



ABN: 96 119 397 938

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2019

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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)
Graham D Riley (Non-Executive Director)

COMPANY SECRETARY

Melinda Nelmes

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96 119 397 938

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

Dear fellow shareholders,

The Company has continued with a high level of exploration activity during the 2018-19 year across its portfolio of principally gold and lithium projects, with much of the work, particularly on overseas projects being funded and managed by partners.

At the Kavaklitepe gold project in Turkey our JV partner (a Turkish subsidiary of Teck) completed more than 50 RC holes for almost 5,000 metres of resource level drilling in two phases during the year, returning a number of exceptional high grade results including 20m @ 15.6g/t, at the Kuzey zone.

American Lithium JV partner (Bradda Head Limited) reported a maiden lithium clay resource at Burro Creek in Arizona post year-end following an initial 14-hole RC drilling program, and also outlined a well-defined lithium brine target using MT geophysics at Zacatecas in Mexico.

The main focus of our sole funded exploration in Australia was the 100% owned Split Rocks lithium - gold project in Western Australia, where Zenith holds a large prospective landholding near the significant Earl Grey lithium pegmatite deposit. Multiple programs completed during the year included over 130 aircore drill holes and several hundred geochemical samples, while Zenith's maiden RC drilling program at the Dulcie target returned strongly anomalous lithium results from thick pegmatite bodies (up to 77m downhole widths) and a second lithium anomalous pegmatite was identified nearby. Shallow drilling also tested 5 soil geochemical targets defined by our ongoing surface sampling. We also expanded the already extensive landholding at Split Rocks by securing lithium and subsurface gold rights over adjoining ground covering an operating gold heap leach mine. A substantial drilling program is planned to follow-up on numerous high-grade historic gold drill results beneath and along strike of the heap leach operation.

Additionally we reported encouraging soil and rock chip assay results from surface geochemical programs at the Company's Queensland gold-silver projects: Red Mountain and Tate River and the 100% owned Develin Creek project, where we have a current JORC Mineral Resource of 2.57 million tonnes of massive copper-zinc-gold-silver sulphides.

Post year end, partner funded drilling at the Earraheedy project in Western Australia reported several results of interest and a new interpretation of zinc mineralisation, and other activity funded by partners is anticipated in coming months as outlined in the Managing Director's Review of Operations overleaf.

As always, our focus is on maintaining a high level of targeted exploration, exposing shareholders to maximum upside from opportunities generated in-house in commodities of choice, while continuing to protect the Company's tight capital structure, at times by attracting third party funding.

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



Rodney (Mike) Joyce
Chairman

16 September 2019

Exploration and Development Activities

Projects Overview

The Company has continued to implement its strategy of acting as a project generator. Projects are either advanced by the Company's experienced team applying innovative exploration techniques or by partners with the technical and financial capability, depending on how the Board believes shareholders' best interests are served.

Zenith has two non-managed joint ventures - Kavaklitepe (Teck) and American Lithium (Bradda Head Limited) whilst three other projects are being funded under option by partners: Earacheedy Zinc (Rumble Resources ASX:RTR), Vivash Iron (Rio Tinto Exploration Pty Ltd) and Talga Fault Cobalt (Greenpower ASX:GPP). In addition to Zenith's own exploration activities it is estimated that these partners will spend in the order of \$1 to \$5 million over the course of the 2019 calendar year on Zenith's projects.

Significant partner funded 2019 drill programs have taken place at Kavaklitepe and at the Earacheedy Zinc project, whilst drill programs are planned to test targets on the American Lithium and Vivash Iron projects.

Zenith's shareholder's benefit by not only having exposure to the Company inhouse exploration team but to multiple expert partners applying their skills and finances on Zenith's projects. Our Partners – increase the level of spending on Zenith's projects, increase the chance of exploration success whilst sharing the risk.

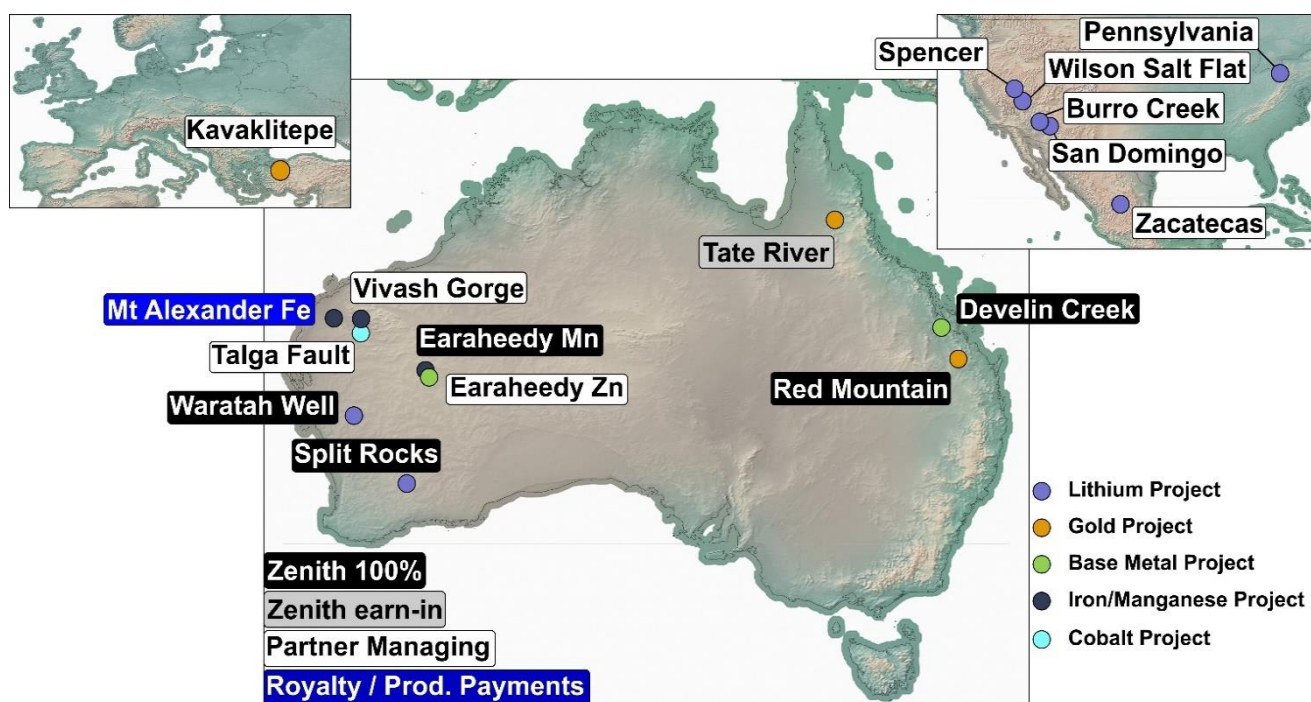


Figure 1: Zenith Project Locations

During the year the focus of exploration by Zenith has been on the 100% owned **Split Rocks lithium -gold** project located in the Forrestania Greenstone Belt, Western Australia. Zenith has amassed a massive 500km² landholding 15km northwest of the Mt Holland (Earl Grey) lithium pegmatite discovery and Bounty Gold mine that the Company believes is highly prospective for lithium and gold.

RC drill testing of the Dulcie lithium pegmatite target confirmed the presence of thick pegmatite bodies (up to 77m downhole widths) with lithium fertile chemistry whilst the Company continued to systematically screen the large landholdings with staged surface geochemical programs.

An option agreement was also executed during the year over bedrock gold & lithium rights on ground adjoining Zenith's Split Rocks tenure covering the Dulcie Heap Leach Operation. Several high-priority drill targets are planned to be drill tested in the 2019 -2020 financial year to follow-up on high-grade historic drill results including:

- 6.0m @ 16.91 g/t Au,
- 2.0m @ 32.73 g/t Au,

- 2.0m @ 16.5 g/t Au,
- 2.0m @ 15.40 g/t Au,
- 5.0m @ 4.73 g/t Au,
- 4.0m @ 4.90 g/t Au &
- 9.0m @ 2.10g/t Au.

Our partner in Turkey completed a large RC drill program (38 holes for 3,700m) at the **Kavaklitepe joint venture gold** project in Turkey. Drilling at the Kuzey, Discovery and Guney Prospects during the year returned high-grade gold zones including:

- 20.0m @ 15.60 g/t Au, including 12.0m @ 24.67 g/t Au;
- 16.0m @ 4.72 g/t Au, including 8.0m @ 7.99 g/t Au;
- 44.0m @ 1.90 g/t Au, including 8.0m @ 5.50 g/t Au;
- 24.0m @ 2.14 g/t Au; including 4.0m @ 5.45 g/t Au, and
- 36.0m @ 2.06 g/t Au, including 8.0m @ 4.14 g/t Au.

Zenith is currently assessing its options on the best way forward for the Kavaklitepe gold project.

Looking forward, with the Australian dollar gold price at record highs, attention in the coming financial year will be refocused on the Company's gold projects at Split Rocks as well as those in Queensland: Red Mountain and Tate River.

Follow-up field work at the **Red Mountain gold-silver** project during the year returned further highly encouraging gold and silver rock chip sample results up to 2.01 g/t gold and 52.5 g/t silver around 800 metres north of the best results from 2017 sampling. In addition, systematic geochemical sampling outlined a large 2km by 1.5km zoned soil anomaly with peak soil gold result of 1.6 g/t Au and peak silver soil value 2.1 g/t Au.

Our partner Rio Tinto Exploration Pty Ltd is anticipated to undertake an initial RC drill program in the 2019 Pilbara, Western Australia field season (now likely in the December quarter 2019) to test a concealed Brockman iron ore target at the **Vivash iron ore** project.

In addition, Rumble Resources Limited who have optioned the **Earaheedy zinc** project in Western Australia completed an initial drill test of zinc targets late in the financial year. The program outlined an exciting new style of flat lying sandstone hosted zinc mineralisation. A follow-up drilling program to test the up-dip position with the focus on defining zinc-lead mineralization amenable to open cut mining is planned.

Finally, our partner Bradda Head Limited has a further 18 months to spend a total of US\$5M to confirm its initial 55% interest in the **American lithium** joint venture projects.



Red Mountain Gold-Silver Mineralisation

The combined activities of Zenith and its project partners will ensure significant newsflow for shareholders in the coming year.

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

- 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 189Mt @ 1.5% Li₂O (KDR ASX Release 19th Mar 2018).
- RC drill testing of the Dulcie lithium pegmatite target confirmed thick pegmatite bodies containing broad anomalous levels of lithium including: 79m @ 284ppm Li₂O with a peak value of 1m @ 1072ppm Li₂O. Pegmatite body remains open to the north and west.
- Soil sampling defined 7 lithium anomalies to date, of which 5 have had preliminary shallow drill tests.
- Significant gold mineralisation at the Dulcie Prospect includes: 5m @ 2.51 g/t gold including 1m @ 8.79 g/t gold & 2m @ 6.54g/t gold, ZNC ASX Release 5th June 2018 – follow-up drilling to be completed.
- Option on bedrock gold & lithium rights over adjoining Dulcie Heap Leach Operation. High-grade historic drill results include: 6.0m @ 16.91 g/t Au, 2.0m @ 32.73 g/t Au, 2.0m @ 16.5 g/t Au, 2.0m @ 15.40 g/t Au, 5.0m @ 4.73 g/t Au, 4.0m @ 4.90 g/t Au & 9.0m @ 2.10g/t Au. Several high-priority drill targets for follow-up.
- Highly encouraging initial reconnaissance surface sample results up to 0.39% Li₂O from pegmatite bodies on the recently optioned Dulcie Heap Leach Gold Operation tenure.

The Split Rocks project is located 40 km north of Kidman Resources' (ASX:KDR) Mt Holland (Earl Grey) lithium pegmatite deposit containing 189Mt @ 1.5% Li₂O (KDR ASX Release 19th Mar 2018). Zenith's 100% owned Split Rocks Project covers a large portion (total area >500sqkm) of the Forrestania Greenstone Belt of Western Australia (Figures 2 and 3).

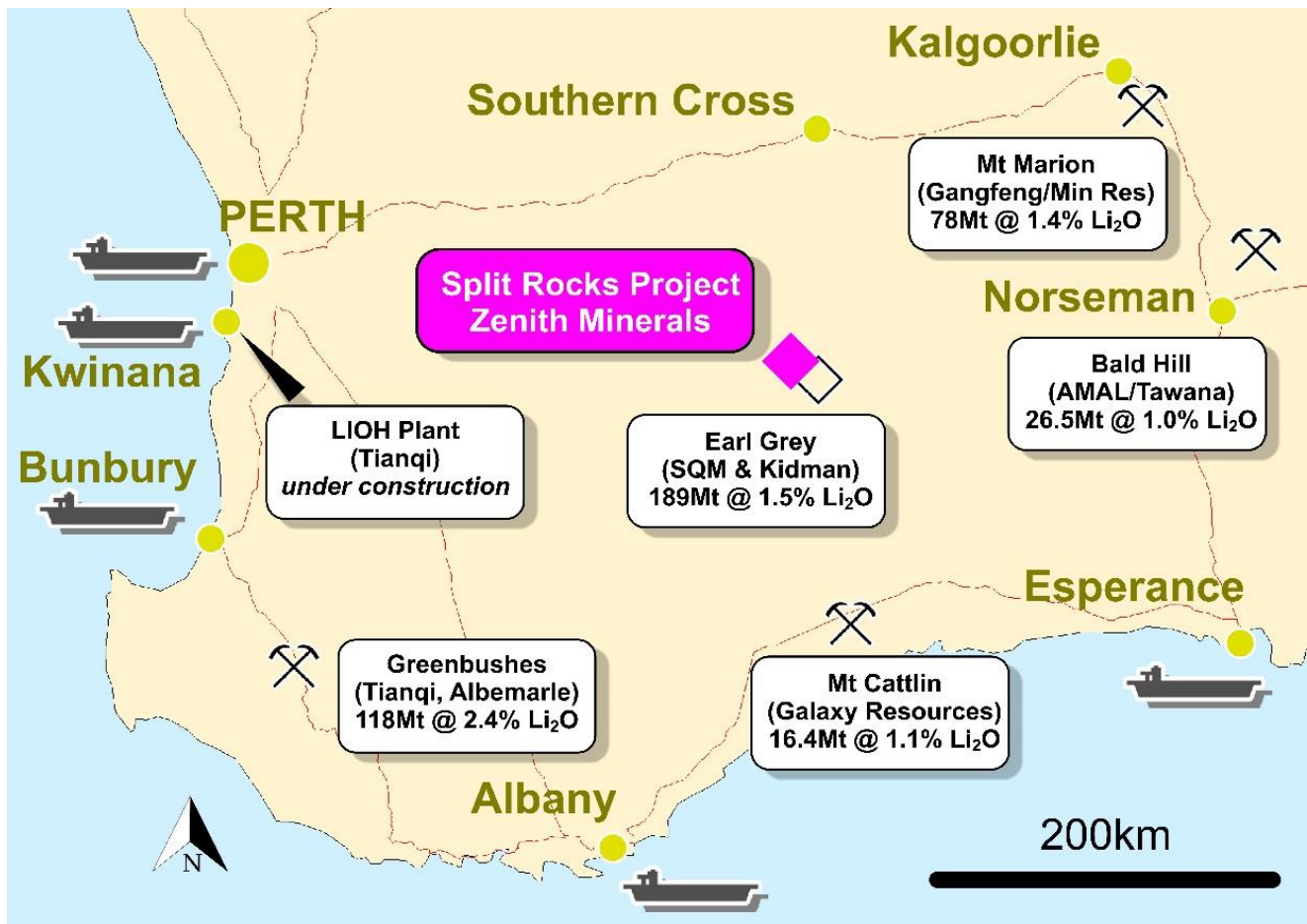


Figure 2- Split Rocks Project Location Map Showing Regional Lithium Projects

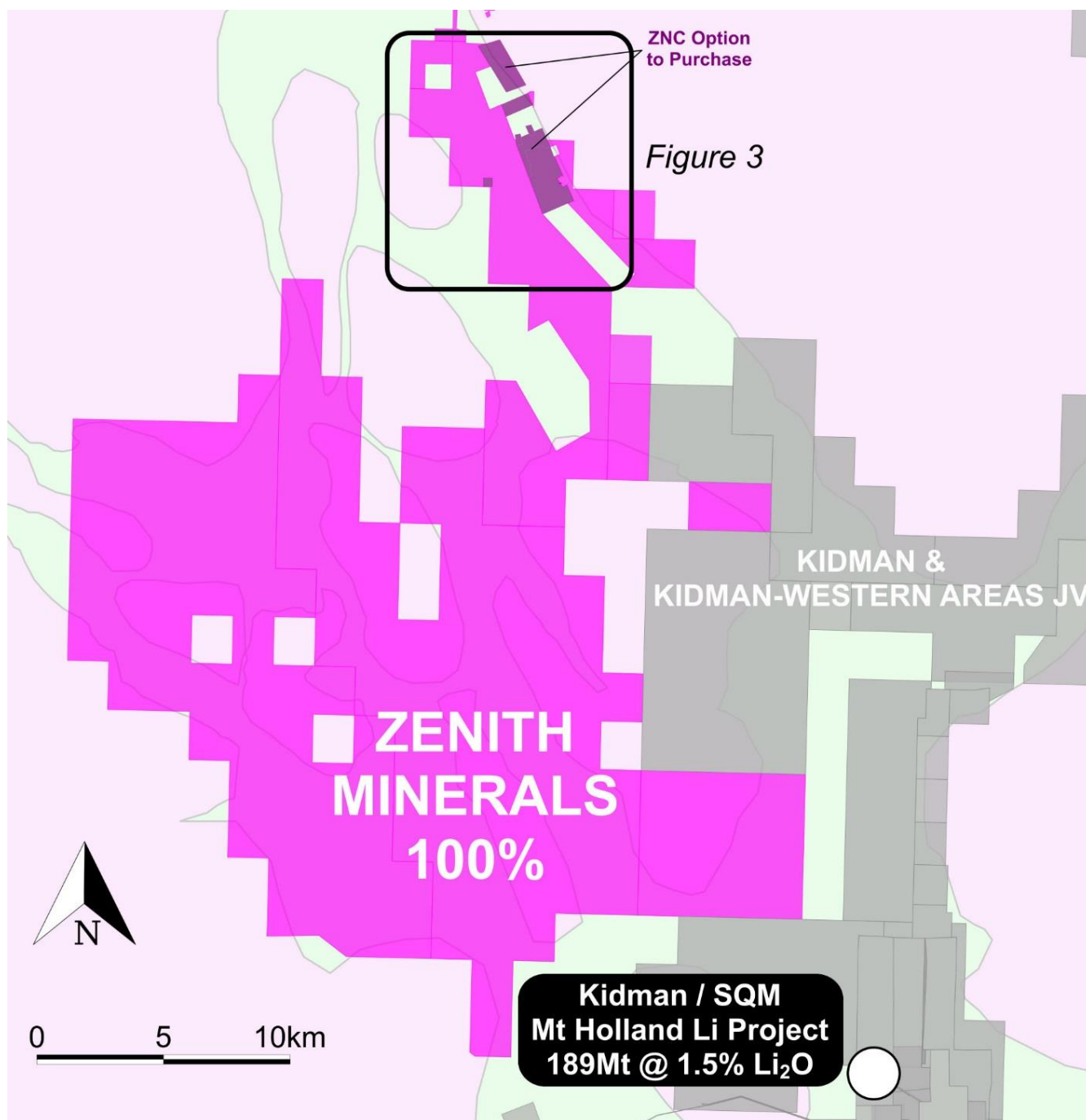


Figure 3- Split Rocks Project – Location and Tenure Relative to Kidman/SQM Mt Holland Lithium Project

During the year, exploration at the Split Rocks project has primarily focused on the lithium potential, whilst the Company has been cognisant that the project is also highly prospective for gold mineralisation. Programs completed included:

- 3,644m of AC drilling in 136 holes to test lithium & gold targets; and
- 210 soil and 67 rock geochemical samples as an initial first pass screen for lithium and gold mineralisation, whilst post year end a further 538 soil samples were collected.

