be a closed basin (Figure 9).

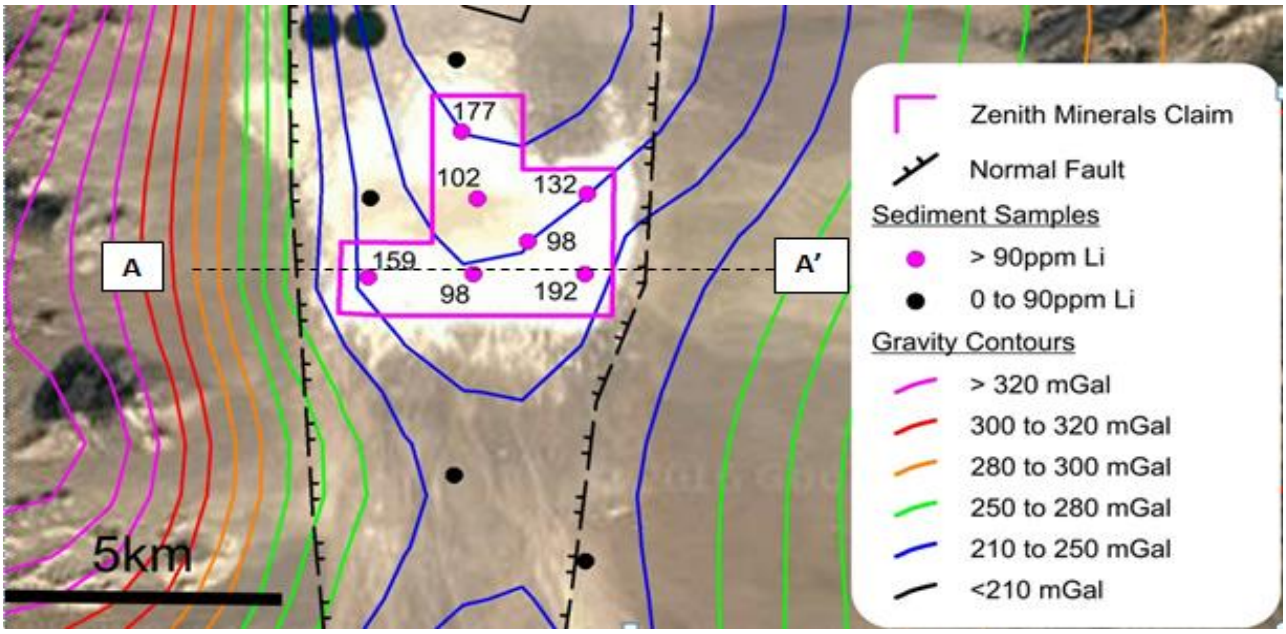

Figure 9: Wilson Salt Flat Project - Initial Surface Geochemical Results on Google Earth Image, overlain by Gravity Contours, Major Interpreted Fault Structures

During December 2016 Zenith completed a passive seismic geophysical survey that confirmed the presence of a thick, sedimentary sequence bounded by basin margin faults. The geophysical modelling identified structures and architecture that are consistent with the lithium-bearing brine deposit models identified in the nearby Clayton Valley lithium production area.

An MT geophysical survey completed by geophysical consultants Zonge shows a strong conductive layer in the upper 200 – 300 metres from surface (ASX Release 27th July 2017) that confirms the lithium brine target interpreted from the previously reported passive seismic survey and gravity modelling (Figure 10).

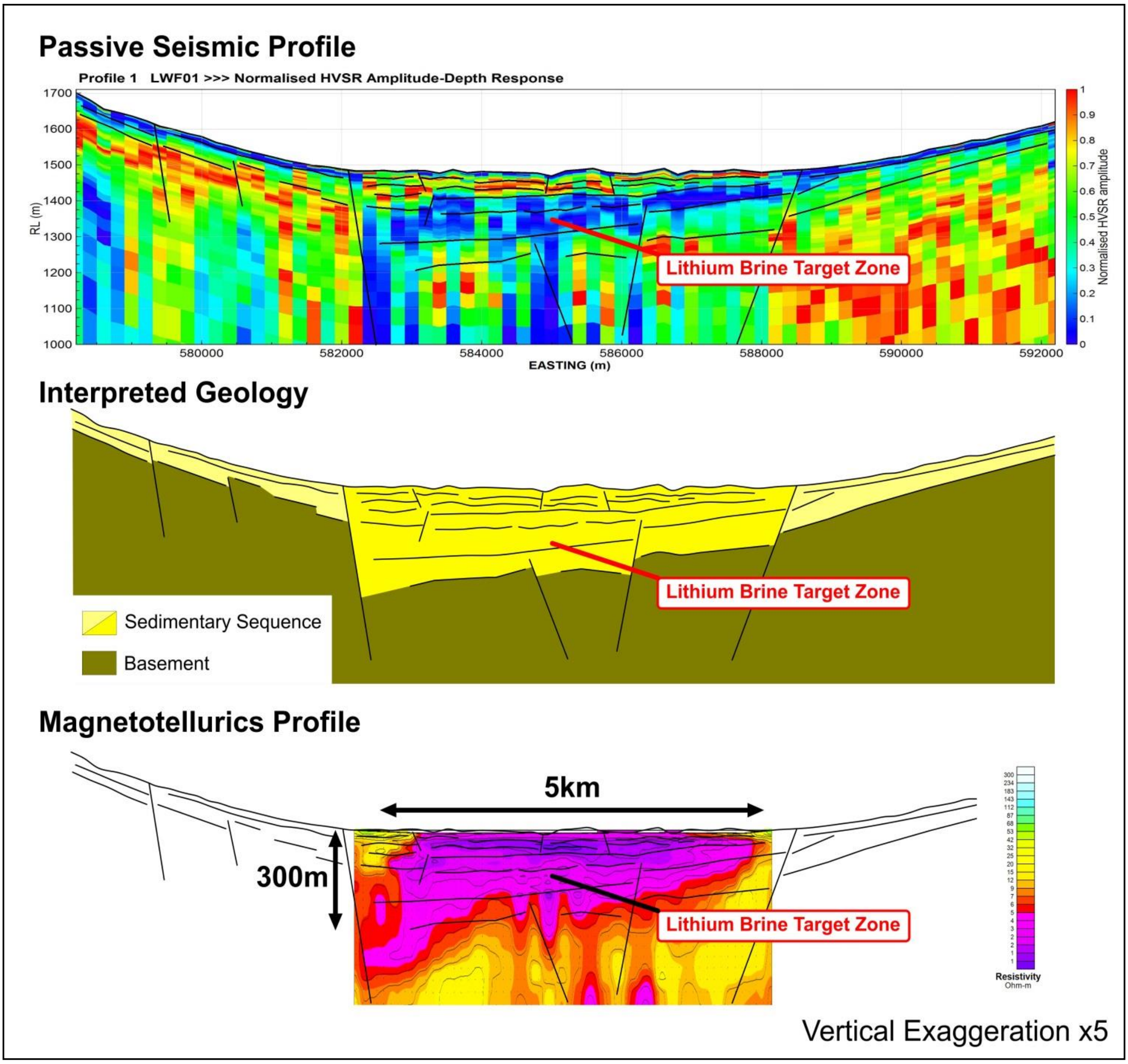

Figure 10: Wilson Salt Flat Composite Cross Section Including New Magnetotellurics Profile (bottom) Showing Strong Conductive Anomaly (purple zone) confirms the Lithium Brine Target Zone

The conceptual deposit model for Zenith's Wilson Salt Flat Project is adapted from the known deposits being exploited by Albemarle Corporation at Clayton Valley, where six different water-bearing formations or aquifer types have been identified. These are specific volcano-sedimentary units within the valley-fill sequence that are either saturated in lithium-enriched brine or contain salt or clay minerals with anomalously high concentrations of lithium. In addition, recent lithium brine drilling success by Pure Energy Minerals (TSX-V:PE) in the south of Clayton Valley provides an additional lithium brine host architecture model, whereby basin margin faults along the eastern boundary have a strong control on the host sequences and entrained lithium brines.

The geologic setting within the closed Great Basin, with its thick sequence of Quaternary age clastic sediments, ash beds and evaporate deposits is prospective for lithium brines. The geologic formations that compose the surrounding mountain ranges, specifically certain Tertiary-age volcanic formations, contain anomalous concentrations of lithium and are considered one likely source of lithium in brines and sedimentary layers similar to those in the Clayton Valley area.

Drill permits are being prepared to submit to the United States Bureau of Land Management (USBLM) and the State of Nevada. An initial two drill holes to 300m depth will be designed to test the strong MT geophysical conducive body beneath the salt pan. Given success with these preliminary exploratory drill holes in finding brine aquifers and anomalous lithium contents, additional holes would be placed to expand on the information relating to basin hydrogeology, leading to resource estimation.

SAN DOMINGO LITHIUM PEGMATITE PROJECT – ARIZONA USA

- **Abundant known lithium bearing pegmatite dykes within Zenith's claims stretching over an area 9km by 1.5km;**
- **Initial continuous rock chip sampling by Zenith's consultants has returned very encouraging results up to 5m @ 1.97% Li_2O including 2.4m @ 2.49% Li_2O within 14.1m zone @ 1.02%Li_2O from spodumene rich pegmatites; and**
- **Lithium as spodumene and amblygonite concentrates along with tantalum was produced from pegmatites within the district during the period 1947 – 1952.**

During mid-2016 a wholly owned subsidiary of Zenith Minerals secured a 100% interest in a new lithium exploration project in Arizona, USA. The project covers a 9km by 1.5km lithium-bearing pegmatite dyke swarm that intrudes Proterozoic mafic gneiss host rocks that are in turn locally overlain by Tertiary age volcanic and sedimentary rocks (Figure 11).

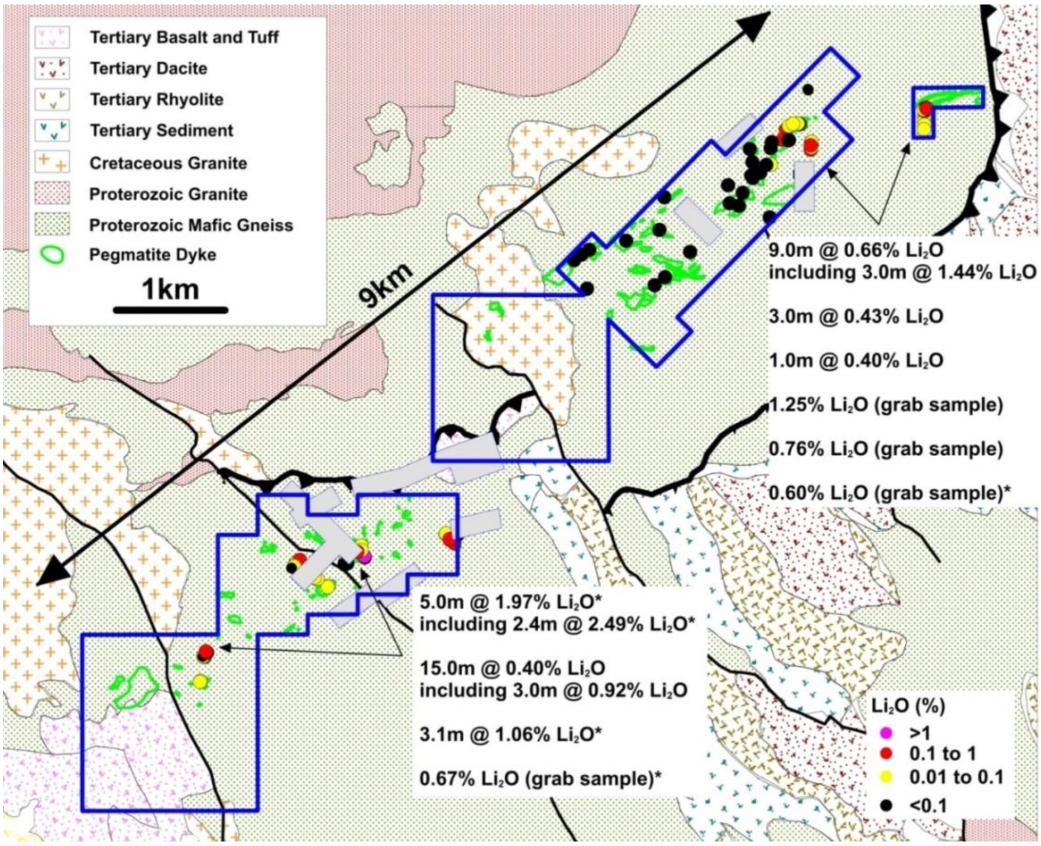

Figure 11: San Domingo Lithium Project- Surface Rock Sampling Results
*(Blue box – outline of Zenith claims and lease applications, Grey boxes - approximate area of excised claims, * indicates sample close to boundary of excised claim with poorly constrained location)*

Initial mapping and sampling by Zenith's consultants to date has identified 10 lithium bearing pegmatite dykes ranging in outcrop size up to 60m in width and up to 600m in length within the area subject to Zenith's tenements. First phase continuous rock chip sampling conducted within the new applications has returned very encouraging results up to 5m @ 1.97% Li_2O including 2.4m @ 2.49% Li_2O from a 14.1m zone grading 1.02% Li_2O, and sampling of Lithia King workings returned up to 1.44% Li_2O over a 3 metre composite. A further 3 lithium bearing pegmatite dykes are known to occur at least partly within small claims that are believed to be excised from the land recently applied for by Zenith.

The pegmatite dykes show clear zonation, with lithium enrichment within the inner ''core'' zones. Historical records refer to spodumene crystals up to 11 feet long at the Lithia King pegmatite (held by Zenith).

Lithium (as spodumene and amblygonite concentrates) along with tantalum was produced from small scale mining of the pegmatites within the district during the period 1947 – 1952, historic production of lithium from two small scale mines within Zenith's claims produced amblygonite concentrates grading from 7.4 to 8.5% Li_2O (Arizona Bureau of Mines Bulletin 1952). However the area has been subject to sparse systematic exploration for lithium. No drilling for lithium appears to have been completed since the early 1950s when diamond drilling on 4 of the pegmatite bodies and associated minor surface and underground exploration is mentioned in historical documents. Very little detail on this work has been sighted by the Company, other than partial results from one drillhole and anecdotal information mentioning "..considerable thicknesses of spodumene-bearing pegmatite.." penetrated in several other holes reported by a 3rd party. Since hole locations, sampling details and assay methodology are not known the Company considers the results not to be reportable under the JORC Code. A third party reference to a 1980-82 exploration program for tantalum and niobium does not mention lithium analyses.

The Company will conduct additional mapping and sampling prior to planned drill testing. Understanding the size, shape and zoning of the pegmatites, along with distribution, weathering and alteration of lithium bearing minerals will be a focus of Zenith's future exploration of the district. Mapping and sampling by Zenith and past academic research has noted that surface weathering and alteration of the spodumene crystals occurs in the district, locally reducing their lithium content, at least in the near surface.

The Company advises that there is some uncertainty over the locality of several of the excised claims and the Company is awaiting notification from the US Bureau of Land Management as to the exact position of those claims, which may require survey monuments to be reinstated. So that Zenith does not transgress onto 3rd party claims in the meantime, the Company will focus its immediate exploration activities targeting lithium pegmatites that are away from the excised claim boundaries.

SPENCER LITHIUM BRINE PROJECT – NEVADA, USA

- **Initial reconnaissance sampling by Zenith returned up to 550ppm lithium in surface sediments - comparable to and higher than those from competitor lithium brine projects in the USA;**
- **The high-grade lithium surface sample results are coincident with gravity low anomalies reflecting basin sedimentary sequences that potentially host lithium brines.**
- **Local geothermal springs indicate active circulating hot waters capable of leaching lithium whilst both aeromagnetic and gravity modelling indicate complex basement geology indicative of major faults capable of channeling and focusing lithium enriched geothermal fluids; and**
- **Infill surface sampling and ground based geophysical surveys are planned prior to drill testing.**

The Spencer Project is located in Lander County, Nevada near the lithium production area of Silver Peak-Clayton Valley. The Project is 100% owned by Zenolith (USA) Inc ("Zenolith") a wholly owned subsidiary of Zenith Minerals Limited, and is located in the North Smoky Basin northwest of White Mountain.

The property is comprised of 146 unpatented placer claims in two claim blocks totalling 2,920 acres that were located in November 2016 to encompass highly anomalous lithium in surface sediments and water samples, in close proximity to the Spencer hot spring that lies on the eastern margin of the North Smoky Valley basin, coincident with inferred major basin margin faults.

Initial surface sediment samples taken from the salt lake surface by Zenolith are enriched in lithium up to 550ppm (ASX Release 6th December 2016) supporting the hypothesis of lithium brines being present in the sub-surface.

The conceptual target model is the same as that described for the Wilson Salt Flat lithium brine project.

Infill surface sampling and electrical geophysical surveys followed by drilling are the next steps in exploration of the Spencer project.

