



ABN 96 119 397 938

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting: Tuesday 27 November 2018
Time of Meeting: 1.00 pm WST
Place of Meeting: PKF Perth
Level 5, 35 Havelock Street, WEST PERTH WA 6005

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Zenith Minerals Limited will be held at PKF Perth, Level 5, 35 Havelock Street, West Perth, Western Australia, at 1.00 pm WST on Tuesday 27th November 2018.

AGENDA

ORDINARY BUSINESS

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2018 Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2018.

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

RESOLUTIONS

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual Remuneration Report as set out in the Directors' Report for the financial year ending 30 June 2018."

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

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

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

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as

indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GRAHAM RILEY

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

"That, Mr Graham Douglas Riley, who retires as a Director of Zenith Minerals Limited, pursuant to clause 14.3 of the Company's Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JULIAN GOLDSWORTHY

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

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

SPECIAL BUSINESS

4. RESOLUTION 4 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

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

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

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely by reason of being a holder of ordinary securities) if the Resolution is passed, or any Associate of those persons. However, the Company will not disregard a vote cast on this Resolution by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chairman of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The persons to whom any Equity Securities under the Additional 10% Placement Facility may be issued to are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

5. RESOLUTION 5 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair of the Meeting for identification purposes."

Explanatory Statement

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Entitlement to attend and vote

For the purposes of voting at this Annual General Meeting, a Shareholder's voting entitlement will be taken to be the entitlement of the Shareholder shown on the register of Shareholders at 1:00 pm WST on 25th November 2018.

BY ORDER OF THE BOARD

Melinda Nelmes

Company Secretary

4th October 2018

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Explanatory Statement

This Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The 2018 Annual Financial Report for the period ended 30 June 2018 (including the financial statements, Directors' Reports and Auditor's Report) is tabled for the information of Shareholders. A copy of the 2018 Annual Financial Report can be accessed on-line at www.zenithminerals.com.au. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the 2018 Annual Financial Report. However, time will be allowed during the Annual General Meeting for consideration by Shareholders of the Annual Financial Report (including the associated Directors' Report and Auditor's Reports).

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

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

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

may be submitted no later than 1.00pm (WST) on Tuesday, 22nd November 2018:

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

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

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

1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the year ended 30 June 2018 is set out in the 2018 Annual Report and is also available on the Company's website at www.zenithminerals.com.au.

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

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

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

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

The Company's remuneration report for the financial year ended 30 June 2017 did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 20 November 2017. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2018 Remuneration Report are against the adoption of the 2018 Remuneration Report.

1.1 Board recommendations

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

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

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GRAHAM RILEY

Graham Douglas Riley was appointed a Non-Executive Director of the Company on 2 May 2018 as an additional Director.

In accordance with Listing Rule 14.4 and clause 14.3 of the Constitution, a Director appointed as an additional Director by the Board must not hold office, without re-election, past the next annual general meeting of the Company.

For this reason, Mr Graham Douglas Riley seeks re-election as a Director.

Mr Graham Riley is a well-qualified and experienced director. He is a qualified legal practitioner, holding Bachelor of Laws and Bachelor of Jurisprudence Degrees. Following 10 years in legal practice as a partner of a Perth commercial firm, he resigned to pursue interests in the resources and exploration sector where he continues to act in various Non-executive capacities.

2.1 Board Recommendation

The Directors (other than Mr Graham Douglas Riley) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JULIAN GOLDSWORTHY

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

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

Further details about Mr Julian David Goldsworthy are set out in the Company's 2018 Annual Report which is available on the Company's website at www.zenithminerals.com.au.

3.1 Board Recommendation

The Directors (other than Mr Julian David Goldsworthy) unanimously recommend that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

4.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general

meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity (market capitalisation of \$23 million) as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 4 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.2(b) below).