Split Rocks Lithium

As detailed in Zenith's ASX releases on (21st Sept 2018, 17th April 2018, 14th September 2017, 4th December 2017, 6th July 2018 and 14th August 2018) first pass surface samples taken at Split Rocks, to date covering approximately 20% of the Company's tenements, defined seven large, coherent lithium anomalies with variable levels of associated caesium, tantalum and rubidium surrounding granite bodies that may be potential source rocks for lithium bearing pegmatites.

The tenor of these large-scale lithium anomalies is comparable with competitor surface results that upon drilling have returned significant bedrock lithium mineralisation in several instances. Field follow-up by Zenith indicated very little to no outcrop in the areas of the lithium soil anomalies and that drill testing is required (Figure 4).

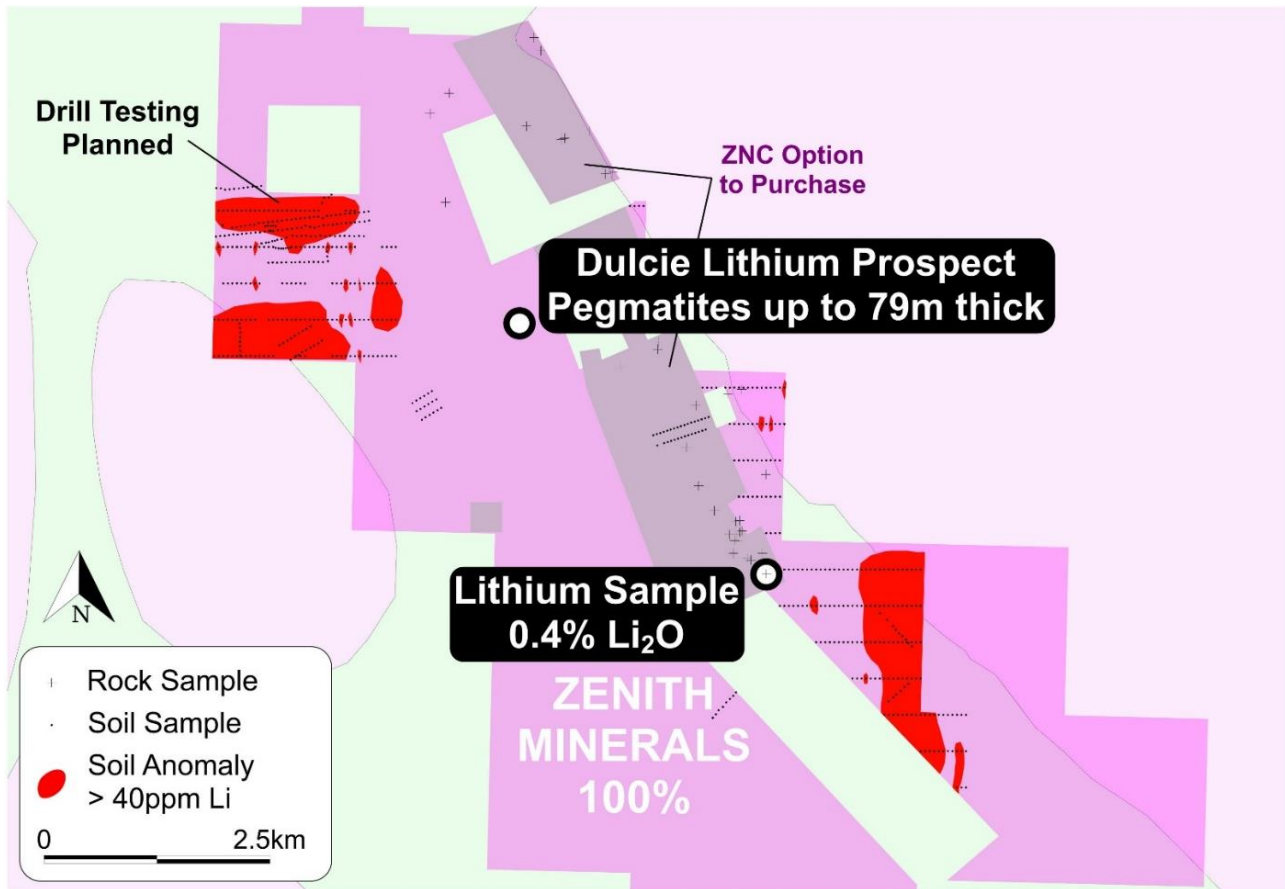


Figure 4 – Split Rocks (NE Sector) Lithium Prospects & Anomalies

Split Rocks – Dulcie Lithium Prospect

Zenith's Dulcie lithium prospect is a 950-metre-long zone of pegmatites, from which shallow aircore drill holes in Zenith's maiden program returned strongly anomalous lithium results up to 2m @ 0.12%Li₂O.

Follow up RC drilling at Dulcie (ASX Release 14th August 2018) confirmed thick pegmatite bodies (up to 79m downhole widths) with lithium content in 4m composite samples strongly anomalous in the northern most drill hole ZDRC006 (80m @ 353ppm Li₂O) (Figure 2). Subsequent one metre resampling confirmed the tenor of the 4m composite samples, ZDRC006 (79m @ 284ppm Li₂O), with a peak value of 1m @ 1072ppm Li₂O. The pegmatite body remains open to the north and east and further drilling is planned in combination with RC drill programs scheduled to be completed later this calendar year.

Split Rocks Gold

Large scale historic and current gold mining operations attest to the gold endowment of the Southern Cross-Forrestania Greenstone Belt (Figure 5).

Significant gold mineralisation was intersected in several drill holes in the south of the Dulcie prospect area (ZNC ASX Release 12th Apr 2018). Zenith's maiden aircore drill program confirmed the presence of gold mineralisation first identified in historic exploration in 1998 returning intersections of **5m @ 2.51 g/t gold including 1m @ 8.79 g/t gold** as well as outlining new gold mineralisation on Zenith's southernmost drill lines up to **2m @ 6.54g/t gold** (end of hole) – as detailed in ZNC ASX Release 5th June 2018. The planned program to use an RC drill rig to drill test beneath and down dip of the better gold intersections reported above (such as **2m @ 6.54g/t gold** (end of hole)) was previously cancelled due to excessive rainfall. Follow-up testing is still to be completed.

In addition, gold within surficial laterite has been outlined with results including 4m @ 1.16 g/t gold from surface (ASX Release 31st July 2018). Follow-up drilling by Zenith indicates that there is potential for one or more modest scale, laterite gold, surface deposits of a similar style to that currently being mined and treated at the adjoining Dulcie Heap Leach gold operation.

Dulcie Heap Leach Gold Project – Bedrock Gold Option

As announced to the ASX (21st March 2019) a detailed review by Zenith's geological team of historical exploration reports on the area of the DHLGO leases highlight that high-grade gold mineralisation is predominantly hosted by moderately west dipping BIF units. High-grade historic drill results include: **6.0m @ 16.91 g/t Au, 2.0m @ 32.73 g/t Au, 2.0m @ 16.5 g/t Au, 2.0m @ 15.40 g/t Au, 5.0m @ 4.73 g/t Au, 4.0m @ 4.90 g/t Au and 9.0m @ 2.10g/t Au**, presenting several high-priority target zones for follow-up by Zenith.

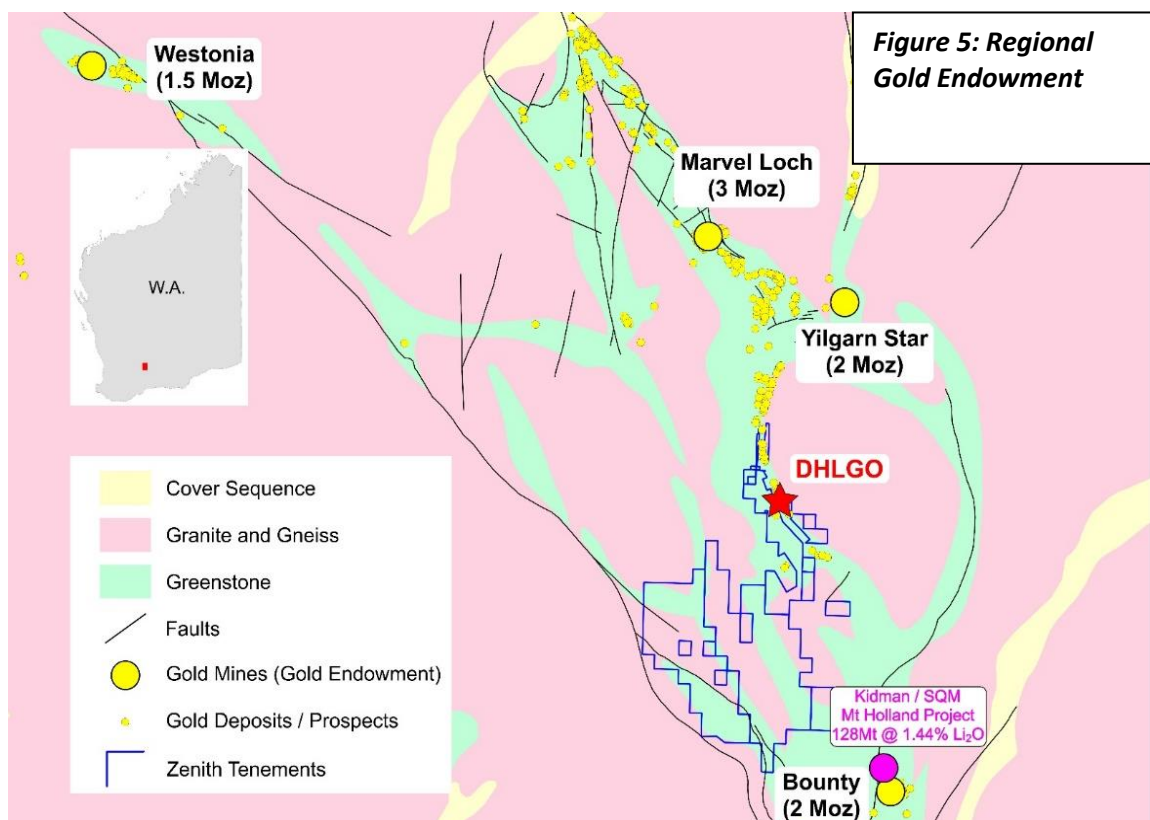
Of note, most historic drill holes have failed to adequately test Zenith's high-priority BIF target zone, where the shallow, wide, west dipping mineralised structures (with results such as: 32m @ 0.6 g/t Au and 57m @ 0.28g/t Au) intersect the north-south moderately west dipping preferred host rock BIF units. Most of the historic exploration drill holes have been collared to test the main laterite gold zone and are too far east of the target BIF host unit to be an effective test. In addition, most historic drill holes have only focused on the near surface laterite rich gold zone with only 38 holes of a total of 1,777 being drilled deeper than 75m. The average drill hole depth for the project area is only 19.7m.

Holes were drilled either vertical or at -60° east and assuming moderate west dipping gold mineralisation then intersection widths will be close to true widths, however there is insufficient drill density to be confident that all gold zones are dipping west and therefore caution must be applied regarding the widths of reported gold zones.

Planned follow up drilling by Zenith will provide an initial test of several of the higher-grade bedrock. Drill holes are planned on lines nominally 200m apart.

Planned Programs at Split Rocks

Geochemical field sampling programs commenced shortly after the year end, whilst drilling of gold targets is planned in the last calendar quarter 2019.



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.

Bradda Head Limited has a further 18 months to spend a total of US\$5M to confirm its initial 45% interest in the American lithium joint venture projects.



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

- Bradda Head's independent consulting group SRK Consulting (UK) Limited (SRK) provided a maiden Inferred Mineral Resource estimate of 42.6 million tonnes @ 818 ppm Li (lithium) and 3.3% K (potassium) using a lower cut-off grade of 300 ppm Li for the near surface lithium clay mineralisation at the Burro Creek East area Drilling to date has tested only a small portion of the total project area that has recently been expanded by staking claims to the west (ZNC ASX Release 12th Aug 2019);
- The Burro Creek East Inferred Mineral Resource area represents a small fraction (18%) of the joint venture partners total Arizona lithium clay land holdings (5121 acres) that includes Burro Creek East (937 acres), Burro Creek West (1487 acres) and Wikieup (2697 acres);
- Mapping and sampling in the western claim area returned further widespread, high-grade lithium clays at surface with two new areas identified each equal in size to the zone of lithium mineralisation discovered in the current drill program;
- Metallurgical testwork has returned positive results.

Planned Activities

Resource extension drilling.

ZACATECAS LITHIUM BRINE PROJECT – MEXICO

- Tenure (26,000 acres) over system of salt lakes in central Mexico;
- Lithium brines to 2.1% Li reported in regional sampling conducted by the Mexican Federal Government from solar evaporation ponds for salt production on adjacent salt lake (10km west of Zenith's tenure).
- Government results confirm lithium enriched brines are present in district, as well as demonstrating that concentration of lithium by 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 like post-concentration brine feedstock to lithium brine production facilities;
- Systematic surface geochemical sampling by Zenith on salt pans returned highly anomalous lithium in surface sediments up to 1046ppm Li;
- Initial 11-hole shallow auger program (2017) returned strong lithium in salt lake sediments up to 0.09% Li;
- Near surface water samples are not strongly saline, perhaps due to rainwater dilution. However, lithium and total salinity in brine samples increase with depth in all holes pointing to deeper target;
- Ground based magnetotelluric (MT) geophysical surveys indicate conductive layer beneath the Illescas salt lake; 200 – 400m thick, 2.5km in length sited below strongly anomalous surface sample results, representing a compelling lithium brine drill target;
- Conductive layer defined at the San Vicente-San Juan salt lake concession, target zone is 100m to 200m in thickness, at a depth of 50 to 300m depth below surface; and
- Permitting for drill testing at San Vicente target completed.

Planned Programs at Zacatecas

Drill testing of coincident geophysical and geochemical target.

WILSON SALT FLAT LITHIUM BRINE PROJECT – NEVADA USA

- Sampling by Zenith returned up to 192ppm lithium from salt lake surface;
- 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 surveys indicates conductive layer in upper 200 – 300m below surface, representing a lithium brine drill target.
- Fully permitting for drill testing.

Planned Activities

Drill testing of coincident geophysical and geochemical target.

SAN DOMINGO LITHIUM PEGMATITE PROJECT – ARIZONA USA

- Abundant lithium bearing pegmatite dykes within Zenith's claims over an area 9km by 1.5km;
- Initial continuous rock chip sampling returned very encouraging results up to 5m @ 1.97% Li₂O including 2.4m @ 2.49% Li₂O within 14.1m zone @ 1.02%Li₂O from spodumene rich pegmatites;
- In the SW of the project area select grab samples returned high-grade lithium from pegmatite dykes of 5.8% and 8.0% Li₂O. Systematic composite rock chip sampling of more strongly weathered spodumene rich pegmatite returned: 2.9m @ 0.86% Li₂O, 2.8m @ 0.69% Li₂O, 3m @ 0.71% Li₂O, and 3m @ 0.56% Li₂O, the latter two samples are part of a near true width zone of 12.7m @ 0.45% Li₂O; and
- Lithium as spodumene and amblygonite concentrates along with tantalum was produced from pegmatites within the district during the period 1947 – 1952.

Planned Programs

Initial drill testing of the western San Domingo claim lithium pegmatite targets followed by drilling of the central and eastern pegmatite targets is planned.

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 channelling and focusing lithium enriched geothermal fluids; and
- Infill surface sampling and ground based geophysical surveys are planned prior to drill testing.