AUSTRALIAN EXPLORATION PROJECTS

SPLIT ROCKS LITHIUM & GOLD PROJECT – WA (Zenith 100%)

- **100% owned exploration licences covering ~500sqkm of the Forrestania Greenstone Belt which hosts the new Earl Grey lithium pegmatite discovery and 15km northwest of the Bounty Gold mine;**
- **A review of previous exploration activity has to date found the majority of exploration focused solely on gold exploration despite the prevalence of mapped pegmatites in the belt.**
- **Zenith's geologists believe that the Split Rock project is prospective for lithium and gold mineralisation; and**
- **Initial surface sampling program has defined two gold drill targets.**

The 100% owned Split Rocks Project covers a large portion (total area ~500sqkm) of the Forrestania Greenstone Belt of Western Australia. This emerging lithium district is host to the new Earl Grey lithium deposit containing 128Mt @ 1.44% Li_2O (KDR ASX Release 5th Dec 2016) – Figure 12.

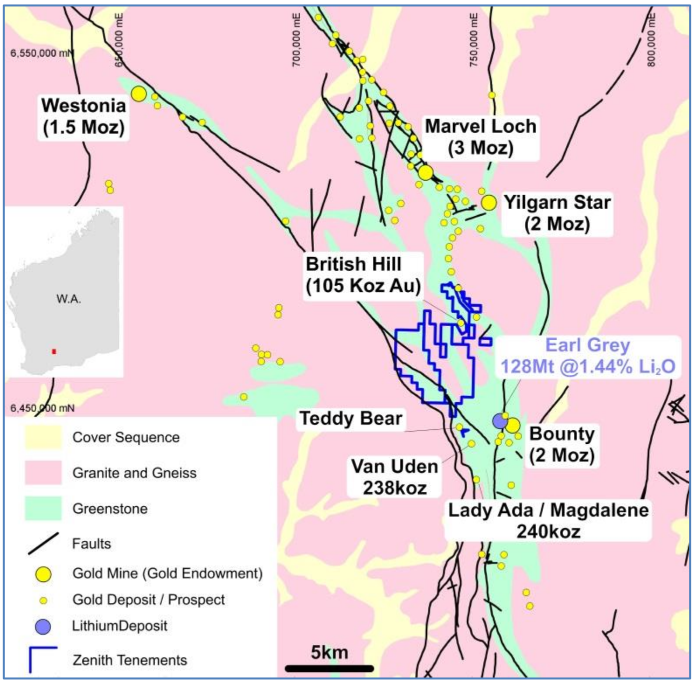

Figure 12: Split Rocks Project and Tenure

Zenith's northern Split Rocks exploration licences are located 10km northwest of the new Earl Grey lithium pegmatite discovery whilst exploration licence applications in the southern portion of the Forrestania Greenstone belt are located 2km west and 5km northwest, respectively, of the South Iron Cap Lithium Prospect where resampling by Western Areas (ASX:WSA) of historic nickel drilling has returned results including 50m @ 0.95% Li_2O.

The Company notes that the majority of previous exploration activity reviewed to date covering the new exploration licence applications is surface based focused solely on nickel exploration and only limited fresh rock drilling programs, with no evidence of any lithium analyses during past exploration programs. However, several historic exploration drill holes documented in open file reports did intersect pegmatites in areas within Zenith's applications and along strike adding significantly to their lithium prospectivity.

Sampling of residual surface spoil samples from selected historic drill holes has to date only returned weakly anomalous lithium results, however additional sampling is warranted given that there are abundant pegmatite dykes, many of which are now being shown to be lithium (spodumene) rich within the Forrestania Greenstone Belt.

The Southern Cross-Forrestania region is host to several gold deposits with gold endowment (resources plus past production) exceeding 1 million ounces, including: Bounty Gold Mine, Marvel Loch Gold Mine, Yilgarn Star Gold Mine and the Westonia-Edna May Gold Mine.

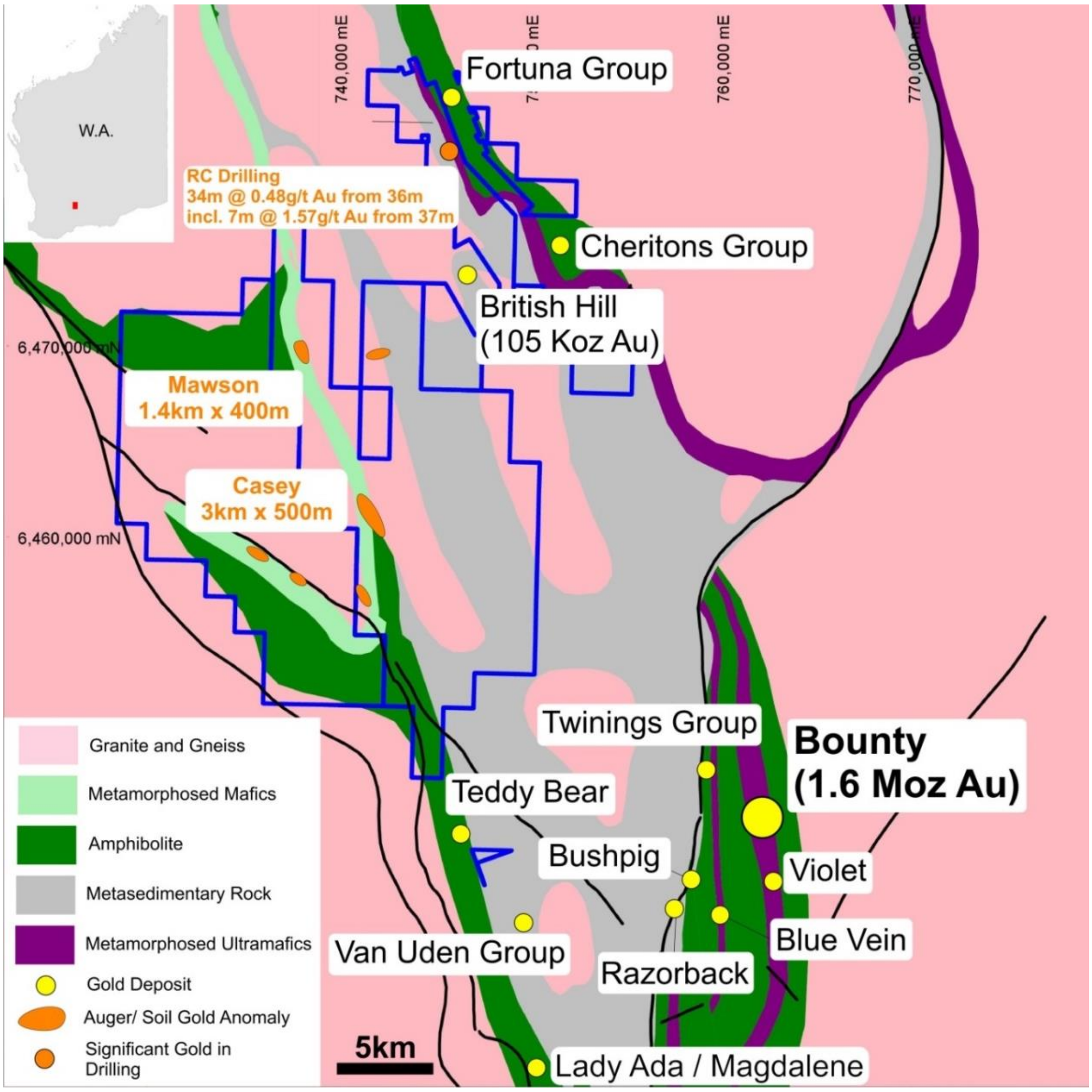

Figure 13: Split Rocks Project Tenure and Gold Anomalies

The Van Uden Shear Zone can be traced for over 15km within Zenith's current tenure. To the south of Zenith's tenure this shear trend hosts the Lady Ada and Lady Magdalene gold deposits (Mineral Resource of 5.9 Mt at 1.25 g/t for 240,000 ounces of gold) being explored by ASX:CLZ as well as the Teddy Bear and Van Uden Group gold deposits held by ASX:KDR (Figure 13).

Auger sampling completed by Zenith has both confirmed and significantly extended two gold auger anomalies defined by previous sampling over a small portion of the Van Uden Shear Zone (Figure 3). In addition, four new gold soil anomalies were also generated in areas where no or limited previous exploration has been completed, these anomalies remain open-ended and require further sampling to define the limits of the gold rich zones.

The northern gold auger anomaly, now named **Mawson** has been extended to 1.4km long and has an average width of 400m (>10ppb Au) with individual soil results up to 1g/t Au, coincident with a major fault jog interpreted from aeromagnetic data. The high-gold zone at Mawson has a coincident high-order arsenic anomaly (individual values to 210 ppm As) a trace element commonly associated with gold deposits hosted in amphibolite facies metamorphic rocks such as those found within the Split Rocks region.

The second gold auger anomaly located 8 km to the south, now named **Casey** has been extended to a length of 3km and on average is 500m wide > 10 ppb Au with soil results up to 0.12g/t Au. As with the Mawson anomaly the gold anomalous zone at Casey also has a coincident high-order arsenic anomaly (individual values to 266 ppm As). Note Zenith auger samples are yet to be tested for arsenic. The anomaly is located along a flexure in the major shear zone adjacent to the south western end of a large granite body.

Mawson and Casey are significant gold-arsenic auger anomalies located in favourable structural settings that are along strike of known gold deposits. Both anomalies are yet to be drill tested, and Zenith intends to conduct first pass RAB drilling following permitting. Lithium indicator elements and multi-element analysis will be completed in mid-September when the pulps are returned to the Company.

TATE RIVER GOLD PROJECT – QUEENSLAND (Zenith option to earn 70%)

- **New discovery of gold hosted in quartz vein stockwork at the Guppy Strike prospect with assays up to 6.74 g/t Au;**
- **Setting and geochemical association is indicative of an intrusion related gold system. Nearby deposits of this type include Mungana / Red Dome gold mine that had gold endowment of 2.7Moz Au; and**
- **Excavator trenching and surface soil geochemical survey completed, wide spread bedrock gold zones including 5m @ 4.9 g/t Au, 3m @ 1.72 g/t Au, 3m @ 1.09 g/t Au and 2m @ 0.82g/t Au.**

Zenith Minerals Limited may earn up to 70% interest in the Tate River gold project in north Queensland (Figure 14). The project contains several gold and gold-silver prospects that are considered to be epithermal or intrusion related gold deposit systems.

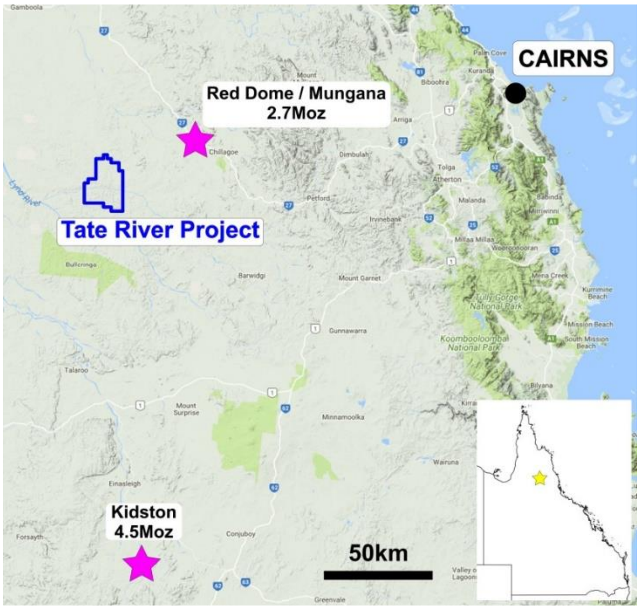

Figure 14: Tate River Project – Location Map
(Showing Past production plus current published resources)

The immediate focus of Zenith is the Guppy Strike gold prospect, recently discovered during a program of reconnaissance mapping and rock chip sampling that returned results up to 6.74 g/t Au. The presence of widespread gold mineralisation in ferruginous quartz veins and vein stockworks in surface samples was confirmed by Zenith during its due diligence sampling program that returned individual rock samples up to 3.05 g/t Au.

Continuous, horizontal, channel sampling of trenches dug by an excavator has confirmed widespread bedrock gold mineralisation over an area 450m x 300m, with gold zones up to 5m @ 3.9g/t Au hosted in mica schist whilst individual ferruginous quartz vein zones hosted in amphibolite and tested by 3 separate trenches returned results including: 3m @ 1.72 g/t Au, 3m @ 1.09 g/t Au and 2m @ 0.82g/t Au over a strike length of 150m (Figure 15).

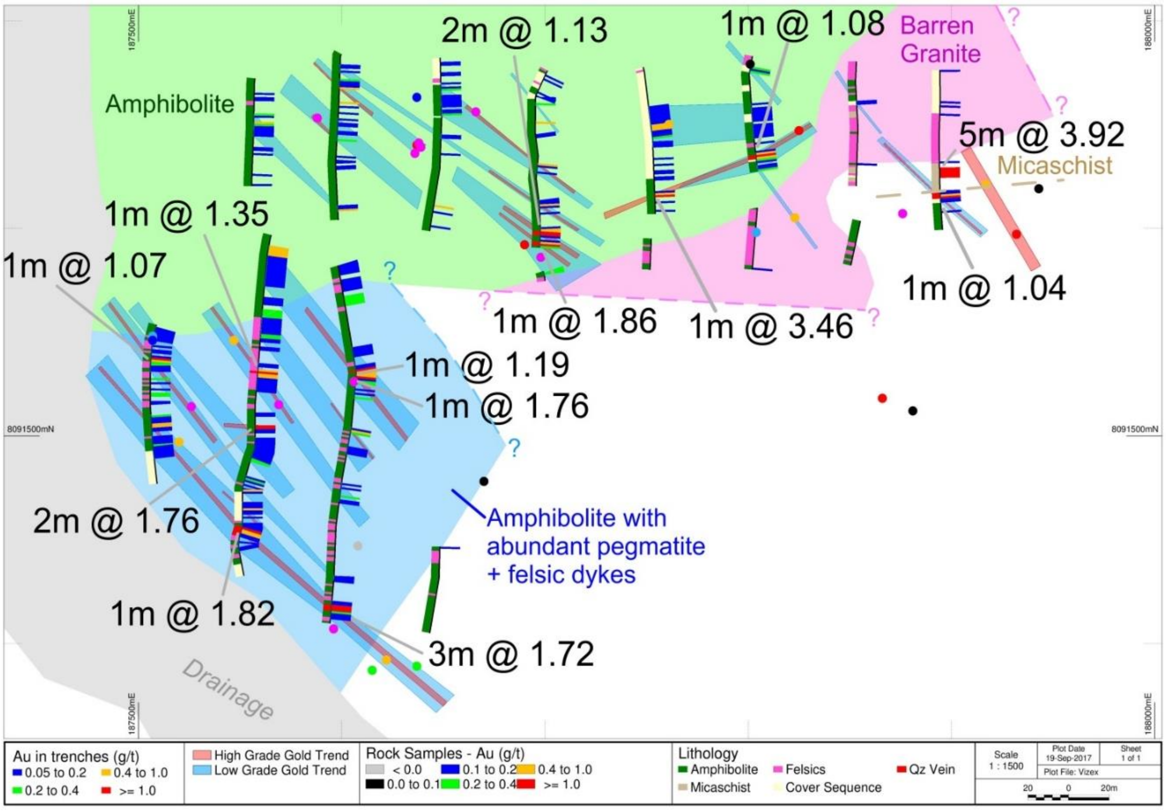

Figure 15: Guppy Strike Prospect Significant Trench Results

Soil sampling indicates that gold mineralisation extends beyond the limit of the trenching program and further follow-up field assessment work is required to define the limits of the gold mineralisation. It also confirms soil sampling is an effective tool for screening other target areas within the large, highly prospective landholding of the Tate River project.

DEVELIN CREEK COPPER-ZINC-GOLD-SILVER PROJECT – QUEENSLAND (Zenith 100%)

- **Inferred Mineral Resource (JORC 2012) of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) released to ASX on the 15th February 2015.**
- **Mineralisation remains open at all 3 massive sulphide deposits, with upside to resource grades with Zenith RC hole twinning previous 1993 percussion hole returning significantly higher copper, zinc, gold and silver grades (300% to 700% higher);**
- **Initial metallurgical testwork results show positive first stage "rougher" recoveries of 90%;**
- **Highly prospective host rock extends for up to 50km north - south in Develin Creek tenure;**
- **Ongoing systematic soil geochemical programs proven a successful, initial screening tool; and**
- **Drilling planned to test new targets**

Located 80km north-west of Rockhampton in Central Queensland, the Develin Creek base metals project hosts several copper-zinc-gold-silver volcanic hosted massive sulphide deposits and covers an extensive belt of underexplored prospective host rocks. The existing Inferred Mineral Resource (JORC 2012) of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) (ASX release 15th February 2015) 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-Bentley, which are both located in Western Australia. These types of deposits typically occur in clusters making them attractive exploration targets.

Drilling completed to date by Zenith at the Sulphide City deposit has returned results including: 5m @ 2.45% copper, 2.14% zinc, 0.4 g/t gold and 30.7 g/t silver and 3m @ 2.63% copper, 0.88% zinc, 0.5 g/t gold and 36.7 g/t silver supporting results from a diamond drill hole completed in 2011 that returned an intersection of 13.2 metres @ 3.3% copper, 4.0% zinc and 0.4g/t gold.

Massive bedded copper-zinc sulphide mineralisation remains open at depth beyond the main Scorpion deposit to the north and north-east, whilst bedded massive sulphide remains open ended to the northwest of the Sulphide City deposit (Figure 16). Incremental resource extensions are likely to the immediate north of the Window resource.