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

4.2 Regulatory Requirements

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

(a) Minimum Issue Price

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue quoted Shares and Options to acquire Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the VWAP for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or
- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

(b) Formula for calculating the 10% Placement Capacity

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

(A x D) – E

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (4) less the number of fully paid shares cancelled in the 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 212,762,128 Shares. Accordingly, if Shareholders approve Resolution 4, the Company will have the capacity to issue:

- (i) 31,914,319 Equity Securities under Listing Rule 7.1; and
- (ii) 21,276,213 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (above).

(c) **Dilution**

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues.

There is a risk that:

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

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

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

The below table also shows:

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

Variable "A" in Listing Rule 7.1A.2	Dilution			
		\$0.0525 50% decrease in Issue Price	\$0.105 Issue Price	\$0.1575 50% increase in Issue Price
Current Variable A 212,762,128 Shares	10% voting dilution	21,276,213	21,276,213	21,276,213
	Funds raised	\$1,117,001	\$2,234,002	\$3,351,004
50% increase in current Variable A 319,143,192 Shares	10% voting dilution	31,914,319	31,914,319	31,914,319
	Funds raised	\$1,675,502	\$3,351,003	\$5,026,505
100% increase in current Variable A 425,524,256 Shares	10% voting dilution	42,552,426	42,552,426	42,552,426
	Funds raised	\$2,234,002	\$4,468,005	\$6,702,007

The table has been prepared on the following assumptions:

1. Variable A is 212,762,128, being the number of ordinary securities on issue as at the date of the Notice of Annual General Meeting.
2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
3. No Options are exercised into Shares before the date of the issue of the Equity Securities.
4. The Company has not otherwise issued any other Equity Securities using its placement capacity under Listing Rule 7.1 or 7.1A in the 12 months preceding this Notice of Meeting.
5. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
6. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
8. The issue price is 10.5 cents, being the closing price of the Shares on ASX on 2nd October 2018.

(d) **Issue Period**

If Shareholders approve Resolution 4, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

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

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

The Company will only issue Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period and that the approval will cease to be valid in

the event that holders of the eligible entity's ordinary securities approve a transaction under rule 11.1.2 or rule 11.2.

(e) **Purpose of Issues**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and scoping and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

(f) **Allocation Policy**

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

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

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

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will be the vendors of the new resources assets or investments.

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

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

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2017 annual general meeting on 20 November 2017.

In the 12 months preceding this Notice of Annual General Meeting, the Company has issued 24,617,038 Equity Securities (comprising 22,967,038 Shares and 1,650,000 unlisted options) which represents approximately 11.37% of the total number of Equity Securities on issue at the commencement of that 12 month period.

Details of the Equity Securities issued in the 12 month period are outlined in Schedule 2 of this Explanatory Statement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 4 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom

any Equity Securities may be issued to under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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

4.3 Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 4.

5. RESOLUTION 5 – ADOPTION OF NEW CONSTITUTION

5.1 Background

A company may modify or repeal its Constitution or a provision of its Constitution by special resolution of Shareholders.

Resolution 5 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new Constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by Shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed; and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.zenithminerals.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9226 1110).

Shareholders are invited to contact the Company if they have any queries or concerns.

5.2 Summary of material proposed changes

The key differences between the existing Constitution and the Proposed Constitution are summarised below. This summary is not intended to be an exhaustive explanation of all the changes effected by the adoption of the Proposed Constitution.

- (a) **Article 3.8: Share certificates, Share option certificates, uncertificated holdings and electronic transfers**

Article 3.8 of the Constitution, which deals with Share certificates and Share option certificates, uncertificated holdings and electronic transfers, is removed from the Proposed Constitution.

- (b) **Article 15.6(b): Proceedings at General Meeting**

By virtue of Article 15.6(b), the Constitution allows the Chair of a General Meeting to have a casting vote in the event of an equality of votes unless there are only two Directors who are competent to vote on the question at issue. Pursuant to Article 11.13 of the Proposed Constitution, the Chair does not have a casting vote if there is an equality of votes.