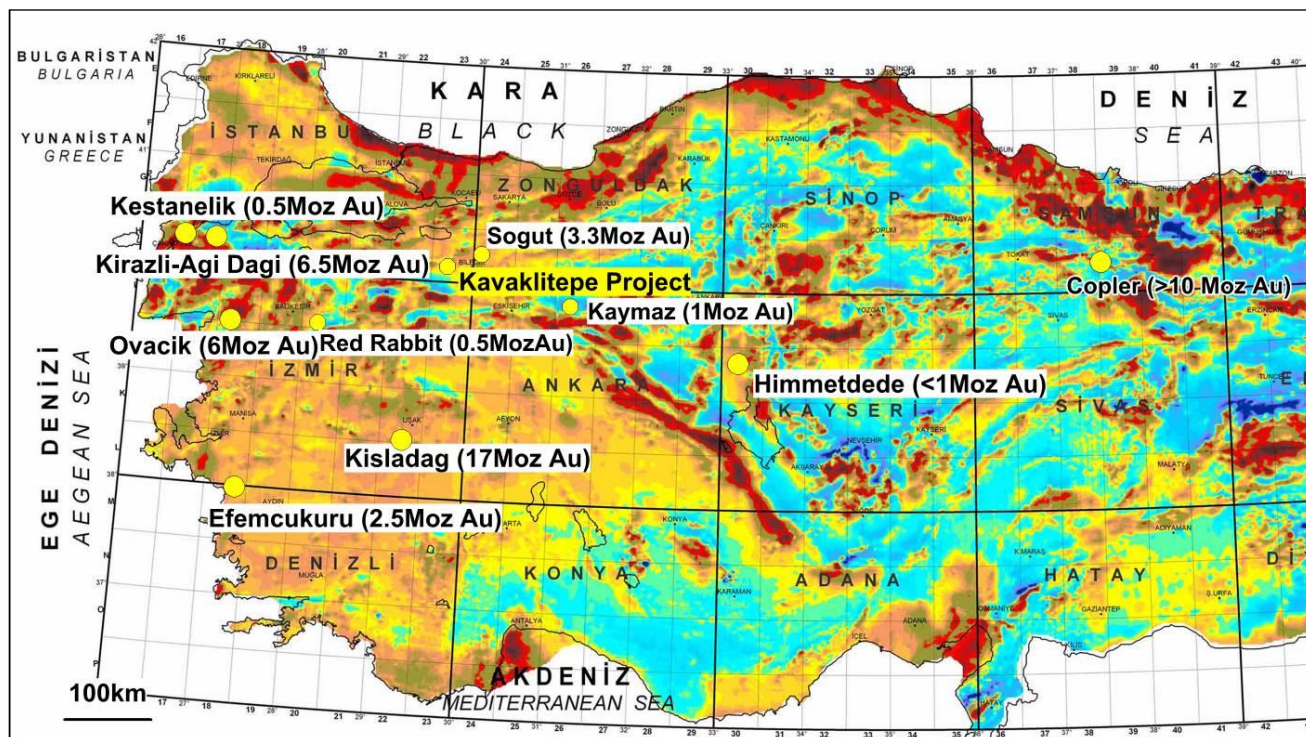
Planned Activities

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

LITHIUM OIL BRINE PROJECT – PENNSYLVANIA USA

Initial and yet incomplete leasing of private oil field brine rights in Pennsylvania has been undertaken in an area where previous sampling of two historic oil wells located approximately 6 km apart returned significant lithium. The oil wells have been capped and shut-in and will require re-opening using a suitable oil field drill rig to allow confirmation sampling.

KAVAKLITEPE GOLD JOINT VENTURE



Kavaklitepe Project Location and Regional Gold Endowment (Image is Total Magnetic Intensity)

KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith 30%-diluting)

- Two coherent plus 800-metre-long, high order gold in soil anomalies (+50 ppb), with peak soil sample values over 1 g/t gold;
- Kuzey Zone Drill results include: 21m @ 3.29 g/t Au, 14m @ 6.09 g/t Au, 16m @ 4.7 g/t, 9m @ 5.2g/t and 7.8m @ 7.3g/t gold, and continuous surface rock chip results include: 54.0m @ 3.33 g/t gold, 10m @ 12.2 g/t Au; 44m @ 3.37 g/t Au, 15m @ 10.10 g/t Au and 6.5m @ 5.18 g/t Au;
- Continuous rock chip sampling results include: 21m grading 2.67 g/t Au at the Discovery Zone, 44m @ 3.37 g/t Au, 10m @ 12.2 g/t Au and 15m @ 10.10 g/t Au at the Kuzey Zone and 12m @ 2.5 g/t gold at the Guney Zone.

During the year a total of 52 RC drill holes were completed for a total of 5,975m at the Kavaklitepe gold project in Turkey.

Based on preliminary 4 metre composite results the follow-up drill program drill program successfully defined gold mineralisation over the length of the 900 metre long Kuzey Prospect (north prospect) with indications of more than one high-grade shoot (refer to Zenith ASX release dated 20th June 2019).

Kuzey infill results from drill holes KT-51 to KT-78) include: KT-77: 20.0m @ 15.60 g/t Au, including 12.0m @ 24.67 g/t Au, KT-78: 16.0m @ 4.72 g/t Au, including 8.0m @ 7.99 g/t Au, KT-64: 44.0m @ 1.90 g/t Au, including 8.0m @ 5.50 g/t Au, KT-56: 24.0m @ 2.14 g/t Au; including 4.0m @ 5.45 g/t Au, and KT-53: 36.0m @ 2.06g/t Au, including 8.0m @ 4.14 g/t Au, (Figures 6, 7, 8 & 9). These drill intersections are interpreted to be close to true thickness of the gold mineralisation.

New continuous rock chip sampling along drill access tracks at Kuzey returned 16.0m @ 4.6 g/t Au and 4.0m @ 3.73 g/t Au (Figure 6). Kuzey is one of three gold mineralised zones within the Kavaklitepe Project, the others being Discovery and Guney.

Drilling at the Discovery Prospect (drill holes KT-41 to KT-46) shows consistent, shallow west dipping gold mineralisation over a strike length of 600 metres. Discovery zone drill results include: **KT- 42: 8.0m @ 0.74 g/t Au, KT-43: 8.0m @ 1.20 g/t Au and KT-44: 8.0m @ 1.26 g/t Au** (Figure 10). These drill intersections are also interpreted to be close to true thickness of the gold mineralisation. In addition, new continuous rock chip sampling along drill access tracks at Discovery returned **8.0m @ 1.28 g/t Au, 4.0m @ 3.17 g/t Au and 4.0m @ 1.81 g/t Au** (Figure 10).

Drilling at the Guney Prospect (drill holes KT-47 to KT-50) returned a maximum of 8.0m @ 0.28g/t Au from surface in drill hole KT-49.

Gold mineralisation at Kavaklitepe is hosted in fault zone breccias and shear zones that are both subparallel to and cross-cut foliation in the host shales and schists in association with arsenic and antimony.

Exploration and evaluation of the Kavaklitepe gold project is managed by Teck Anadolu Madencilik Sanayi v. Ticaret A.S. ("Teck"), a Turkish affiliate of Teck Resources Limited through the Turkish joint venture company Kavak Madencilik A.S. partly owned by Zenith Minerals Limited. As previously advised (ASX Release 23rd April 2019) Zenith elected not to contribute its share of joint venture funds towards this drill program. The exact level of dilution will depend on final invoiced program costs.

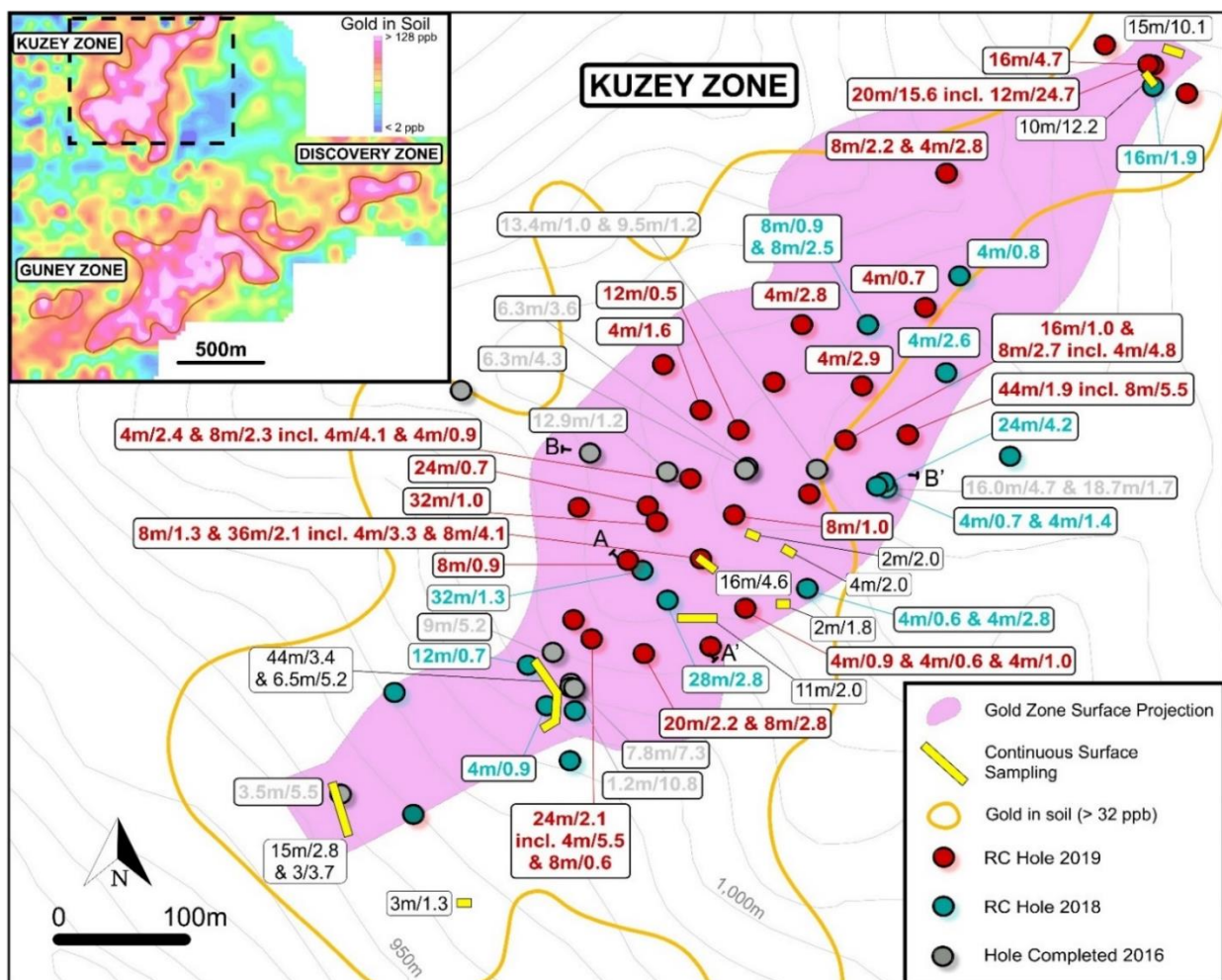


Figure 6: Kavaklitepe Kuzey Zone Drill Hole Locations, Gold Intersections & Location of Cross Sections (A-A' & B-B') – (Legend: 20m/15.6 is 20.0m @ 15.6 g/t Au)

Background

RC drilling in early 2019 was completed to determine the continuity, size and tenor of gold mineralisation intersected during the 2016 maiden short-hole diamond drilling program (KT-01 to KT-25) and the 2018 RC drill program (KTRC-26 to KTRC-40) at the Kavaklitepe gold project in western Turkey. Zenith considers the 2016 & 2018 programs 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.

Kuzey Zone

Drilling completed in 2016 (11 holes (KT-01 to KT-11, including KT-06A) provided an initial wide spaced test of only 360m of the 900m by 250m wide Kuzey Zone gold-in-soil anomaly target (Figures 6 & 10). Near surface oxide and transition gold mineralisation is interpreted to occur as a flat lying zone extending over the full 900m length of the prospect.

Better intersections from the 2016 drill program 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, KT-06A ; 6.3m @ 3.6 g/t Au from surface and KT-07 ; 12.9m @ 1.2 g/t Au from surface.

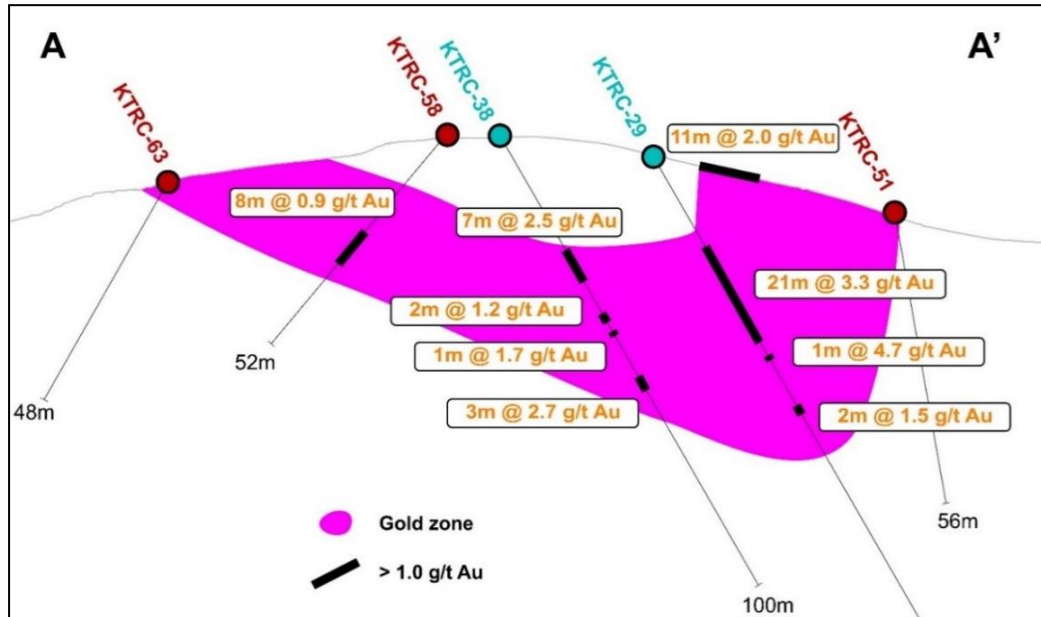


Figure 7: Kavaklitepe Kuzey Zone Preliminary Cross Section A-A'– (Refer to Figure 6 for Location of Section)

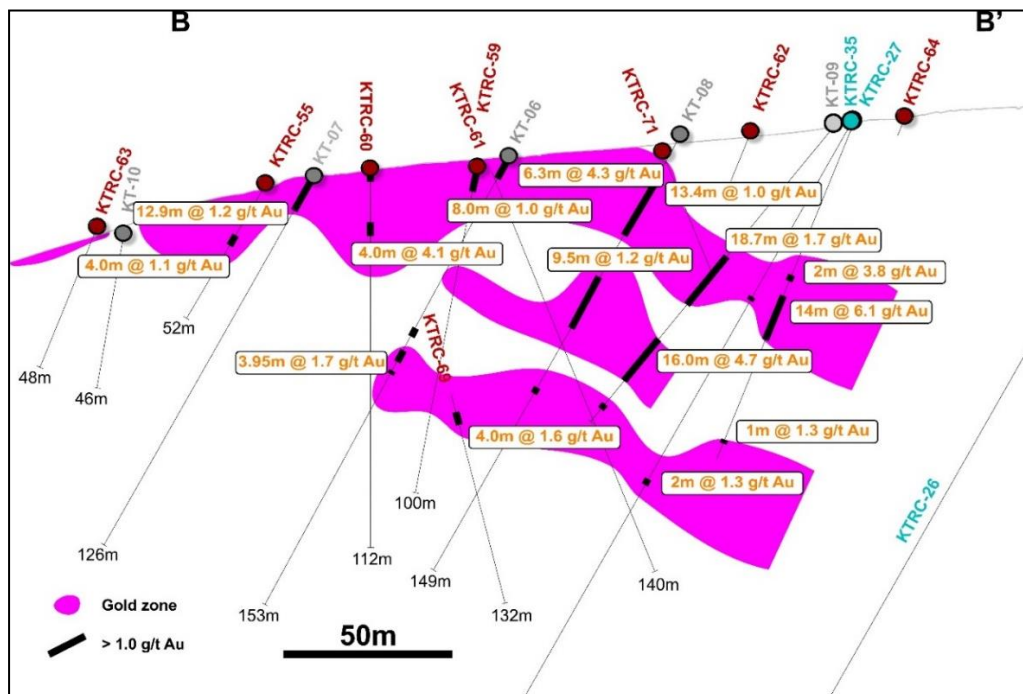


Figure 8: Kavaklitepe Kuzey Zone Preliminary Cross Section B-B'– (Refer to Figure 6 for Location of Section)

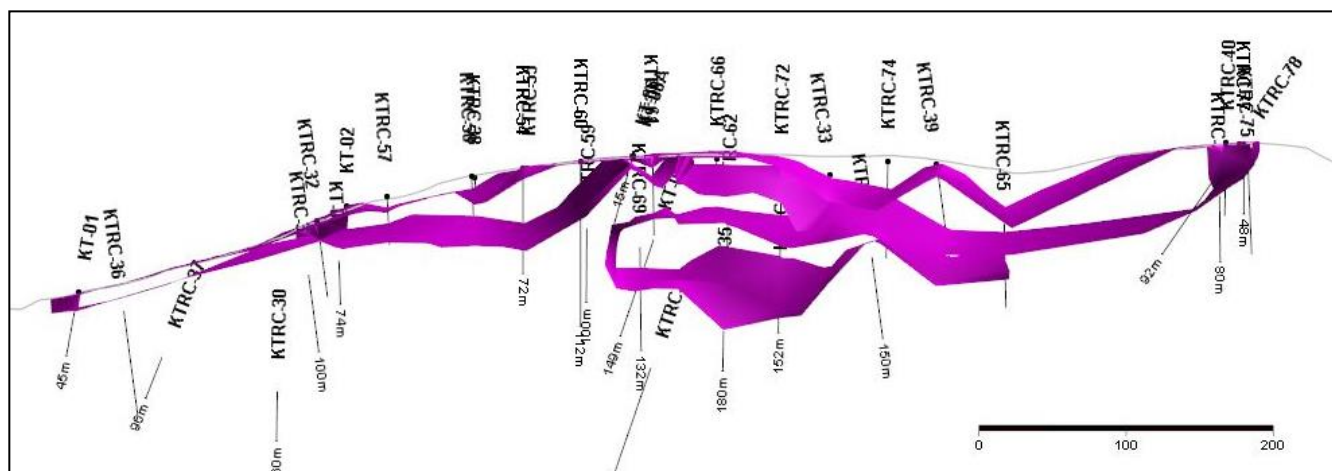


Figure 9: Kavaklitepe Kuzey 3D View of Gold Zones Looking North West (Revised Preliminary Interpretation)

Deeper 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, and 9.5m @ 1.2 g/t Au from 56.8m.