Surface lithogeochemical sampling to trace the prospective copper-zinc-gold-silver horizons at Develin Creek has recently been completed. Results confirm the ability to discriminate between the basalt sequences hosting mineralisation allowing the company to now track those prospective basalt sequences at surface. It is anticipated that new targets generated from this research work will be drill tested later this year in conjunction with a twin-hole program to assess potential under-call of the grades of the main Sulphide City resource.

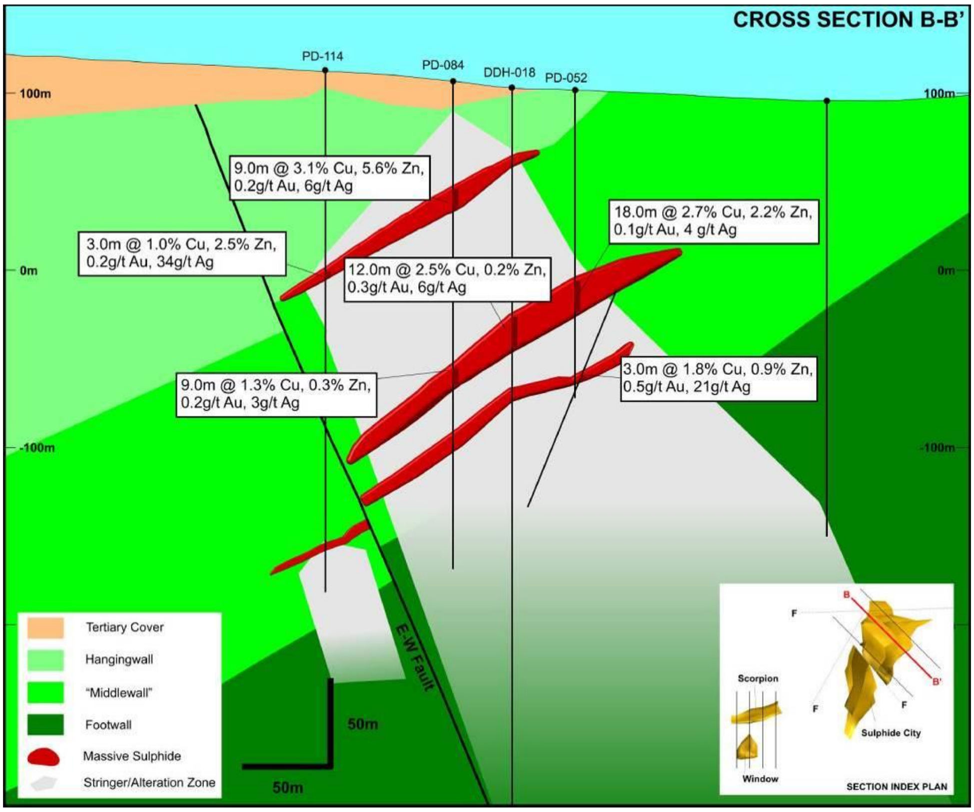

Figure 16: Sulphide City Deposit – Cross Sections

In addition, a Zenith RC hole completed in the drill program twinned a 1993 percussion drill hole as the older hole appeared to have anomalously low results compared to the more recent diamond drill holes and other older 1993 diamond drill hole results further to the north. Zenith's new hole returned significantly higher copper, zinc, gold and silver grades (3x copper, 5x zinc, 5x gold and 7x silver) for the equivalent drilled interval. Results from the newer twin hole replaced the older drill hole results allowing a zone of continuous high-grade copper to be defined through the core of the 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 400m x 150m. The lens varies from 2.5m to 29m in thickness, generally dips 25-30° west-northwest and has been intersected at depths between 80m and 200m. Better historic drill intersections (previously reported) 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 & 1.21g/t Au
- PD-052 15.0m @ 3.1% Cu, 2.3% Zn

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 and grades up to 6% Cu, 9% Zn, 43g/t Ag and 1g/t Au. Better historic drill results (previously reported) 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 & 0.3g/t Au (includes 16.7m @ 2.1% Cu, 2.0% 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)

The highly weathered Window mineralisation consists of a ~40m thick sub-horizontal supergene blanket of copper mineralisation 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. Better historic drilling results from Window (previously reported) include:

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

Wilsons South Prospect

In the Wilsons area, located 30km south of the known Develin Creek copper-zinc-gold-silver deposits Zenith's geochemical sampling program defined a 1000 metre by 500 metre, coincident copper-zinc soil anomaly overlying the Wilsons Copper Prospect where samples of gossans (up to 2.7% copper and 0.4% zinc) were mapped. Based on mapping and historical drilling Zenith's geologists interpret the Wilsons Prospect to represent the footwall stringer or feeder position typically observed below copper-zinc massive sulphide bodies.

In addition to identifying the known prospect at Wilsons, the soil sampling defined a prospective corridor 2000 metres by 750 metres continuing to the south which overlies a discrete EM conductor defined by a HeliTEM geophysical survey. The coincident soil anomaly and EM conductor at Wilsons South are located at higher topographic elevations directly along geological strike from the Wilsons prospect and are therefore considered to be an attractive drill target as preservation of the copper-zinc massive sulphide bodies are considered likely.

Regional Targets

Within the Develin Creek project area, Zenith believes that there is good potential to discover new massive sulphide copper-zinc mineralisation, in the extensive landholdings totalling 300km^2. Zenith controls over 50km of strike length of prospective volcanic host rock sequence.

To date approximately 11,100 soil samples have been collected and analysed by Zenith as part of a systematic geochemical surveying program. Historically there has been little to no systematic geochemical soil sampling over much of the prospective target horizons, and thus Zenith's ongoing sampling program is the first to provide effective regional geochemical coverage over key portions of the target area.

RED MOUNTAIN GOLD-SILVER PROJECT – QLD (Zenith 100%)

- **Initial reconnaissance field work by Zenith returned highly encouraging silver and gold rock chip sample results up to 114 g/t silver and 0.69 g/t gold;**
- **1km long, high-order (>100 ppb) silver soil geochemical anomaly confirmed with results up to 1 g/t silver. Open ended silver soil anomaly provides target scale and immediate follow-up opportunity;**
- **Follow-up mapping and sampling to define the extents of the gold-silver mineralisation is planned along with trenching to test the true thickness of the poorly exposed gold-silver zones and to track mineralisation where it extends beneath shallow soil cover to the southwest.**

The Red Mountain project in central Queensland (Figure 17) was applied for following a review of previous exploration activity in the area which reported highly anomalous cobalt and manganese in surface samples.

Based on the initial site visit and preliminary evidence, the geological setting and geochemical association at Red Mountain is indicative of a gold-silver "carbonate-base metal gold epithermal" system. According to Corbett (2002) this group of deposits represents the most prolific gold producers in the SW Pacific rim, examples include the Porgera Gold Mine and Mt Muro Gold Mine.

The Red Mountain project is close to the low sulphidation epithermal gold deposit Cracow – owned by Evolution Mining and porphyry deposits such as the Whitewash Deposit porphyry copper-molybdenum deposit owned by Aeon Metals Limited. Project tenue is situated on grazing country with excellent access.

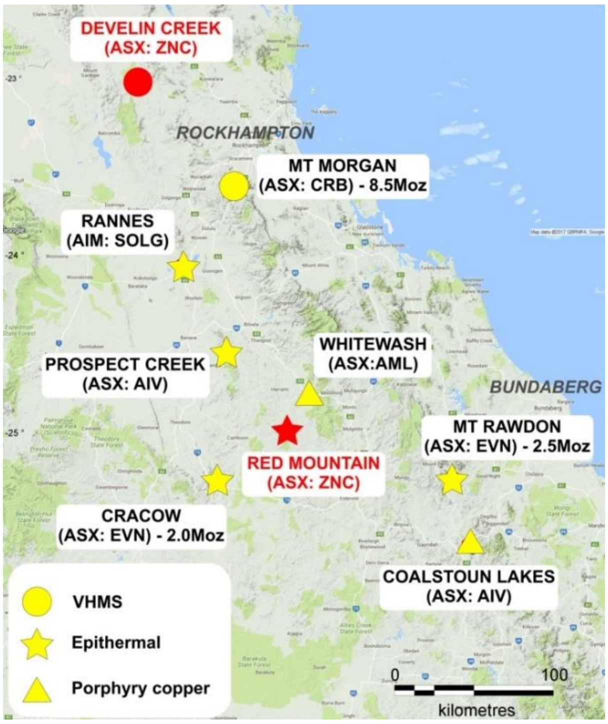

Figure 17: Red Mountain Project – Location Map
(Showing mineral deposits with past production plus current published resources)

Mapping in an area dominated by soil with minor sporadic rock outcrop identified discrete 2 to 3 metre wide manganese and iron rich fracture vein stockwork zones hosted in rhyolite and granodiorite with minor quartz. Rock chip sampling from these zones returned highly encouraging silver and gold rock chip sample results up to 114g/t silver and 0.69 g/t gold in association with anomalous copper, lead, zinc, barium, cobalt (up to 0.1%), antimony and bismuth. A total of 7 rock samples were collected, all results are shown on Figure 18.

Soil samples taken by Zenith confirmed an area of anomalous silver soil geochemistry which now outlines an open-ended, high-grade (>100 ppb) silver anomaly with individual soil results up to 1 g/t silver that provides target scale and an immediate follow-up opportunity (Figure 18).

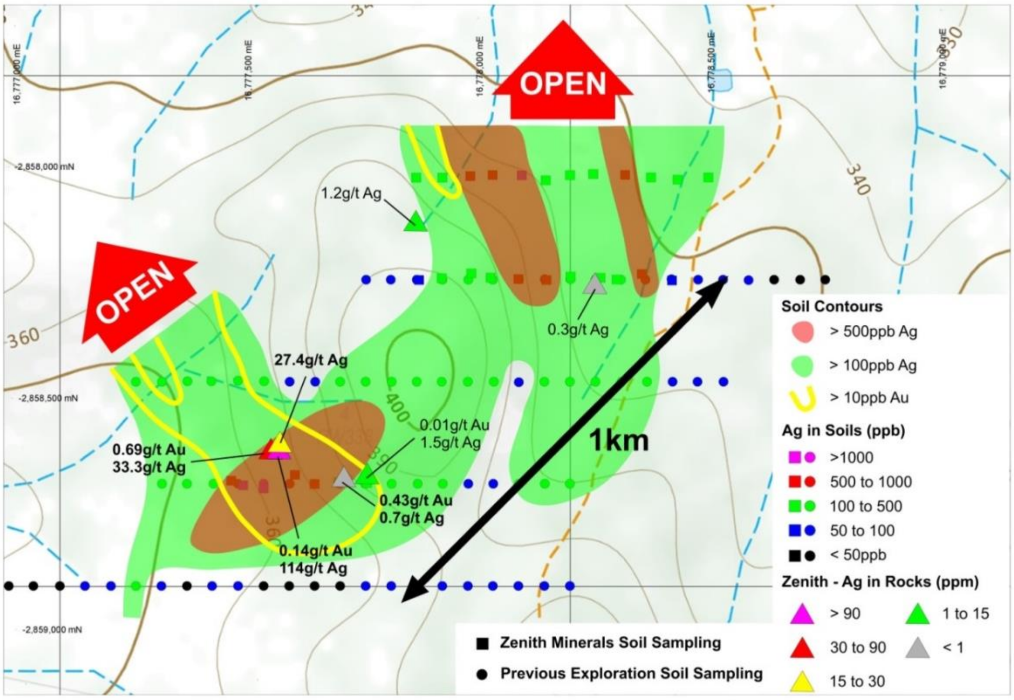

Figure 18: Prospect Map Showing Gold & Silver Rock Results and Silver Soil Results

The Zenith team is encouraged by the initial discovery of gold and silver at Red Mountain. Follow-up mapping and sampling to define the extents of the gold-silver mineralisation is planned along with trenching to test the true thickness of the poorly exposed gold-silver zones and to track mineralisation where it extends beneath shallow soil cover to the southwest.

WARATAH WELL LITHIUM-TANTALUM PROJECT – WA (Zenith 100%)

- **Warratah Well Project covers area of extensive outcropping pegmatites (3km x 2km) in north east of tenure - no reported previous exploration for lithium; and**
- **Reconnaissance field work by Zenith returned encouraging lithium rock chip sample results up to 0.34% Li_2O as well as widespread, high-grade tantalum up to 1166ppm Ta_2O_5.**

Zenith's 100% owned exploration licence in central west Western Australia - Warratah Well Project covers area of extensive outcropping pegmatites (3km x 2km) in the northeast of the project area (Figure 19). A review of previous explorer's reports indicates no lithium exploration activity has been conducted in the area.

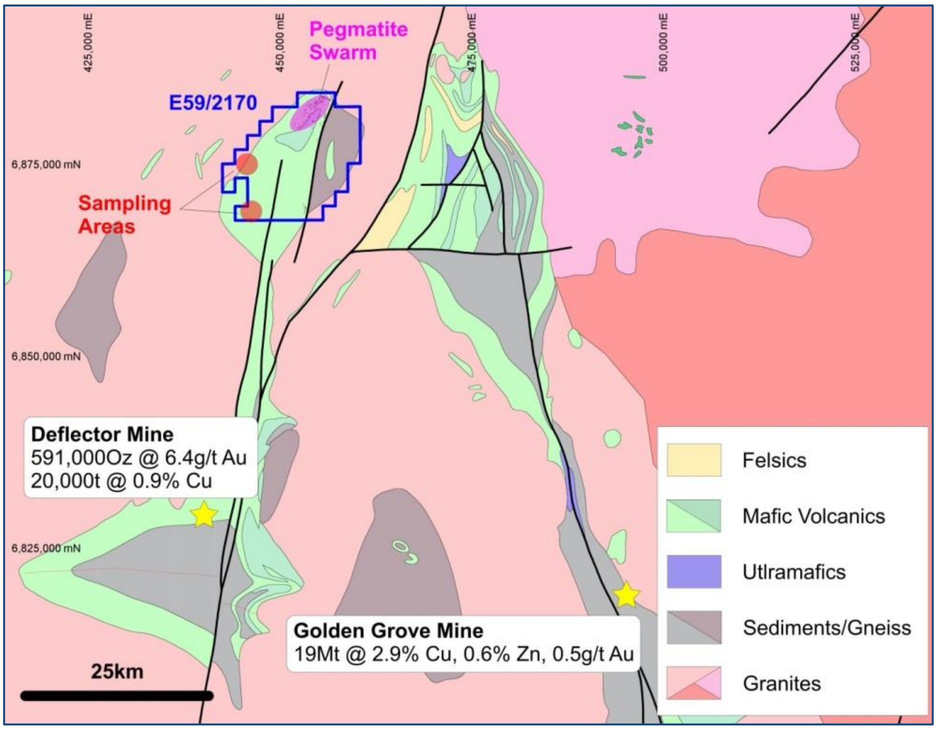

Figure 19: Warratah Well Project (E59/2170) – Regional geological Setting and Location of Targets (Deflector resource DRM website accessed 24-07-17 & Golden Grove resource - MMG 2014)

Reconnaissance field work completed during the quarter by Zenith to assess the pegmatite dykes and sills has returned encouraging lithium rock chip sample results (23 samples) up to 0.34% Li_2O as well as widespread, high-grade tantalum up to 1166ppm Ta_2O_5 (ASX Release 29th July 2017). Individual pegmatite bodies range in thickness from 0.5 metres to 20 metres and generally dip shallowly to the northeast at between 50 and 600. Tantalum results range from 30ppm to a maximum of 1166ppm Ta_2O_5, with 10 samples in excess of 200ppm Ta_2O_5 whilst lithium results are generally lower with only two samples returning greater than 0.2%Li_2O. Preliminary assessment appears to indicate that the higher lithium results are from mica rich pegmatites, whilst the tantalum mineral species is not yet known.

Further work is planned to assess the zonation of lithium and tantalum to determine if drill testing is warranted.

In addition, a review of previous exploration has identified a large, unexplained, discrete, high-order arsenic anomaly in the southwest of the tenure. Follow-up by Zenith's field team identified a zone of anomalous copper (up to 471ppm Cu), zinc (487ppm Zn) and arsenic (up to 1050ppm As) in surface lag and gossanous sub-crop indicative of a volcanogenic massive sulphide exploration target. The target area lies 45km north along strike from Doray Minerals Limited (ASX:DRM) Deflector gold-copper mine and 75km northwest of the Golden Grove copper-zinc-gold mine (Figure 19).

POLLAPPA LITHIUM PROJECT – QLD (Zenith 100%)

- **Tenements covering 333 square kilometres (40km of strike) of lithium prospective rocks in north Queensland;**
- **Area targeted using in-house Company methodology to assess the lithium fertility of host rock sequence and granites Australia wide;**
- **Highly anomalous lithium values grading: 0.50% Li_2O, 0.48% Li_2O, 0.46% Li_2O and 0.40% Li_2O from Holroyd Group metamorphic rock samples, located centrally within the project; and**
- **Majority of previous exploration focused solely on base metals and gold exploration despite the description of mapped pegmatites and lepidolite occurrence in the belt.**

The Pollappa lithium project is a large area (333 square kilometres) of 100% owned exploration permit for minerals in north Queensland. An initial area was applied for in early July 2016 following the recognition by the Company that the region contained lithium-enriched granites (Kintore Supersuite) and lithium-mineralised rocks with samples returning highly anomalous lithium values grading: 0.50% Li_2O, 0.48% Li_2O, 0.46% Li_2O and 0.40% Li_2O, from schist samples (not pegmatites) ascribed to the Holroyd Group metamorphic rocks. Those samples were documented in an Australian Federal Government geochemical sampling database of 50,000 records that were assessed by the Company as part of its Australia wide lithium project generation study.

