



ABN 96 119 397 938

**Consolidated Interim Financial Report**  
**for the Half-Year Ended**  
**31 December 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

**Registered Office and Principal Place of Business**

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**Securities Exchange Listing**

Australian Securities Exchange  
Home Exchange: Perth, Western Australia

ASX Code: ZNC

## Directors' Report

The Directors of Zenith Minerals Limited ("The Company") and subsidiaries ("Consolidated Entity") submit herewith the Interim Financial Report for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporation Act 2001, the Directors' report is as follows:

### Directors

The names of the Directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated are:

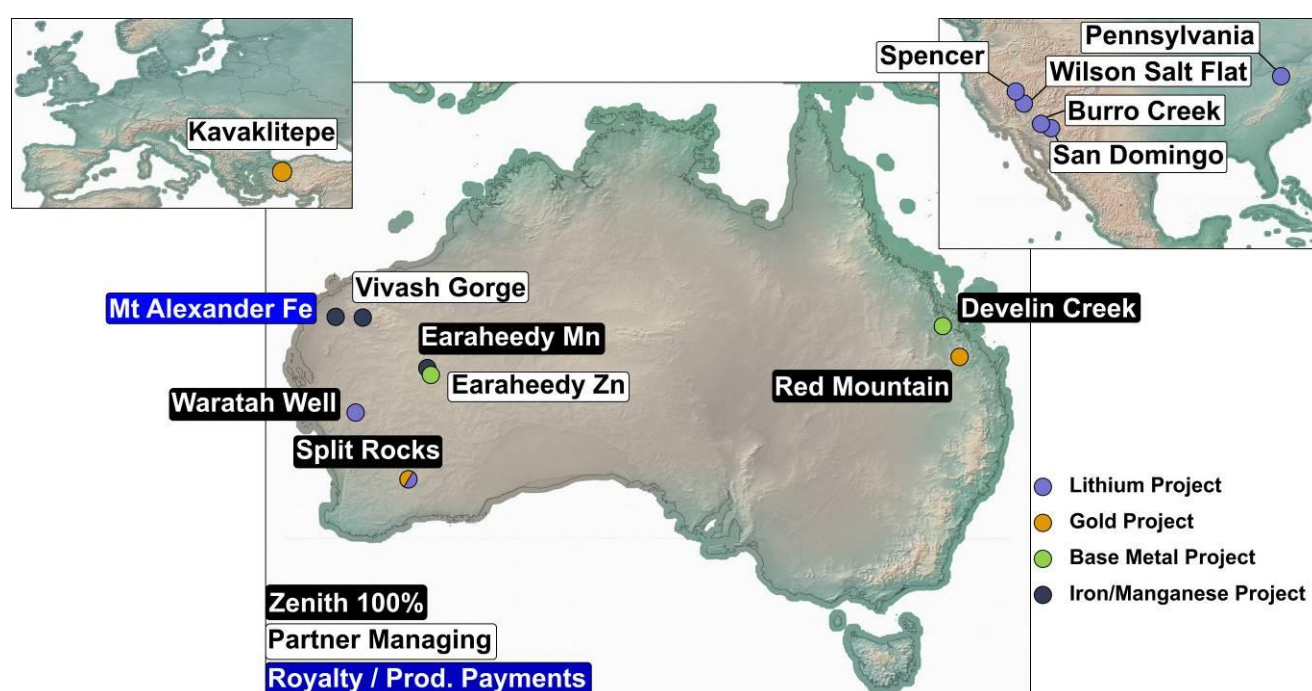
Rodney M Joyce	–	Non-Executive Chairman
Michael J Clifford	–	Managing Director
Stanley A Macdonald	–	Non-Executive Director
Julian D Goldsworthy	–	Non-Executive Director
Graham D Riley	–	Non-Executive Director

### Company Secretary

Melinda Nelmes

## Review of Operations

In the half year to 31 December 2019, the Company continued to progress its gold, lithium and base metal projects:



**Figure 1: Zenith Project Locations**

## SUMMARY OF ACTIVITIES AND RESULTS

### ***Split Rocks Gold & Lithium Project – WA (ZNC 100%)***

Zenith's initial 16-hole drill program of approximately 2000m successfully confirmed bedrock gold targets beneath the currently operating Dulcie Heap Leach Gold Project (DHLGO) - held by a 3rd party. As previously reported gold mineralisation (>0.5 g/t Au) was successfully intersected in 12 of Zenith's initial 16 wide spaced drill holes (ASX release 28th October 2019). Following a detailed assessment of the mineralised drill chips additional 1m resampling was completed with new assay results expanding two of the previously reported gold mineralised intervals in holes ZDRC022 and ZDRC017 as announced on the 24<sup>th</sup> January 2020:

- o ZDRC022: 11m @ 2.08 g/t Au from 59m depth, incl. 6m @ 3.32 g/t Au and
- o ZDRC017: 4m @ 2.05 g/t Au from 30 m depth, in addition to other previously reported results of:
- o ZDRC020: 5m @ 3.23 g/t Au from 8m depth,
- o ZDRC021: 5m @ 2.04 g/t Au from 34m depth incl. 2m @ 3.94 g/t Au.

Gold mineralisation intersected to date and reported here is interpreted to be close to true width intersections. Mineralisation is hosted within quartz veined and sericite altered mafic volcanic rocks and remains open and untested along strike and down dip with evidence of multiple stacked lodes. Drilling recommenced in January 2020 to test along strike and down-dip potential of the ZDRC022 intersection, with a further 3 holes being completed. Future drilling will now focus on the along strike potential particularly to the south of the DHLGO gold zone as well as the numerous high-quality gold targets within Zenith's extensive, 100% owned Split Rocks landholdings.

The project was further expanded with the acquisition of 2 new licences (ASX release 14 October 2019) including new gold and lithium targets, and the Wrathchild iron ore target.

A major targeting exercise by the Company's geological team over the past 6 months has culminated in identifying 12 high-quality gold drill targets in the north eastern sector of the Company's 100% owned Split Rocks project. Zenith's targeting study has identified several, large, high-order geochemical anomalies (defined by historic auger sampling max value 300ppb Au and a mix of Zenith & historic shallow RAB & aircore drilling) that have never been or were poorly drill tested. These 8 targets require first pass aircore drill testing, whilst a further 4 targets (12 in total) require follow-up RC drilling to test poorly explored open-ended gold zones such as 2m @ 6.5 g/t Au (eoh).

### ***Laramie Rare Earth Element (REE) Project – Wyoming USA (ZNC 100%)***

As announced to the ASX on the 7<sup>th</sup> October 2019, initial rock grab sampling and mapping by Zenith in three key areas 2 to 3km apart returned up to 0.60% total rare earth oxides (TREO). Follow-up sampling included nine systematic rock chip sample traverses by Zenith with five traverses across portions of the north of the initial sampling area and four across the southern zone. All nine traverses returned consistent, strong REE mineralisation along their entire lengths (ASX Release 11<sup>th</sup> November 2019), including: 80m @ 0.40% TREO, 60m @ 0.39% TREO, 40m @ 0.35% TREO, 60m @ 0.37% TREO, 137m @ 0.37% TREO, 332m @ 0.26% TREO, 72m @ 0.33% TREO, 60m @ 0.34% TREO and 17m @ 0.24% TREO.

Initial petrographic analyses confirm REEs occur predominantly as the mineral allanite. Allanite crystals observed are generally relatively coarse grained (0.4mm to 2.5mm) with distinct mineral grains indicating potential for easy liberation from the syenite host rock. Initial metallurgical test work commenced in early January 2020 to assess the rare earth liberation characteristics of the mineralised rock as Zenith considers ease of processing to be a key to the future of this project. Positive first pass initial tests show that both simple mineral separation techniques assessed will allow upgrading through concentration of the REE minerals.

Mineral separation by magnetic methods recovered 87% of the REE minerals into 27% of the mass at a crush size of -0.5mm, whilst mineral separation using gravity methods recovered 76% of the REE minerals into 22.2% of the mass at a crush size of -2mm. Testwork is ongoing.

### ***Red Mountain Gold – QLD (ZNC 100%)***

Results were received from an infill geochemical program completed to define the limits of the high-grade western gold zone outlining a robust drill target. New high-grade soil results up to 1300ppb Au (1.3 g/t Au) supporting previous results of 2210 ppb Au (2.2g/t Au) 1600ppb Au, 550ppb Au and 320ppb Au define a 450m x 50m >100ppb Au gold soil anomaly, with the southern end of the anomaly grading >500ppb (0.5 g/t Au) over 150m of strike. The high-grade surface gold results form a core to a much larger zone of gold anomalism (>10ppb Au) extending over an area 1200m x 150m on the western margin of the Red Mountain felsic volcanic breccia system (ZNC ASX Release 25<sup>th</sup> Nov 2019).

Drill testing is planned, approximately 10 holes @ 100m depth each to test the key geochemical-geological and geophysical targets.

**Earaheedy Zinc JV – WA (ZNC 25% free carry to BFS)**

Zenith Minerals (ASX: ZNC) joint venture partner Rumble Resources (ASX: RTR) completed RC drilling on the Earraheedy Project with results highlighting two large-scale (large tonnage) Zn–Pb discoveries (refer to ZNC & RTR announcements dated 23<sup>rd</sup> January 2020).

Discoveries of shallow flat lying sandstone hosted Zn – Pb mineralisation at 2 prospects some 10km apart. Chinook Prospect: \*11m @ 4.13% Zn + Pb, 12.8 g/t Ag from 61m (EHRC019) within 22m @ 2.52% Zn + Pb from 53m. Magazine Prospect: 11m @ 2.05% Zn + Pb, 3.2 g/t Ag from 70m (EHRC003)

Rumble outlined a shallow Exploration Target<sup>^</sup> at the Earraheedy Project of 40Mt to 100Mt at 3.5% Zn-Pb to 4.5% Zn-Pb based on recent drilling results, geological understanding of the mineralisation geometry, continuity of mineralisation and regional geology, highlighting the potential for Earraheedy to be a world class Tier 1 base metal province. *(The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Refer to further details on page 6 of the ZNC-RTR announcement dated 23<sup>rd</sup> January 2020).*

**Kavaklitepe Gold JV – Turkey (ZNC 23%)**

A detailed review of the 2019 results highlighted the potential for continuous near flat lying gold mineralisation beneath a sequence of near surface barren metavolcanic rocks between the Kuzey and Discovery Gold Zones, located approximately 1km apart.

A program of 5 diamond drill holes (and 12 contingent holes) of approximately 300m depth each are planned to be completed in early to mid-2020 to test for the potential of gold mineralization between the Kuzey Zone and Discovery Zone beneath a sequence of interpreted flat-lying barren metavolcanics rocks. Zenith believes that if the proposed drill program is successful in its aims then it could have a significant impact on the project's potential.