RC drill testing in late 2018 (KTRC-26 to KTRC-40) returned thick high-grade gold intersections at the Kuzey zone including: 21m @ 3.29 g/t Au within 26m @ 2.89 g/t, 14m @ 6.09 g/t Au and 8m @ 2.29 g/t Au (ZNC ASX Release 11th December 2018 and 23rd April 2019).

In addition, continuous rock chip sampling at the Kuzey Prospect has previously returned wide zones of high-grade gold mineralisation at surface, including: 54.0m @ 3.33 g/t Au (including 21.5m @ 7.2 g/t Au) and 44.0m @ 3.37 g/t Au (ZNC ASX Release 23rd April 2019).

The 3700m, 2019 RC drill program operated and funded by JV partner Teck Anadolu Madencilik Sanayi v. Ticaret A.S. ("Teck") a Turkish subsidiary of Teck Resources Limited, commenced in late-April 2019 and was designed to follow-up on results from the 2016 & 2018 drilling and surface sampling programs.

Discovery and Guney Zones

In 2016 drilling at the Discovery Zone (2 holes (KT-18A and KT-23) intersected gold mineralisation 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 (Figure 10). The roadside sampling was conducted as an initial test of the 400m long gold-in-soil anomaly at the Discovery Zone.

Drilling at the Guney Zone (2016 - 11 holes (KT-12 to KT-17 & KT-19 to KT-22 & KT-24 to KT-25) has been technically difficult, 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 @ 1.4 g/t Au from 12.5m and 1.3m @ 0.6 g/t Au from 17.2m before being abandoned in a cavity and drill hole KT-21 drilled on the northern part of the prospect 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.

RC drilling undertaken in 2019 at the Discovery and Guney Zones (Figure 10) was completed to follow-up on the previous drill results as well as test bedrock targets where rock traverse sampling along drill access tracks in 2018 returned gold results, including: 8m @ 1.77 g/t Au, 8m @ 1.74 g/t Au, including 4m @ 3.17 g/t Au (ZNC ASX release 23rd April 2019), supported by new sampling completed in 2019 detailed in this release, including: 8.0m @ 1.28 g/t Au, 4.0m @ 3.17 g/t Au and 4.0m @ 1.81 g/t Au.

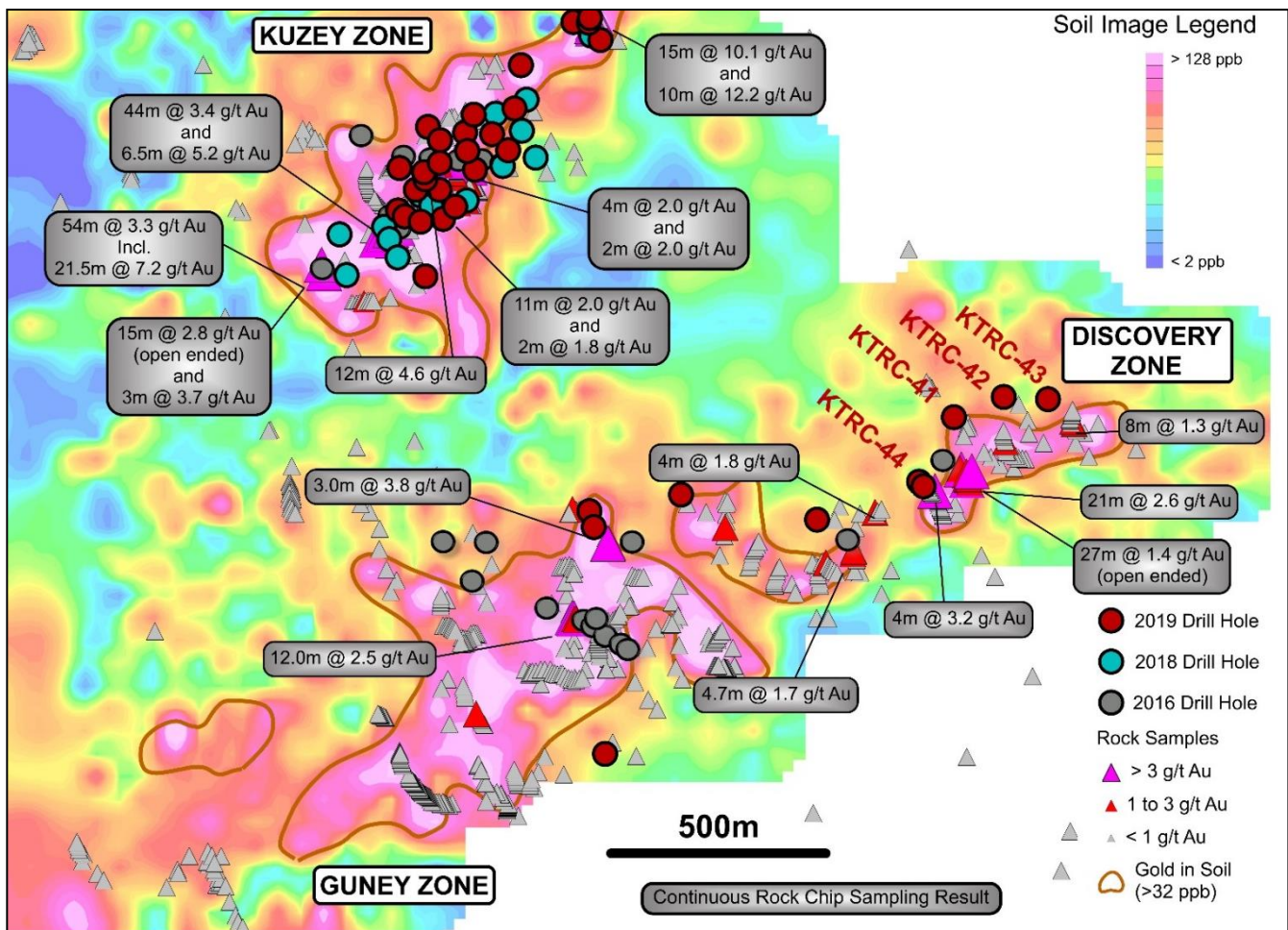


Figure 10: Plan Showing Kavaklitepe Project Gold Geochemistry & Location of Drill Holes in Discovery Zone with Significant Drill Results

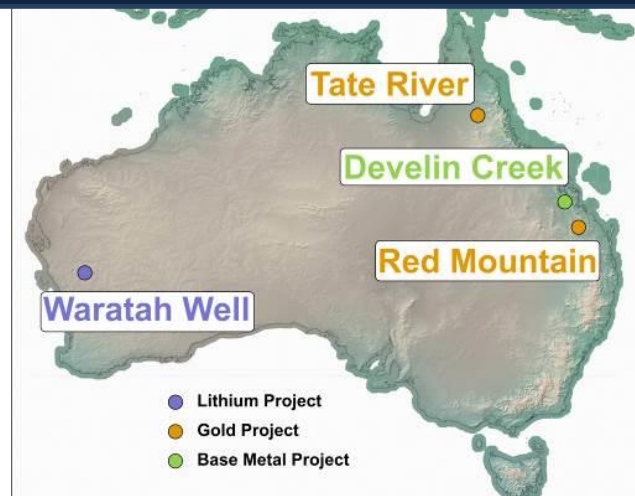
Planned Activities

Zenith is currently assessing its options on the best way forward for the Kavaklitepe gold project.

OTHER AUSTRALIAN EXPLORATION PROJECTS

The Company is continuing to explore projects that possess strong technical merit.

Focus is on advancing its high-quality lithium, gold and base metals projects.



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.
- 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;
- Gossans discovered at new zinc soil anomalies defined in Jan 2019;
- Drilling planned to test new targets and twin historical potentially ineffective drill holes.

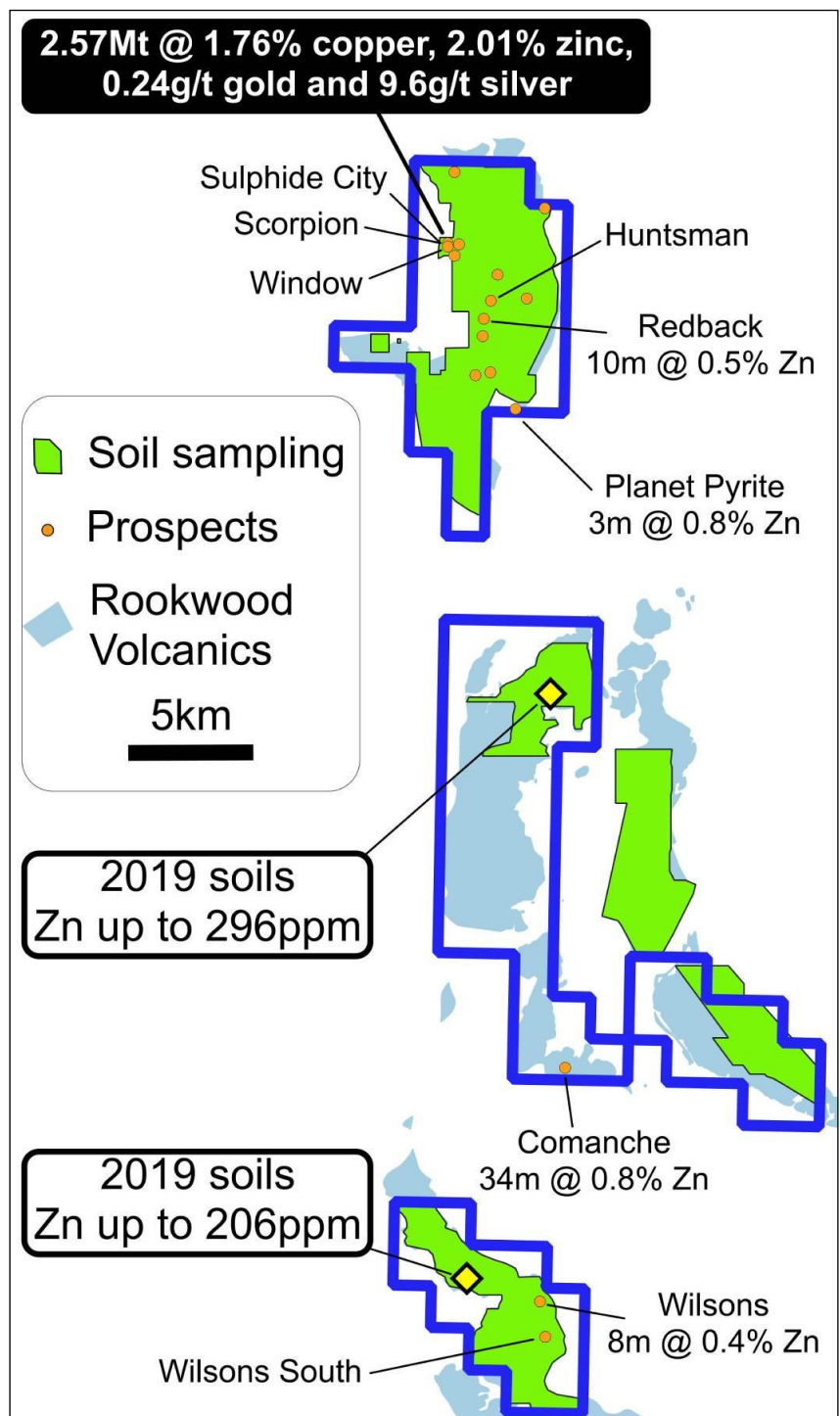
During the year the Company continued to undertake systematic geochemical screening of its very large prospective landholdings. A total of 2226 samples were collected and analysed. Field follow-up and assessment of the new zinc soil anomalies reported late in the year returned encouraging gossanous rock samples from both anomaly areas (Figure 11).

Gossanous quartz veins within an area of subdued outcrop located 4km north east of the Wilsons prospect returned anomalous gold, arsenic, bismuth, copper, lead and antimony, whilst gossanous basalt samples taken 20km north of the Comanche prospect returned encouraging, anomalous levels of copper, bismuth, antimony and zinc. The metal associations from both these areas are consistent with those from gossans overlying the known base metal deposits owned by Zenith including Widow and Scorpion.

Planned Activities

Further follow-up mapping and infill soil sampling is planned to better define these targets, whilst regional systematic geochemical screening program will continue with the aim of discovering additional resources that could be developed complementary to the existing deposits at Develin Creek.

Figure 11: Develin Creek Prospects and New Geochemical Anomalies



TATE RIVER GOLD PROJECT – QLD (Zenith Earning up to 70%)

- Widespread bedrock gold mineralisation confirmed by Zenith excavator trenching program at the Guppy Strike prospect: with results including: 5m @ 3.92g/t Au, 3m @ 1.72 g/t Au, 3m @ 1.09 g/t Au and 2m @ 0.82g/t Au. Wide zones of strongly anomalous gold i.e. Trench GT12 (entire length average 166m @ 0.14g/t Au) indicate large scale gold mineralised system.
- 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.
- Large gold prospective landholding, significant results including:
 - North East Target – rock chip samples to 2.1 g/t Au with associated high arsenic and antimony in colloform banded quartz veins and quartz breccia hosted by rhyolite, and schist whilst wide spaced (400m x 100m) soil sampling returned high-order gold results up to 0.2g/t gold;
 - Far North prospect rock samples up to 1.7g/t gold also with strong arsenic & antimony hosted in quartz veins; and
 - Guppy Strike West – rock samples to 1.17g/t gold in association with strong bismuth & tellurium.

Immediately post year end Zenith's field team completed field work to re-assess this large prospective landholding (Figure 12).

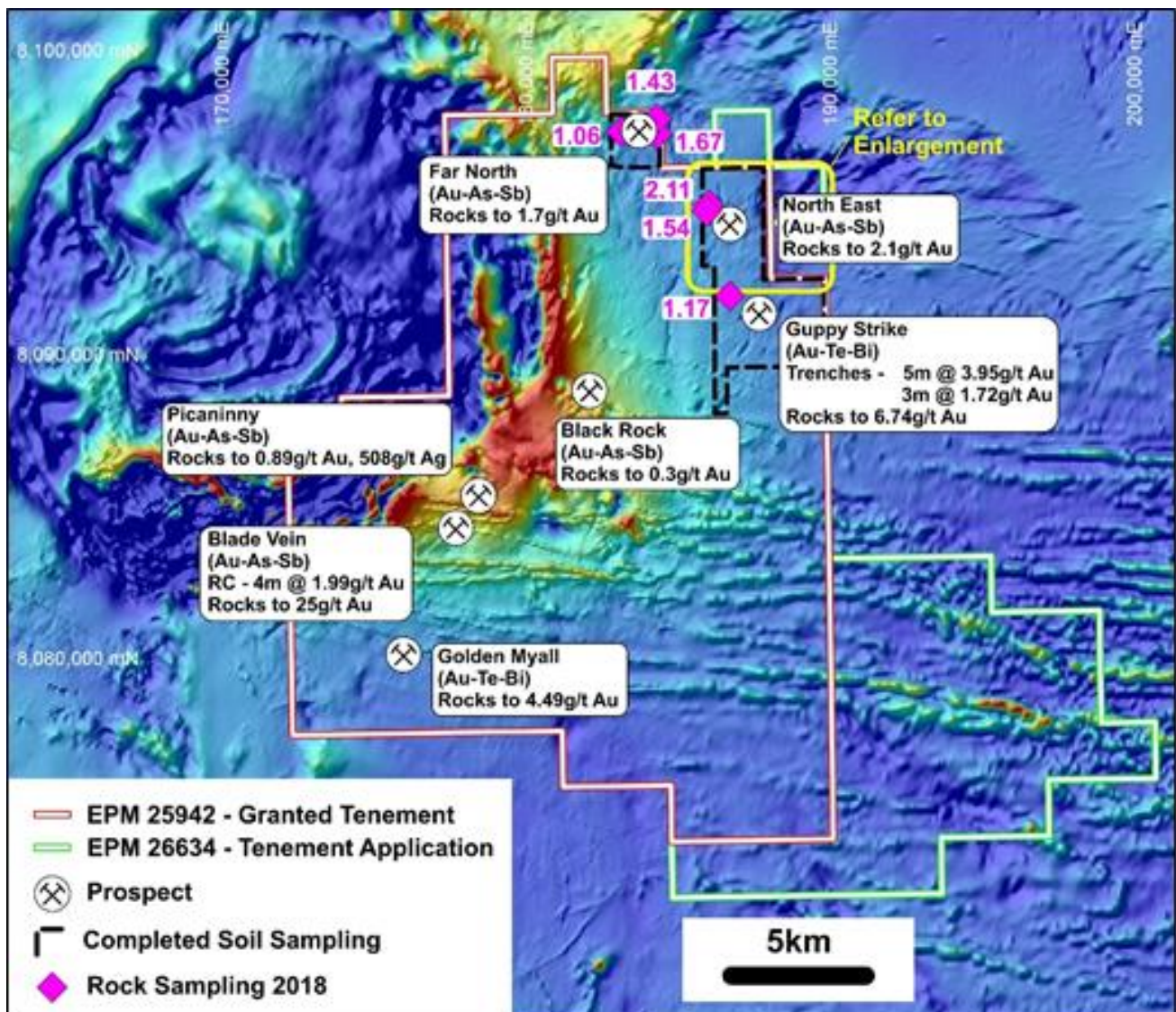


Figure 12: Tate River Prospect Locations and North East & Far North Targets

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

- Work by Zenith has returned highly encouraging silver and gold rock chip sample results up to 114 g/t silver and 2.01 g/t gold;
- Large (2km by 1.5km) zoned soil anomaly, peak gold soil result of 1.6 g/t Au & peak silver value 2.1 g/t Ag;
- Red Mountain host rocks, alteration and geochemical association similar to that at nearby operating Mt Rawdon gold mine, providing a potential geological model to assist targeting;
- Mineralisation hosted in felsic volcanic sequence that has not been previously recognized in this area and does not appear on regional government geological maps.