(c) **Article 14.1: The Directors**

Article 14.1(a) of the Constitution states that the maximum number of Directors is 7. The Proposed Constitution, at Article 12.1, does not set a maximum of Directors. However, Article 12.1(a) sets a minimum number of 3 Directors. This is to account for growth in the Company and to preserve flexibility going forward. The Company may still increase or reduce the maximum or minimum numbers of Directors by ordinary Resolution.

Article 14.8(c) of the Constitution specifies that no non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or a commission or a percentage of operating revenue. This sentence is omitted from the Proposed Constitution.

Article 12.6 of the Proposed Constitution reduces the period of time for giving a nomination for election as a Director from not less than 45 days before a general meeting to at least 35 business days before the general meeting.

(d) **Article 21.3(a): Dividends only payable from profits**

Article 21.3(a) of the Constitution provides that dividends are only payable from profits. Article 19.1 of the Proposed Constitution provides that, subject to the Corporations Act, the Listing Rules, the Proposed Constitution, and the rights of any person entitled to shares with special right to dividend, the Directors may determine that a dividend is payable. In addition, Article 19.2 of the Proposed Constitution prohibits interest payable on a dividend.

(e) **Adoption of proportionate takeover rules (new Article 9)**

The Proposed Constitution contains Article 9 that enables the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a Resolution of Shareholders. Provisions such as these require specific information to be provided to Shareholders at the time the provisions are adopted. This information is set out below.

A proportional takeover bid includes a bidder offering to buy a proportion only of each Shareholder's Shares in the Company. This means that control of the Company may pass without members having the chance to sell all of their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Proposed Constitution that:

- (i) in the event of a proportional takeover bid being made for Shares in the Company, members are required to vote by ordinary Resolution and collectively decide whether to accept or reject the offer; and
- (ii) the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their Shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressured to accept the bid even if they do not want it to succeed.

The effect of Article 9 of the Proposed Constitution is that, if a proportional takeover offer is received, the Directors are required to convene a Meeting of Shareholders to vote on a Resolution to approve the proportional bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast. The Meeting must be held at least 14 days before the bid closes so that holders know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

If the proportional bid is not approved, the registration of any transfer of Shares resulting from an offer made under the proportional bid will be prohibited and the bid will be deemed to be withdrawn. If the proportional bid is approved, the transfers will be registered, provided they comply with the other provisions of the Corporations Act and the Company's Proposed Constitution.

The bid will be taken to have been approved if the Resolution is not voted on within the deadline specified under the Corporations Act.

The provisions of Article 9 do not apply to takeover bids for the whole of the issued Shares in the Company.

The proportional takeover approval provisions under Article 9 will cease to apply at the end of 3 years (or longer if it is subsequently renewed by a further Resolution of Shareholders).

The reasons why the Board has proposed that the Proposed Constitution should provide for a Shareholder Resolution on proportional takeover bids are set out below as the advantages of the provisions. Each of the Directors consider that these advantages outweigh the disadvantages stated below.

The Board considers that Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the Shares. They believe that the Resolution requirement is the best procedure available to Shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

Without Article 9, a proportional takeover bid may enable control of the Company to be acquired without Shareholders having an opportunity to dispose of all their Shares to the bidder. Shareholders therefore risk holding a minority interest in the Company. If the Shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. The proposed Article will prevent this by permitting Shareholders in General Meeting to decide whether a proportional takeover bid should be permitted to proceed.

While the inclusion of Article 9 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The potential advantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (i) they give Shareholders their own say in determining, by a majority vote, whether a proportional takeover bid should proceed;
- (ii) they enable Shareholders, by combining together, to veto a change of control that would lock them into a minority position;
- (iii) the existence of the Resolution requirement in the Proposed Constitution would make it more probable that any takeover bid will be a full bid for the whole Shareholding of each member, so that Shareholders may have the opportunity of disposing of all their Shares rather than of a proportion only;
- (iv) if a proportional takeover bid should be made, the existence of the Resolution requirement will make it more probable that a bidder will set its offer price at a level that will be attractive to the Shareholders who vote;
- (v) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid, and whether to accept or reject offers made under that bid; and
- (vi) at present it is only the Directors who express on behalf of the Company any formal view on the adequacy or otherwise of a takeover bid. With the Resolution requirement, the most effective view on a proportional takeover bid will become the view expressed by the vote of the Shareholders themselves at general meeting.