**Vivash Iron – WA (Optioned to RTX)**

Drilling completed during the Half Year by Rio Tinto Exploration (RTX) with best intersection 14m @ 55.9%Fe in detritals. 3D geological modelling, reconnaissance planned, potentially leading to follow-up drilling.

**American Lithium JV**

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 7<sup>th</sup> March 2017) to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio. Bradda Head must spend US\$5 million on the joint venture projects before February 2021 or the projects will be returned to Zenith.

**Corporate**

The Company raised \$1.663 million by way of a non-renounceable rights issue to existing shareholders via the issue of 30,245,335 ordinary ZNC shares.

Zenith currently retains a total of 4,509,947 ASX:RTR shares

## **ZENITH'S EXPLORATION PROJECTS**

### **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% Li<sub>2</sub>O (KDR ASX Release 19<sup>th</sup> March 2018).
- RC drill testing of the Dulcie lithium pegmatite target confirmed thick pegmatite bodies containing broad anomalous levels of lithium including: 79m @ 284ppm Li<sub>2</sub>O with a peak value of 1m @ 1072ppm Li<sub>2</sub>O. Pegmatite body remains open to the north and west (ZNC ASX release 14 August 2018).
- 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 5<sup>th</sup> 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.
- Zenith's initial 16-hole drill program of approximately 2000m successfully confirmed bedrock gold targets beneath the currently operating Dulcie Heap Leach Gold Project (DHLGO) - held by a 3<sup>rd</sup> party. Better results include: 10m @ 2.20 g/t Au from 60m including 6m @ 3.32 g/t Au, 5m @ 3.23 g/t Au from 8m plus 4m @ 1.48 g/t Au from 44m and 1m @ 3.79 g/t Au from 124m, 5m @ 2.04 g/t Au from 34m including 2m @ 3.94 g/t Au and 2m @ 2.56 g/t Au from 32m (ZNC ASX Release 28th October 19).
- Highly encouraging initial reconnaissance surface sample results up to 0.39% Li<sub>2</sub>O from pegmatite bodies on the recently optioned Dulcie Heap Leach Gold Operation tenure.

### Activities During the Half Year

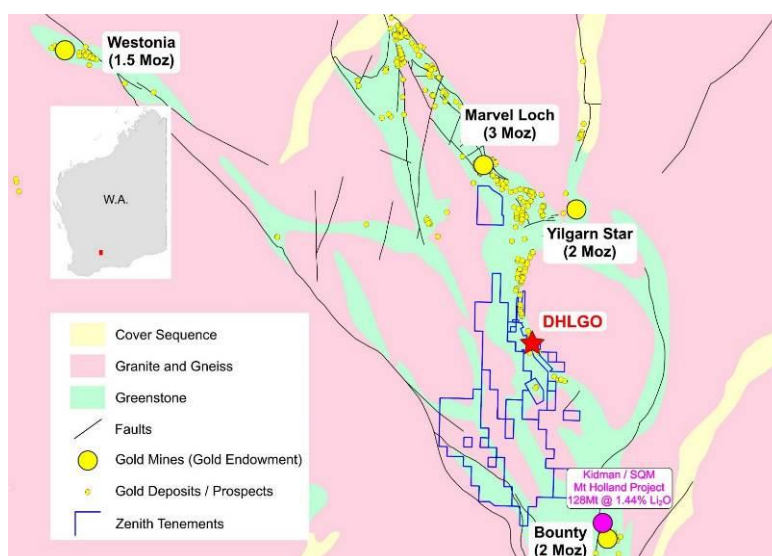
A 16-hole RC drilling program was completed in September - October 2019 at the Split Rock project – WA (Figure 1). The initial drill program of approximately 2000m successfully confirmed bedrock gold targets beneath the currently operating Dulcie Heap Leach Gold Operation (DHLGO) - held by a 3<sup>rd</sup> party\*. In addition, the Company reported on the 24th January 2020 that further 1m resample assay results from that initial drill program expanded two of the previously reported gold mineralised intervals in holes ZDRC022 and ZDRC017.

Assay results expanded two of the previously reported gold mineralised intervals in holes ZDRC022 and ZDRC017:

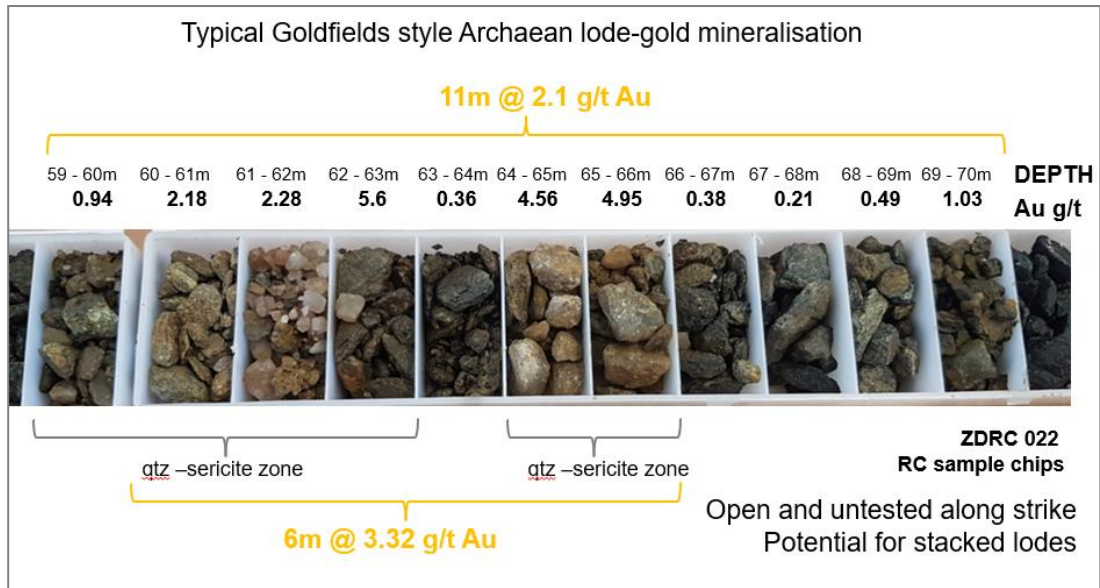
- **ZDRC022: 11m @ 2.08 g/t Au from 59m depth, incl. 6m @ 3.32 g/t Au**  
and
- **ZDRC017: 4m @ 2.05 g/t Au from 30 m depth**, in addition to other previously reported results of:
- **ZDRC020: 5m @ 3.23 g/t Au from 8m depth**,
- **ZDRC021: 5m @ 2.04 g/t Au from 34m depth incl. 2m @ 3.94 g/t Au**,

The intersection in hole ZDRC022 is particularly noteworthy as this hole was a redrill of hole ZDRC017, which was abandoned at 32m depth in mineralisation having hit a cavity that is likely old underground workings (figure 2). Additionally, drill holes ZDRC022 & ZDRC018 did not reach their respective ultimate target depths to test the BIF – shear intersection due to high water ingress.

**Figure 1- DHLGO Prospect and Split Rocks Project Location Map Showing Regional Gold Endowment**



\*The Company has an exclusive right to explore the DHLGO project for bedrock gold mineralisation beneath the large laterite rich gold cap currently being mined and treated on leases located contiguous with Zenith's Split Rocks project licences, located in the Forrestania greenstone belt, Western Australia (Figure 1).



**Figure 2: RC Drill Chips for Drill Hole ZDRC022 - Example of Gold Mineralisation**

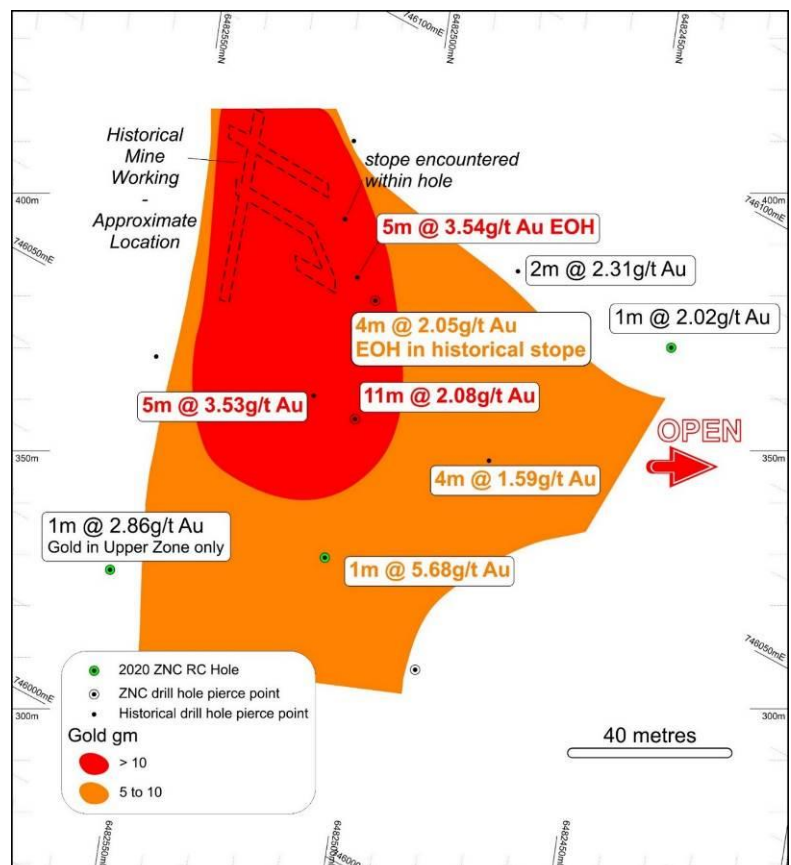
Gold mineralisation intersected to date and reported here is interpreted to be close to true width intersections. Mineralisation is hosted within quartz veined and sericite altered mafic volcanic rocks (Figure 3) and remains open and untested along strike with evidence of multiple stacked lodes.

Drilling recommenced in January 2020 to test along strike and down-dip potential with a further 3 holes being completed. Drilling so far has only tested 100m of strike potential of the gold mineralised structure. No further work is currently warranted chasing the existing gold shoot. Future drilling will now focus on the along strike potential particularly to the south of the DHLGO gold zone as well as the numerous high-quality gold targets within Zenith's extensive, 100% owned Split Rocks landholdings.