Zenith's maiden exploration program in 2017 at Red Mountain returned rock chip sample results up to 0.69 g/t gold and 114g/t silver. Field work in mid-2019 by Zenith to follow-up these results returned further highly encouraging silver and gold rock chip sample results up to 2.01 g/t gold and 52.5 g/t silver around 800 metres north of the best results from 2017 sampling (Zenith ASX Release 19th July 2019). In addition, systematic geochemical sampling has now defined a large 2km by 1.5km zoned soil anomaly with peak soil gold result of 1.6 g/t Au and peak silver value 2.1 g/t Ag (Figure 13).

Based on preliminary reconnaissance mapping, mineralisation is hosted within felsic volcanic rocks including flow banded rhyolite, felsic tuff and volcanic breccia close to the contact with granite. Much of the area is obscured by soil cover.

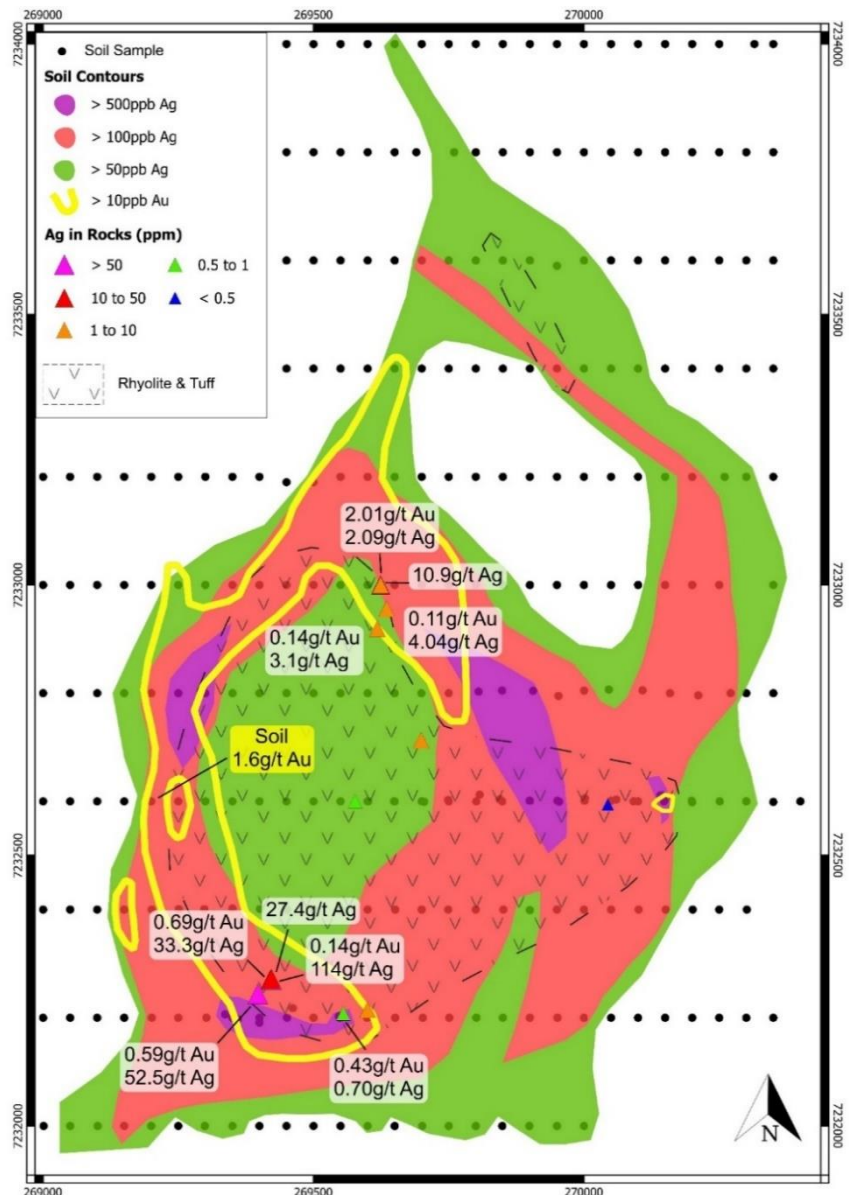
The large soil geochemical anomaly is distinctly zoned with a Cu-Mo-S-Ba-Mn core lying predominantly over the felsic rocks surrounded by an annular shaped gold-silver-Pb-Zn-As-Te-Bi-Sb-Se-Ni-Co +/- Hg-Mn-U anomaly that is generally close to the felsic rock – granite contact.

The Red Mountain host rocks, alteration and geochemical association are interpreted as having similarities to that at the nearby operating Mt Rawdon gold mine based on comparison to research published by Evolution Mining geologist Howard (2015) – refer to Zenith ASX Release 19th July 2019 for additional details. The similarity is encouraging and provides Zenith with a geological model to assist in targeting gold and silver mineralisation at Red Mountain.

Planned Activities

Detailed geological mapping is planned along with ground based electrical geophysical surveying prior to trenching and/or drilling to test the true thickness of the poorly exposed gold-silver zones and to track mineralisation where it extends beneath shallow soil cover.

**Figure 13: Red Mountain
Geochemical Results – Summary
Map**



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

- Waratah Well Project covers area of extensive outcropping pegmatites (3km x 2km) in area where no reported previous exploration for lithium;
- Widespread, high-grade tantalum up to 1166ppm Ta₂O₅ and lithium up to 1.75% Li₂O (ZNC ASX release - 27/04/18);
- Initial tantalum deportment study confirms the potential for a marketable tantalum product;
- Conceptual lithium target beneath tantalum bearing pegmatites.

The Company is seeking a partner to progress the evaluation and potential development of this lithium - tantalum opportunity.

OTHER JOINT VENTURES & OPTIONS ON ZENITH PROPERTIES

The Company has continued to implement its strategy of being an exploration project generator. Projects are either advanced by the Company's experienced team applying innovative exploration techniques or by partners which have the technical and financial capability, depending on how the Board believes shareholders' best interests are served.

In addition to the Kavaklitepe and American Lithium JV's, the Company has three Australian projects being funded under option by partners:

- Earahedy Zinc;
- Vivash Iron; and
- Talga Fault Cobalt



EARAHEEDY ZINC PROJECT – WA (Zenith 100%, ASX: RTR option to acquire 75%)

- Wide spaced drilling defined stratiform zinc and lead mineralisation over 20km of strike within carbonate sediments of the Earahedy Basin in Western Australia.
- Historical drilling intercepted high-grade zinc up to 18.6% within an intersection 3.3m @ 11.2% Zn, and 0.93% Pb from 150m. Other drill-holes include 2m @ 8.23% Zn and 2.77% Pb from 103m.
- Coarse grain sphalerite (Zn) and galena (Pb) with pyrite and marcasite occurs as breccias, veins and replacement zones within carbonates.
- Mineralisation style like Mississippi Valley Type (MVT) large, high-grade base metal deposits that include the Devonian Lennard Shelf deposits of the Kimberley Region of Western Australia.
- Gravity survey outlined several non-magnetic and non-topographic related gravity anomalies and trends that lies close to both northwest (basement faults) and northeast (cross faults) that provide potential new target zones structures;
- Drill testing in progress – results awaited.

Diamond drilling commenced at the **Earahedy Zinc** project (ZNC ASX Release dated 10th April 2019). Drilling will test high-order gravity targets outlined by Zenith's partner Rumble Resources Limited (RTR) that are associated with widespread (20km x 3.5km) zinc mineralisation defined by historic drilling. Better historic drill intersections include: **11.3m @ 4.34% zinc including 2.3m @ 14.42% Zn, 1.15% Pb** from 150.2m.

A drill campaign of four (4) diamond drill holes (total metreage – 1199.8) and two (2) RC drill holes (total metreage – 374) were completed in May – July 2019. The drill program outlined an exciting new style of flat lying sandstone hosted zinc mineralisation with results including:

- **4.7m @ 2.18% Zn, 0.63% Pb from 153.3m (EDH004)**
- **2m @ 3.23% Zn, 1.73% Pb from 130m (EDH003)**
- **7m @ 2.11% Zn, 0.4% Pb from 150m (EHRC001)**
- **10m @ 1.24% Zn, 0.63% Pb from 150m (EHRC002)**

Re-interpretation of historic drilling has shown that at least 12 mineralised Zn-Pb intercepts are within the sandstone grit unit. Two examples are historic drill-hole TDH20 and TRC47 (see images 6 & 7).

TDH20 is interpreted to lie close to the margin or edge of the sandstone grit sub-basin and has two styles of mineralisation.

- 6m @ 3.91% Zn, 0.39% Pb from 210.5m – hosted in sandstone
- 16m @ 1% Zn, 0.3% Pb from 225m – hosted in carbonate

TRC47 is interpreted to lie within the sub-basin, approximately 1km in from the margin. The historic sandstone grit intercept was:

- 7m @ 4.85% Zn+Pb from 103m (EOH)

The area of the sandstone grit sub-basin is interpreted to be 8km by 2km.

A follow-up drilling program to test the up-dip position with the focus on defining zinc-lead mineralization amenable to open cut mining is planned.

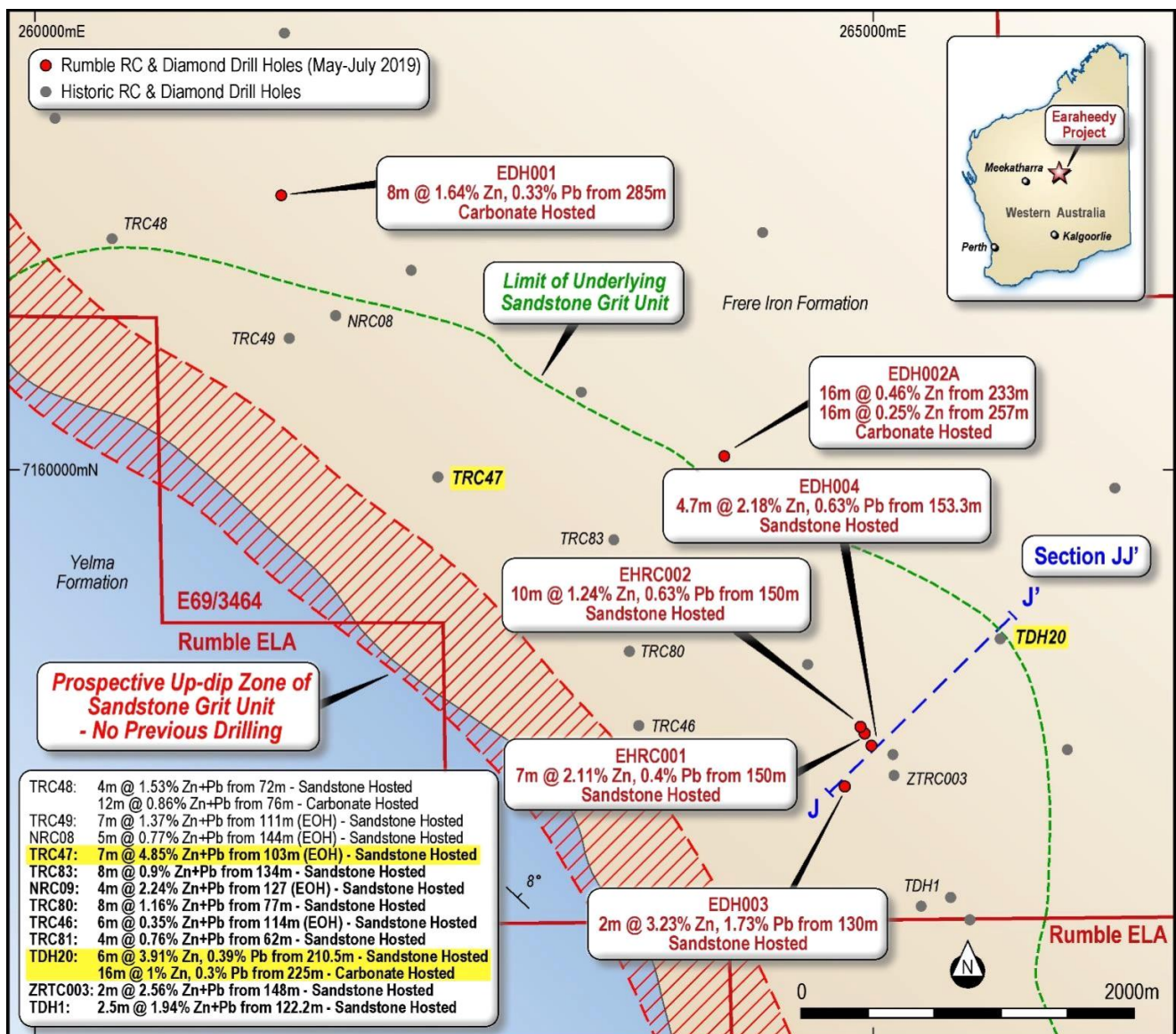


Figure 14: Earaheedy Project - Plan of Recent Drilling (Rumble) with Intercepts and Interpreted Geology

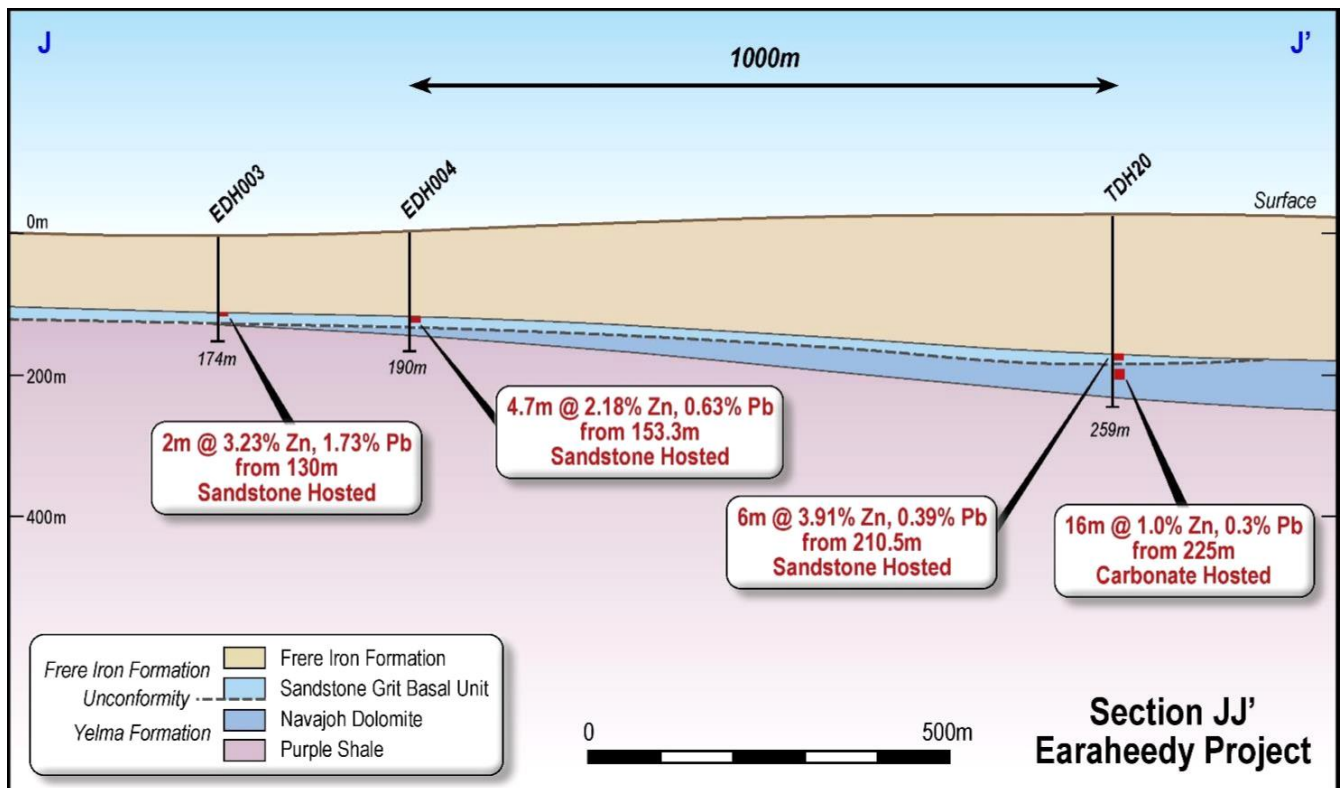


Figure 15: Earraheedy Project - Cross Section JJ' (refer to Fig 15 for location) Highlighting the Zinc Mineralisation Associated with the Sandstone Grit Unit and Unconformity.

Rumble Resources Limited Transaction

An option agreement was executed with Rumble Resources Limited (RTR) over the Earraheedy Zinc project, as announced to the ASX by RTR on the 12th October 2017. Zenith received RTR shares worth \$50,000 as an initial option payment. RTR may purchase a 75% interest in the Earraheedy Zinc project for \$550k in shares within 2 years, subject to a 2-year extension (for a further payment of \$200k cash/shares at ZNC's election). Upon exercise of option to purchase the Earraheedy Zinc project by RTR, ZNC is then free carried at 25% to the end of a BFS.

VIVASH GORGE IRON PROJECT – WA (ZENITH 100%, OPTION TO RTX)

- The Vivash Gorge project covers areas of prospective Brockman and Marra Mamba iron formations along strike of Rio Tinto Iron Ore's Brockman 4 operating iron ore mine in the Pilbara region of Western Australia.
- RTX planning to drill test in 2019.

Site access arrangements are being finalised ahead of initial RC drill program planned for the 2019 field season (now likely in December quarter) to test a concealed Brockman iron ore target.

Background on Vivash Gorge Iron Project

The Vivash Gorge Iron Project (exploration licence E47/3071) is situated approximately 80km west of Tom Price in the Pilbara region of Western Australia. The project covers approximately 8km of strike of prospective Brockman and Marra Mamba iron formations along trend of Rio Tinto Iron Ore's Brockman 4 operating iron ore mine.