The potential disadvantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (vii) proportional takeover bids may be discouraged, reducing the speculative element in the market price of the Company's Shares arising from the possibility of a takeover offer being made;
- (viii) an individual Shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of Shareholders favour the proportional takeover bid; and
- (ix) the inclusion of the provisions may be considered to constitute an unwarranted additional restriction on the ability of Shareholders to freely deal with their Shares.

Advantages and disadvantages of the proposal for the Directors are that:

- (x) if the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed; and
- (xi) on the other hand, under the proportional takeover approval provisions, if a proportional takeover bid is commenced, the Directors must call a Meeting to seek the Shareholders' views, even though the Directors believe that the bid should be accepted.

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

(f) **Remuneration of Directors (new Article 12.8)**

The Proposed Constitution allows Directors to participate in Share plans and to receive other non-cash benefits as part of their normal remuneration. If the Proposed Constitution is adopted, the Company will still need to comply with the relevant requirements of the Listing Rules and the Corporations Act.

(g) **Methods of service (new Article 21.2)**

The Proposed Constitution includes fax and other electronic means as additional methods of service of notices.

(h) **Indemnity and Insurance (new Article 23)**

Pursuant to Article 23 of the Proposed Constitution, the indemnity and insurance provisions are extended to Directors and secretaries of subsidiaries of the Company, in addition to those of the Company itself (as in the existing Constitution). The Proposed Constitution also allows the Company to indemnify a Director or secretary for legal costs incurred in obtaining advice on issues relating to the performance of their functions and duties.

5.3 Board recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

If this Resolution is approved, the Proposed Constitution will be adopted with effect from the close of the Meeting.

GLOSSARY

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

2018 Annual Financial Report	The Company's annual report dated 26 th September 2018.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Listing Rules.
ASX	ASX Limited.
Board	board of Directors.
Chairman	chairman of the Annual General Meeting.
Company or Zenith	Zenith Minerals Limited ACN 119 397 938.
Company Secretary	the company secretary of the Company.
Constitution	the constitution of the Company adopted on 14 February 2007.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Directors' Report	the annual directors' report of the Company.
ESOP Option	an Option issued under the Plan to subscribe for a Share.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of Annual General Meeting.
Key Management Personnel	key management personnel of the Company (as defined in Section 9 of the Corporations Act).
Listing Rules	listing rules of the ASX.
Meeting or Annual General Meeting	the annual general meeting convened by this Notice of Annual General Meeting.
Notice or Notice of Annual General Meeting or Notice of Meeting	this notice of Annual General Meeting.
Option	an option to subscribe for a Share.
Plan	the Zenith Minerals Limited Employee Share Option Plan.
Proposed Constitution	has the meaning given to that term in section 5.1 of the Explanatory Statement.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.
Quoted Options	quoted options (ZNCO) each to be issued a Share, expiring 31 December 2017, exercisable at \$0.10.
Remuneration Report	the Company's remuneration report for the year ended 30 June 2018.
Resolution	Resolution contained in this Notice of Annual General Meeting.
Schedule	Schedule to this Notice of Annual General Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
VWAP	volume weighted average price.
WST	Australian Western Standard Time.

SCHEDULE 1 – TERMS OF SHARES

A summary of the rights attaching to the Shares issued in the 12 months prior to the date of the Annual General Meeting is set out below.