Zenith's geologists believe that the new application area is prospective for lithium mineralisation. Following completion of the review of past exploration, initial surface mapping and sampling is planned prior to drill testing.

MT ALEXANDER IRON PROJECT – WA (Zenith 100%)

- **Advantages over other WA magnetite deposits;**
  - **Location close to coast and infrastructure (Well located close to sealed roads, gas pipelines and only 120km from coast near Onslow (Mitsui, Chevron ports)**
  - **Coarser grained = better beneficiation**
  - **Low waste to ore ratio ~ 1:1, provides a good compact mining shape**
- **JORC Inferred Resource of 566Mt @ 30 % Fe is only ~ 50% of target iron formation ("BIF") area. Clear potential to grow resource within significant additional Exploration Target.**

The Mount Alexander Project is 120 km from the port of Onslow, and 260 km south west of Karratha in the West Pilbara region of Western Australia, close to the Pilbara coast, the sealed North West Coastal Highway and the Dampier Bunbury gas pipeline.

Zenith discovered magnetite iron mineralisation occurs in a banded iron formation (BIF) associated with a sequence of amphibolite, dolomite, schist and quartzite of Proterozoic age in the northern Gascoyne Province.

In May 2013 the Company announced an Inferred Mineral resource for magnetite iron at Mount Alexander of 535 million tonnes @ 30.0% Fe. This mineral resource was updated and reported in June 2015 to include magnetite iron zones that extend on to an exploration licence acquired post that May 2013 resource estimate. The new Inferred Mineral resource (JORC12) for magnetite iron at Mount Alexander is: **565.7 million tonnes @ 30.0% Fe**. The resource is the total of the 2013 Inferred Mineral Resource (535.1Mt @ 30.0%Fe) and the updated BIF extensions of the central and south west domains (30.6Mt @ 30.0% Fe). Details are included in JORC Code Reporting Criteria Section 2 of the June 2015 Quarterly Report.

Mount Alexander BIF Inferred Mineral Resource estimate as at June 2015							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO_2 %	Al_2O_3 %	LOI %	P %	S %
Inferred	565.7	30.0	48.1	2.2	-0.4	0.1	0.46
	DTR	DTR Concentrate Grade					
	Mass Recovery %	Fe %	SiO_2 %	Al_2O_3 %	LOI %	P %	S %
	24.8	69.9	2.4	0.1	-2.7	0.01	1.1

In addition the Company reported a maiden Inferred Mineral resource estimate for magnetite iron at the Mt Alexander West prospect in June 2015. That Inferred Mineral resource (JORC12) for magnetite iron at Mount Alexander West is: **25.9 million tonnes @ 22.7% Fe.** The resource is classified as Inferred based on confidence in, and continuity of, the results from the drilling campaigns, detailed aeromagnetic data and detailed structural surface mapping. Details are included in JORC Code Reporting Criteria Section 2 of the June 2015 Quarterly Report.

Mount Alexander West BIF Inferred Mineral Resource estimate as at June 2015 (18%Fe cut-off)							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO2 %	Al_2O_3 %	LOI %	P %	S %
Inferred	25.9	22.7	50.0	7.9	0.27	0.35	0.04

Substantial additional potential exists for increased tonnage at both Mt Alexander and Mt Alexander West with only ~55% of target BIF drill tested to date.

Pre-feasibility study elements undertaken aimed at de-risking the project include; finalised Level 1 and Level 2 flora & flora surveys did not identify any major environmental triggers.

The Company has secured retention licences over the Mt Alexander and Mt Alexander West deposits as well as an area adequate to cover key infrastructure that would be required to develop the magnetite iron project. The retention licence/status will allow Zenith to hold the Mineral Resources but negate any ongoing Department of Mines statutory annual expenditure requirements for those licences.

EARAHEEDY MANGANESE PROJECT – WA (Zenith 100%)

Manganese Mineral Resources at Earaheedy are retained under retention licences.

Mineral Resource Statement

Develin Creek Copper-Zinc-Gold-Silver Project Mineral Resource

There was no change to the Inferred Mineral Resource for the Develin Creek Copper-Zinc-Gold-Silver Projects previously released to the ASX on the 15th February 2015.

Develin Creek Inferred Mineral Resource (JORC 2012) - February 2015					
Deposit	**Tonnes**	**Cu% Grade**	**Zn% Grade**	**Ag g/t Grade**	**Au g/t Grade**
SULPHIDE CITY	**1,796,700**	**1.75**	**2.37**	**9.7**	**0.23**
SCORPION	**548,900**	**1.98**	**1.66**	**13.0**	**0.36**
WINDOW	**225,600**	**1.30**	**-**	**0.8**	**0.02**
TOTAL	**2,571,200**	**1.76**	**2.01**	**9.6**	**0.24**

Red Lake Manganese Mineral Resource

There was no change to the Red Lake Inferred Mineral Resource for manganese previously released to the ASX in August 2014.

Red Lake Manganese Mineral Resource Estimate as at August 2014									
Classification	**Reporting Cut-off Grade**	**Tonnes (Mt)**	**Mn %**	**Fe %**	**SiO2 %**	**Al_2O_3 %**	**P %**	**S %**	**LOI %**
Inferred	25% Mn	0.2	30.0	14.1	13.8	7.9	0.24	0.03	12.1
	20% Mn	0.5	25.1	16.1	17.0	8.9	0.25	0.06	11.9
	15% Mn	1.1	20.8	17.7	20.5	9.3	0.24	0.17	11.5
	10% Mn	1.4	19.0	19.1	20.8	9.6	0.26	0.19	11.4
Note: The CSA Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.									

Lockeridge Manganese Mineral Resource

There was no change to the Lockeridge Inferred Mineral Resource for manganese previously released to the ASX on the 15th April 2015.

Lockeridge Manganese Mineral Resource Estimate as at April 2015									
Classification	**Reporting Cut-off Grade**	**Tonnes (Mt)**	**Mn %**	**Fe %**	**SiO_2%**	**Al_2O_3 %**	**P %**	**S %**	**LOI %**
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0

Note: The Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.

Mt Alexander Iron Mineral Resource

There was no change to the Mount Alexander Inferred Mineral Resource for magnetite iron previously released to the ASX in June 2015.

Mount Alexander BIF Inferred Mineral Resource estimate as at June 2015							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO_2 %	Al_2O_3 %	LOI %	P %	S %
Inferred	565.7	30.0	48.1	2.2	-0.4	0.1	0.46
	DTR	DTR Concentrate Grade					
	Mass Recovery %	Fe %	SiO_2 %	Al_2O_3 %	LOI %	P %	S %
	24.8	69.9	2.4	0.1	-2.7	0.01	1.1

Mt Alexander West Iron Mineral Resource

There was no change to the Mount Alexander West Inferred Mineral Resource for magnetite iron previously released to the ASX in June 2015.

Mount Alexander West BIF Inferred Mineral Resource estimate as at June 2015 (18%Fe cut-off)							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO2 %	Al_2O_3 %	LOI %	P %	S %
Inferred	25.9	22.7	50.0	7.9	0.27	0.35	0.04

Mineral Resource Governance and Internal Controls

Zenith Minerals Limited ensures that the Mineral Resource estimates quoted are subject to governance arrangements and internal controls. All of the Company's Mineral Resources have been estimated by independent third party competent persons or for selected inferred resources by suitably qualified and experienced Company personnel. All resources have been subject to review by Zenith Minerals Limited technical staff and by a sub-committee appointed by the Board of Directors.

The Company re-affirms that its Mineral Resources are reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

Competent Persons Statements

The information in this report that relates to Zenith Exploration Results and Exploration Targets is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith. 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.

The information in this Report that relates to in-situ Mineral Resources at the Develin Creek project is based on information compiled by Ms Fleur Muller an employee of Geostat Services Pty Ltd. Ms Muller takes overall responsibility for the Report. She is a Member of the AusIMM 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 2012 Edition). 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.

The information in this report that relates to Mineral Resources at Zenith's Red Lake Earaheedy project is based on information compiled by Mr Dmitry Pertel, a Competent Person who is a fulltime employee of CSA Global Pty Ltd and a member of the Australian Institute of Geoscientists (AIG). Mr Pertel has sufficient experience 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 Mineral Resources and Ore Reserves". Mr Pertel consents to the inclusion of such information in this report in the form and context in which it appears.

The information in this report that relates to Mineral Resources at Zenith's Lockeridge - Earaheedy project, Mt Alexander project and Mt Alexander West project is based on information compiled by Mr Rodney Michael Joyce, a Competent Person who is a director of the Company and a Member of the AusIMM. Mr Joyce has sufficient experience 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 Mineral Resources and Ore Reserves". Mr Joyce consents to the inclusion of such information in this report in the form and context in which it appears.

The Directors present their report, together with the financial statements of the consolidated entity, being Zenith Minerals Limited and subsidiaries ("the Consolidated Entity") it controlled at the end of, or during, the year ended 30 June 2017, and the auditors' report thereon.

1. DIRECTORS

The Directors of the Consolidated Entity at any time during or since the end of the financial year and up to the date of this report, unless otherwise stated are:

Rodney M Joyce	- Non Executive Director, appointed 6 December 2006. - Non Executive Chairman, appointed 9 October 2013.
Qualifications	- BSc (Hons), MSc, DIC
Experience	- Mike Joyce is a geologist with 38 years' experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree in Geology from Monash University. He also holds a MSc in Mineral Exploration from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Carosue Dam and Davyhurst in Western Australia prior to joining Giralia Resources NL initially as exploration manager. He later became Managing Director of Giralia Resources NL prior to its takeover by Atlas Iron Limited.
Other current directorships	- Gascoyne Resources Limited (Non Executive Director since 20 April 2011 and Non Executive Chairman since 5 October 2012)
Former directorships (last 3 years)	- Nil
Special Responsibilities	- Technical and Corporate
Michael J Clifford	- Managing Director, appointed 18 March 2014.
Qualifications	- BSc (Hons), 1987, MSc
Experience	- Mick Clifford is a geologist with over 29 years' experience in the exploration industry. Mick held senior technical and business development roles and explored for most major metal commodities during a successful career with Billiton Australia, Acacia Resources and AngloGold Ashanti rising to the position of Regional Exploration Manager Australia. Mick was Managing Director of ASX listed PacMag Metals Ltd from 2005 until its takeover in 2010, when he co-founded private explorer S2M2 Coal Pty Ltd. He is experienced in international exploration, exploring for gold, copper and coal and has had exposure to mining and exploration in Australia, USA, Brazil, Indonesia, PNG, Angola, Democratic Republic of Congo, Mexico and Mongolia.
Other current Directorships	- Nil
Former directorships (last 3 years)	- Nil
Special Responsibilities	- Executive Director

Stanley A Macdonald	- Non Executive Director, appointed 24 April 2006.
Experience	- Stan Macdonald has been associated with the mining and exploration industry for over 23 years.
Other current directorships	- Lion One Australia Pty Ltd (previously Avocet Resources Limited - Non Executive Director from 6 October 2005). - Gascoyne Resources Limited (Non Executive Director from 20 April 2011)
Former directorships (last 3 years)	- NiL
Special Responsibilities	- Company promotion and project acquisition.
Julian D Goldsworthy	- Non Executive Director, appointed 29 August 2013.
Qualifications	- B.App.Sc
Experience	- Julian was formerly Exploration Manager at Giralia Resources NL prior to its takeover by Atlas Iron Ltd, and is currently General Manager Business Development at Gascoyne Resources Limited. He has substantial prior experience in the minerals industry with Newcrest Mining (and its predecessor Newmont Australia) where he led and conducted successful exploration programs for gold in Australia and South America.
Other Current Directorships	- Nil
Former directorships (last 3 years)	- Nil
Special Responsibilities	- Technical and Corporate

'Other current directorships' mentioned above are current directorships for listed entities only, excluding directorships of all other types of entities, unless otherwise stated.
'Former directorships (last 3 years)' mentioned above are directorships held in the last 3 years for listed entities only, excluding directorships of all other types of entities, unless otherwise stated.

2. COMPANY SECRETARY

Melinda Nelmes CA	- Melinda Nelmes was appointed Company Secretary on 20 March 2014
	- Melinda is a Chartered Accountant with over 26 years' experience, including ten years in Company Secretarial roles for ASX listed and private companies. Prior experience to this includes being a Financial Group Accountant in the financial services sector. Melinda has also gained experience from working in accounting firms, including Deloitte, in the audit and corporate services divisions, gaining experience in various industry sectors including the mining and resource sector.

3. DIRECTORS' MEETINGS

The number of Directors' meetings (including meeting of committees of directors) and number of meetings attended by each of the directors of the Group during the financial year are:

	MEETINGS		CIRCULAR RESOLUTIONS IN WRITING	
	A	**B**	**A**	**B**
Mr R M Joyce	7	7	12	12
Mr S A Macdonald	7	7	12	12
Mr J D Goldsworthy	6	7	12	12
Mr M J Clifford	5	7	12	12

A = Number of meetings attended
B = Number of meetings held during the time the Directors held office during the year.

4. REMUNERATION REPORT – AUDITED

The remuneration report is set out under the following main headings:

A. Principles of Compensation
B. Key Management Personnel Remuneration
C. Equity Instruments

The information provided under headings A-C includes remuneration disclosures that are required under the Corporations Act 2001 and the Corporations Regulations 2001. These disclosures have been transferred from the financial report and have been audited.

Details of the remuneration of the key management personnel of the Consolidated Entity are set out in tables provided under heading 'B. Key Management Personnel Remuneration'. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

A. Principles of Compensation - Audited

Compensation levels for key management personnel of the entity are competitively set to attract and retain appropriately qualified and experienced Directors and Executives.

The objective of the Consolidated Entity's reward framework is to ensure reward for performance is competitive and appropriate. The framework aligns executive reward with achievement of strategic objectives and creation of long term growth and success for shareholders. The Board ensures that remuneration satisfies the following criteria:

- competitiveness and reasonableness
- transparency
- acceptability to shareholders
- attracts and retains high caliber executives
- rewards capability, experience and performance
- performance alignment of executive compensation.

The full Board acts on behalf of Nomination and Remuneration Committee matters, and is responsible for determining and reviewing the remuneration packages for its directors and executives. Remuneration of key management personnel for the year ended 30 June 2017 has been determined by the Board. In this respect consideration is given to normal commercial rates of remuneration for similar levels of responsibility that is market competitive and complementary to the reward strategy of the consolidated entity. Alignment to shareholders interests focuses on pursuing long term growth in shareholder wealth, consisting of growth in share price and success of the Company within an appropriate control framework.

The structure of non-executive directors remuneration and executive remuneration are separate as recommended by Corporate Governance Council best practice.

Executive Remuneration

The consolidated entity aims to reward executives with a level of remuneration based on their position and responsibility, which has a mix of both fixed and variable components. The remuneration of executives and reward framework comprises a combination of:

- base pay and non-monetary benefits
- performance linked incentives
- share based payments
- other remuneration such as superannuation and long service leave.

Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board of Directors acting in their capacity as the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Consolidated Entity and comparable market remunerations.

Performance linked Compensation

Performance-linked remuneration consists of long-term incentives in the form of options over ordinary shares of the Consolidated Entity. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Consolidated Entity is at the exploration stage and during this period is expected to incur operating losses. There is no separate profit-share plan or short-term incentive components.

Long-term Incentive

Long-term incentives comprise of long service leave and share based payments in the form of share options, which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. The exercise price of the options is determined after taking into account the underlying share price performance during the period leading up to the date of the grant. Subject to specific vesting conditions, each option is convertible into one ordinary share. There is presently no stated policy restricting key management personnel from limiting their exposure to risk in relation to options granted. The Board of Directors acting in their capacity as the Nomination and Remuneration Committee, review the long-term incentives for executives on an annual basis during its review process of the executive's performance.

Consequences of Performance on Shareholder Wealth

The overall level of key management personnel compensation takes into account the performance of the Consolidated Entity over a number of years.

Performance in respect of the current financial year and the previous five financial years is detailed in the table below:

	2017 $	2016 $	2015 $	2014 $	2013 $
Loss attributable to owners of the Group	952,932	1,068,003	6,351,356	846,223	1,005,818
Basic Loss per Share	0.005	0.008	0.051	0.008	0.01
Share Price at financial year end ($)	0.10	0.11	0.04	0.09	0.07
Changes in share price (from initial listing of 25 cents)	-0.15	-0.14	-0.21	-0.16	-0.18

During the financial years noted above, there were no dividends paid or other returns of capital made by the Consolidated Entity to shareholders. The Consolidated Entity's performance is impacted by a number of factors including employee performance. The measures of performance of the Consolidated Entity set out in the table above have been taken into consideration in the determination of appropriate levels of remuneration by the Board acting in its capacity as the Nomination and Remuneration Committee.