Option Terms

- RTX paid Zenith an initial option fee of \$50k for a 1-year option period (post land access, including heritage clearances) to exclusively explore the Vivash Gorge iron project;
- RTX able to extend the option period by a further 2 years by paying Zenith \$50k/annum;

- RTX able to exercise option to acquire 100% of the Vivash Gorge iron project before the end of the option period by paying Zenith a once off cash payment of \$500k;
- RTX to pay a success fee to Zenith of a further \$1.0m when RTX expends more than \$7.5m on the Vivash Gorge iron project, excluding tenement rents, rates & native title related costs;
- Should RTX on-sell the Vivash Gorge project to a third party within 5 years of acquiring it, an on-sale payment of 10% of the consideration would be payable to Zenith; and other terms and conditions that are of an industry standard nature.

TALGA FAULT COBALT PROJECT – WA (ZENITH 100%, OPTION TO ASX:GPP)

- **The Talga Fault project covers areas prospective for cobalt mineralisation.**
- **Historic surface sampling returned up to 0.80% cobalt.**
- **Airborne VTEM geophysical anomalies associated with geochemical targets.**

Site visit planned to assess 3 primary VTEM geophysical targets along with historic cobalt-copper rock chip and soil sample anomalies.

Background on Talga Fault Cobalt Project

The Ashburton cobalt project area is focused on the northern limit of the Bangemall Basin, around the Talga Fault where the basin abuts the Ashburton Basin. Historic exploration activities in 2008 – 2009 reported high cobalt values adjacent to the Talga Fault zone, including: 0.52% Co, 0.28% Co, 0.17% Co & 0.80% Co

In addition, historic exploration data on E08/2966 has outlined strong surface cobalt anomalies occurring in both Collier and Edmund Basins. These soil anomalies overlie interpreted carbonate and sedimentary rock units and interpreted Kulkatharra Dolerite where it intrudes the Talga Fault Zone (GPP ASX Release 30th October 2018).

Option Terms

- \$60k cash up-front, non-refundable for a 1-year option to purchase 70%;
- Can extend for further 1 year for an additional \$30k cash & \$30k scrip;
- Can extend for a further 2 years for \$150K cash or script at Zenith's election.
- \$100k minimum expenditure, keeping the project in good standing
- Ion can exercise the option and purchase 70% interest for \$300K in scrip at any time during option period.
- Zenith can then convert remaining 30% to GPP equity or contribute on a pro rata basis.

MINERAL RESOURCES IN RETENTION

The Company has secured retention licences over the Earraheedy Manganese deposits. The retention licence/status allows Zenith to hold the Mineral Resources but negates any ongoing Department of Mines statutory annual expenditure requirements for those licences for an extended period.

The Company regularly assesses the manganese market conditions to determine if a development review of these assets is warranted.



EARAHEEDY MANGANESE PROJECT – WA (Zenith 100%)

Manganese Mineral Resources at Red Lake and Lockeridge are retained under retention licences. Refer to the Company's website www.zenithminerals.com.au for further details.

MT ALEXANDER IRON PROJECT – WA (Zenith 100%)

Zenith completed the sale of its 100% owned Mt Alexander magnetite iron project located in Western Australia to a private Australian company (Zenith ASX Release 26th Jun 2019). Zenith received cash of \$250,000 and will receive ten annual payments of \$250,000 each (total \$2.5 million) once the project reaches commercial production, for a total consideration of \$2.75 million (refer to Zenith ASX release dated 4th June 2019).

PROJECT GENERATION

Zenith is currently assessing a rare earth (REE) exploration play in the USA.

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 %	SiO ₂ %	Al ₂ O 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 %	SiO₂ %	Al₂O₃ %	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.

Burro Creek East Mineral Resource

A maiden Inferred Mineral Resource of 42.6Mt @ 818ppm Li and 3.3% K was prepared by independent consulting group SRK Consulting (UK) Limited in accordance with JORC 2012 guidelines for the near surface lithium clay mineralisation at the Burro Creek East lithium prospect in Arizona USA, part of the American Lithium joint venture with Bradda Head Limited (refer to ASX Release 12th August 2019).

Category	Tonnes (Mt)	Mean Grade		Contained Metal	
		Li (ppm)	K (%)	Tonnes LCE	Tonnes K
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	42.6	818	3.3	185,000	1,400,000

**Notes:*

- Mineral Resource statement prepared in accordance with JORC Code 2012 Edition.
- Mineral Resources are reported as undiluted. No mining recovery has been applied.
- SRK considers there to be reasonable prospects for economic extraction by completing a pit optimisation and cut-off grade analysis.
- Tonnages are reported in metric units.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
- Conversion factor of Li metal to lithium carbonate (LCE) = 5.323

The Mineral Resource was estimated using a 300 ppm L lower cut-off grade. Lithium bearing clays are flat lying and near surface with intersections in excess of 20 metre thickness reported at +1000 ppm, illustrating potential for coherent higher-grade zones.

The Burro Creek East zone is a very small portion of the total lithium clay prospective area held by the joint venture partners.

Mt Alexander Iron Mineral Resource

The Mt Alexander Project was sold during the year, refer to Zenith ASX release dated 4th June 2019.

Mt Alexander West Iron Mineral Resource

The Mt Alexander Project was sold during the year, refer to Zenith ASX release dated 4th June 2019.

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 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 Earraheedy 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 the Mineral Resource Estimate at Burro Creek East is based on information compiled by Martin Pittuck, who is a Chartered Engineer with the Institute of Materials Minerals and Mining and an employee of SRK Consulting (UK) Limited. Mr Pittuck 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 Pittuck consents to the inclusion of excerpts from the SRK report in this ASX release in the form and context in which they appear.

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 2019, 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 40 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 from 5 October 2012 to 8 October 2018),
Former Directorships (last 3 years):	None
Special Responsibilities:	Technical and Corporate
Interest in Shares:	11,471,489 ordinary shares
Interest in Options:	None
Contractual Right to Shares:	None
Michael J Clifford	Managing Director, appointed 18 March 2014
Qualifications:	BSc. (Hons), 1987, MSc
Experience:	Mick Clifford is a geologist with over 30 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, Mongolia and Turkey.
Other Current Directorships:	None
Former Directorships (last 3 years):	None
Special Responsibilities:	Executive Director
Interest in Shares:	2,457,876 Ordinary Shares
Interest in Options	2,350,000 Unlisted Options
Contractual Right to Shares:	None

Stanley A Macdonald	Non-Executive Director, appointed 24 April 2006
Experience:	Stan Macdonald has been associated with the mining and exploration industry for over 25 years
Other Current Directorships:	None
Former Directorships (last 3 years):	Gascoyne Resources Limited (Non-Executive Director from 20 April 2011, resigned 8 October 2018)
Special Responsibilities:	Company promotion and project acquisition
Interest in Shares:	4,774,346 Ordinary Shares
Interest in Options	None
Contractual Right to Shares:	None
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 Chief Geologist 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:	None
Former Directorships (last 3 years):	None
Special Responsibilities:	Technical and Corporate
Interest in Shares:	2,492,346 Ordinary Shares
Interest in Options	None
Contractual Right to Shares:	None
Graham D Riley	Non-Executive Director, appointed 2 May 2018
Qualifications:	B. Juris LLB
Experience:	Graham is a qualified legal practitioner, having gained his Bachelor of Law and Bachelor of Jurisprudence Degrees. After 10 years legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Graham previously served as Non-Executive Chairman of Giralia Resources NL, Buru Energy NL, Entek Energy Limited, Red Hill Iron Limited and a Director of Adelphi Energy NL. He was also a Non-Executive Director of Arc Energy Limited.
Other Current Directorships:	None
Former Directorships (last 3 years):	Gascoyne Resources Limited (Non-Executive Director from 19 October 2009, resigned 8 October 2018). Entek Energy Ltd (Non-Executive Chairman, appointed 1 February 2011, resigned 1 September 2017)
Special Responsibilities:	Legal, Technical and Corporate
Interest in Shares:	7,995,000 Ordinary Shares
Interest in Options	None
Contractual Right to Shares:	None

'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 28 years' experience, including twelve years as Chief Financial Officer and Company Secretary for ASX listed and private companies in the exploration industry, with companies operating in Australia, USA, Mexico, Indonesia and Turkey. Prior experience to this includes being a Financial Group Accountant in the financial services sector. Melinda has valuable 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	6	6	9	9
Mr S A Macdonald	6	6	9	9
Mr J D Goldsworthy	6	6	9	9
Mr G D Riley	5	6	9	9
Mr M J Clifford	6	6	9	9

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 2019 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.

A. Principles of Compensation – Audited (cont.)**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:

	2019 \$	2018 \$	2017 \$	2016 \$	2015 \$
Loss attributable to owners of the Group	695,492	682,929	952,932	1,068,003	6,351,356
Basic Loss per Share	0.003	0.003	0.005	0.008	0.051
Share Price at financial year end (\$)	0.08	0.18	0.10	0.11	0.04
Changes in share price (from initial listing of 25 cents)	-0.17	-0.07	-0.15	-0.14	-0.21

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 of 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 2019, the Chairman's fees were \$40,000 plus statutory superannuation of 9.50% per annum.

Voting and comments made at The Consolidated Entity's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 97.09% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. 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 G D Riley - 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	TOTAL	S300A(1)(e)(i)	S300A(1)(e)(vi)
		Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options		Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		\$	\$	\$	\$	\$	\$	\$	%	%
Non- Executive Directors:										
R M Joyce	2019	40,000	-	-	3,800	-	-	43,800	-	-
	2018	40,000	-	-	3,800	-	-	43,800	-	-
S A Macdonald	2019	30,000	-	-	2,850	-	-	32,850	-	-
	2018	30,000	-	-	2,850	-	-	32,850	-	-
J D Goldsworthy	2019	30,000	-	-	2,850	-	-	32,850	-	-
	2018	30,000	-	-	2,850	-	-	32,850	-	-
G D Riley	2019	30,000	-	-	2,850	-	-	32,850	-	-
	2018	2,500	-	-	237	-	-	2,737	-	-
Executive Director:										
M J Clifford	2019	232,876	-	3,979	22,123	-	36,916	295,894	-	12.48%
	2018	208,219	-	4,113	19,781	-	-	232,113	-	-
Other Key Management Personnel:										
M J Nelmes	2019	91,030	-	-	8,648	-	12,921	112,599	-	11.48%
	2018	94,686	-	-	8,995	-	-	103,681	-	-
TOTAL	2019	453,906	-	3,979	43,121	-	49,837	550,843		
TOTAL	2018	405,405	-	4,113	38,513	-	-	448,031		

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	
	2019	2018	2019	2018
Non-Executive Directors:				
R M Joyce	100%	100%	-	-
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
G D Riley	100%	100%	-	-
Executive Director:				
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 the 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 \$40,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.

Stanley A Macdonald - Non Executive Director, appointed 24 April 2006
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.

Julian D Goldsworthy - Non Executive Director, appointed 29 August 2013
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.

Graham D Riley - Non-Executive Director, appointed 2 May 2018
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.

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.

Michael J Clifford - Managing Director appointed 18 March 2014 (cont.)

Remuneration and Benefits

- Annual base salary of \$255,000 inclusive of 9.50% superannuation for the financial year ended 30 June 2019. 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 of 0.4 of a full time equivalent employee with annual base salary of \$200,000 (0.4 of a full time equivalent: \$80,000) inclusive of 9.50% superannuation for the year ending 30 June 2019. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.

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 2019 (2018:Nil)

ii) Options

For 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:

2019:

Grant date	Expiry date	Share price at grant date	Exercise price	Fair value at grant date	Vesting Date
28 Sep 2018	28 Sep 2021	\$0.115	\$0.18	\$0.036916	Vests at date of grant

2018:

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 2018.

Options granted carry no dividend or voting rights.

During the year or since the end of the financial year ended 30 June 2019, 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 2019	Number Granted during the Year 2018	Number of options vested during the Year 2019	Number of options vested during the Year 2018
Director: M J Clifford	1,000,000	-	1,000,000	-
Other Key Management Personnel: M J Nelmes	350,000	-	350,000	-

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 2019 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	36,916	-	-	12.48%
Other Key Management Personnel: M J Nelmes	12,921	-	-	11.48%

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 2019 (2018: 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.

2019	Ordinary Shares				
Name	Balance at the start of the year	Received as part of remuneration	Additions	Other changes	Balance at the end of the year
Directors:					
Rodney M Joyce	11,469,619	-	1,870	-	11,471,489
Stanley A Macdonald	4,774,346	-	-	-	4,774,346
Julian D Goldsworthy	2,220,526	-	271,820	-	2,492,346
Graham D Riley	7,995,000	-	-	-	7,995,000
Michael J Clifford	2,357,876	-	100,000	-	2,457,876
Other Key Management Personnel:					
Melinda J Nelmes	100,126	-	100,000	-	200,126
	28,917,493	-	473,690	-	29,391,183

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:

2019

Name	Balance at the start of the year	Granted as Remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year**
Directors:					
Rodney M Joyce	-	-	-	-	-
Stanley A Macdonald	-	-	-	-	-
Julian D Goldsworthy	-	-	-	-	-
Michael J Clifford	1,350,000	1,000,000	-	-	2,350,000
Graham D Riley*	-	-	-	-	-
Other Key Management Personnel:					
Melinda J Nelmes	650,000	350,000	-	-	1,000,000
	2,000,000	1,350,000	-	-	3,350,000

** All options are vested and exercisable at 30 June 2019.

Other Transactions With Key Management Personnel And Their Related Parties

During the financial year ended 30 June 2019, other transactions with key management personnel and their related parties were as follows:

- i) Provision of Serviced Office – During the financial year ended 30 June 2019, fees of \$7,745 (2018: \$7,745) were received from Minasola Pty Ltd, a director related entity of Mr R M Joyce; fees of \$7,745 (2018: \$7,745) were received from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald and fees of \$7,745 from Satinbrook Pty Ltd, a director related entity of Mr G D Riley (2018: \$1,291).

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

There are no loans to directors and executives.

This concludes the remuneration report, which is audited.

5. 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 2019, attributable to members of the Consolidated Entity, after income tax is \$695,492 (2018: \$682,929).

No dividends were paid or recommended for payment during the financial year ended 30 June 2019 (2018: Nil).

Review of Financial Condition

During the year, the net assets of the Consolidated Entity decreased by \$661,409 from \$5,097,161 at 30 June 2018 to \$4,435,752 at 30 June 2019.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2019 of \$3,199,220 (2018: \$2,504,425). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$97,773 (2018: \$151,862) 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 2019 were as follows:

- a) On 4th June 2019, Zenith Minerals Limited announced it accepted an offer to divest its 100% owned Mt Alexander magnetite iron project located in Western Australia to a private Australian company Mt Alexander Iron Ore Pty Ltd. Consideration included:
 - i) an up front cash payment of \$250,000 plus GST; and
 - ii) once the project has reached commercial production, ten annual payments of \$250,000 each, totaling \$2.5 million.

On 26th June 2019, Zenith Minerals Limited announced that following receipt of the cash payment of \$250,000 plus GST and receipt of approvals under the Mining Act, that the sale transaction was now completed.

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 20th August 2019, 352,567 fully paid ordinary shares at \$0.07091 per share were issued for consideration amounting to \$25,000 for geochemical assay data.

No other matter or material event has arisen since 30 June 2019, 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 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.

During the financial year, 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. 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
28 September 2018	28 September 2021	\$0.18	1,650,000
29 November 2016	29 November 2019	\$0.161	2,500,000

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

14. SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued by Zenith Minerals Limited during the year ended 30 June 2019 and up to the date of this report on the exercise of options granted.

15. 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.

16. DIVIDENDS

No dividends were paid or provided for during the year.

17. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (PKF) for non-audit services provided during the financial year are outlined in Note 9 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.

18. OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF PKF

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

19. 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.