- (a) The Shares rank equally in all respects with existing Shares in the Company.
- (b) Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.
- (c) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.
- (d) Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, ASX Settlement Operating Rules or under the Company's Constitution.
- (e) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.
- (f) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.
- (g) Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

SCHEDULE 2 – DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
27 November 2017	1,368,039	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 16.67% discount or to closing price on 27 November 2017 of \$0.12.	\$136,803.90	\$136,803.90 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
28 November 2017	800,000	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 13.04% discount or to closing price on 28 November 2017 of \$0.115.	\$80,000	\$80,000 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
29 November 2017	701,399	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 16.67% discount or to closing price on 29 November 2017 of \$0.12.	\$70,139.90	\$70,139.90 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
5 December 2017	8,226	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 25.93% discount or to closing price on 5 December 2017 of \$0.135.	\$822.60	\$822.60 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
7 December 2017	641,250	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 23.08% discount or to closing price on 7 December 2017 of \$0.13.	\$64,125.00	\$64,125.00 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
8 December 2017	610,743	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 23.08% discount or to closing price on 8 December 2017 of \$0.13.	\$61,074.30	\$61,074.30 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
12 December 2017	257,134	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 20.00% discount or to closing price on 12 December 2017 of \$0.125.	\$25,713.40	\$25,713.40 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
13 December 2017	435,424	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 20.00% discount or to closing price on 13 December 2017 of \$0.125.	\$43,542.40	\$43,542.40 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
18 December 2017	2,446,179	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 25.93% discount or to closing price on 18 December 2017 of \$0.135.	\$244,617.90	\$244,617.90 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
19 December 2017	611,243	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 33.33% discount or to closing price on 19 December 2017 of \$0.15.	\$61,124.30	\$61,124.30 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
21 December 2017	2,317,387	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 25.93% discount or to closing price on 21 December 2017 of \$0.135.	\$231,738.70	\$231,738.70 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
22 December 2017	1,399,912	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 25.93% discount or to closing price on 22 December 2017 of \$0.135.	\$139,991.20	\$139,991.20 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
27 December 2017	5,154,545	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 28.57% discount or to closing price on 27 December 2017 of \$0.14.	\$515,454.50	\$515,454.50 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
28 December 2017	1,891,941	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 23.08% discount or to closing price on 28 December 2017 of \$0.13.	\$189,194.10	\$189,194.10 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
29 December 2017	794,978	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 23.08% discount or to closing price on 29 December 2017 of \$0.13.	\$79,497.80	\$79,497.80 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
2 January 2018	3,328,638	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 23.08% discount or to closing price on 2 January 2018 of \$0.13.	\$332,863.80	\$332,863.80 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
4 January 2018	200,000	Shares	Schedule 1	Note 1	\$0.10 (Exercise of Quoted Options (ZNCO), expiring 31 December 2017)	Issued at a 33.33% discount or to closing price on 4 January 2018 of \$0.15.	\$20,000.00	\$20,000.00 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.
28 September 2018	1,650,000	ESOP Options	Each exercisable at \$0.18 on or before 28 September 2021 and otherwise on the terms set out in the Company's Share Option Plan approved by shareholders on 20 November 2017.	Managing Director and employees	Nil	N/A	Issued as an incentive under the Plan valued at \$60,911 using Black-Scholes Valuation Model to determine Fair Value 28 September 2018 of \$0.036916 per option. Refer Note 2 for the Valuation Model Inputs used.	N/A

Note 1: Eligible Shareholders who participated in the Prospectus offer of a one (1) for five (5) non-renounceable pro rata offer to eligible shareholders. Rights issue offered on basis of one (1) new share for every five (5) shares held at record date with a free attaching new option exercisable at \$0.10 and expiring by 31 December 2017, based on one (1) free new attaching option for every two (2) new shares subscribed for and issued.

Note 2: Valuation Model Inputs used in the Black-Scholes Model to determine the current Fair Value on 28th September 2018 are as follows:

Valuation Date: 28 September 2018
Period to maturity: 3 years
Share Price: \$0.115 being the closing price of the Shares on ASX on 28th September 2018
Exercise Price: \$0.18
Expected Volatility: 65.34%
Dividend Yield: -
Risk-Free Interest Rate: 2.06%
Fair Value: \$0.036916