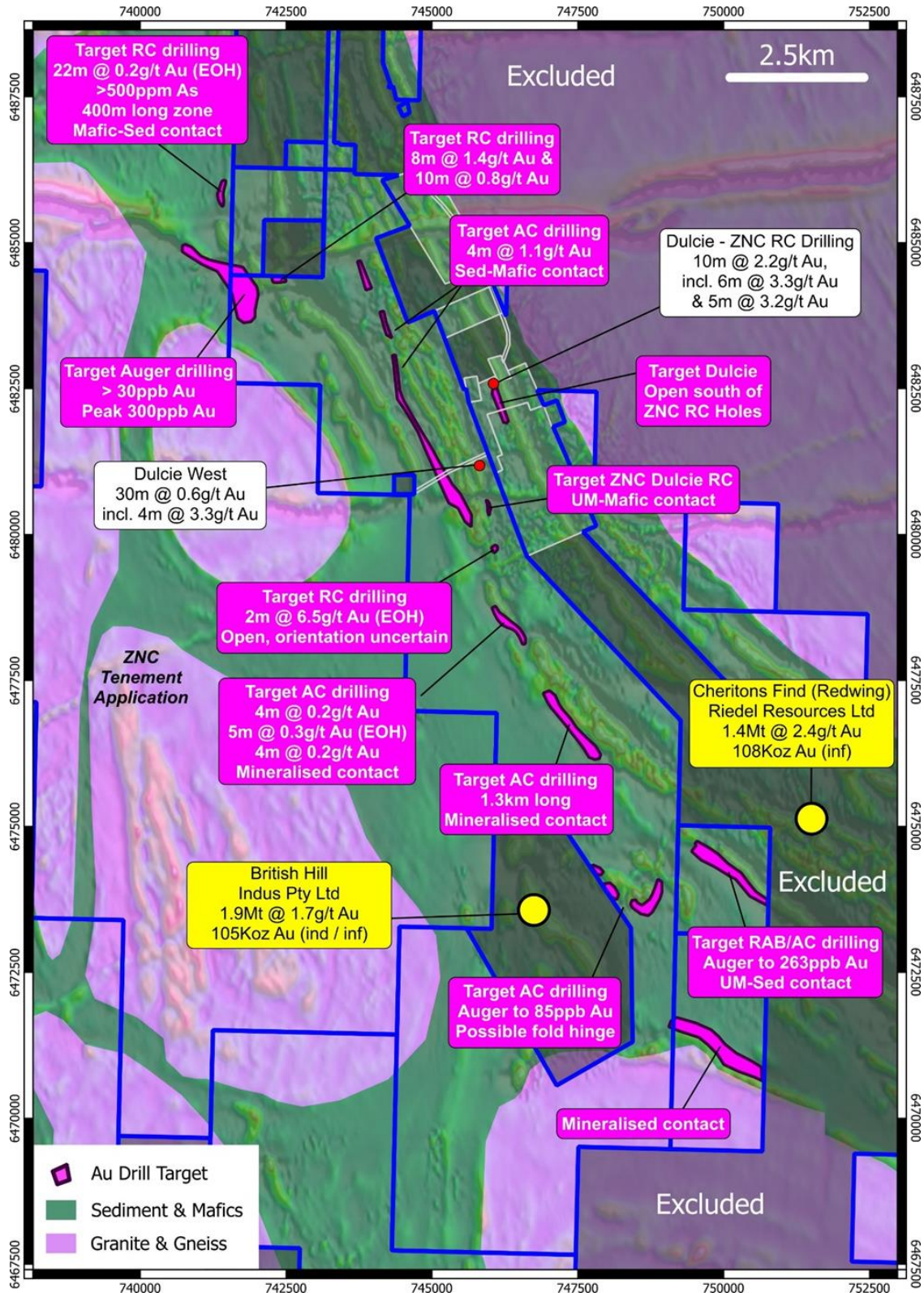
Historical exploration reports on the area of the DHLGO leases highlight that high-grade gold mineralisation is predominantly hosted by moderately west dipping BIF units. High-grade historic drill results include: **6.0m @ 16.91 g/t Au, 2.0m @ 32.73 g/t Au, 2.0m @ 16.5 g/t Au, 2.0m @ 15.40 g/t Au, 5.0m @ 4.73 g/t Au, 4.0m @ 4.90 g/t Au and 9.0m @ 2.20g/t Au**, presenting several high-priority target zones for follow-up by Zenith. Historic holes were drilled either vertical or at -60° east. Assuming moderate west dipping gold mineralisation then the 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.

Most historic drill holes have only focused on the near surface laterite rich gold zone with the average drill hole depth for the project area only 19.7m (1,777 historic shallow holes).

**Figure 3: DHLGO – Lower Zone - Longitudinal Projection of Gold Metal Content (gm = gram \* metres) with Planned ZNC Follow-up Drill Holes**



A major targeting exercise by the Company's geological team over the past 6 months has culminated in identifying 12 high-quality gold drill targets in the north eastern sector of the Company's 100% owned Split Rocks project. Zenith's targeting study has identified several, large, high-order geochemical anomalies (defined by historic auger sampling max value 300ppb Au and a mix of Zenith & historic shallow RAB & aircore drilling) that have never been or were poorly drill tested. These 8 targets require first pass aircore drill testing, whilst a further 4 targets (12 in total) require follow-up RC drilling to test poorly explored open-ended gold zones such as 2m @ 6.5 g/t Au (eoh).



**Split Rocks Gold Targets for Future Drill Testing**

### Background on Split Rocks

Zenith has been exploring its 100% owned Split Rocks project with landholdings of approximately 650 sqkm in the Forrestania greenstone belt. This emerging lithium district is host to SQM-Kidman's Mt Holland/Earl Grey lithium deposit containing 189Mt @ 1.5% Li<sub>2</sub>O (KDR:ASX Release 19<sup>th</sup> March 2018), refer to Figure 4.

Surface sampling by Zenith returned high lithium values up to 0.39% Li<sub>2</sub>O returned from a small pegmatite outcropping beneath surface laterite at the DHGO as announced to the ASX on the 13<sup>th</sup> May 2019. Two holes were drilled to provide an initial first pass assessment of this lithium target. A relatively thin pegmatite was intersected with assays for lithium and associated elements to come.

The area drill tested is located immediately east of Zenith's Dulcie lithium target, where drilling by Zenith has confirmed thick pegmatite bodies (up to 79m downhole widths) – containing broad anomalous levels of lithium throughout 79m @ 284ppm Li<sub>2</sub>O with a peak value of 1m @ 1072ppm Li<sub>2</sub>O.

An initial review of historical data for 2 new licences (acquisition announced to ASX 14 October 2019,) and Zenith's immediately adjoining existing tenure has highlighted extensions to known lithium and gold prospectivity and identified iron ore potential, with new targets including:

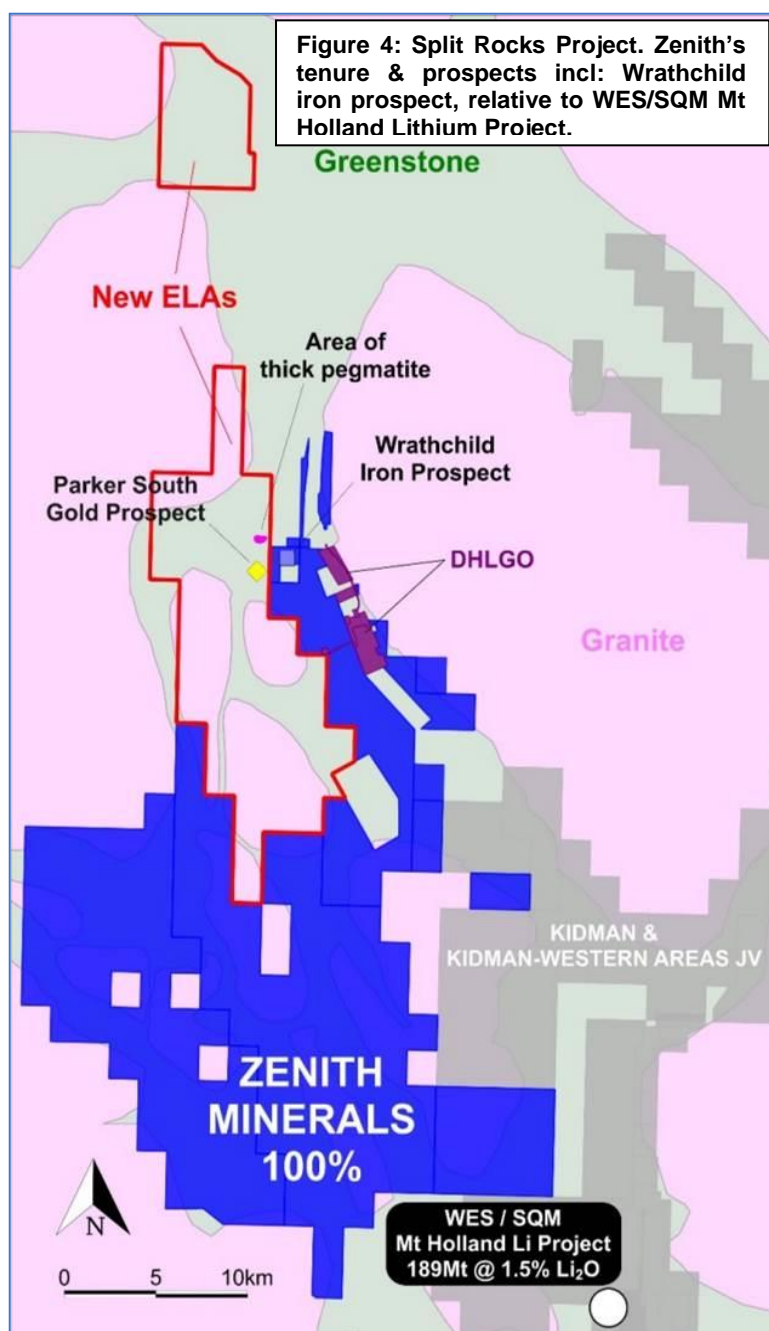
- o **Lithium - Thick pegmatites (up to 65m true width) recorded in logs of historical (1980's) drill holes have not been analysed for lithium and associated elements;**

- o **Gold - Parker South gold prospect has drill intersections incl. 10m @ 0.78g/t Au from 4m depth and 8m @ 1.42 g/t Au from 2m depth.** A gold re-assaying campaign completed by Zenith during the Half Year on historic iron ore drill samples returned similar tenor results including: 4m @ 0.57 g/t Au from 72m depth and 11m @ 0.64 g/t Au from 21m depth. Further work is required to test these zones at depth.

- o **Iron Ore - Wrathchild iron ore prospect ~15 km south of the Parker Range iron project which was recently purchased by Mineral Resources Ltd (ASX-MIN) for \$20 million cash plus royalty<sup>1</sup>. Wrathchild drilled with only 12 RC holes over approximately 1km strike of hematite enriched Banded Iron Formation (BIF) outcrop, best intersections include: 13m @ 56.9% Fe incl. 9m @ 58% Fe, and 27m @ 54.2% Fe incl. 12m @ 55.9% Fe.**

### Planned Programs at Split Rocks

Future drilling will now focus on the along strike potential particularly to the south of the DHLGO gold zone as well as the numerous high-quality gold targets within Zenith's extensive, 100% owned Split Rocks landholdings.