20. AUDITOR

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

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

On behalf of the directors



Mr R M Joyce
Chairman

Dated: 16 September 2019
Perth, WA

**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 2019, 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 PERTH



**SHANE CROSS
PARTNER**

16 SEPTEMBER 2019
WEST PERTH,
WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	Consolidated Entity	
		2019	2018
		\$	\$
Revenue from continuing operations	5	402,466	141,058
Gain on deconsolidation of subsidiary	6	-	77,700
Other revenue	7	1,712	-
Interest revenue		3,383	4,362
Expense			
Employee benefits expenses		(332,741)	(319,094)
Share option based payment	29	(60,912)	-
Depreciation and amortisation expense	18	(9,718)	(7,304)
Premises costs		(70,200)	(70,200)
Exploration expenditure expensed		(86,760)	(9,548)
Exploration expenditure write off	19	(65,079)	(77,125)
Impairment loss on exploration & evaluation expenditure	19	(97,773)	(151,862)
Loss on sale subsidiary	16	-	(7,313)
Net fair value loss on other financial assets	14	(100,891)	(572)
Share of losses of Associate accounted for using equity method	17	(35,441)	(11,463)
Other operating expenses	8	(243,538)	(239,087)
Loss before income tax		(695,492)	(670,448)
Income tax expense	11	-	(12,481)
Loss after income tax benefit for the year		(695,492)	(682,929)
Other comprehensive income			
<i>Items that might be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	23(a)	(26,829)	(40,830)
Other comprehensive income for the period (net of tax)		(26,829)	(40,830)
Total comprehensive loss for the period		(722,321)	(723,759)
Loss per share		Cents	Cents
Basic and diluted loss per share	10	(0.3)	(0.3)

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 2019**

	NOTE	Consolidated Entity	
		2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	12	1,063,317	2,449,932
Trade and other receivables	13	6,511	42,745
Financial asset at fair value through profit or loss	14	43,147	49,428
Other current assets	15	6,789	6,729
TOTAL CURRENT ASSETS		1,119,764	2,548,834
NON-CURRENT ASSETS			
Investment in associate	17	275,337	147,733
Financial asset at fair value through profit or loss	14	10,015	115,772
Plant and equipment	18	27,271	24,487
Exploration and evaluation expenditure	19	3,199,220	2,504,425
TOTAL NON-CURRENT ASSETS		3,511,843	2,792,417
TOTAL ASSETS		4,631,607	5,341,251
CURRENT LIABILITIES			
Trade and other payables	20	129,707	161,361
Provision for income tax		-	12,481
Employee benefits	21	66,148	70,248
TOTAL CURRENT LIABILITIES		195,855	244,090
TOTAL LIABILITIES		195,855	244,090
NET ASSETS		4,435,752	5,097,161
EQUITY			
Issued capital	22	20,475,655	20,475,655
Reserves	23(a)	138,131	104,048
Accumulated losses	23(b)	(16,178,034)	(15,482,542)
TOTAL EQUITY		4,435,752	5,097,161

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 2019**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	20,475,655	104,048	(15,482,542)	5,097,161
Loss for the period	-	-	(695,492)	(695,492)
Other comprehensive income	-	(26,829)	-	(26,829)
Total comprehensive income	-	(26,829)	(695,492)	(722,321)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 22)	-	-	-	-
Issue of employee options (note 23)	-	60,912	-	60,912
Expiry/Cancellation of staff options (note 23)	-	-	-	-
Balance at 30 June 2019	20,475,655	138,131	(16,178,034)	4,435,752

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	18,099,778	193,363	(14,848,098)	3,445,043
Loss for the period	-	-	(682,929)	(682,929)
Other comprehensive income	-	(40,830)	-	(40,830)
Total comprehensive income	-	(40,830)	(682,929)	(723,759)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 22)	2,375,877	-	-	2,375,877
Expiry/Cancellation of staff options (note 23)	-	(48,485)	48,485	-
Balance at 30 June 2018	20,475,655	104,048	(15,482,542)	5,097,161

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 2019**

	NOTE	Consolidated Entity	
		2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		39,103	43,200
Cash paid to suppliers and employees		(640,961)	(773,068)
Payments for capitalised exploration and expenditure		(993,862)	(1,295,931)
Reimbursement of exploration costs per Farm in agreement		63,000	267,111
Option fee		60,000	-
Interest received		3,403	4,360
Income tax paid		(12,481)	-
NET CASH (USED IN) OPERATING ACTIVITIES	30	(1,481,798)	(1,754,328)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		(189,874)	(191,498)
Proceeds on disposal of investments		11,147	-
Proceeds on sale of tenements		250,000	-
Proceeds on sale of subsidiary interest		-	7
Payments for plant and equipment		(9,317)	(6,887)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		61,956	(198,378)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		-	2,375,877
Cost of issuing equity securities		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	2,375,877
Net increase in cash and cash equivalents		(1,419,842)	423,171
Cash and cash equivalents at the beginning of the financial period		2,449,932	2,004,505
Effect of movement in exchange rates on cash held		33,227	22,256
CASH AND CASH EQUIVALENTS AT 30 JUNE 2019	12	1,063,317	2,449,932

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 2019****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 16 September 2019. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2017 to 30 June 2018.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost and accrual accounting basis, except for the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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 33.

(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.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

2. BASIS OF PREPARATION (cont.)**(d) Use of Estimates and Judgements (cont.)***(ii) Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(iii) 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 2019, the carrying value of capitalised exploration expenditure is \$3,199,220 (2018: \$2,504,425).

(iv) 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 \$97,773 (2018: \$151,862).

(v) 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.

(vi) 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.

(vii) 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.

2. BASIS OF PREPARATION (cont.)

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 \$4,435,752 (2018: \$5,097,161) as at 30 June 2019 and incurred a loss of \$695,492 (2018: \$682,929) and net operating cash outflow of \$1,481,798 (2018: \$1,754,328) for the year ended 30 June 2019.

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 2019 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 or Amended Accounting Standards and Interpretations Adopted

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

Any new or amended 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 2019.

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.

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

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The initial adoption of this standard will have no significant impact on the net assets of the consolidated entity.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. Based on the current activities of the consolidated entity there will be no impact from the adoption of this standard.

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 2019 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Associates**

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Investments and other financial assets (cont.)**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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.

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.

Revenue*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Revenue (cont.)***Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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 assets and liabilities are recognised for temporary differences 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, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and in the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Income tax (cont.)**

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.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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.

Impairment*(i) Financial Assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Impairment (cont.)**

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(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.

Cash and cash equivalents

Cash and cash equivalents include 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 which are subject to an insignificant risk of changes in value. 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.

Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Customer fulfilment costs**

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract, (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

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.)**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an 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.

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 otherwise of economically recoverable reserves.

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.

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.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Provisions (cont.)**

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. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

The increase in the provision due to the passage of time is recognised as a finance cost.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Employee benefits (cont.)***(iii) Share-based payment transactions (cont.)*

- 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**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.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australia Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 and impact on adopted is expected to result in total asset increasing by \$93,874, total liabilities increasing by \$119,745 and net assets decreasing by \$25,871.

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	
	2019 \$	2018 \$	2019 \$	2018 \$
Australia	-	-	2,782,848	2,106,755
USA	-	-	10,015	115,772
Turkey	-	-	718,980	569,890
	-	-	3,511,843	2,792,417

5. REVENUE

	Consolidated Entity	
	2019	2018
	\$	\$
Other Revenue		
Exploration Income - Profit on Sale Mt Alexander	250,000	-
Exploration Income - Option Fee	60,000	-
Exploration Income - Other	16,039	59,923
Other revenue	76,427	81,135
Revenue from Continuing operations	402,466	141,058

6. GAIN ON DECONSOLIDATION OF SUBSIDIARY

Effective 28 February 2018, the consolidated entity sold its 55% membership interest in Zenolith (USA) LLC for consideration of AUD\$7 (USD\$5.50) per the Subscription Agreement between Bradda Head Ltd and Zenolith (USA) LLC. Refer to note 32 'Subsidiaries' for further information. The consolidated entity's former wholly owned subsidiary, Earahedy Minerals Pty Ltd ('Earahedy') and Bradda Head entered into an 'Amended and restated Limited Liability Company Agreement' ('LLC Agreement') of Zenolith (USA) LLC to govern the relationships as members and their rights and obligations in respect to the assets.

The 55% membership interest was sold to Bradda Head Limited Group of companies ('Bradda Head') to enable Bradda Head to meet its 'Earn-in' requirements (US\$5million over a period up to 28th February 2021) in relation to lithium exploration tenements in USA per the LLC Agreement and restated Farm-in and Joint Venture Agreement ('JVA') between Earahedy and Bradda Head Limited.

During the Earn-in phase, Bradda Head has sole right and control of the operations and Zenolith (USA) LLC, without obtaining approval from Earahedy or the management committee. Earahedy does not have 'control' or any 'significant influence' over the financial and operating policy decisions during the Earn-in phase and so Zenolith (USA) LLC was deconsolidated from the consolidated entity effective 28 February 2018. This resulted in a Gain on deconsolidation of \$77,700.

Carrying amounts of assets and liabilities deconsolidated:

	Consolidated Entity
	2018
	\$
Cash and cash equivalents	13
Capitalised exploration and evaluation expenditure	38,059
Total assets	38,072
Total Liabilities	-
Net Assets	38,072
Carrying value of retained investment	115,772
Carrying amount of net assets disposed	(38,072)
Gain on disposal after income tax	(77,700)

7. OTHER REVENUE

		Consolidated Entity	
		2019	2018
		\$	\$
Insurance recovery		1,712	-
		1,712	-

8. OTHER OPERATING EXPENSE

		Consolidated Entity	
		2019	2018
		\$	\$
Accounting and Admin Services		40,875	27,940
Auditors Remuneration	9	40,060	36,755
Computer Expenses		13,194	14,197
Consulting Fee		4,202	5,626
Legal Expenses		7,435	1,336
Motor Vehicle Expense		6,236	4,260
Share Registry and Securities Exchange		43,940	44,458
Fringe Benefits Tax		4,716	5,114
Subscriptions, Publications, Memberships		8,008	6,782
Insurance		20,443	16,521
Sundry Administration Expenses		54,429	76,098
		243,538	239,087

9. AUDITOR'S REMUNERATION

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

		Consolidated Entity	
		2019	2018
		\$	\$
Audit services			
Auditors of the Group – PKF Perth			
Audit and review of financial report		40,060	36,755
Total remuneration for audit services		40,060	36,755
Non-audit services			
Total Audit Services		40,060	36,755

10. LOSS PER SHARE

		Consolidated Entity	
		2019	2018
		\$	\$
Basic and diluted loss per share – cents		(0.3)	(0.3)
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		(695,492)	(682,929)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share		212,762,128	201,609,094

11. INCOME TAX EXPENSE

	Consolidated Entity	
	2019 \$	2018 \$
a) Income Tax Expense		
Current tax	-	12,481
Aggregate Income tax expense	-	12,481
Income tax expense is attributable to:		
Profit from continuing operations	-	12,481
Profit from discontinued operations	-	-
Aggregate income tax expense	-	12,481
Deferred tax - origination and reversal of temporary Differences	-	-
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	(695,492)	(670,448)
Prima facie tax benefit on loss at 27.5% (2018: 27.5%)	(191,260)	(184,373)
Add:		
Tax effect of:		
Other non-allowable items	18,878	(20,030)
Share based payments	16,751	-
Overs/unders from prior year	(538)	(16,165)
Tax losses not recognised (recognised)	337,887	534,183
Deferred tax balances not recognised (recognised)	(181,718)	(301,134)
Income tax expense on pre-tax net loss	-	12,481

	Consolidated Entity	
	2019	2018
The applicable average weighted tax rates are as follows:	0%	-2%

Deferred Tax Assets
At 27.5% (2018: 27.5%)

	Consolidated Entity	
	2019 \$	2018 \$
Carry forward losses	4,856,601	4,066,110
Financial Assets	-	157
Provisions and accruals	22,347	22,971
Merger/acquisition costs	4,475	4,475
	4,883,423	4,093,713

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

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

11. INCOME TAX EXPENSE (Cont.)

	Consolidated Entity	
	2019	2018
	\$	\$
Deferred Tax Liabilities		
At 27.5% (20187: 27.5%)		
Exploration expenditure	711,934	521,182
Capital raising costs	18,353	13,921
Property, plant and equipment	7,500	6,715
Financial asset	1,181	-
Accrued income	33	39
Prepayments	1,314	778
	740,315	542,635

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.

12. CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2019	2018
	\$	\$
Cash at bank and in hand	1,047,789	2,434,404
Deposits at call	528	528
Term deposits	15,000	15,000
	1,063,317	2,449,932

- 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	1,063,317	2,449,932
Cash and cash equivalents in statement of cash flows	1,063,317	2,449,932

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 24.

13. TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2019	2018
	\$	\$
Accrued interest	121	141
Other receivables (a)	6,390	42,604
	6,511	42,745

- a) **Terms and conditions -**

Other receivables are non-interest bearing and are normally settled on 30 day terms.

None of the consolidated entity's other receivables are past due (2018: Nil).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated Entity	
	2019	2018
	\$	\$
<i>Current</i>		
Listed ordinary shares – at fair value through profit and loss.	43,147	49,428
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	49,428	-
Additions	-	50,000
Disposals	(11,147)	
Revaluation increment/(decrement)	4,866	(572)
Closing fair value	43,147	49,428
<i>Non-Current</i>		
Membership interest in Limited Liability Company – at fair value through profit and loss.	10,015	115,772
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	115,772	2,786
Additions (Refer Note 6)	-	115,772
Disposals	-	(2,786)
Revaluation decrement	(105,757)	-
Closing fair value	10,015	115,772

15. OTHER CURRENT ASSETS

	Consolidated Entity	
	2019	2018
	\$	\$
Bonds & deposits	2,010	2,010
Prepayments	4,779	4,719
	6,789	6,729

16. DISPOSAL OF SUBSIDIARY

On 28 December 2017, the consolidated entity sold its 100% equity interest Minera Salmuera S.A. de C.V. (incorporated in Mexico City) for consideration of AUD\$0.07 (MXN\$1) for each shareholding held by Zenith Minerals Limited and its wholly owned subsidiary, as outlined below:

- Zacatecas Minerals Pty Ltd 4,999 fixed shares for AUD\$0.07 (MXN\$1) consideration
- Zenith Minerals Limited 1 fixed share for AUD\$0.07 (MXN\$1) consideration
- Zenith Minerals Limited 104,729 variable shares for AUD\$0.07 (MXN\$1) consideration

Total Consideration for Sale of Minera Salmuera S.A. de C.V. is AUD\$0.20 (MXN\$3).

16. DISPOSAL OF SUBSIDIARY (cont.)

This resulted in a loss on disposal before income tax of AUD\$7,313. The company was sold to Bradda Head Limited Group of companies ("Bradda Head") to enable Bradda Head to meet its farm-in requirements in relation to lithium exploration tenements in Mexico per the Farm In Agreement between Zenith Minerals Limited and its wholly owned subsidiaries and Bradda Head Limited.

Carrying amounts of assets and liabilities disposed:

	Consolidated Entity
	2018
	\$
Cash and cash equivalents	963
Trade and other receivables	10,046
Total assets	11,009
Trade and other payables	2,852
Total Liabilities	2,852
Net Assets	8,157
Total sale consideration	1
Carrying amount of net assets disposed	(8,157)
Derecognition of foreign currency reserve	843
Loss on disposal before income tax	(7,313)
Loss on disposal after income tax	(7,313)

17. INTEREST IN ASSOCIATE

The consolidated entity has a 30% interest in Kavak Madencilik A.Ş., which is a for-profit joint venture established to explore mineral resources in Turkey. The consolidated entity's investment in Kavak Madencilik A.Ş. is accounted for using the equity method in the consolidated financial statements.

Summarised statement of financial position of Kavak Madencilik:

	Consolidated Entity	
	2019	2018
	\$	\$
Cash and cash equivalents	10,291	124,661
Trade and other receivables	270,693	94,517
Exploration and evaluation expenditure	1,443,207	498,633
Trade and other payables	(806,398)	(225,365)
Net assets/ equity	917,793	492,446
Zenith's 30% share of Kavak Madencilik's net assets	275,337	147,733
Zenith's carrying account of investment in Kavak Madencilik	275,337	147,733

Summarised statement of financial position of Kavak Madencilik:

Administration Costs	(118,136)	(38,211)
Loss for the period	(118,136)	(38,211)
Zenith's 30% share of Kavak Madencilik loss for the period	(35,441)	(11,463)

17. INTEREST IN ASSOCIATE (cont.)

	Consolidated Entity	
	2019 \$	2018 \$
Movement Reconciliation:		
Balance at beginning of financial year	147,733	-
Payments for investment	189,874	194,285
Share of loss recognised	(35,441)	(11,463)
Foreign exchange loss	(26,829)	(35,089)
Balance at end of financial year	275,337	147,733

18. PLANT AND EQUIPMENT

	Consolidated Entity	
	2019 \$	2018 \$
Plant and equipment – at cost	25,822	24,324
Less: Accumulated depreciation	(22,518)	(21,489)
	3,304	2,835
Motor vehicles – at cost	94,652	94,652
Less: Accumulated depreciation	(83,480)	(79,756)
	11,172	14,896
Computer equipment and software – at cost	54,892	46,477
Less: Accumulated depreciation	(42,097)	(39,721)
	12,795	6,756
Carrying Amount	27,271	24,487

18. PLANT AND EQUIPMENT (cont.)

a) Movement Reconciliation

Cost	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment & Software \$	Total \$
Consolidated				
Balance at 1 July 2017	23,793	94,652	41,302	159,747
Additions	1,712	-	5,175	6,887
Disposals	(1,181)	-	-	(1,181)
Balance at 30 June 2018	24,324	94,652	46,477	165,453
Balance at 1 July 2018	24,324	94,652	46,477	165,453
Additions	1,498	-	11,004	12,502
Disposals/Write-off	-	-	(2,589)	(2,589)
Balance at 30 June 2019	25,822	94,652	54,892	175,366
Depreciation				
Balance at 1 July 2017	21,768	74,791	38,134	134,693
Depreciation for the year	752	4,965	1,587	7,304
Depreciation on asset disposal	(1,031)	-	-	(1,031)
Balance at 30 June 2018	21,489	79,756	39,721	140,966
Balance at 1 July 2018	21,489	79,756	39,721	140,966
Depreciation for the year	1,029	3,724	4,965	9,718
Depreciation on asset write off	-	-	(2,589)	(2,589)
Balance at 30 June 2019	22,518	83,480	42,097	148,095
Carrying Amount				
At 30 June 2018	2,835	14,896	6,756	24,487
At 30 June 2019	3,304	11,172	12,795	27,271

19. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity	
	2019 \$	2018 \$
Balance at beginning of financial year	2,504,425	1,506,386
Capitalised expenditure	904,608	1,265,085
Less capitalised expenditure reimbursed – Farm in Agreement	(46,961)	-
Deconsolidation of subsidiary capitalised amount (refer note 6)	-	(38,059)
Less capitalised expenditure written off	(65,079)	(77,125)
Less impairment of exploration expenditure	(97,773)	(151,862)
Balance at end of financial year	3,199,220	2,504,425

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 \$97,773 (2018: \$151,862) 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 \$65,079 (2018: \$77,125) 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.

20. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2019	2018
	\$	\$
Other payables (a)	44,467	144,434
Accrued fees and employment expenses (b)	85,240	16,927
	129,707	161,361

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.

21. EMPLOYEE BENEFITS

	Consolidated Entity	
	2019	2018
	\$	\$
Current liabilities:		
Employee benefits	66,148	70,248
	66,148	70,248

22. ISSUED CAPITAL

	2019 Shares No.	2019 \$	2018 Shares No.	2018 \$
(a) Share capital				
Fully paid ordinary shares	212,762,128	20,475,655	189,003,360	18,099,778
Balance at beginning of year				
Issue of ordinary shares	-	-	23,758,768	2,375,877
Costs of issue	-	-	-	-
Total	212,762,128	20,475,655	212,762,128	20,475,655

2019

During the year to 30 June 2019, the following changes to equity securities took place:

- i) 1,650,000 unlisted options exercisable at \$0.18 expiring on 28 September 2021 were issued. These had a fair value of \$0.0369. The fair value of each option was calculated using a Black-Scholes model and the following assumptions:

Share Price: \$0.115
Exercise price: \$0.180
Period to maturity: 3 years
Risk-free rate: 2.06%
Volatility: 65.34%

2018

During the year to 30 June 2018, the following changes to equity securities took place:

- i) 1,000,000 unlisted options exercisable at \$0.13, expired on 21 December 2017. These had a fair value of \$0.0485.
ii) 23,758,768 fully paid ordinary shares were issued following exercise of quoted options (ASX Code: ZNCO) at exercise price of \$0.10 per share, raising \$2,375,877 upon exercise.