Non-executive Compensation
Remuneration of Non-executives comprise fees in the form or cash and statutory superannuation entitlements, quantified by having regard to industry practice and the need to obtain appropriately qualified, independent persons. Fees may contain non-monetary elements. Fees and payments to non-executive directors have regard to the demands and responsibilities of their role which covers all main board activities and membership of applicable sub-committees.

The Board acting as the Nomination and Remuneration Committee reviews non-executive director fees and payments annually. The Board may receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to other non-executive director fees, based on similar comparative roles in the market place. The Chairman is not present at discussions regarding the determination of his own remuneration. Non-executives do not receive share options or other incentives.

Total compensation for all non-executive directors, agreed at a general meeting on 14 March 2006 is that the maximum non-executive director remuneration be $200,000 per annum.

During the financial year ended 30 June 2017, the Chairman's fees were $28,750 plus statutory superannuation of 9.50% per annum.

Voting and comments made at the Consolidated Entity's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, 51% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. There was no specific feedback received at the AGM, regarding its remuneration practices.

B. Key Management Personnel Remuneration - Audited

The following table discloses the remuneration of the key management personnel of the Consolidated Entity.

The key management personnel of the Consolidated Entity consisted of the following directors:

- Mr R M Joyce – Non-Executive Chairman
- Mr S A Macdonald – Non-Executive Director
- Mr J D Goldsworthy – Non-Executive Director
- Mr M J Clifford – Managing Director

and the following persons:

- Mrs M J Nelmes – Company Secretary and Chief Financial Officer.

The key management personnel of Zenith Minerals Limited and subsidiaries include the directors and the following executive officers:-

	Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payments		S300A(1)(e)(i)	S300A(1)(e)(vi)
	Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options	TOTAL	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
2017	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Non-Executive Directors:									
R M Joyce (Chairman)	28,750	-	-	2,731	-	-	31,481	-	-
S A Macdonald	22,500	-	-	2,138	-	-	24,638	-	-
J D Goldsworthy	22,500	-	-	2,138	-	-	24,638	-	-
Executive Director:									
M J Clifford	192,603	-	-	18,297	-	69,924	280,824	-	24.90%
	266,353	-	-	25,304	-	69,924	361,581		
Other Key Management Personnel:									
M J Nelmes	80,684	-	-	7,665	-	33,667	122,016	-	27.59%
TOTAL:	**347,037**	-	-	**32,969**	-	**103,591**	**483,597**		

	Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payments		S300A(1)(e)(i)	S300A(1)(e)(vi)
	Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options	TOTAL	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Non-Executive Directors:									
R M Joyce (Chairman)	25,000	-	-	2,375	-	-	27,375	-	-
S A Macdonald	20,000	-	-	1,900	-	-	21,900	-	-
J D Goldsworthy	20,000	-	-	1,900	-	-	21,900	-	-
Executive Director:									
M J Clifford	172,997	-	-	16,435	-	-	189,432	-	-
	237,997	-	-	22,610	-	-	260,607	-	-
Other Key Management Personnel:									
M J Nelmes	74,424	-	-	7,070	-	-	81,494	-	-
TOTAL:	**312,421**	-	-	**29,680**	-	-	**342,101**	-	-

Analysis of Bonuses Included in Remuneration – Audited

No short-term incentive cash bonuses have been awarded as remuneration to directors of the Consolidated Entity or to Consolidated Entity executives.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		Remuneration linked to performance	
	2017	2016	2017	2016
Non-Executive Directors:				
R M Joyce	100%	100%	-	-
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
M J Clifford	100%	100%	-	-
Other Key Management Personnel:				
M J Nelmes	100%	100%	-	-

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Service Contracts

Remuneration and other terms of employment for other key management personnel are formalised in service agreements. The major provisions of the agreement relating to remuneration are set out below.

Rodney Michael Joyce
- Non Executive Chairman, appointed 6 December 2006
- Annually renewable contract
- Base Salary of $25,000 ($40,000 from 1 April 2017) per annum plus superannuation of 9.50%.

Stanley A Macdonald
- Non Executive Director, appointed 24 April 2006
- Annually renewable contract
- Base Salary of $20,000 ($30,000 from 1 April 2017) per annum plus superannuation of 9.50%.

Julian D Goldsworthy
- Non Executive Director, appointed 29 August 2013
- Annually renewable contract
- Base Salary of $20,000 ($30,000 from 1 April 2017) per annum plus superannuation of 9.50%.

Michael J Clifford
- Managing Director appointed 18 March 2014

Terms of Agreement
- The agreement is annually renewable. To terminate the agreement, the Consolidated Entity must provide three months' notice or the Managing Director must provide three months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.

Remuneration and Benefits	- From 1 July 2016 to 31 March 2017, annual salary of $228,000 inclusive of 9.50% superannuation reduced by 10%. From 1 April, the Nomination and Remuneration Committee removed the 10% temporary reduction and annual salary of $228,000 inclusive of 9.5% superannuation was re-instated. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.
Melinda J Nelmes	- Company Secretary and Chief Financial Officer, appointed 20 March 2014.
Terms of Agreement	- The agreement is reviewed annually. To terminate the agreement, either party must provide one months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.
Remuneration and Benefits	- Permanent part-time agreement of base 15 hours per week (0.4 of a full time equivalent employee) with annual base salary for a full time equivalent of $195,445 (0.4 of a full time equivalent: $78,178) inclusive of 9.50% superannuation for the year ending 30 June 2017.

C. Equity Instruments – Audited

Share-based compensation

i) Issue of shares

There were no shares issued to the directors and other key management personnel as part of compensation during the year ended 30 June 2017 (2016:Nil)

ii) Options

For the Zenith Minerals Limited options granted over ordinary shares during the current financial year or future reporting years affecting remuneration of directors and other key management personnel, the terms and conditions are as follows:

2017:

Grant date	Expiry date	Share price at grant date	Exercise price	Fair value at grant date	Vesting Date
29 Nov 2016	29 Nov 2019	$0.115	$0.161	$0.05179	Vests at date of grant

There were no options granted over ordinary shares to the directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options granted carry no dividend or voting rights.

During the year or since the end of the end of the financial year ended 30 June 2017, the number of options over unissued ordinary shares granted to and vested by the following directors and other key management personnel as part of their compensation are set out below:

Name	Number Granted during the Year 2017	Number Granted during the Year 2016	Number of options vested during the Year 2017	Number of options vested during the Year 2016
Director:				
M J Clifford	1,350,000	-	1,350,000	-
Other Key Management Personnel:				
M J Nelmes	650,000	-	650,000	-

Values of options over ordinary shares granted, exercised, lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Director:				
M J Clifford	69,924	-	-	24.90%
Other Key Management Personnel:				
M J Nelmes	33,667	-	-	27.59%

There were no options over ordinary shares granted, exercised, lapsed for directors and other key management personnel as part of compensation, during the year ended 30 June 2016.

Shares issued on exercise of options

No options granted under Zenith Minerals Limited's Employee Option Plan were exercised into ordinary shares during the year ended 30 June 2017 (2016: Nil).

iii) Additional disclosures relating to key management personnel

Share holding

The number of shares in Zenith Minerals Limited held during the financial year by each director and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2017	Ordinary Shares				
Name	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other changes	Balance at the end of the year
Directors:					
Rodney M Joyce	10,587,340	-	882,279	-	11,469,619
Stanley A Macdonald	4,537,382	-	-	-	4,537,382
Julian D Goldsworthy	2,049,715	-	157,810	-	2,207,525
Michael J Clifford	2,176,504	-	69,382	-	2,245,886
Other Key Management Personnel:					
Melinda J Nelmes	75,116	-	-	-	75,116
	19,426,057	-	1,109,471	-	20,535,528

Option holding

The number of options over ordinary shares in Zenith Minerals Limited held during the financial year by directors and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below:

2017

Name	Balance at the start of the year	Granted as Remun-eration	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested	Vested & exercisable	Vested & un-exercis-able
Directors:								
Rodney M Joyce	882,279	-	882,279	-	-	-	-	-
Stanley A Macdonald	236,964	-	-	-	236,964	236,964	236,964	-
Julian D Goldsworthy	170,811	-	157,810	-	13,001	13,001	13,001	-
Michael J Clifford	1,181,376	1,350,000	69,382	-	2,461,994	2,461,994	2,461,994	-
Other Key Management Personnel:								
Melinda J Nelmes	25,010	650,000	-	-	675,010	675,010	675,010	-
	2,496,440	2,000,000	1,109,471	-	3,386,969	3,386,969	3,386,969	-

Other transactions with key management personnel and their related parties

During the financial year ended 30 June 2017, other transactions with key management personnel and their related parties were as follows:

- Payments in relation to a management service agreement between Zenith Minerals Limited and Gascoyne Resources Limited (a director related entity of Mr R M Joyce and Mr S A Macdonald) of $24,533 were made plus reimbursement of expenses to Gascoyne Resources Limited of $7,261. The Consolidated Entity hired out its Landcruiser Vehicle to Gascoyne Resources Limited during the financial year ended 30 June 2017 at a cost of $75 per day, and received hire fees totaling $17,100.
- Serviced Office Income fees were received from Minasola Pty Ltd, a director related entity of Mr R M Joyce of $2,582 and from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald of $2,582.
- $4,835 was paid to Cobalt Consulting Pty Ltd, a director related entity of Mr M J Clifford during the financial year, as reimbursement of expenses.

All transactions were made on normal commercial terms and conditions and at market rate.

Loans to directors and executives
There are no loans to directors and executives.

This concludes the remuneration report, which is audited.

5. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration predominantly in Australia and also including Turkey (Europe), Mexico and United States of America.

Following listing on ASX on 29 May 2007, the Consolidated Entity commenced exploration activity wherever it assessed there was an opportunity of success.

There was no significant change in the nature of the activity of the Consolidated Entity during the year.

6. OPERATING & FINANCIAL REVIEW

Overview
During the year, the Consolidated Entity undertook mineral exploration activities predominantly in Australia.

Objectives
The Group's objectives are to pursue opportunities in exploration and mining for precious and other minerals in areas which are highly prospective for mineralisation.

Financial Results

The loss for the financial year ended 30 June 2017, attributable to members of the Consolidated Entity, after income tax is $952,932 (2016: $1,068,003).

No dividends were paid or recommended for payment during the financial year ended 30 June 2017.

Review of Financial Condition

During the year the net assets of the Consolidated Entity increased by $797,456 from $2,657,587 at 30 June 2016 to $3,455,043 at 30 June 2017.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2017 of $1,506,386 (2016: $1,256,768). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of $116,965 (2016: $508,705) following its review of its portfolio of mineral tenements.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year ended 30 June 2017 were as follows:

a) 100,000, $0.29 unlisted options with an expiry date of 20 August 2016 expired. These had a fair value of 16.42 cents.
b) On 13th September 2016, Zenith Minerals Limited announced that it executed a binding agreement with 4DS Memory Limited (formerly named Fitzroy Resources Limited), to aquire the remaining 49% interest in the Develin Creek copper-zinc-gold-silver project located in Queensland for $60,000. Zenith Minerals Limited now owns 100% interest in the Develin Creek project.
c) On 10th November 2016, it was announced that a wholly owned USA subsidiary Zenolith (USA) Inc had secured an exclusive option to acquire a 100% interest in the Burro Creek lithium clay project located in central western Arizona, USA.
d) On 29th November 2016, 2,500,000 Unlisted Options exerciseable at $0.161, expiring 29 November 2019 were issued with:
    i) 1,350,000 unlisted options issued to Managing Director, Mr M J Clifford under the Zenith Minerals Limited Employee Share Option Plan, as approved by shareholders at the company's Annual General Meeting held on 24th November 2016;
    ii) 1,150,000 unlisted options issued to employees under the Zenith Minerals Limited Employee Share Option Plan.
e) On 6th December 2016, Zenith Minerals Limited announced that it secured two new 100% owned lithium brine exploration projects in central western Nevada, USA – Spencer and Wilson Salt Flat.
f) On 17th January 2017, Zenith Minerals Limited announced that it has staked new 100% owned concessions (totalling 26,440 acres) over a new lithium brine exploration project in central Mexico. The region is generally known for its large scale silver mines and has excellent infrastructure.
g) On 23rd January 2017, Teck Anadolu Madencilik A.S. ("Teck"), a Turkish subsidiary of Teck Resources Limited, notified Mamucoal Pty Ltd, subsidiary of Zenith Minerals Limited, that it has earned a 70% interest in the Kavaklitepe gold project from Zenith by spending US$700,000 in property expenditures including a minimum of 1500m of drilling. Both companies may continue to explore or develop the property by contributing their pro-rata costs or they may elect to dilute their interests according to a standard industry formula. Following this event, on the 23rd April 2017, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd made a payment of Turkish Lira TRY7,500 (AUD$2,786) for minimum 25% of its 30% interest in Turkish Lira TRY100,000, share capital of Kavak Madencilik A.Ş., a company incorporated under the laws of the Republic of Turkey.
h) Following Zenith Minerals Limited assembling an outstanding lithium project portfolio over the 6 - 12 months prior to March 2017, including five lithium brine, lithium pegmatite and lithium clay projects in the USA and Mexico, it was announced on 7th March 2017 that:
    i) Zenith Minerals Limited has agreed to a funding deal with Bradda Head Ltd, a private company controlled by prominent UK investor Jim Mellon, to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio. The transaction includes a cash refund of Zenith's expenditure to date up to US$500,000 (~A$660,000), US$5 million (A$6.6 million) in exploration expenditures over 3 years by Bradda Head to earn 55% project interest, a one off right for Zenith to contribute at 45%, or be free carried at 30% to the end of pre-feasibility studies on two projects. Bradda Head must spend a minimum of US$500,000 on exploration on the projects and drill at least one project before it can withdraw. In addition, commitments have been received from Jim Mellon and other sophisticated investors for a concurrent share placement of A$1.5 million comprising 15 million ZNC ordinary shares @ 10c plus one free attaching ZNCO listed option for every 5 shares issued.

    On the 15th March 2017, there was an injection of funds into Zenith Minerals Limited of $1.5 million from a placement of 15 million ordinary shares (ASX Code: ZNC) at $0.10

per share with a free attaching option exercisable at $0.10, expiring 31 December 2017 on basis of one (1) free option for every five (5) shares subscribed for under the placement.

i) During the financial year ended 30 June 2017, 1,126,451 quoted options (ASX Code: ZNCO) were exercised at $0.10 per option, resulting in an issue of 1,109,471 ordinary shares worth $110,947.10.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On the 19th July 2017, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd made a payment of Turkish Lira TRY22,500 (AUD$8,135) for 75% of its 30% shareholder interest in Turkish Lira TRY100,000, share capital of Kavak Madencilik A.Ş., a company incorporated under the laws of the Republic of Turkey.

On the 9th of August 2017, a cash call payment of TRY506,880 (AUD$144,513.19) was made to Kavak Madencilik A.Ş. in relation to the Kavaklitepe property per the shareholders agreement between Teck Anadolu Madencilik A.Ş., Mamucoal Pty Ltd and Kavak Madencilik A.Ş.. This represents a 30% share of exploration costs for joint venture activities commencing in September 2017.

Other than the matters mentioned above, there have been no other matter or material events that has arisen subsequent to 30 June 2017, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

9. LIKELY DEVELOPMENTS

The Consolidated Entity will continue to pursue its policy of acquiring and testing attractive mineral properties with a view to developing properties capable of economic mineral production.

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

10. ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to significant environmental regulation in relation to its exploration activities from the Department of Minerals and Petroleum (West Australian operations), Code of Environmental Compliance for exploration and mineral development projects, Version 1.1 and provision of the Environmental Heritage Protection Act 1994 (Queensland operations), State Lands Department of Arizona laws and regulations (Arizona state lease), The General Mining Act of 1872 United States (Federal Lode mining claims Arizona), Turkish Mining Law as administered by the Mining Affairs General Directorate of the Ministry of Energy and Natural Resources (Turkish operations) and aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The directors are not aware of any significant breaches during the period covered by this report.

11. INDEMNITY AND INSURANCE OF OFFICERS

The Consolidated Entity has indemnified the Directors and Officers for costs incurred by them in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity, of the Consolidated Entity, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the Directors or Officers of the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Consolidated Entity.

During the financial year, the company paid a premium in relation to a contract to insure the Directors and Officers of the Consolidated Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

12. INDEMNITY AND INSURANCE OF AUDITORS

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

The Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

13. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over such instruments issued by Zenith Minerals Limited, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully Paid Ordinary shares			Options		
	Number Directly Held	Number Beneficially Held	TOTAL	Number Directly Held	Number Beneficially Held	TOTAL
R M Joyce	-	11,469,619	11,469,619	-	-	-
S A Macdonald	2,156,520	2,380,862	4,537,382	179,710	57,254	236,964
J D Goldsworthy	2,051,523	156,002	2,207,525	-	13,001	13,001
M J Clifford	-	2,245,886	2,245,886	2,350,000	111,994	2,461,994
TOTAL	4,208,043	16,252,369	20,460,412	2,529,710	182,249	2,711,959

None of the directors listed above have any contractual rights to shares.