## LARAMIE REE PROJECT

- New 100% owned Laramie Rare Earths (REE) Project secured via leasing and staking in Wyoming USA:
- Zenith surface rock sampling has returned widespread TREO (Total Rare Earth Oxide) grades up to 0.54% in two initial sampling areas 3km apart with strong values of high-value neodymium, praseodymium and dysprosium;
- Applications lodged first in time for State and Federal lands covering the most promising areas from recent Zenith sampling;
- REE's are reported to occur predominantly as the mineral allanite hosted by clinopyroxene and hornblende syenites within a late stage 30 sqkm monzonitic pluton that is the youngest and most highly differentiated part of a very large anorthosite complex, providing Zenith with the opportunity to define a very large-scale exploration target once initial follow-up work is completed;
- REE's listed as critical minerals in USA report "A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals 1". Strong Federal Government support to secure USA domestic REE supply.
- Wyoming is home to multiple existing major mining operations and the project area has excellent existing road and rail infrastructure; and
- Consistent, widespread, strong REE surface mineralisation identified at the Laramie project - USA, including: 80m @ 0.40% TREO, 137m @ 0.37% TREO & 332m @ 0.26% TREO.
- Initial petrographic analyses confirm REEs occur predominantly as the mineral allanite. Allanite crystals observed are generally relatively coarse grained (0.4mm to 2.5mm) with distinct mineral grains indicating potential for easy liberation from the syenite host rock.

### Activities During the Half Year

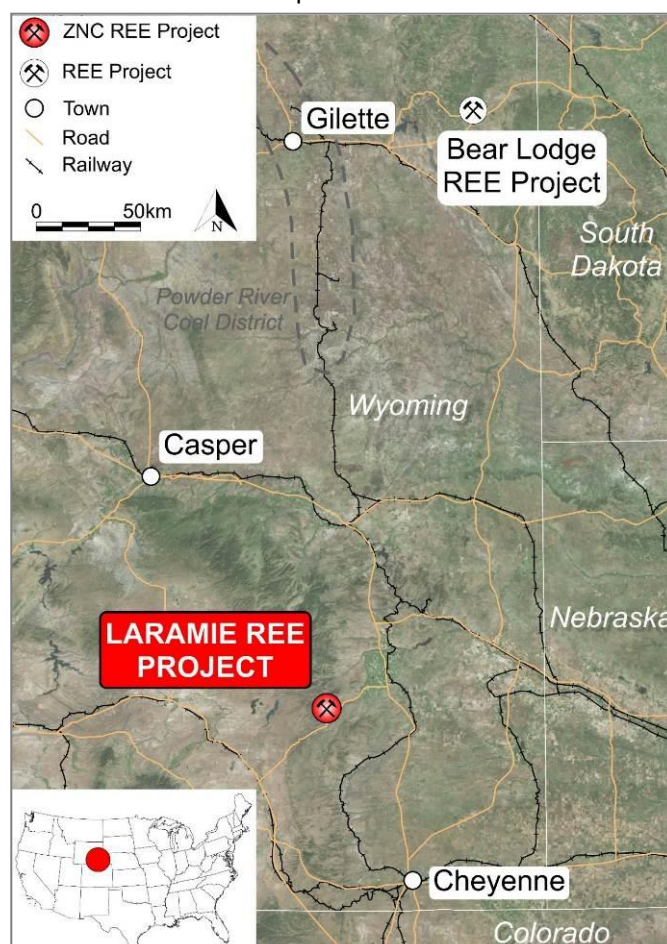
As announced to the ASX on the 17<sup>th</sup> October 2019, initial rock grab sampling and mapping by Zenith in three key areas 2 to 3km apart returned up to 0.60% total rare earth oxides (TREO). Follow-up sampling included nine systematic rock chip sample traverses by Zenith with five traverses across portions of the north of the initial sampling area and four across the southern zone. All nine traverses returned consistent, strong REE mineralisation along their entire lengths (ASX Release 11<sup>th</sup> Nov 2019), including: 80m @ 0.40% TREO, 60m @ 0.39% TREO, 40m @ 0.35% TREO, 60m @ 0.37% TREO, 137m @ 0.37% TREO, 332m @ 0.26% TREO, 72m @ 0.33% TREO, 60m @ 0.34% TREO and 17m @ 0.24% TREO.

Initial petrographic analyses confirm REEs occur predominantly as the mineral allanite. Allanite crystals observed are generally relatively coarse grained (0.4mm to 2.5mm) with distinct mineral grains indicating potential for easy liberation from the syenite host rock.

### Background

Zenith recently secured federal lode claims and state lease applications over the Laramie REE Project located in central Wyoming USA, as announced to the ASX 17th October 2019. Wyoming is home to multiple existing major mining operations (coal and uranium) and has local engineering and construction companies capable of supporting mine project development.

The project area has excellent existing infrastructure being located 3km from the national road network, 30km to interstate and 35km to rail, in addition Wyoming has abundant low-cost commercial electricity. Rare Element Resources (OTCQB:

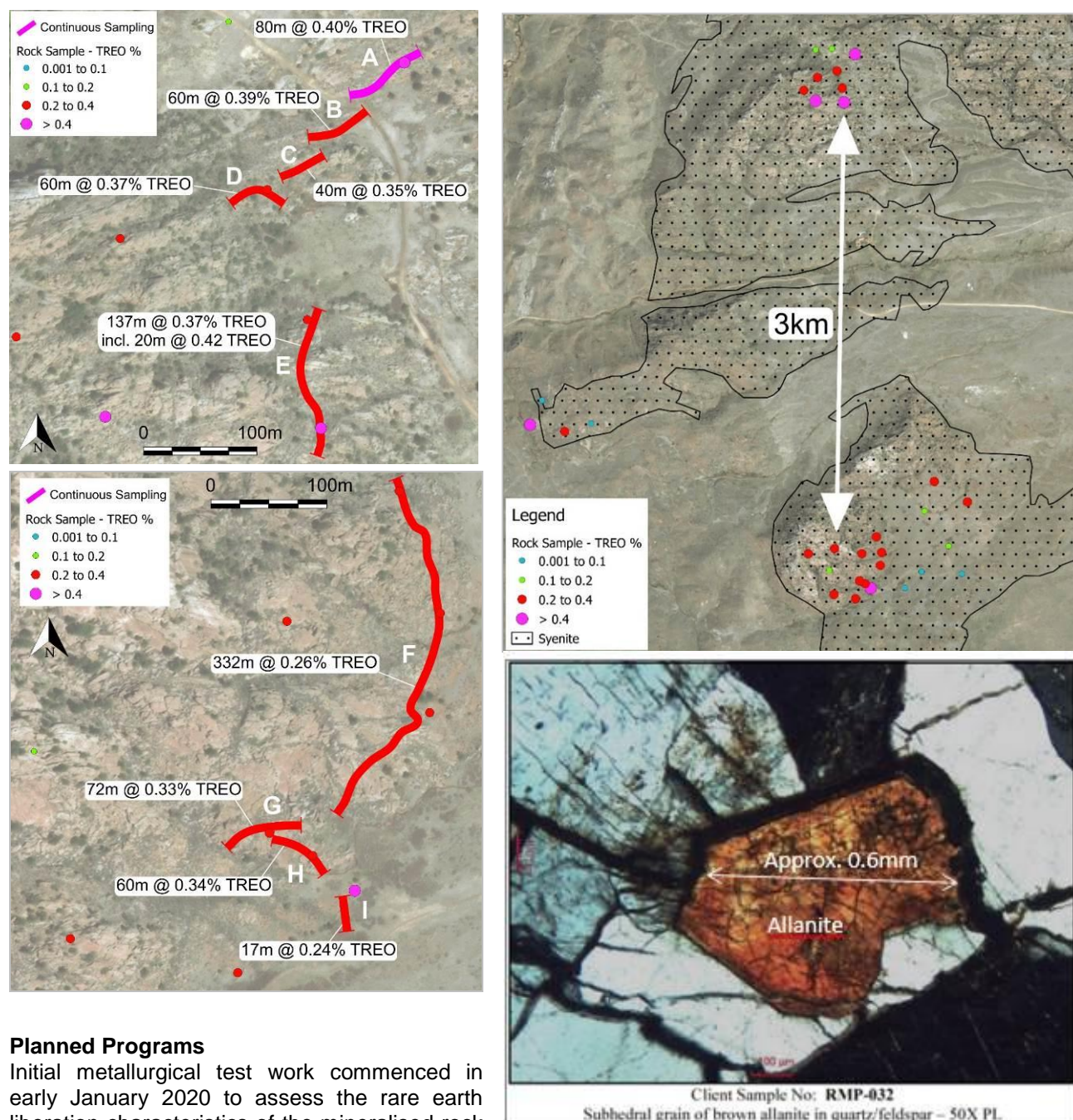


REEMF) are currently assessing the advanced Bear Lodge REE project in north east Wyoming.

The Laramie REE Project occurs within the Laramie Anorthosite Complex a Proterozoic massif consisting of three anorthositic intrusions, three syenitic to monzonitic intrusions and several smaller intrusions of leucogabbro and ferrodiorite.

REE's are reported to occur at the Laramie REE project predominantly as the mineral allanite hosted by clinopyroxene and hornblende syenites that are part of a very large differentiated Laramie anorthosite complex, providing Zenith with the opportunity to define a very large-scale exploration target once initial follow-up work is completed.

**Figure 5: Laramie REE Project – Geochemical Results & Photomicrograph of Allanite REE Crystal**



### Planned Programs

Initial metallurgical test work commenced in early January 2020 to assess the rare earth liberation characteristics of the mineralised rock as Zenith considers ease of processing to be a key to the future of this project. Immediately post the half year the Company announced (ASX Release 11 February 2020) that mineral separation by magnetic methods recovered 87% of the REE minerals into 27% of the mass at a crush size of -0.5mm, whilst mineral separation using gravity methods recovered 76% of the REE minerals into 22.2% of the mass at a crush size of -2mm. Testwork is ongoing.

## 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 7<sup>th</sup> March 2017) to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio.

Bradda Head must spend US\$5 million on the joint venture projects before February 2021 or the projects will be returned to Zenith.



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

- Widespread, near surface lithium results were intersected in the maiden drill program at the Burro Creek project including: 22.9 metres @ 1088ppm lithium and 2.94% potassium from 4.68m depth, and 24.4 metres @ 1361ppm lithium and 3.23% potassium from 19.8m depth (ZNC – ASX Release 19<sup>th</sup> June 2018).
- Depending on the cut-off grade used the lithium mineralised portion of the clay averages 23 to 54 metres in thickness, whilst recent testwork indicates a bulk density of 1.6 to 1.8 g/cm<sup>3</sup>.
- 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;
- 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;
- 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 (as announced to ASX on 12<sup>th</sup> August 2019).
- Exploration Target\* of between 20 to 60 Mt of material grading between 600 and 1,000 ppm Li for the Burro Creek East area only (as announced to ASX on 12<sup>th</sup> August 2019).
- Metallurgical testwork has returned positive results.