22. ISSUED CAPITAL (cont.)**(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 29.

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

23. RESERVES AND RETAINED LOSSES

	Consolidated Entity	
	2019	2018
	\$	\$
(a) Reserves		
<i>Options reserve</i>		
Balance at beginning of financial year	139,136	187,621
Issue of Staff Options	60,912	-
Expired/cancelled staff options (refer note 22(a)(i))	-	(48,485)
Balance at end of financial year	200,048	139,136
<i>Foreign Currency Translation Reserve</i>		
Balance at beginning of financial year	(35,088)	5,742
Foreign currency translation	(26,829)	(35,088)
Reversal of translation reserve	-	(5,742)
Balance at end of financial year	(61,917)	(35,088)
Total Reserves	138,131	104,048
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	(15,482,542)	(14,848,098)
Expired/cancelled staff options (refer note 22(a)(i))	-	48,485
Loss for the year	(695,492)	(682,929)
Balance at end of financial year	(16,178,034)	(15,482,542)

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.

24. 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.

24. FINANCIAL INSTRUMENTS (cont.)

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.

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	
	2019	2018
	\$	\$
Cash and cash equivalents	1,063,317	2,449,932
Other receivables	6,511	42,745
Financial asset at fair value through profit or loss	53,162	165,200
	<u>1,122,990</u>	<u>2,657,877</u>

Impairment Losses

None of the Consolidated Entity's other receivables are past due (2018: Nil).

The allowance accounts in respect of financial assets 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 2019 the Consolidated Entity does not have any collective impairment on its other receivables (2018: Nil).

Guarantees

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

24. FINANCIAL INSTRUMENTS (cont.)**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.

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 2019

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*	129,707	129,707	129,707	-	-	-	-

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

Consolidated Entity - 30 June 2018

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*	161,361	161,361	161,361	-	-	-	-

*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 carrying amount of the Consolidated Entity's financial assets denominated in foreign currencies as detailed below.

	Consolidated Entity	
	2019 \$	2018 \$
<i>Financial Assets</i>		
Cash and cash equivalents denominated in US dollars	445,281	695,507

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by \$22,264 (2018: \$34,775).

24. 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 2018.

	2019 Profit or Loss		2018 Profit or Loss	
	100 bp Increase \$	100 bp Decrease \$	100 bp Increase \$	100 bp Decrease \$
Cash & cash equivalents	10,633	(10,633)	24,499	(24,499)

Fair Values

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair Value Hierarchy

The table below details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, 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

Level 3: Unobservable inputs for the asset or liability.

**Consolidated –
30 June 2019**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	43,147	10,015	-	53,162
Total Assets	43,147	10,015	-	53,162

**Consolidated –
30 June 2018**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	49,428	115,772	-	165,200
Total Assets	49,428	115,772	-	165,200

There were no transfers between levels during the financial year.

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

24. FINANCIAL INSTRUMENTS (cont.)**Valuation techniques for fair value measurements categorised within level 2:**

Unquoted investments have been valued using their share of the net asset value.

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.

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.

25. OPERATING LEASE COMMITMENTS

	Consolidated Entity	
	2019	2018
	\$	\$
Not later than one year	75,950	76,575
Later than one year but not later than two years	51,400	-
	127,350	76,575

26. 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 \$574,192 during the next 12 months (2018: \$692,481). 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.

27. KEY MANAGEMENT PERSONNEL DISCLOSURES**Key Management Personnel Compensation**

	Consolidated Entity	
	2019	2018
	\$	\$
Short-term employee benefits	457,885	409,518
Post-employment benefits	43,121	38,513
Share-based payments	49,837	-
	550,843	448,031

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

28. RELATED PARTY TRANSACTIONS**(a) Parent Entity and Ultimate Controlling Parent**

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 32.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 27.

(d) Transactions with Related Parties

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

- i) Provision of Serviced Office – During the financial year ended 30 June 2019, there was fee revenue of:
 - a. \$7,745 (2018: \$7,745) from Minasola Pty Ltd, a director related entity of Mr R M Joyce;
 - b. \$7,745 (2018: \$7,745) from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald;
 - c. \$7,745 (2018: \$1,291) from Satinbrook Pty Ltd, a director related entity of Mr G D Riley.

(e) Outstanding balances arising from transactions with related parties

The following balances arising from transactions with related parties are outstanding as at 30 June 2019:

	Consolidated Entity	
	2019	2018
	\$	\$
<i>Current receivables:</i>		
Trade and other receivables	6,390	-
<i>Current payables:</i>		
Accrued fees and employment expenses	30,112	-

- (f) There were no loans to or from related parties at the current and previous reporting date.

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

29. 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.

29. SHARE BASED PAYMENTS (cont.)

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.

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

2019:

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
28 Sep 2018	28 Sep 2021	\$0.18	-	1,650,000	-	-	1,650,000	1,650,000
29 Nov 2016	29 Nov 2019	\$0.161	2,500,000	-	-	-	2,500,000	2,500,000
			2,500,000	1,650,000	-	-	4,150,000	4,150,000

2018:

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)*	-	-
			3,500,000	-	-	(1,000,000)	2,500,000	2,500,000

*1,000,000 \$0.13 unlisted options expired on 21 December 2017. These had a fair value of \$0.0485.

Zenith Minerals Limited	Weighted average exercise price	Number of options	Weighted average exercise Price	Number of options
	2019	2019	2018	2018
Outstanding at the beginning of the period	\$0.16	2,500,000	\$0.15	3,500,000
Exercised during the period	-	-	-	-
Granted during the period	\$0.18	1,650,000	-	-
Forfeited during the period	-	-	-	-
Lapsed during the period	-	-	\$0.13	(1,000,000)
Outstanding at end of the period	\$0.17	4,150,000	\$0.16	2,500,000
Exercisable at the end of the period	\$0.17	4,150,000	\$0.16	2,500,000

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.14 years (2018: 1.39 years). The weighted average exercise price during the financial year was \$0.17 (2018: \$0.16).

29. SHARE BASED PAYMENTS (cont.)

For the options granted during the 2019 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

2019:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28 Sep 2018	28 Sep 2021	\$0.115	\$0.18	65.34%	-	2.06%	\$0.036916

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 2018 financial year.

Total expense recognised as share-based payments for the 2019 financial year was \$60,912 (2018: \$Nil).

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

	Consolidated Entity	
	2019	2018
	\$	\$
(a) Loss for the year	(695,492)	(682,929)
Add:		
Non-cash items		
Share of losses of Associate accounted for using equity method	35,441	11,463
Net fair value loss on other financial assets	100,891	572
Exploration expenditure written off	65,079	77,125
Impairment loss on exploration & evaluation expenditure	97,773	151,862
Depreciation	9,718	7,304
Plant and equipment written off	-	150
Foreign exchange (gain)/loss	(33,227)	(22,269)
Share based payment	60,912	-
Unrealised foreign exchange	-	(5,742)
Gain on deconsolidation of subsidiary	-	(77,700)
Profit on sale of tenements	(250,000)	-
Changes in operating liabilities:		
Decrease/(Increase) in trade and other receivables	36,234	(11,203)
Decrease/(Increase) in other assets	(60)	(50,055)
Decrease/(Increase) in exploration expenditure capitalised	(946,901)	(1,197,334)
Increase/(Decrease) in trade and other payables	54,415	12,621
Increase/(Decrease) in provision for income tax	(12,481)	12,481
Increase/(Decrease) in employee benefits	(4,100)	19,326
Net cash (used in) operating activities	(1,481,798)	(1,754,328)

(b) Non-cash investing and financing activities.

During 2019, there were no non-cash investing and financing activities to disclose.

31. SUBSEQUENT EVENTS

On 20th August 2019, 352,567 fully paid ordinary shares at \$0.07091 per share were issued for consideration amounting to \$25,000 for geochemical assay data.

31. SUBSEQUENT EVENTS (cont.)

No other matter or material event has arisen since 30 June 2019, 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.

32. 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.

Name	Principal place of business/country of incorporation	Ownership interest	
		2019 %	2018 %
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) LLC. ⁽¹⁾	USA	45%	45%
Zacatecas Minerals Pty Ltd	Australia	100%	100%
Fossil Prospecting Pty Ltd	Australia	100%	100%
Caldera Metals Pty Ltd	Australia	100%	100%
Wyoming Rare Pty Ltd ⁽²⁾	Australia	100%	0%
Minera Salmuera S.A. de C.V. ⁽³⁾	Mexico	0%	0%

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

- (1) Zenolith (USA) Inc. converted into a Delaware Limited Liability Company on 30 November 2017 and filed an election to be classified as an association taxable as a Company for United States federal income tax purposes. Effective 28 February 2018, Bradda Head Ltd purchased 55% of the membership interest in Zenolith (USA) LLC from the Consolidated Entity for \$7 consideration. (Refer to note 6 for details).
- (2) Wyoming Rare Pty Ltd was incorporated on 19 June 2019.
- (3) On 28 December 2017, the Consolidated Entity sold its 100% equity interest in Minera Salmuera S.A. de C.V. (Refer note 16 for details).

33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2019, the parent entity of the Group was Zenith Minerals Limited.

	2019 \$	2018 \$
Result of Parent Entity:		
Profit (loss) for the period	(660,760)	(730,478)
Other comprehensive income (loss)	-	-
Total Comprehensive Income (loss) for the period	(660,760)	(730,478)
Financial Position of Parent Entity at Year End:		
Current assets	985,924	2,416,649
Total Assets	4,120,150	4,755,752
Current liabilities	195,856	231,609
Total Liabilities	195,856	231,609
Total Equity of the Parent Entity Comprising of:		
Share capital	20,475,655	20,475,655
Reserves	200,048	139,136
Retained earnings/(losses)	(16,751,408)	(16,090,648)
	3,924,295	4,524,143

34. DIVIDENDS

No dividends have been paid or provided for.

35. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at reporting date (2018: 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 2019, 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: 16 September 2019
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 2019, 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 2019 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 \$695,492 and operating cash outflows of \$1,481,798 for the year ended 30 June 2019. 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.

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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 Matters

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. These matters were 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 these matters. For the matters below, our description of how our audit addressed the matters is provided in that context.

1. Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2019 the carrying value of exploration and evaluation assets was \$3,199,220 (2018: \$2,504,425), as disclosed in Note 19. This represents 69% of total assets of the consolidated entity.</p> <p>The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 3.</p> <p>Significant judgement is required:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> 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 and 19.

2. Valuation of Interest in Associate

Why significant

The consolidated entity has a 30% interest in an associate, Kavak Madencilik, which is a for-profit joint venture established for mineral exploration activities in Turkey. As at 30 June 2019, the value of the investment in the consolidated entity is \$275,337 (2018: \$147,733) as detailed in Note 17.

The consolidated entity's accounting policy in respect of joint ventures is outlined in Note 3.

The estimates and judgements in relation to the valuation of the capitalised exploration and evaluation expenditure have a significant impact on Kavak Madencilik's position and performance, which effects the consolidated entity's investment in Kavak Madencilik and its share of the loss recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income totalling \$35,441 (2018: \$11,463).

How our audit addressed the key audit matter

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

- We considered the control relationship to confirm that equity accounting is appropriate;
- We assessed the work performed by the component auditor on Kavak Madencilik to ensure in accordance with relevant auditing standards, including in particular:
 - Appropriately addressed the capitalisation of exploration costs in accordance with IFRS 6 Exploration For and Evaluation of Mineral Resources; and
 - Appropriately addressed the potential impact of the impairment triggers within IFRS 6.
- We ensured all other component auditor instructions provided by us were followed and addressed appropriately; and
- We assessed the appropriateness of the related disclosures in Note 3 and 17.

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 Director's report. The remaining Other Information 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 1, 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.

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 2019.

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2019 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 PERTH



SHANE CROSS
PARTNER

16 SEPTEMBER 2019
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 2019, 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 2019 is current as at 16 September 2019 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 <https://www.zenithminerals.com.au/corporate-governance-policies/>.

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 2019.

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	441	164,335
1,001 – 5,000	448	1,025,716
5,001 – 10,000	167	1,397,956
10,001 – 100,000	541	17,928,712
100,001 and over	160	192,597,976
	1,757	213,114,695

b) Number of shareholders holding less than a marketable parcel – 966 (at 15 September 2019).

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 NOM AUST LTD	28,514,139	13.38%
2	J P MORGAN NOM AUST PL	14,297,429	6.71%
3	GRANICH NADA	11,471,489	5.38%
4	MIQUILINI SUZI QUELI	9,064,901	4.25%
5	ABINGDON NOM PL	8,809,997	4.13%
6	GDR PL	7,995,000	3.75%
7	BREAMLEA PL	5,850,000	2.75%
8	GALLOWAY LTD	4,800,000	2.25%
9	MILLER AUSTIN SYDNEY E	4,525,003	2.12%
10	CUSTODIAL SVCS LTD	4,359,942	2.05%
11	PERSHING NOM LTD	4,320,000	2.03%
12	TILBROOK J B + P + J E	3,301,014	1.55%
13	YANDAL INV PL	3,262,417	1.53%
14	STRUVEN NOM PL	2,741,000	1.29%
15	CITICORP NOM PL	2,603,121	1.22%
16	RYAN JOHN ALBERT J + C	2,500,000	1.17%
17	CREEKWOOD NOM PL	2,438,116	1.14%
18	TINTERN VIC PL	2,336,829	1.10%
19	MACDONALD STANLEY ALLAN	2,336,230	1.10%
20	COBALT CONS PL	2,301,959	1.08%
TOTAL FOR TOP 20:		127,828,586	59.98%

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 AUSTRALIA LTD	28,514,139	13.38%
J P MORGAN NOM AUST PL	14,297,429	6.71%
NADA GRANICH	11,471,489	5.38%

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 16.1 cents each by 29 th November 2019. - Exercisable at 18 cents each by 28 th September 2021.	2,500,000 ⁽¹⁾ 1,650,000 ⁽²⁾	3 4
⁽¹⁾ Persons holding 20% or more: M J Clifford M J Nelmes A D'hulst	54% 26% 20%	
⁽²⁾ Persons holding 20% or more: M J Clifford M J Nelmes	61% 21%	

INTERESTS IN MINING TENEMENTS

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy	WA	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	E69/3414	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	R69/2	Zenith Minerals Limited	100%	Granted
Vivash Gorge	WA	E47/3071	Zenith Minerals Limited	RTX Option to Purchase	Granted
Talga Fault	WA	E08/2966	Zenith Minerals Limited	100%	Granted
Talga Fault	WA	E08/3019	Zacatecas Minerals Pty Ltd	100%	Granted
Talga Fault	WA	E08/3020	Zacatecas Minerals Pty Ltd	100%	Granted
Earaheedy Zinc	WA	E69/3464	Fossil Prospecting Pty Ltd	ASX: RTR Option to Purchase	Granted
Develin Creek	QLD	EPM16749	Kalicoal Pty Ltd	100%	Granted
Develin Creek	QLD	EPM17604	Kalicoal Pty Ltd	100%	Granted
Tate River	QLD	EPM25942	Jumani Pty Ltd	ZNC Option to earn 70%	Granted
Tate River	QLD	EPM26634	Jumani Pty Ltd	ZNC Option to earn 70%	Granted
Cardinals	WA	E45/4445	S2M2 Eastern Coal Pty Ltd	100%	Granted
Red Mountain	QLD	EPM26384	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Yalgoo	WA	E59/2170	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Yalgoo	WA	E59/2321	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2375	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2394	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2395	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2392	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2386	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2388	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2453	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2454	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2455	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2456	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2457	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2513	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2515	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4506	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4507	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4508	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4509	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P74/379	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E74/634	Black Dragon Energy (AUS) Pty Ltd	100%	Granted

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Split Rocks-Dulcie	WA	P77/4102	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/1250	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	L77/226	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	P77/4368	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	L77/256	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	L77/244	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/1267	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/1246	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	P77/4032	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/581	RR & Assoc & Highscore PL	100% below 6m subject to option agreement & royalty	Granted
Kavaklitepe	Turkey	EL20079861	Empire International AnadoluMadencilikAnonimSirketi	~25%	Granted

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
San Domingo	Arizona – USA	State Mineral Exploration Permits 08-118824 & 08-118825	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
San Domingo	Arizona – USA	Federal Claims 1 to 69	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
San Domingo	Arizona - USA	San Domingo WP28, Midnight Owl #2, RPZ1	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
Wilson Salt Flat	Nevada – USA	Federal Claims 1 to 168	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
Spencer	Nevada - USA	Federal Claims 1 to 146	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
Burro Creek	Arizona - USA	Federal Claims BC1 to BC4, 11-92022 to 11-92029, 11-86283, 08-120901 & 003	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest – Option to acquire 100%	Granted
Burro Creek	Arizona - USA	Federal Claims ZL1 to ZL46, CP1 to CP12	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
Wickieup – Big Sandy	Arizona - USA	Federal Claims Placer Claims W17 to Z60, W64 to W83, W85 to W130, W133 to W138, W141 to W144, W146 to W206, W231 to W262, W266 to W270, W273 to W276, W281 to W283, W287 to W288, W294 to W296, W302 to W304, W310 to W336. Federal Lode Claims Z1 to Z71.	Zenolith (USA) Inc.	Bradda Head confirming its 55% interest	Granted
Zacatecas – Illescas	Mexico	67/21991	Minera Salmuera, S.A. de C.V.	Bradda Head confirming its 55% interest	Granted
Zacatecas – San Juan Salado	Mexico	67/21993	Minera Salmuera, S.A. de C.V.	Bradda Head confirming its 55% interest	Granted
Zacatecas – San Vicente	Mexico	67/21994	Minera Salmuera, S.A. de C.V.	Bradda Head confirming its 55% interest	Granted

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