14. SHARE OPTIONS

Shares under option
Unissued ordinary shares of Zenith Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise Price	Number under option
29 November 2016	29 November 2019	$0.161	2,500,000
15 March 2017	31 December 2017	$0.10	3,000,000
24 March 2016	31 December 2017	$0.10	20,994,732
21 March 2014	21 December 2017	$0.13	1,000,000

No option holder has any right under the options to participate in any other share issue of the Group.

On 20th August 2016, 100,000 unlisted options at $0.29 expired.

15. SHARES ISSUED ON THE EXERCISE OF OPTIONS

Zenith Minerals Limited issued the following ordinary shares during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted:

Date options Granted	Exercise Price	Number of shares issued
24 March 2016	$0.10	1,126,451

16. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

17. DIVIDENDS

No dividends were paid or provided for during the year.

18. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (PKF Mack) for audit and non-audit services provided during the financial year are outlined in Note 8 to the financial statements.

The directors are satisfied that the provision for non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 due to the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

19. OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF PKF MACK

There are no officers of the company who are former audit partners of PKF Mack.

20. AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

21. AUDITOR

PKF Mack continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

Signed in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr R M Joyce
Chairman

Dated: 27 September 2017
Perth, WA

PKF MACK

Accounting, Financial and Business Advisory

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ZENITH MINERALS LIMITED

In relation to our audit of the financial report of Zenith Minerals Limited for the year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SHANE CROSS
PARTNER

27 SEPTEMBER 2017
WEST PERTH,
WESTERN AUSTRALIA

PKF Mack
ABN 64 591 268 274

Liability limited by a scheme approved under Professional Standards Legislation

www.pkfmack.com.au

Perth

Level 4, 35 Havelock St
West Perth WA 6005 Australia

PO Box 609 West Perth WA 6872

p +61 8 9426 8999
f +61 8 9426 8900

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	Consolidated Entity	
		2017	**2016**
		$	**$**
Revenue	5	48,785	21,132
Other income	6	-	60,451
Expense			
Employee benefits expenses		(218,001)	(207,413)
Share option based payment		(129,488)	-
Depreciation and amortisation expense		(9,094)	(12,311)
Management fee		(31,795)	(36,800)
Premises costs		(23,500)	-
Exploration expenditure expensed		(106,290)	(147,287)
Exploration expenditure write off		(132,775)	(40,515)
Other operating expenses	7	(233,809)	(196,555)
Impairment loss on exploration & evaluation expenditure		(116,965)	(508,705)
Loss before income tax		(952,932)	(1,068,003)
Income tax benefit	10	-	-
Loss after income tax benefit for the year		**(952,932)**	**(1,068,003)**
Other comprehensive income			
Items that might be reclassified subsequently to profit or loss:			
Foreign currency translation		5,742	-
Other comprehensive income for the period (net of tax)		5,742	-
Total comprehensive loss for the period		**(947,190)**	**(1,068,003)**
Loss per share		**Cents**	**Cents**
Basic and diluted loss per share	9	(0.5)	(0.8)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	Consolidated Entity	
		2017 $	**2016 $**
CURRENT ASSETS			
Cash and cash equivalents	11	2,004,505	1,473,472
Trade and other receivables	12	31,542	20,371
Other current assets	13	6,674	16,083
TOTAL CURRENT ASSETS		**2,042,721**	**1,509,926**
NON-CURRENT ASSETS			
Available for sale financial asset	14	2,786	-
Plant and equipment	15	25,054	33,694
Exploration and evaluation expenditure	16	1,506,386	1,256,768
TOTAL NON-CURRENT ASSETS		**1,534,226**	**1,290,462**
TOTAL ASSETS		**3,576,947**	**2,800,388**
CURRENT LIABILITIES			
Trade and other payables	17	80,982	96,408
Employee benefits	18	50,922	46,393
TOTAL CURRENT LIABILITIES		**131,904**	**142,801**
TOTAL LIABILITIES		**131,904**	**142,801**
NET ASSETS		**3,455,043**	**2,657,587**
EQUITY			
Issued capital	19	18,099,778	16,494,620
Reserves	20(a)	193,363	74,553
Accumulated losses	20(b)	(14,848,098)	(13,911,586)
TOTAL EQUITY		**3,445,043**	**2,657,587**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2016	**16,494,620**	**74,553**	**(13,911,586)**	**2,657,587**
Loss for the period	-	-	(952,932)	(952,932)
Other comprehensive income	-	5,742	-	5,742
Total comprehensive income	-	5,742	(952,932)	(947,190)
Transactions with owners, recorded directly in equity				
Issue of shares, net of transaction costs (note 19)	1,605,158	-	-	1,605,158
Issue of staff options (note 20)	-	129,488	-	129,488
Expiry/Cancellation of staff options (note 20)	-	(16,420)	16,420	-
Balance at 30 June 2017	**18,099,778**	**193,363**	**(14,848,098)**	**3,445,043**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2015	**14,774,740**	**90,973**	**(12,860,003)**	**2,005,710**
Loss for the period	-	-	(1,068,003)	(1,068,003)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,068,003)	(1,068,003)
Transactions with owners, recorded directly in equity				
Issue of shares, net of transaction costs (note 19)	1,719,880	-	-	1,719,880
Expiry/Cancellation of staff options (note 20)	-	(16,420)	16,420	-
Balance at 30 June 2016	**16,494,620**	**74,553**	**(13,911,586)**	**2,657,587**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	Consolidated Entity 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		54,475	8,334
Cash paid to suppliers and employees		(825,308)	(547,302)
Receipt of research and development incentive		-	60,451
Payments for capitalised exploration and expenditure		(955,255)	(605,113)
Reimbursement of exploration costs per Farm in agreement		661,603	-
Receipt of research and development incentive related to capitalised exploration		-	118,026
Interest received		4,989	8,243
NET CASH (USED IN) OPERATING ACTIVITIES	27	**(1,059,496)**	**(957,361)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for available for sale investment		(2,786)	-
Deposits paid		-	(13,222)
Payments for plant and equipment		(454)	(2,102)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(3,240)**	**(15,324)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		1,612,645	1,769,692
Cost of issuing equity securities		(7,487)	(49,812)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,605,158**	**1,719,880**
Net increase in cash and cash equivalents		542,422	747,195
Cash and cash equivalents at the beginning of the financial period		1,473,472	726,277
Effect of movement in exchange rates on cash held		(11,389)	-
CASH AND CASH EQUIVALENTS AT 30 JUNE 2017	11	**2,004,505**	**1,473,472**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. REPORTING ENTITY

Zenith Minerals Limited and controlled entities ("Consolidated Entity") is domiciled in Australia, incorporated in Australia, publicly listed on the ASX and limited by shares. The address of the Consolidated Entity registered office and principal place of business is Level 2, 33 Ord Street, West Perth, Western Australia, 6005.

The Consolidated Entity is involved in mineral exploration.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs), Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit orientated entities.

These financial statements of the Consolidated Entity comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Consolidated Financial Statements were approved by the Board of Directors on 27 September 2017. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2015 to 30 June 2016.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost and accrual accounting basis, except for available for sale investments which have been fair valued.

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity with supplementary information about the parent entity being included in at note 30.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Consolidated Entity's functional currency.

(d) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses.

Estimates and judgements incorporated in the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

2. BASIS OF PREPARATION (cont.)

(i) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

(ii) Exploration and Evaluation Expenditure

The Consolidated Entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Key judgements are applied in considering costs to be capitalised, including determining those expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes and changes to commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

As at 30 June 2017, the carrying value of capitalised exploration expenditure is $1,506,386 (2016: $1,256,768).

(iii) Impairment of non-financial assets

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less cost of disposal or value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Impairment loss recorded in the current financial year was $116,965 (2016: $508,705).

(iv) Share based payments

The Consolidated Entity measures the cost of equity settled transactions with consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share-based payments would not impact carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(v) Estimation of useful lives of assets

The Consolidated Entity determines the useful lives and related depreciation and amortisation charges for its property, plant & equipment and finite live intangible assets. Events such as technical innovations or other events could change the useful lives of assets significantly. Depreciation and amortisation charges will increase where the useful lives are less than the previously estimated lives, or technically obsolete or non-strategic assets which have been abandoned or sold will be written down or written off.

2. BASIS OF PREPARATION (cont.)

(vi) Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities measured at fair value, using a three level hierarchy which is based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. In determining what is significant to fair value there is considerable judgement required. Therefore, the category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or use of observable inputs requiring significant adjustments based on unobservable inputs.

(e) Going Concern Basis

The Group has net assets of $3,445,043 (2016: $2,657,587) as at 30 June 2017 and incurred a loss of $952,932 (2016: $1,068,003) and net operating cash outflow of $1,059,496 (2016: $957,361 for the year ended 30 June 2017.

The Directors consider there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The Group has the ability to adjust its exploration expenditure subject to results of its exploration activities and the company's funding position.
- The Directors are confident that the Group will be able to raise further capital as required.

The Directors believe that the above indicators demonstrate that the Group will be able to pay their debts as and when they fall due and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the 2017 financial report.

In the event that the Group does not achieve the above actions, there exists significant uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2017.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these new or amended Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' model to recognise an allowance. Impairment will be measured under a 12-month expected credit loss method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018, but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. Based on the current activities of the consolidated entity there will be no impact from the adoption of this standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. The initial adoption of this standard will have no impact on the net assets of the consolidated entity. At this point we do not know what our lease commitments will be at the time of adoption, therefore we cannot quantify the impact.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zenith Minerals Limited (the “Company”) as at 30 June 2017 and the results of all subsidiaries for the year then ended. Zenith Minerals Limited and its subsidiaries together are referred to in these financial statements as the ‘Consolidated Entity’ or the ‘Group’.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(c) Foreign Currency Translation

The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

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

Foreign operations
The assets and liabilities of foreign operations are translated in to Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(d) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition are included as part of the initial recognition, other than financial assets and financial liabilities at fair value through profit or loss. Depending on their classification, they are subsequently measured at either amortised cost or fair value. Classification is determined based on the purpose of the acquisition. Subsequent reclassification to other categories is restricted.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is either:

i) held for trading and is acquired principally for the purpose of selling it in the near term

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

with intention of making a profit; or

ii) is designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch.

iii) a derivative that is not designated and effective as a hedging instrument.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Consolidated Entity's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

Subsequent to initial recognition, fair value movements are recognised in other comprehensive income through the available for sale reserve in equity. When an investment is derecognised or impaired, the cumulative gain or loss in equity is transferred to profit or loss.

(e) Loans

Loans are recognised initially at fair value, net of transaction costs. Subsequent to initial recognition loans are measured at amortised cost using the effective interest method, less any impairment losses.

(f) Finance Costs

Finance costs directly attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(g) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amount collected on behalf of third parties.

Interest Revenue

Revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Research and development tax incentive

The research and development tax incentives are recognised at their fair value where there is reasonable assurance that the incentive will be received and all conditions will be complied with.

Other Revenue

Other revenue is recognised when the amount of revenue can be reliably measured and right to receive the revenue is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised in prior periods, where applicable.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settle or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(i) Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

The asset is classified as current when:

i) It's either expected to be realised or intended to be sold or consumed in normal operating cycle;
ii) it's held primarily for the purpose of trading;
iii) it's expected to be realised within 12 months after the reporting period; or
iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

i) it's either expected to be settled in normal operating cycle;
ii) it's held primarily for the purpose of trading;
iii) it's due to be settled within 12 months after the reporting period; or
iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

(j) Impairment

(i) Financial Assets

The carrying amount of a financial asset is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or there are indications from observable data that there is a measurable decrease in estimated future cash flows.

An impairment loss in respect of a financial asset carried at cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ii) Non-financial Assets

The carrying amounts of the Consolidated Entity's non-financial assets, deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount is the higher of the assets fair value less costs of disposal and value-in-use. In value in use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at call and deposits with banks or financial institutions and other short term, highly liquid investments with original maturities of three months or less, which are readily convertible to cash and used in the cash management function on a day to day basis. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Receivables

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for impairment of trade receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Derecognition

An item of property plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(iv) Depreciation

Depreciation is calculated on a reducing balance basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following rates are used in the calculation of depreciation:

- Plant and equipment 10% - 33%
- Motor vehicles 25%
- Office furniture and fittings 10%
- Computer and Office Equipment 33%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires and assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases are where effectively substantially all the risks and benefits incidental to the ownership of the leased asset are transferred from the lessor to the lessee. Operating leases are where the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis.

(o) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or by its sale; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where a project or area of interest has been abandoned, the expenditure incurred is written off in the year in which the decision is made.

Exploration and evaluation assets are assessed for impairment if *(i)* sufficient data exists to determine technical feasibility and commercial viability, and *(ii)* facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3(j)(ii)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is never larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(p) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee Benefits

(i) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in current other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payment transactions

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(iii) Share-based payment transactions(cont.)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(s) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the tax authority.

4. OPERATING SEGMENTS

Identification of reportable operating segments

The Consolidated Entity operates in geographical locations, Australia, United States of America (USA), Mexico and Turkey-Europe (as acquired through the 2014 acquisition), and is organised into one operating segment being mineral, mining and exploration and all of the Consolidated Entity's resources are employed for this purpose. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM review expenditure in exploration. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Geographical Information

	Sales to external customers		Geographical non-current assets	
	2017 $	2016 $	2017 $	2016 $
Australia	-	-	1,071,225	734,422
USA	-	-	38,059	134,140
Mexico	-	-	-	-
Turkey	-	-	424,942	421,900
	-	**-**	**1,534,226**	**1,290,462**

5. REVENUE

	Consolidated Entity	
	2017 $	2016 $
Other Revenue		
Interest	4,345	8,207
Other revenue	44,440	12,925
	48,785	**21,132**

6. OTHER INCOME

	Consolidated Entity	
	2017 $	2015 $
Research and development incentive	-	60,451
	-	**60,451**

7. OTHER OPERATING EXPENSE

	Note	Consolidated Entity 2017 $	2016 $
Accounting and Admin Services		49,610	60,614
Auditors Remuneration	8	24,420	22,538
Computer Expenses		7,299	6,042
Consulting Fee		13,662	2,461
Legal Expenses		5,120	2,879
Motor Vehicle Expense		4,227	4,931
Share Registry and Securities Exchange		39,877	27,019
Fringe Benefits Tax		5,662	5,663
Subscriptions, Publications, Memberships		6,697	5,489
Insurance		15,092	20,702
Sundry Administration Expenses		62,143	38,217
		233,809	196,555

8. AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by PKF Mack, the auditor of the Group:

	Consolidated Entity 2017 $	2015 $
Audit services		
Auditors of the Group – PKF Mack		
Audit and review of financial report	24,420	22,538
Total remuneration for audit services	24,420	22,538
Non-audit services	-	-
Total Audit Services	24,420	22,538

9. LOSS PER SHARE

	Consolidated Entity 2017 $	2015 $
Basic and diluted loss per share – cents	**(0.5)**	**(0.8)**
The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:		
Loss used in calculation of earnings per share	(952,932)	(1,068,003)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	177,911,813	141,429,095

10. INCOME TAX EXPENSE

	Consolidated Entity	
	2017	**2015**
	$	**$**
a) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss before tax	(952,932)	(1,068,003)
Prima facie tax benefit on loss at 27.5% (2016: 28.5%)	(262,056)	(304,381)
Add:		
Tax effect of:		
Other non-allowable items	14,128	14,085
Share based payments	35,609	-
Effective income tax rate change	3,883	-
Overs/unders from prior year	(3,167)	34,340
Tax losses not recognised (recognised)	302,516	263,810
Deferred tax balances not recognised (recognised)	(90,913)	9,375
Research and development refund received	-	(17,229)
Income tax expense on pre-tax net loss	**-**	**-**
The applicable average weighted tax rates are as follows:	0%	0%

The corporate tax rate in Australia was changed from 28.5% to 27.5% with effect from 1 July 2016. This revised rate has not impacted the current tax asset for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.

Deferred Tax Assets
At 27.5% (2016: 28.5%)

	Consolidated Entity	
	2017	**2016**
	$	**$**
Carry forward losses	4,594,757	4,379,499
Cash and cash equivalents	3,132	-
Other debtors	-	10
Provisions and accruals	16,180	16,163
Merger/acquisition costs	4,475	4,638
	4,618,544	**4,400,310**

Tax benefit of the above Deferred Tax Assets will only be obtained if:

a) The company derives future assessable income or a nature and of an amount sufficient to enable the benefits to be utilised; and
b) The company continues to comply with the conditions for deductibility imposed by law; and
c) No changes in income tax legislation adversely affect the company in utilising the benefits

10. INCOME TAX EXPENSE (cont.)

	Consolidated Entity	
	2017	**2015**
	$	**$**
Deferred Tax Liabilities **At 27.5% (2016: 28.5%)**		
Exploration expenditure	203,669	115,243
Capital raising costs	9,667	5,178
Property, plant and equipment	6,862	9,534
Accrued income	38	223
Prepayments	1,283	1,300
	221,519	**131,478**

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

11. CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2017	**2016**
	$	**$**
Cash at bank and in hand	1,988,977	1,457,674
Deposits at call	528	528
Term deposits	15,000	15,270
	2,004,505	**1,473,472**

a) Reconciliation to cash and cash equivalents at the end of the year.
The above figures are reconciled to cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flows, as follows:

Balances as above	2,004,505	1,473,472
Cash and cash equivalents in statement of cash flows	2,004,505	1,473,472

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 21.

12. TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2017	**2016**
	$	**$**
Accrued interest	139	783
Other receivables (a)	31,403	14,079
Receivables from related parties (note 25(e))	-	5,509
	31,542	**20,371**

a) Terms and conditions

i) Other receivables are non-interest bearing and are normally settled on 60 day terms.

13. OTHER CURRENT ASSETS

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Bonds & deposits	2,010	11,520
Prepayments	4,664	4,563
	6,674	**16,083**

14. AVAILABLE FOR SALE FINANCIAL ASSET

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Unlisted ordinary shares	2,786	-
	2,786	**-**

a) Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2017 $	2016 $
Opening fair value	-	-
Additions	2,786	-
Disposals	-	-
Revaluation increments	-	-
Closing fair value	**2,786**	**-**

On the 13th April 2017, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd made a payment of Turkish Lira TRY7,500 (AUD$2,786) for 25% of its 30% shareholder interest in Turkish Lira TRY100,000, share capital of Kavak Madencilik A.Ş., a company incorporated under the laws of the Republic of Turkey.

15. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Plant and equipment – at cost	23,793	23,793
Less: Accumulated depreciation	(21,768)	(20,691)
	2,025	3,102
Motor vehicles – at cost	94,652	94,652
Less: Accumulated depreciation	(74,791)	(68,170)
	19,861	26,482
Computer equipment and software – at cost	41,302	40,848
Less: Accumulated depreciation	(38,134)	(36,738)
	3,168	4,110
Carrying Amount	**25,054**	**33,694**

15. PROPERTY, PLANT AND EQUIPMENT

a) Movement Reconciliation

Cost	Plant & Equipment $	Motor Vehicles $	Computer Equipment & Software $	Total $
Consolidated				
Balance at 1 July 2015	23,793	94,192	39,206	157,191
Additions	-	460	1,642	2,102
Disposals	-	-	-	-
Balance at 30 June 2016	**23,793**	**94,652**	**40,848**	**159,293**
Balance at 1 July 2016	23,793	94,652	40,848	159,293
Additions	-		454	454
Disposals	-	-	-	-
Balance at 30 June 2017	**23,793**	**94,652**	**41,302**	**159,747**
Depreciation				
Balance at 1 July 2015	19,029	59,388	34,871	113,288
Depreciation for the year	1,662	8,782	1,867	12,311
Depreciation on asset disposal	-	-	-	-
Balance at 30 June 2016	**20,691**	**68,170**	**36,738**	**125,599**
Balance at 1 July 2016	20,691	68,170	36,738	125,599
Depreciation for the year	1,077	6,621	1,396	9,094
Depreciation on asset disposal	-	-	-	-
Balance at 30 June 2017	**21,768**	**74,791**	**38,134**	**134,693**
Carrying Amount				
At 30 June 2016	3,102	26,482	4,110	33,694
At June 2017	**2,025**	**19,861**	**3,168**	**25,054**

16. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity 2017 $	Consolidated Entity 2015 $
Balance at beginning of financial year	1,256,768	1,321,707
Capitalised expenditure	962,480	602,307
Less capitalised expenditure reimbursed - Farm in Agreement	(463,122)	-
Less capitalised expenditure written off	(132,775)	(40,515)
Less impairment of exploration expenditure	(116,965)	(508,705)
Less research and development incentive	-	(118,026)
Balance at 30 June 2017	**1,506,386**	**1,256,768**

Exploration and evaluation assets

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest as well as maintaining rights of tenure.

During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of $116,965 (2016: $508,705) following its review of its portfolio of mineral tenements, whereby decisions have been made for certain areas of interest, not to incur substantial expenditure on further exploration for and evaluation of mineral resources. Capitalised expenditure written off totaling $132,775 (2016: $40,515) is as a result of decisions being made for certain areas of interest being abandoned or the right to explore has expired or will not be renewed.

17. TRADE AND OTHER PAYABLES

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Other payables (a)	69,454	12,888
Accrued fees and employment expenses (b)	11,528	58,093
Owed to related parties (note 25 (e))	-	25,427
	80,982	**96,408**

Terms and conditions
Terms and conditions relating to the above financial instruments
a) Other payables are non-interest bearing and are normally settled on 30 day terms.
b) Sundry creditors and accruals are non-interest bearing and have an average term of 30 days.

18. EMPLOYEE BENEFITS

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Current liabilities:		
Employee benefits	50,922	46,393
	50,922	**46,393**

19. ISSUED CAPITAL

	2017 Shares No.	2017 $	2016 Shares No.	2016 $
(a) Share capital				
Fully paid ordinary shares Balance at beginning of year	172,876,909	16,494,620	128,634,608	14,774,740
Issue of ordinary shares	16,126,451	1,612,645	44,242,301	1,769,692
Costs of issue	-	(7,487)	-	(49,812)
Total	**189,003,360**	**18,099,778**	**172,876,909**	**16,494,620**

2017
During the year to 30 June 2017, the following changes to equity securities took place:
i) 100,000 unlisted options exercisable at $0.29, expired on 20 August 2016 expired. These had a fair value of 16.42 cents.
ii) 1,126,451 fully paid ordinary shares were issued following exercise of quoted options (ASX Code: ZNCO) at exercise price of $0.10 per share, raising $112,645 upon exercise.
iii) Following an announcement on 7th March 2017 regarding Zenith Minerals Limited ('Zenith') agreeing to a funding deal with a private company controlled by prominent UK investor Jim Mellon (Bradda Head Ltd), to unlock the potential of Zenith's USA and Mexican lithium project portfolio, on the 15th March 2017, a placement of 15,000,000 fully paid ordinary shares at $0.10 with a free attaching option exercisable at $0.10, expiring 31 December 2017 on the basis of one (1) free option for every five (5) shares subscribed under the placement took place. This raised $1,500,000 upon placement.

19. ISSUED CAPITAL (cont.)

2016
During the year to 30 June 2016, the following changes to equity securities took place:

i) 100,000 $0.29 unlisted options with an expiry date of 20 August 2016 were cancelled upon an officeholder ceasing employment from the company. These had a fair value of 16.42 cents.

ii) On 22nd February 2016, Zenith Minerals Limited announced an intention to raise up to approximately $1,500,000 through a two stage process comprised of:

   a) a placement to institutional and sophisticated investors to raise $400,000 (before costs) by the issue of 10,000,000 new shares at 4 cents per share together with a free attaching option, exercisable at $0.10 by 31 December 2017, on the basis of one (1) new option for every (2) new shares subscribed; and

   b) a non-renounceable rights issue to raise up to approximately $1,100,000 (before costs) through the issue of up to 27,726,922 New Shares at an issue price of 4 cents per share on the basis of one (1) New Share for every five (5) Existing Shares held, together with 13,863,461 free attaching New Options exercisable at $0.10 by 31 December 2017, on the basis of one (1) New Option for every two (2) New Shares subscribed for and issued under the Rights Issue Offer.

On 24^{th} February 2016, 10,000,000 new shares at 4 cents per share were allotted to institutional and sophisticated investors under the Placement.

On 24^{th} March 2016, the following ordinary shares and quoted options were allotted:

- 27,726,922 ordinary shares at 4 cents per share and 13,863,493 free attaching options exercisable at $0.10, expiring by 31 December 2017 pursuant to the company's non-renounceable issue as mentioned above at 18a(ii)(b)
- 5,000,000 quoted options exercisable at $0.10, expiring by 31 December 2017 pursuant to the company's placement as mentioned above at 18a(ii)(a)
- 6,515,379 ordinary shares at 4 cents per share and 3,257,690 free attaching options exercisable at $0.10, expiring by 31 December 2017 under the company placement offer.

(b) Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets. Ordinary shares do not have a par value.

(c) Options

Information relating to Zenith Minerals Limited's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 26.

(d) There is no current on market share buy-back.

20. RESERVES AND RETAINED LOSSES

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
(a) Reserves		
Options reserve		
Balance at beginning of financial year	74,553	90,973
Issue of Staff Options	129,488	-
Expired/cancelled staff options (refer note 19(a)(i))	(16,420)	(16,420)
Balance at end of financial year	**187,621**	**74,553**
Foreign Currency Translation Reserve		
Balance at beginning of financial year	-	-
Foreign currency translation	5,742	-
Balance at end of financial year	**5,472**	**-**
Total Reserves	**193,363**	**74,553**
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	(13,911,586)	(12,860,003)
Expired/cancelled staff options (refer note 19(a)(i))	16,420	16,420
Loss for the year	(952,932)	(1,068,003)
Balance at end of financial year	**(14,848,098)**	**(13,911,586)**

Options reserve
The options reserve is used to recognise the benefit on the issue of options.

Foreign Currency Reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

21. FINANCIAL INSTRUMENTS

Overview

The Consolidated Entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. The Consolidated Entity does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks identified.

21. FINANCIAL INSTRUMENTS (cont.)

Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the

Consolidated Entity's receivables from customers and investment securities. For the Consolidated Entity, it arises from receivables due from director related parties. At the reporting date there were no significant concentrations of credit risk.

The consolidated entity does not hold any collateral.

Cash and Cash Equivalents

The Consolidated Entity limits its exposure to credit risk by only investing in liquid securities and only with counter parties that have an acceptable credit rating.

Trade and Other Receivables

As the Consolidated Entity operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to Credit Risk

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	Consolidated Entity	
	2017 $	2016 $
Other receivables	31,542	20,371
Cash and cash equivalents	2,004,505	1,473,472
	2,036,047	**1,493,843**

Impairment Losses

None of the Consolidated Entity's other receivables are past due (2016: Nil).

The allowance accounts in respect of other receivables and held to maturity investments are used to record impairment losses unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2017 the Consolidated Entity does not have any collective impairment on its other receivables (2016: Nil).

Guarantees

The Consolidated Entity's policy is to not provide financial guarantees. No guarantees have been provided during the year.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (mainly cash and cash equivalents) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

21. FINANCIAL INSTRUMENTS (cont.)

The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Consolidated Entity does not have any external borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The cashflows in the maturity analysis below are not expected to occur significantly earlier than contractually disclosed above.

Consolidated Entity
30 June 2017

Non-derivative Non Interest Bearing	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Other payables*	80,982	80,982	80,982	-	-	-	-

*The weighted average interest rate on other payables is Nil% as it is non interest bearing.

Consolidated Entity
30 June 2016

Non-derivative Non Interest Bearing	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Other payables*	96,408	96,408	96,408	-	-	-	-

*The weighted average interest rate on other payables is Nil% as it is non interest bearing.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity is exposed to foreign currency risk through foreign exchange rate fluctuations when it enters into certain transactions denominated in foreign currency. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At 30 June, the Consolidated Entity has financial assets denominated in foreign currencies as detailed below.

	Consolidated Entity 2017	2016
Financial Assets		
Cash and cash equivalents denominated in US dollars	524,117	-

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by $26,206 (2016: Nil).

21. FINANCIAL INSTRUMENTS (cont.)

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risk, however to maintain liquidity, cash is invested for periods generally not exceeding 90 Days.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis as for 2016.

	2017 Profit or Loss		2016 Profit or Loss	
	100 bp Increase $	100 bp Decrease $	100 bp Increase $	100 bp Decrease $
Cash & cash equivalents	20,045	(20,045)	14,735	(14,735)

Fair Values

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2017		30 June 2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Other receivables	31,542	31,542	20,371	20,371
Cash & cash equivalents	2,004,505	2,004,505	1,473,472	1,473,472
Trade & other payables	(80,982)	(80,982)	(96,408)	(96,408)
	1,955,065	**1,955,065**	**1,397,435**	**1,397,435**

The carrying amounts of other receivables, trade and other payables are assumed to approximate their fair values due to their short term nature.

Capital Management

The Consolidated Entity's objectives when managing capital is to safeguard the Consolidated Entity's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects.

In order to maintain or adjust the capital structure, the Consolidated Entity may return capital to shareholders, issue new shares or sell assets for in-specie distributions. The Consolidated Entity's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

The Consolidated Entity monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date. The Consolidated Entity encourages employees to be shareholders through the issue of free options to employees.

21. FINANCIAL INSTRUMENTS (cont.)

There were no changes in the Consolidated Entity's approach to capital management during the financial year. The Consolidated Entity is not subject to any externally imposed capital requirements.

22. OPERATING LEASE COMMITMENTS

	Consolidated Entity	
	2017	**2016**
	$	**$**
Not later than one year	81,417	24,533
Later than one year but not later than two years	47,686	-
	129,103	**24,533**

The Consolidated Entity's operating leases comprise:
i) Office lease expiring 28 February 2019.
ii) Storage facility lease expiring 30 November 2017.
iii) Office equipment lease expiring 1 January 2019.

23. EXPLORATION COMMITMENTS

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately $436,000 during the next 12 months (2016: $423,000). There are no commitments beyond 12 months in relation to tenements. These obligations may be varied from time to time, subject to approval and are expected to be fulfilled in the normal course of operations of the entity.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	Consolidated Entity	
	2017	**2016**
	$	**$**
Short-term employee benefits	347,037	312,421
Post-employment benefits	32,969	29,680
Other long-term benefits	-	-
Share-based payments	103,591	-
	483,597	**342,101**

Information regarding key management personnel compensation is provided in the Remuneration Report section of the Directors Report.

25. RELATED PARTY TRANSACTIONS

(a) Parent Entity and Ultimate Controlling Parent

Zenith Minerals Limited is the parent entity and ultimately controlling entity of the Group.

25. RELATED PARTY TRANSACTIONS (cont.)

(b) Subsidiaries

Interests in subsidiaries are set out in Note 29.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 24.

(d) Transactions with Related Parties

The following transactions occurred with related parties during the financial year:

i) The Consolidated Entity entered into a service agreement with Gascoyne Resources on 1 March 2015 to 28 February 2017. Gascoyne Resources Limited is a director related entity of Mr Rodney M Joyce and Mr Stanley A Macdonald. Gascoyne Resources Limited is remunerated by the Consolidated Entity monthly on a basis of actual cost reimbursement of services provided, being the provision of fully furnished and equipped offices, plus a service fee of $3,066.67 per month. The total management service fee paid to Gascoyne Resources Limited for the financial year ended 30 June 2017 is $24,533 (2016: $36,800). The Consolidated Entity made payments of $7,261 (2016: $8,070) to Gascoyne Resources Limited for actual cost reimbursement of services provided. The Consolidated Entity hired out its Landcruiser Vehicle to Gascoyne Resources Limited during the financial year at a cost of $75 per day, and received hire fees totaling $17,100 (2016: $2,925).

ii) During the comparative year, a payment of $460 was made to Lion One Australia Pty Ltd, a director related entity of Mr S A Macdonald, for the purchase of a second hand trailer and $1,040 for miscellaneous equipment. There were no payments made to Lion One Australia Pty Ltd during the 2017 financial year.

The Consolidated Entity received $10,775 during the comparative year from Lion One Australia Pty Ltd, for the reimbursement of storage costs and other expenses incurred on behalf of Lion One Australia Pty Ltd. During the 2017 financial year, there were no receipts from Lion One Australia Pty Ltd.

iii) Serviced Office Income – During the financial year ended 30 June 2017, fees were received from Minasola Pty Ltd, a director related entity of Mr R M Joyce, and Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald, for the provision of a serviced office totaling $2,582 (2016: Nil) and $2,582 (2016: Nil) respectively.

During the comparative year, fees were received from SM3 Resources Pty Ltd, a director related entity of Mr S A Macdonald and Mr M J Clifford, for the provision of a serviced office totaling $5,000. There were no fees received during the financial year ended 30 June 2017 from SM3 Resources Pty Ltd.

Fees were received from Cobalt Consulting Pty Ltd, a director related entity of Mr M J Clifford, during the comparative financial year for the provision of a serviced office totaling $5,000 and Nil fees received during the 2017 financial year. $4,835 (2016:$223) was paid to Cobalt Consulting Pty Ltd during the 2017 financial year, as reimbursement of expenses.

25. RELATED PARTY TRANSACTIONS (cont.)

(e) Outstanding balances arising from transactions with related parties:

	Consolidated Entity	
	2017 $	**2016 $**
Current receivables:		
Amount receivable – director related entities	-	5,509
	-	**5,509**
Current payables:		
Amount payable – director related entities	-	(25,427)
	-	**(25,427)**

The amounts owing between related entities relate to expenses incurred by one party reimbursable by the other. No interest is payable on these amounts and balances are repayable on reasonable notice having regard to the financial stability of the Consolidated Entity.

26. SHARE BASED PAYMENTS

Employee Option Plan

The establishment of the Zenith Minerals Limited's Employee Option Plan was approved by Directors resolution dated 27 February 2007. A current version of the Zenith Minerals Limited's Employee Option Plan was approved by shareholders at the Annual General Meeting held on 24th November 2016.

The Board may offer free options to persons ("Eligible Persons") who are:

i) full time, part time or casual employees, a contractor or an associated body corporate of the Company who have accepted a written offer of engagement; or

ii) Directors of the company or any subsidiary based on a number of criteria including contribution to the Consolidated Entity, period of employment, potential contribution to the Consolidated Entity in the future and other factors the Board considers relevant.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share, in any event no later than thirty days, after the receipt of a properly executed notice of exercise and application monies. The Consolidated Entity will issue to the option holder, the number of shares specified in that notice. The Consolidated Entity will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options.