*\*The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.*

### Activities During the Half Year

The Burro Creek East property was increased in acreage by 250%, a significant increase to the Company's land position in Arizona.

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 was announced to ASX on 12<sup>th</sup> August 2019. In addition, an updated Exploration Target\* of between 20 to 60 Mt of material grading between 600 and 1,000 ppm Li for the Burro Creek East area only was also announced to ASX on 12<sup>th</sup> August 2019.

### Planned Activities

Resource extension drilling.

## 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.**

#### **Activities During the Half Year**

Nil this Half Year.

#### **Planned Activities**

An initial 2-hole drilling program has been permitted to test structural and stratigraphic targets identified by geophysical surveys. Given success with these preliminary exploratory drill holes in finding brine aquifers and lithium, additional holes would be placed to expand on the information relating to basin hydrogeology, leading to resource estimation. Drilling planned to commence following Bradda Head planned re-listing on AIM.

### **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% Li<sub>2</sub>O including 2.4m @ 2.49% Li<sub>2</sub>O within 14.1m zone @ 1.02%Li<sub>2</sub>O 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% Li<sub>2</sub>O. Systematic composite rock chip sampling of more strongly weathered spodumene rich pegmatite returned: 2.9m @ 0.86% Li<sub>2</sub>O, 2.8m @ 0.69% Li<sub>2</sub>O, 3m @ 0.71% Li<sub>2</sub>O, and 3m @ 0.56% Li<sub>2</sub>O, the latter two samples are part of a near true width zone of 12.7m @ 0.45% Li<sub>2</sub>O;**
- **Lithium as spodumene and amblygonite concentrates along with tantalum was produced from pegmatites within the district during the period 1947 – 1952.**

#### **Activities During the Half Year**

Nil this Half Year.

#### **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.**

#### **Activities During the Half Year**

Nil this Half Year.

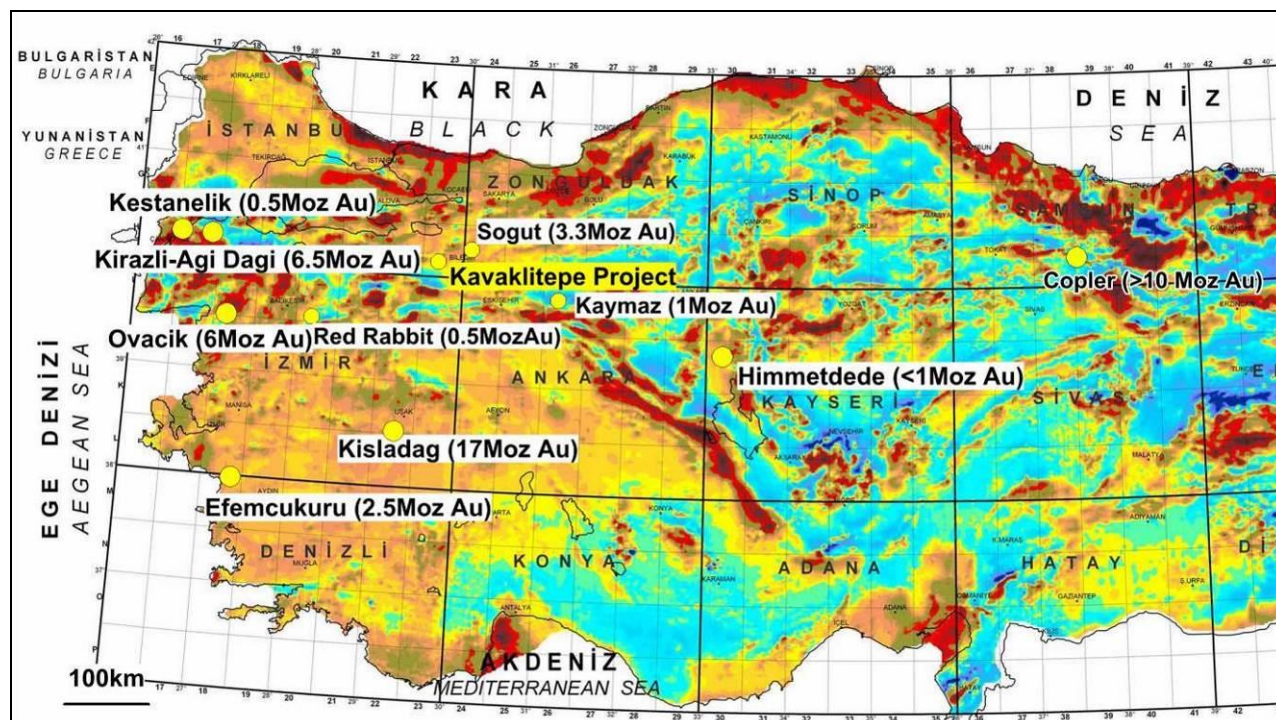
#### **Planned Activities**

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 23%-diluting)

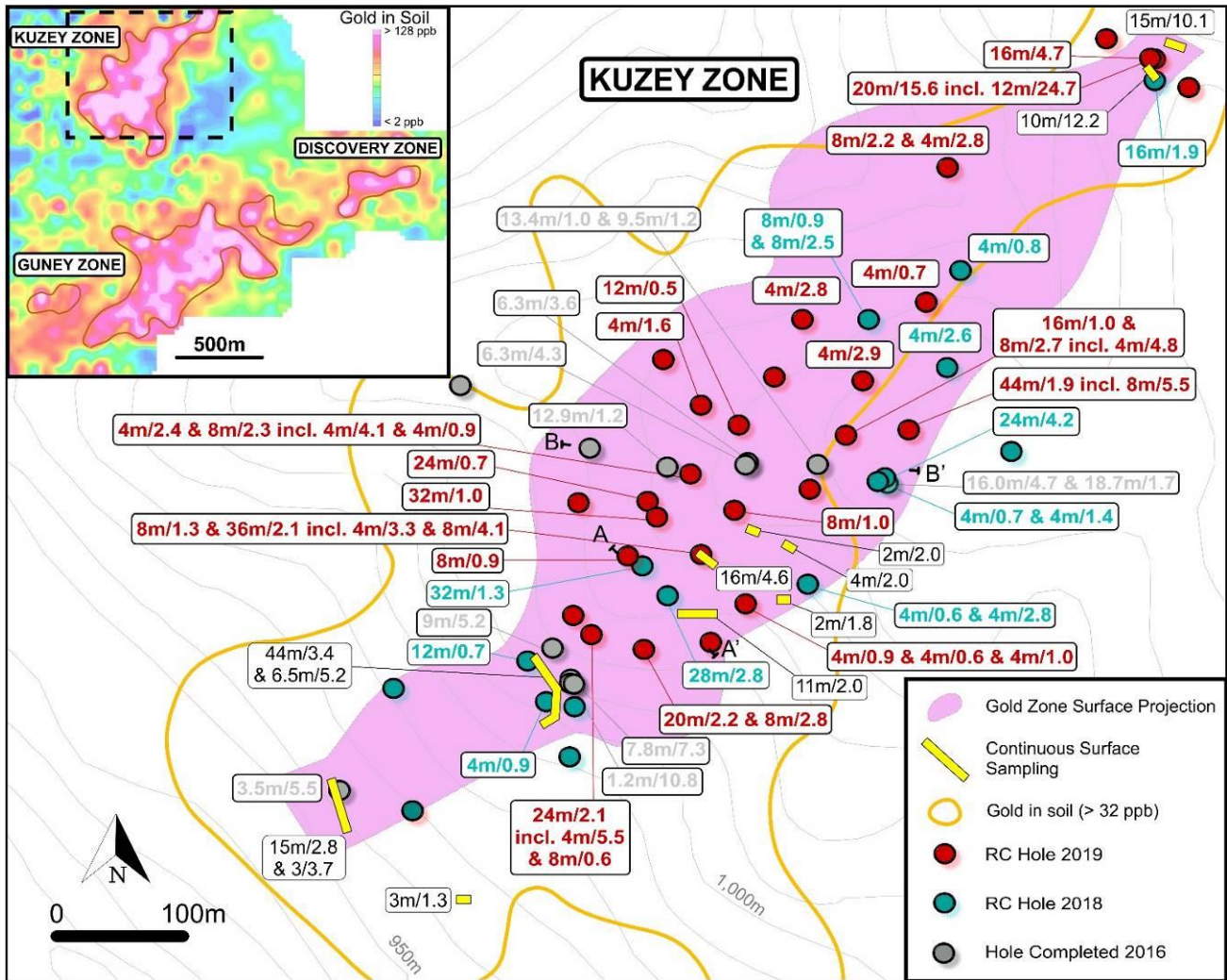
- Two coherent plus 800-metre-long, high order gold in soil anomalies (+50 ppb), with peak soil sample values over 1 g/t gold;
- Kuzey Zone Drill results include: 20m @ 15.6 g/t Au, 16m @ 4.7 g/t Au, 21m @ 3.29 g/t Au, 14m @ 6.09 g/t Au, 16m @ 4.7 g/t, 9m @ 5.2g/t and 7.8m @ 7.3g/t gold, and continuous 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;
- 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.

### Activities During the Half Year

Work completed included a detailed review of the 2019 results and follow-up program design for 2020. The review highlighted the potential for continuous near flat lying gold mineralisation beneath a sequence of near surface barren metavolcanic rocks between the Kuzey and Discovery Gold Zones, located approximately 1km apart.

### Planned Activities

A program of 5 diamond drill holes (and 12 contingent holes) of approximately 300m depth each are planned to be completed in early to mid-2020 to test for the potential of gold mineralization between the Kuzey Zone and Discovery Zone beneath a sequence of interpreted flat-lying barren metavolcanics rocks. Zenith believes that if the proposed drill program is successful in its aims then it could have a significant impact on the project's potential.



**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

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.

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 - 9). 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.

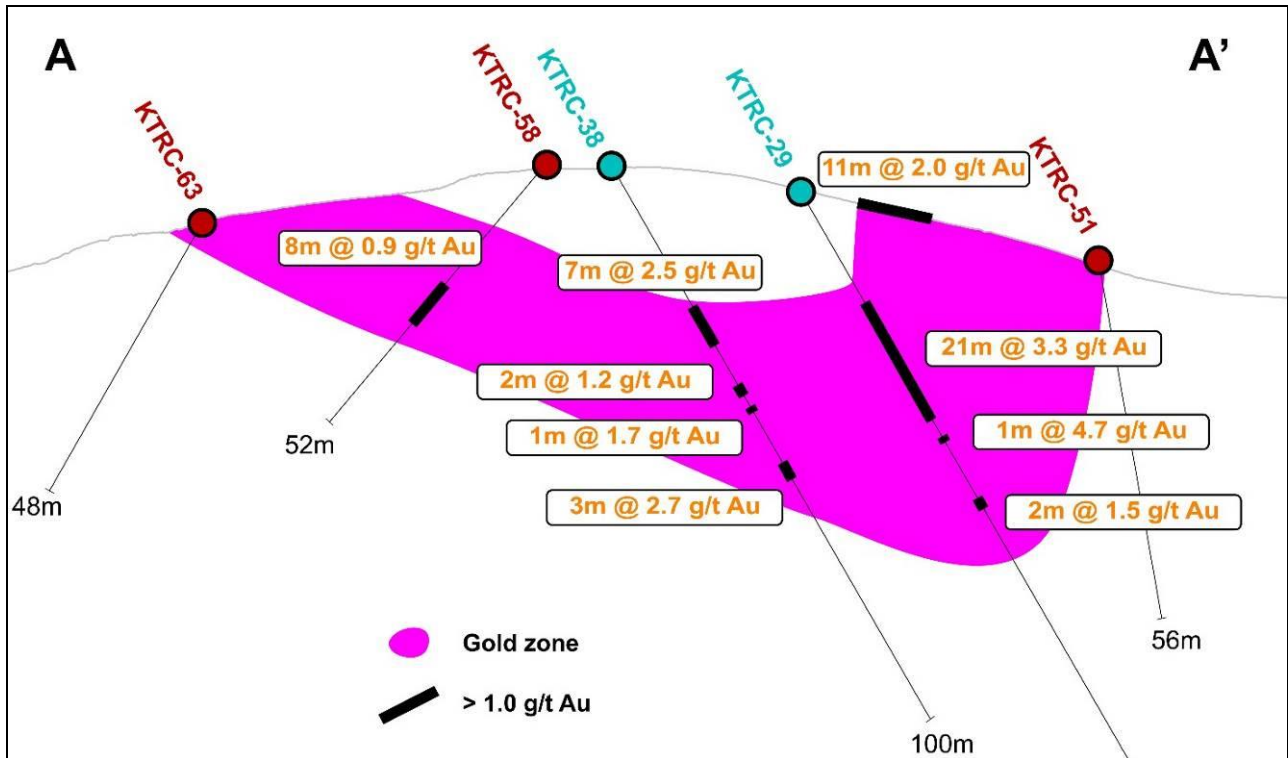


Figure 7: Kavaklitepe Kuzey Zone Preliminary Cross Section A-A'– (Refer to Figure 1 for Location of Cross Section)

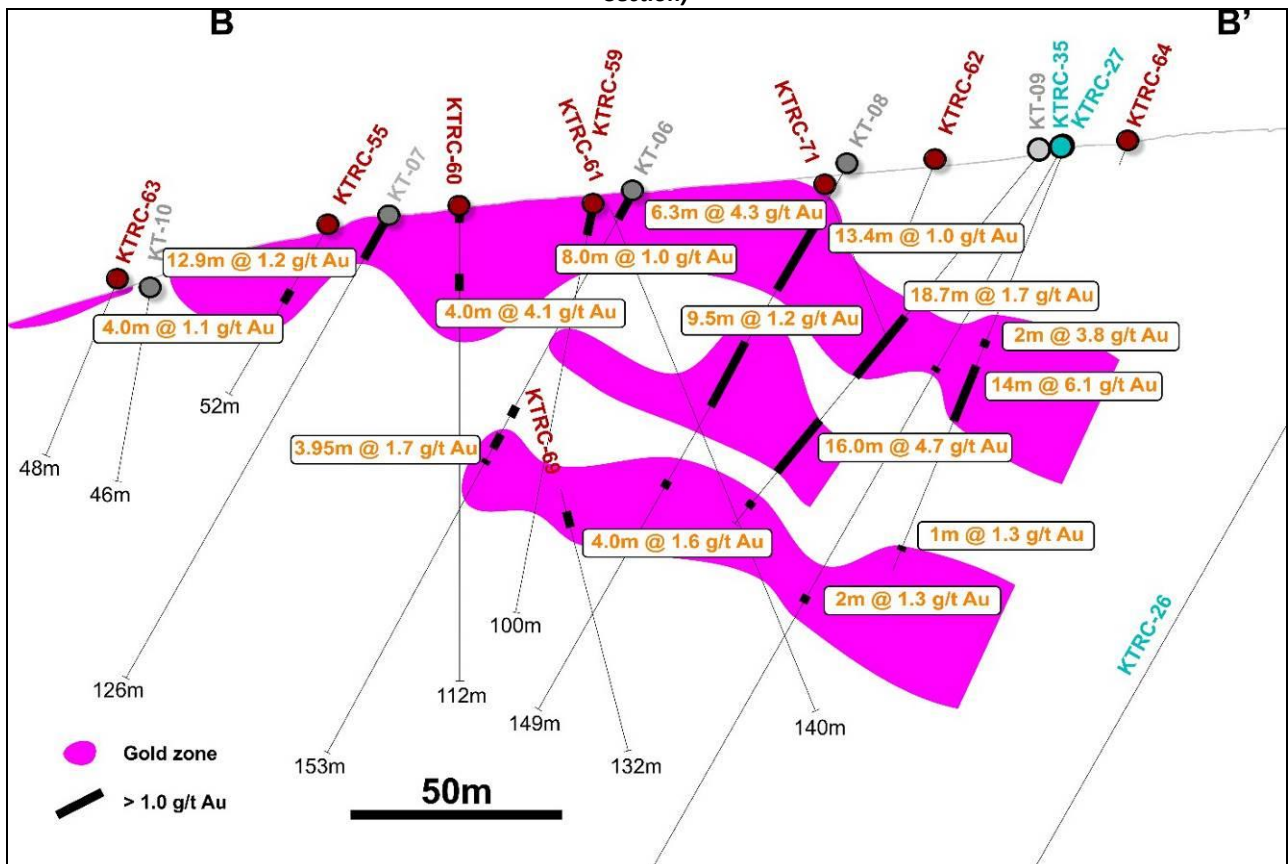


Figure 8: Kavaklitepe Kuzey Zone Preliminary Cross Section B-B'– (Refer to Figure 1 for Location of Cross Section)

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).

A 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 and 2018 drilling and surface sampling programs.

Initial 4 metre composite assay results from follow-up drill testing were received in mid-2019 (refer to Zenith ASX release dated 20<sup>th</sup> June 2019).

Based on preliminary 4 metre composite results the 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. 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. 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 9). Kuzey is one of three gold mineralised zones within the Kavaklitepe Project, the others being Discovery and Guney.

### **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 9). 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.

Follow-up RC Drilling at the Guney Prospect in mid-2019 (drill holes KT-47 to KT-50) returned a maximum of 8.0m @ 0.28g/t Au from surface in drill hole KT-49.

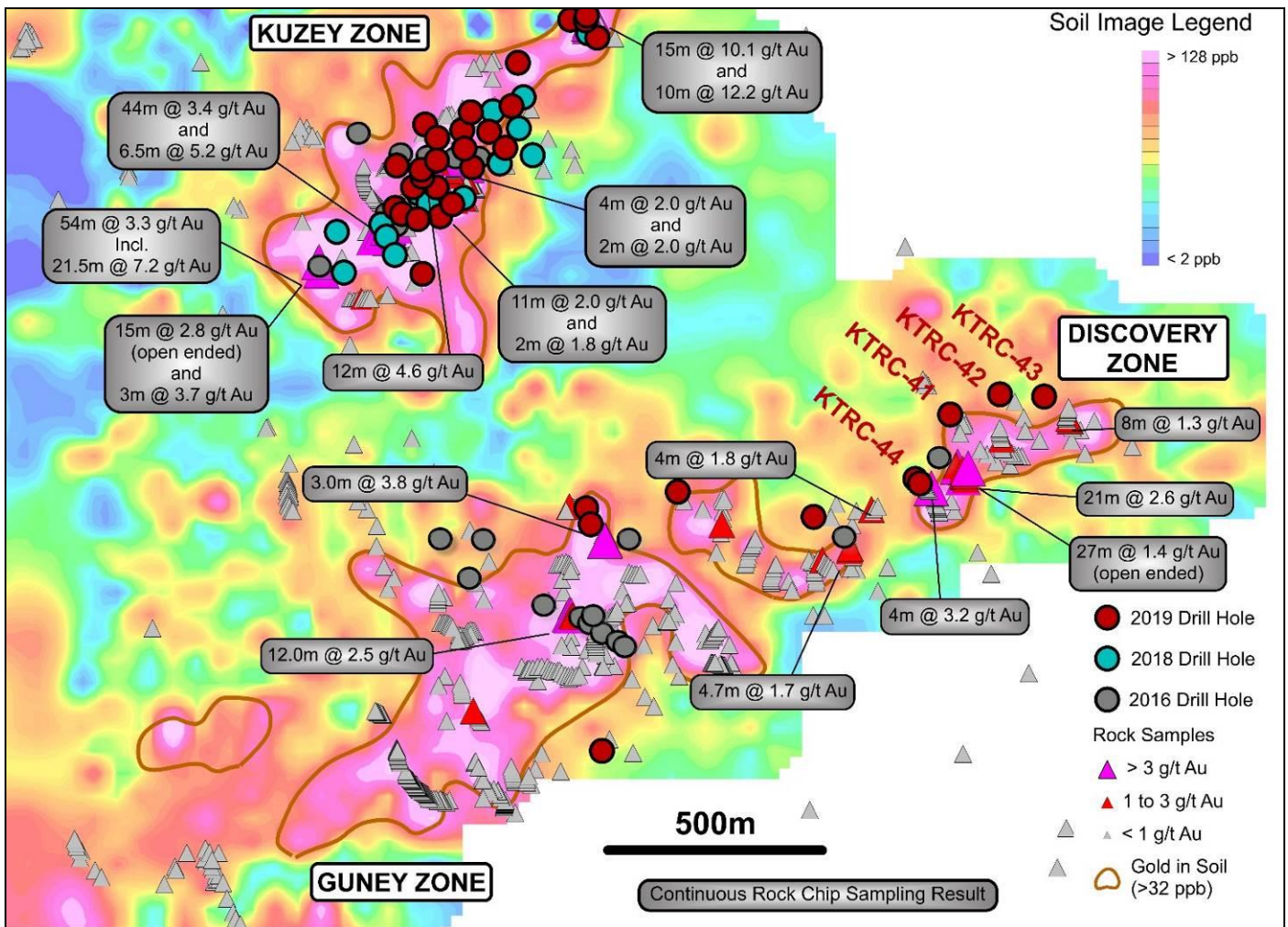
RC drilling undertaken in 2019 at the Discovery and Guney Zones (Figure 9) was completed to follow-up on the previous drill results as well as test bedrock targets where rock traverse sampling along drill access tracks in 2018 returned gold results, including: 8m @ 1.77 g/t Au, 8m @ 1.74 g/t Au, including 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.