Options may not be transferred other than to an associate of the holder.

26. SHARE BASED PAYMENTS (cont.)

Set out below is the summary of options granted under the plan:

2017:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
29 Nov 2016	29 Nov 2019	$0.161	-	2,500,000	-	-	2,500,000	2,500,000
21 Mar 2014	21 Dec 2017	$0.13	1,000,000	-	-	-	1,000,000	1,000,000
20 Nov 2012	20 Aug 2016	$0.29	100,000	-	-	(100,000)*	-	-
			1,100,000	2,500,000	-	(100,000)	3,500,000	3,500,000

*100,000 $0.29 unlisted options expired on 20th August 2016. These had a fair value of 16.42 cents.

2016:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
21 Mar 2014	21 Dec 2017	$0.13	1,000,000	-	-	-	1,000,000	1,000,000
20 Nov 2012	20 Aug 2016	$0.29	200,000	-	-	(100,000)*	100,000	100,000
			1,200,000	-	-	(100,000)	1,100,000	1,100,000

*100,000 $0.29 unlisted options were cancelled during the period, following an Officeholder ceasing employment from health related issues, as covered by the above table. These had a fair value of 16.42 cents.

Zenith Minerals Limited	Weighted average exercise price	Number of options	Weighted average exercise Price	Number of options
	2017	2017	2016	2016
Outstanding at the beginning of the period	$0.14	1,100,000	$0.16	1,200,000
Exercised during the period	-	-	-	-
Granted during the period	$0.16	2,500,000	-	-
Forfeited during the period	$0.29	(100,000)	$0.29	(100,000)
Lapsed during the period			-	-
Outstanding at end of the period	$0.15	3,500,000	$0.14	1,100,000
Exercisable at the end of the period	$0.15	3,500,000	$0.14	1,100,000

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.84 years (2016: 1.35 years).

The weighted average exercise price during the financial year was $0.15 (2016: $0.14).

26. SHARE BASED PAYMENTS (cont.)

For the options granted during the 2017 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

2017:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29 Nov 2016	29 Nov 2019	$0.115	$0.161	81.30%	-	1.80%	$0.05179

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to public available information.

There were no options granted during the 2016 financial year. Total expense recognised as share-based payments the year was $129,488 (2016: $Nil).

27. RECONCILIATION OF LOSS BEFORE INCOME TAX EXPENSE TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated Entity	
	2017 $	2016 $
(a) Loss for the year	(952,932)	(1,068,003)
Add:		
Non cash items		
Exploration expenditure written off	132,776	40,515
Impairment loss on exploration & evaluation expenditure	116,965	508,705
Depreciation	9,094	12,311
Foreign exchange	17,131	38
Share based payment	129,488	-
Changes in operating liabilities:		
Decrease/(Increase) in trade and other receivables	(11,171)	2,533
Decrease/(Increase) in other assets	9,409	26,135
Decrease/(Increase) in exploration expenditure capitalised	(492,133)	(487,087)
Increase/(Decrease) in trade and other payables	(22,652)	(17,622)
Increase/(Decrease) in employee benefits	4,529	25,114
Net cash (used in) operating activities	**(1,059,496)**	**(957,361)**

(b) Non-cash investing and financing activities.
During 2016, there were no non-cash investing and financing activities to disclose.

28. SUBSEQUENT EVENTS

On the 19th July 2017, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd made a payment of Turkish Lira TRY22,500 (AUD$8,135) for 75% of its 30% shareholder interest in Turkish Lira TRY100,000, share capital of Kavak Madencilik A.Ş., a company incorporated under the laws of the Republic of Turkey.

On the 9th of August 2017, a cash call payment of TRY506,880 (AUD$144,513.19) was made to Kavak Madencilik A.Ş. in relation to the Kavaklitepe property per the shareholders agreement between Teck Anadolu Madencilik A.Ş., Mamucoal Pty Ltd and Kavak Madencilik A.Ş.. This represents a 30% share of exploration costs for joint venture activities commencing in September 2017.

28. SUBSEQUENT EVENTS (cont.)

Other than the matters mentioned above, there have been no other matter or material events that has arisen since 30 June 2017, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

29. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 3 (a).

Name	Principal place of business/country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Nanutarra Minerals Pty Ltd	Australia	100%	100%
Earaheedy Minerals Pty Ltd	Australia	100%	100%
S2M2 Coal Pty Ltd	Australia	100%	100%
Kalicoal Pty Ltd	Australia	100%	100%
Mamucoal Pty Ltd	Australia	100%	100%
S2M2 Eastern Coal Pty Ltd	Australia	100%	100%
BlackDragon Energy (Aus) Pty Ltd	Australia	100%	100%
Zenolith (USA) Inc.	USA	100%	100%
Zacatecas Minerals Pty Ltd (1)	Australia	100%	-
Fossil Prospecting Pty Ltd (2)	Australia	100%	-
Minera Salmuera S.A. de C.V. (3)	Mexico	100%	-

The Consolidated Entity is incorporated in Australia and its principle activity is exploration.

(1) Zacatecas Minerals Pty Ltd was incorporated on 7th October 2016.
(2) Minera Salmuera S.A. de C.V. was incorporated in Mexico City on 18th January 2017.
(3) Fossil Prospecting Pty Ltd was purchased on 23rd March 2017. No asset or liabilities on acquisition for $12,500 and deemed not material for acquisition accounting disclosure purposes.

30. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2017, the parent entity of the Group was Zenith Minerals Limited.

	2017 $	2016 $
Result of Parent Entity:		
Profit (loss) for the period	(930,775)	(1,135,943)
Other comprehensive income (loss)	-	-
Total Comprehensive Income (loss) for the period	(930,775)	(1,135,943)
Financial Position of Parent Entity at Year End:		
Current assets	1,908,100	1,382,055
Total Assets	3,010,621	2,217,674
Current liabilities	131,877	142,801
Total Liabilities	131,877	142,801
Total Equity of the Parent Entity Comprising of:		
Share capital	18,099,778	16,494,620
Reserves	187,621	74,553
Retained earnings/(losses)	(15,408,655)	(14,494,300)
	2,878,744	**2,074,873**

31. DIVIDENDS

No dividends have been paid or provided for.

32. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at reporting date (2016: Nil).

1. In the opinion of the directors of Zenith Minerals Limited:

   (a) the Financial Statements and notes thereto, are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of the financial position of the Consolidated Entity's financial position as at 30 June 2017, and its performance for the financial year ended on that date; and

      ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a);

   (c) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of directors made pursuant to s.295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr R M JOYCE
Chairman

Dated: 27 September 2017
PERTH, WA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZENITH MINERALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Zenith Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Zenith Minerals Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Emphasis of Matter

Without modifying our opinion, we draw attention to the financial report which indicates the consolidated entity has incurred a loss of $952,932 and operating cash outflows of $1,059,496 for the year ended 30 June 2017. These conditions along with other matters in note 2(e), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

PKF Mack
ABN 64 591 268 274
Liability limited by a scheme approved under Professional Standards Legislation
www.pkfmack.com.au

Perth
Level 4, 35 Havelock St
West Perth WA 6005 Australia
PO Box 609 West Perth WA 6872
p +61 8 9426 8999
f +61 8 9426 8900

Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Carrying value of capitalised exploration expenditure

Why significant

As at 30 June 2017 the carrying value of exploration and evaluation assets was $1,506,386 (2016: $1,256,768), as disclosed in Note 16. This represents 42% of total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 3 (o).

Significant judgement is required:

- in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
- in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
    - whether the particular areas of interest meet the recognition conditions for an asset; and
    - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
    - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
    - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
    - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes;
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Note 3 (o) and 16.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Corporate Information, Chairman's Report, Review of Operations, Director's Report, Corporate Governance Statement, Additional Shareholder Information and Interest in Mining Tenements. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

PKF Mack

PKF MACK

SHANE CROSS
PARTNER

27 SEPTEMBER 2017
WEST PERTH,
WESTERN AUSTRALIA

CORPORATE GOVERNANCE STATEMENT

Zenith Minerals Limited and its subsidiaries (**'Group'**) Corporate Governance Statement outlines the main corporate governance practices of Zenith Minerals Limited and its subsidiaries (**'Group'**) in place throughout the financial year ended 30 June 2017, which comply with the 3rd Edition of the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, unless otherwise stated.

The Group's Corporate Governance Statement for the financial year ending 30 June 2017 is current as at 27 September 2017 and has been approved by the Board of Directors of Zenith Minerals Limited. The Corporate Governance Statement is available on the Zenith Minerals Limited website at www.zenithminerals.com.au/corporate.27.html.

The company's ASX Appendix 4G, which is a checklist that cross-references the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Annual Report or the company website, is contained in the website at www.zenithminerals.com.au.

In Compliance with ASX Requirements

The shareholder information set out below was applicable as at 15 September 2017.

1. DISTRIBUTION OF EQUITY SECURITIES

a) Analysis of numbers of shareholders by size of holding – ordinary fully paid shares (ZNC)

	Number of Shareholders	Number of Fully Paid Ordinary Shares
1 – 1,000	455	174,269
1,001 – 5,000	473	1,103,410
5,001 – 10,000	164	1,389,898
10,001 – 100,000	544	17,358,281
100,001 and over	148	168,977,502
	1,784	189,003,360

b) Number of shareholders holding less than a marketable parcel – 903 (at 15 September 2017).

2. PARTICULARS OF TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Shares Issued		Fully Paid Ordinary Shares	
		Number held	% of total
1	HSBC CUSTODY NOMINEES AUSTRALIA LTD	13,895,073	7.35%
2	CITICORP NOM PTY LTD	11,806,457	6.25%
3	GRANICH NADA	11,469,619	6.07%
4	ABINGDON NOM PTY LTD	7,780,567	4.12%
5	GDR PTY LTD	7,380,000	3.90%
6	J P MORGAN NOM AUST LTD	6,342,435	3.36%
7	MIQUILINI SUZI QUELI	5,817,669	3.08%
8	BREAMLEA PTY LTD	5,400,000	2.86%
9	GALLOWAY LTD	4,000,000	2.12%
10	MILLER AUSTIN SYDNEY E	3,700,002	1.96%
11	PERSHING NOM LTD	3,600,000	1.90%
12	JENKINS EUAN WILLIAM	3,504,798	1.85%
13	CUSTODIAL SERVICES LTD	3,332,282	1.76%
14	YANDAL INV PTY LTD	3,262,417	1.73%
15	TILBROOK J B + P + J E (TILBROOK S/F A/C)	3,084,547	1.63%
16	CREEKWOOD NOMINEES PTY LTD	2,380,862	1.26%
17	TILBROOK J B + P + J E	2,191,697	1.16%
18	MACDONALD STANLEY ALLAN	2,156,520	1.14%
19	TINTERN VIC PTY LTD	2,107,886	1.12%
20	STRUVEN NOM PTY LTD	2,104,000	1.11%
	TOTAL FOR TOP 20:	105,316,831	55.73%

3. VOTING RIGHTS

Ordinary Shares: At general meetings of the Company, each member entitled to vote may vote in person or by proxy or attorney or representative. On a show of hands every person who is a member or a representative of a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each share held.

Options: No voting rights.

4. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

Ordinary Shares	Number held	% Interest
HSBC CUSTODY NOMINEES AUSTALIA LTD	13,895,073	7.35%
CITICORP NOMINEES PTY LTD	11,806,457	6.25%
NADA GRANICH	11,469,619	6.07%

5. UNQUOTED EQUITY SECURITIES

The following unquoted options are on issue:

	Number on Issue	Number of Holders
Options issued under the Company's Employee Option Plan to take up ordinary shares: Exercisable at 13 cents each by 21st December 2017.	1,000,000 (1)	1
(1) Persons holding 20% or more: M J Clifford	100%	
Options issued under the Company's Employee Option Plan to take up ordinary shares: Exercisable at 16.1 cents each by 29th November 2019.	2,500,000(2)	3
(2) Persons holding 20% or more: M J Clifford M J Nelmes A D'Hulst	54% 26% 20%	

6. DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of numbers of shareholders by size of holding – Quoted options expiring 31 December 2017 at $0.10 (ZNCO)

	Number of Optionholders	Number of Options
1 – 1,000	95	24,665
1,001 – 5,000	79	203,670
5,001 – 10,000	24	169,773
10,001 – 100,000	60	2,054,187
100,001 and over	31	21,542,437
	289	23,994,732

a) Number of shareholders holding less than a marketable parcel – 229 (at 15 September 2017).

b) Particulars of the twenty largest optionholders (ZNCO)

c) The names of the twenty largest holders of quoted equity securities are listed below:

	Optionholder	Quoted Options (ZNCO)	
		Number held	% of total
1	CITICORP NOM PTY LTD	2,997,285	12.49%
2	MCDONALD NICHOLAS D	1,788,293	7.45%
3	TILBROOK J B + P + J E (TILBROOK S/F A/C)	1,366,467	5.69%
4	FIRST INV PTNERS PL	1,317,150	5.49%
5	MIQUILINI SUZI QUELI M	1,243,807	5.18%
6	ABINGDON NOM PTY LTD	1,231,714	5.13%
7	MILLER AUSTIN SYDNEY E	1,225,001	5.11%
8	J P MORGAN NOM AUST LTD	1,107,705	4.62%
9	JONNOLA PTY LTD	960,000	4.00%
10	GALLOWAY LTD	800,000	3.33%
11	RYAN JOHN ALBERT JAMES	800,000	3.33%
12	PERSHING NOM LTD	720,000	3.00%
13	JENKINS EUAN WILLIAM	708,734	2.95%
14	HSBC CUSTODY NOM AUST LTD	672,770	2.80%
15	STRUVEN NOM PL	667,000	2.78%
16	GDR PL	615,000	2.56%
17	YOVICH WALTER MICK G	575,000	2.40%
18	BREAMLEA PTY LTD	450,000	1.88%
19	BAILEY GREG	280,000	1.17%
20	PENMAEN LTD	250,000	1.04%
	TOTAL FOR TOP 20:	19,775,926	82.40%

INTERESTS IN MINING TENEMENTS at 15 September 2017

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy	Western Australia	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/3414	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	R69/2	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/3464	Fossil Prospecting Pty Ltd	100%	Granted
Mount Alexander	Western Australia	R08/01	Zenith Minerals Limited	100%	Granted
Mount Alexander	Western Australia	E08/1972	Zenith Minerals Limited	100%	Granted
Mount Alexander	Western Australia	L08/155	Zenith Minerals Limited	100%	Application
Mount Alexander	Western Australia	E08/1987	Nanutarra Minerals Pty Ltd	100%	Granted
Vivash Gorge	Western Australia	E47/3071	Zenith Minerals Limited	100%	Granted
Kavaklitepe	Turkey	EL20079861	Empire International AnadoluMadencilikAnonimSirketi	30%	Granted
Develin Creek	Queensland	16749	Kalicoal Pty Ltd	100%	Granted
Develin Creek	Queensland	17604	Kalicoal Pty Ltd	100%	Granted
Pollappa	Queensland	26235	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Pollappa	Queensland	26301	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Red Mountain	Queensland	26384	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Tate River	Queensland	25942	Jumani Pty Ltd	Option to earn 70%	Granted
Tate River	Queensland	26634	Jumani Pty Ltd	Option to earn 70%	Application
Cardinals	Western Australia	E45/4445	S2M2 Eastern Coal Pty Ltd	100%	Granted
Yalgoo	Western Australia	E59/2170	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Smith Well	Western Australia	E45/4713	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2375	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	Western Australia	E77/2394	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2395	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2391	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2392	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	Western Australia	E77/2386	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	Western Australia	E77/2387	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2388	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2453	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2454	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2455	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2456	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Split Rocks	Western Australia	E77/2457	Black Dragon Energy (AUS) Pty Ltd	100%	Application
Maggie Hays South	Western Australia	E63/1794	Black Dragon Energy (AUS) Pty Ltd	100%	Application
San Domingo	Arizona – USA	State Mineral Exploration Permits 08-118824 & 08-118825	Zenolith (USA) Inc.	100%*	Application

INTERESTS IN MINING TENEMENTS at 15 September 2017 (cont.)

San Domingo	Arizona – USA	Federal Claims 1 to 69	Zenolith (USA) Inc.	100%*	Granted
Wilson Salt Flat	Nevada – USA	Federal Claims 1 to 168	Zenolith (USA) Inc.	100%*	Granted
Spencer	Nevada - USA	Federal Claims 1 to 146	Zenolith (USA) Inc.	100%*	Granted
Burro Creek	Arizona - USA	Federal Claims BC1 to BC4, 11-92022 to 11-92029, 11-86283	Zenolith (USA) Inc.	Option to acquire	Federal Claims granted, State Leases subject to renewal – in progress
Zacatecas – Illescas	Mexico	67/21991	Minera Salmuera, S.A. de C.V.	100%*	Granted
Zacatecas – San Juan Salado	Mexico	67/21993	Minera Salmuera, S.A. de C.V.	100%*	Granted
Zacatecas – San Vicente	Mexico	67/21994	Minera Salmuera, S.A. de C.V.	100%*	Granted

** Bradda Head Ltd earning initial 55% - Refer to ASX release dated 7th March 2017*