Drilling at the Discovery Prospect in mid-2019 (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 9). These drill intersections are also interpreted to be close to true thickness of the gold mineralisation. In addition, further 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 9).

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.

Preliminary scoping level metallurgical test program results received for one composite fresh rock sample, grading 3.40 g/t Au taken from the Kuzey Zone indicates gold is refractory. Diagnostic leach testing indicates approximately 19.2% of the gold is free milling, combined with oxidising via roasting yielded overall gold extraction of 70.1%. Additional leach testing of fine ground samples would be necessary to determine the liberation characteristics and the amount of extractable gold in the fine fraction of the sample.

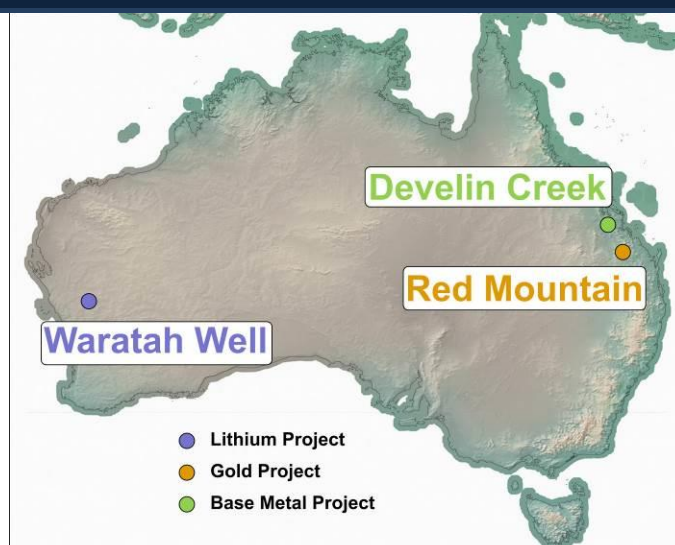
Individual 1 metre samples of the 4-metre composite gold mineralised intervals from the mid-2019 RC drill program have not yet been provided to Zenith.



**Figure 9: Plan Showing Kavaklitepe Project Gold Geochemistry & Location of Drill Holes in Discovery Zone with Significant Drill Results**

## OTHER AUSTRALIAN EXPLORATION PROJECTS

The Company is continuing to explore projects that possess strong technical merit. The Company's focus is advancing its project portfolio of 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 15<sup>th</sup> 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;
- Further systematic regional soil sampling is planned.

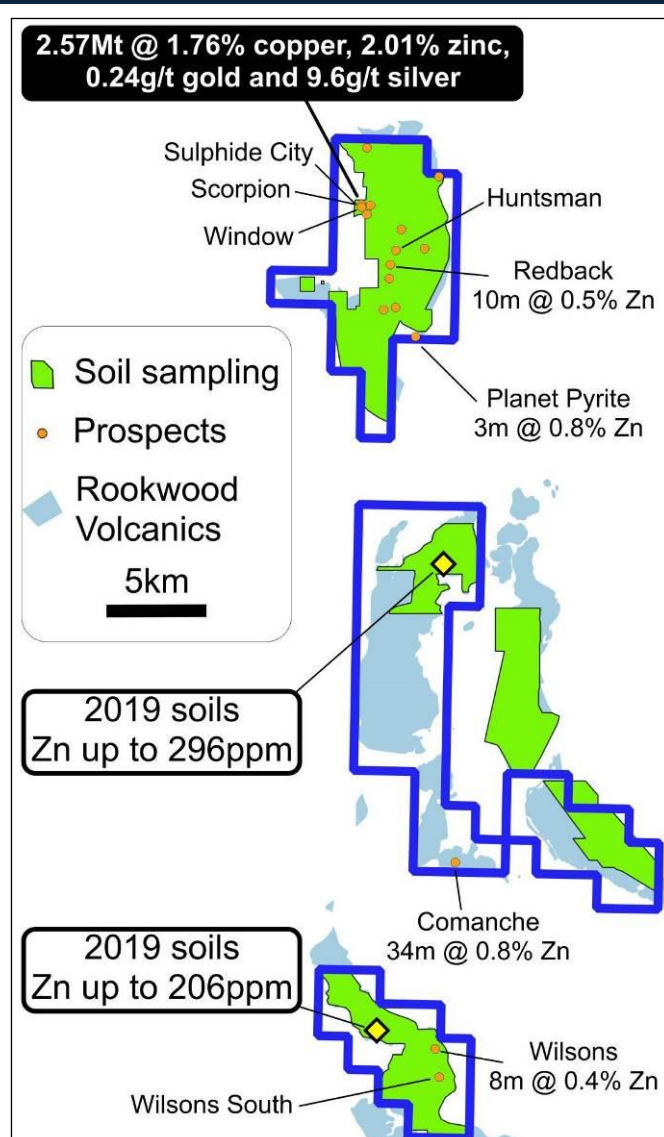
#### Activities During the Half Year

Surface samples were shipped to Perth for analysis.

#### Planned Activities

Completion of analysis of geochemical samples collected during the Half Year from the prospective Rookwood volcanic rock sequences (Figure 10).

**Figure 10: Develin Creek Prospects and New Geochemical Anomalies**



## 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 2.2 g/t Au & peak silver value 2.1 g/t Ag;
- Multiple medium strength chargeability (10mv/v) anomalies, likely to be caused by the presence of sub-surface disseminated sulphides or clay alteration zones, coincident with the margins of the recently mapped felsic volcanic breccia complex
- Red Mountain host rocks, alteration and geochemical association like 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.

### Activities During the Half Year

The Company's 100% owned Red Mountain gold-silver project is in central Queensland within ~100km of operating gold mines at Cracow and Mount Rawdon (Figure 11).

A geophysical survey completed in October 2019 by consulting group Planetary Geophysics at Red Mountain defined multiple medium strength chargeability (10mv/v) anomalies, likely to be caused by the presence of sub-surface disseminated sulphides or clay alteration zones, coincident with the margins of the felsic volcanic breccia complex (Figure 12) as announced to the ASX on 25<sup>th</sup> October 2019.

Results were also received from an infill geochemical program completed to define the limits of the high-grade western gold zone outlining a robust drill target. New high-grade soil results up to 1300ppb Au (1.3 g/t Au) supporting previous results of 2210 ppb Au (2.2g/t Au) 1600ppb Au, 550ppb Au and 320ppb Au define a 450m x 50m >100ppb Au gold soil anomaly, with the southern end of the anomaly grading >500ppb (0.5 g/t Au) over 150m of strike. The high-grade surface gold results form a core to a much larger zone of gold anomalism (>10ppb Au) extending over an area 1200m x 150m on the western margin of the Red Mountain felsic volcanic breccia system (ASX Release 25<sup>th</sup> November 2019).

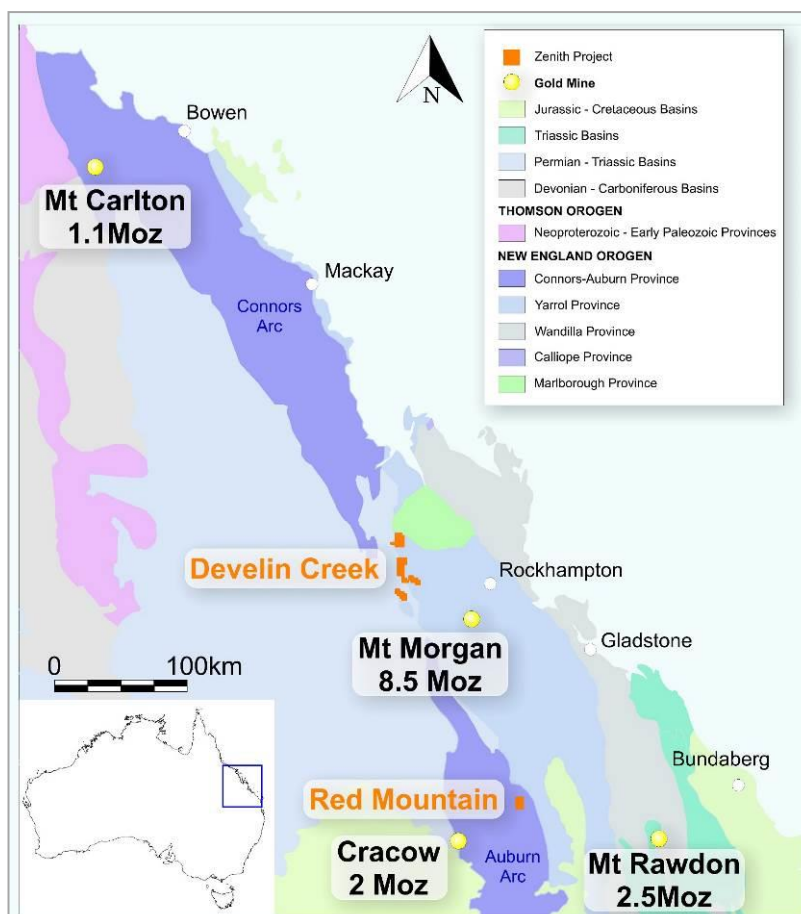
### Background on Red Mountain

A zone of gold and silver mineralisation was discovered by Zenith in mid-2017 (ZNC ASX Release 25<sup>th</sup> July 2017). The maiden exploration program in 2017 at Red Mountain returned rock chip sample results up to 0.69 g/t gold and 114g/t silver. Further field work by Zenith to follow-up these results returned highly encouraging gold and silver rock chip sample results up to 2.01 g/t gold and 52.5 g/t silver about 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 2.2 g/t Au, refer to ZNC ASX release 24<sup>th</sup> September 2019.

**Figure 11: Red Mountain Project – Location Map**

### Planned Activities

Drill testing is planned, approximately 10 holes @ 100m depth each to test the key geochemical-geological and geophysical targets.



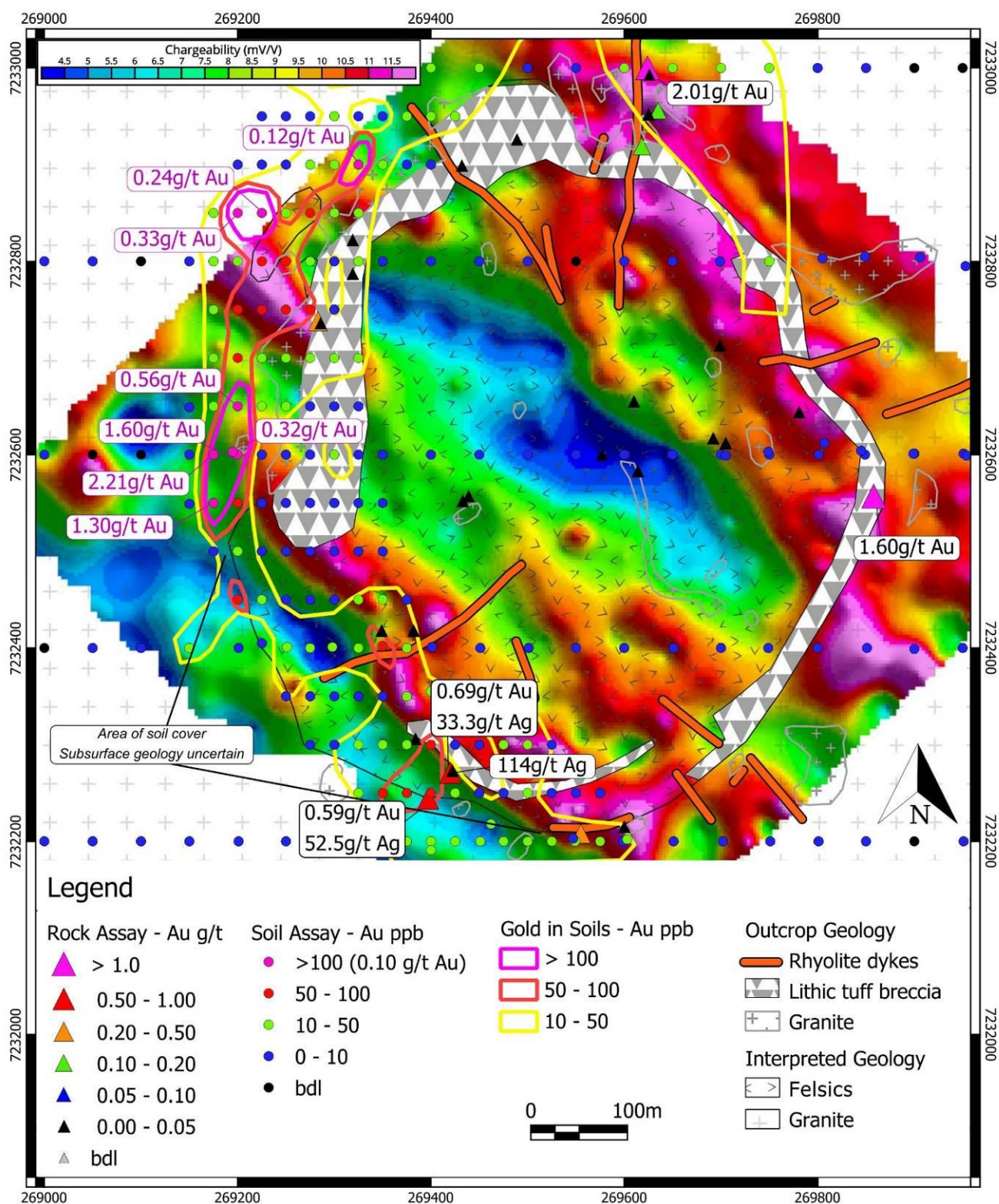


Figure 12: Red Mountain Soil and Rock Results with Geological Outlines over IP Chargeability Image

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

- Waratah Well Project covers area of extensive outcropping LCT pegmatites (3km x 2km) in area where no reported previous exploration for lithium;
- Widespread, high-grade tantalum up to 1166ppm Ta<sub>2</sub>O<sub>5</sub> and lithium up to 1.75% Li<sub>2</sub>O (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.

### **Activities During the Half Year**

Nil this Half Year.

### **Planned Activities**

The Company is progressing a potential transaction with a third party partner to advance the 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 two Australian projects being funded under option by partners:

- Earahedy Zinc and
- Vivash Iron.



## **EARAHEEDY ZINC PROJECT – WA (Zenith 25% free carry to a BFS, ASX: RTR 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.
- Newly recognized sandstone hosted Zn-Pb mineralisation discovery: 11m @ 4.13% Zn+Pb from 61m depth (ASX Release 23<sup>rd</sup> January 2020).
- RC drilling following up the Chinook and Magazine discoveries; and broad spaced RC drilling to scope the 20km's of potential strike, working toward confirming the Exploration Target.

### **Activities During the Half Year**

Joint venture partner Rumble Resources (ASX: RTR) completed RC drilling on the Earahedy Project (E69/3464) with results highlighting two large-scale (large tonnage), flat lying, shallow sandstone hosted Zn-Pb discoveries (refer to ZNC & RTR announcements dated 23<sup>rd</sup> January 2020).

Zenith holds a 25% interest in the Earahedy Joint Venture with Rumble, with Zenith's interest free carried until completion of a Bankable Feasibility Study. In addition, Zenith currently retains a total of 4,509,947 RTR shares received as consideration from Rumble.

The Earraheedy option agreement with Rumble was initially announced to ASX on 12th October 2017, and Rumble last year exercised its option to acquire 75% interest (ASX release 21st October 2019).

The RC drilling programme comprised of 19 drill holes (1518m total) targeting the interpreted up-dip position of the prospective unconformity related basal sandstone sub-basin. No previous drilling has tested this position.

The two areas tested are some 10km apart. The drilling tested along strike on 500m hole spacing. Drill holes were vertical, ranging from 60 to 108m depth.

#### **Chinook Prospect**

- Shallow flat lying sandstone hosted Zn – Pb mineralisation discovery: **\*11m @ 4.13% Zn + Pb, 12.8 g/t Ag from 61m (EHRC019) within \*22m @ 2.52% Zn + Pb from 53m**
- Strong continuity of mineralisation.
- RC drilling on 500m spacing.
- Historic RC drill hole (500m NE of EHRC019) returned **\*7m @ 3.42% Zn + Pb from 60m.**
- Flattening of the mineralised sandstone unconformity highlights the scope for large-scale, shallow and continuous Zn–Pb mineralisation.
- Silver consistent with Zn – Pb mineralisation. Nearby historic diamond drilling returned: **4m @ 559 g/t Ag and 2m @ 149 g/t Ag.**
- Mineralisation is completely open up-dip and along strike.

#### **Magazine Prospect (10km southeast of Chinook Prospect)**

- Shallow flat lying unconformity related sandstone hosted Zn – Pb mineralisation discovery returned: **\*11m @ 2.05% Zn + Pb, 3.2 g/t Ag from 70m (EHRC003)**
  - Strong continuity of Zn Pb mineralisation.
  - RC drill hole spacing 400 – 600m apart.
  - Historic RC drill hole (440m NE of EHRC003) returned **\*11m @ 3.5% Zn + Pb from 103m**
  - The sandstone hosting Zn – Pb has flattened with a slight (<5° NE) dip allowing scope for large-scale, shallow and continuous mineralisation.
  - Mineralisation is open up-dip, to the northwest and partly open to the southeast.
- \*indicates true width of mineralisation*

Rumble outlined a shallow Exploration Target<sup>^</sup> at the Earraheedy Project of 40Mt to 100Mt at 3.5% Zn-Pb to 4.5% Zn-Pb based on recent drilling results, geological understanding of the mineralisation geometry, continuity of mineralisation and regional geology, highlighting the potential for Earraheedy to be a world class Tier 1 base metal province.

<sup>^</sup>*The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Refer to further details on page 6 of the ZNC-RTR announcement dated 23<sup>rd</sup> January 2020.*

#### **Planned Activities**

RC drilling following up the Chinook and Magazine discoveries; and broad spaced RC drilling to scope the 20km's of potential strike, working toward confirming the Exploration Target.

### **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.
- During the Half Year RTX completed a 9-hole RC drill programme totalling 588m to test for mineralised Brockman Iron Formation.

#### **Activities During the Half Year**

RTX completed a 9-hole RC drill programme totalling 588m to test for mineralised Brockman Iron Formation at the Vivash Gorge Iron Project. One drill hole intersected 14m of detrital mineralisation grading 55.9%Fe whilst the best bedrock intersection within the Whaleback Shale Member returned 6m @ 56.3%Fe (Refer to ASX Release 31<sup>st</sup> January 2020).

### **Planned Activities**

- 3D modelling of Vivash Gorge area
- Field reconnaissance to assess other Brockman and Marra Mamba targets in the tenement
- Potential drill campaign depending on outcome of reconnaissance

### **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**

Refer to Vivash Gorge transaction terms provided in ASX Release dated 31<sup>st</sup> October 2019.

## **MINERAL RESOURCES IN RETENTION**

The Company has secured retention licences over the Earacheedy 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.



## **EARAHEEDY MANGANESE PROJECT – WA (Zenith 100%)**

Manganese Mineral Resources at Red Lake and Lockeridge are retained under retention licences pending an improvement in market conditions. Refer to the Company's website [www.zenithminerals.com.au](http://www.zenithminerals.com.au) for further details. The Company is progressing a potential transaction with a third party partner for the manganese opportunity.

## **ROYALTIES & PRODUCTION PAYMENTS**

### **MT ALEXANDER IRON PROJECT – WA**

Zenith completed the sale of its 100% owned Mt Alexander magnetite iron project located in Western Australia to a private Australian company in June 2019. In addition to the initial consideration Zenith 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 (ZNC ASX release dated 26<sup>th</sup> June 2019).

## **NEW OPPORTUNITIES**

The Company has continued to assess new and third party properties as part of its project generation activities.

## **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 the Mineral Resource Estimate and Exploration Target 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.*

### **Review of Operations (cont.)**

The net loss of the Consolidated Entity after income tax for the half-year ended 31 December 2019 was \$354,209 (31 December 2018: \$559,466). No dividends were paid or provided for during the half-year.

At 31 December 2019, the Company had \$1,575,194 (30 June 2019: \$1,063,317) in cash and term deposits to finance its operations.

### **Significant Changes in the State of Affairs**

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

### **Events after the reporting period**

There are no other matters or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of operations, or the consolidated entity's state of affairs in future financial years.

The Condensed Consolidated Financial Report of Zenith Minerals Limited and controlled entities ("Consolidated Entity") for the half-year ended 31 December 2019 was authorised for issue in accordance with a Resolution of the Directors on 10<sup>th</sup> March 2020.

### **Auditor's Independence Declaration**

The Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, for the half-year ended 31 December 2019 has been received and included on page 26 of the Interim Financial Report.

Signed in accordance with a Resolution of Directors.

On behalf of the Directors



**Rodney Michael Joyce**  
**Chairman**  
Perth

Dated: 10<sup>th</sup> March 2020

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF ZENITH MINERALS LIMITED**

In relation to our review of the financial report of Zenith Minerals Limited for the half year ended 31 December 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**

10 MARCH 2020  
WEST PERTH,  
WESTERN AUSTRALIA

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Half-Year ended 31 December 2019**

	Note	Consolidated 31 December 2019 \$	31 December 2018 \$
<b>Revenue from continuing operations</b>	3	357,796	128,847
Profit on part disposal of equity investment in Associate	6	13,106	-
Other income	4	6,897	1,712
Interest revenue		433	1,795
<b>Expense</b>			
Employee benefits expenses		(177,045)	(178,024)
Share option-based payment	13	(44,864)	(60,912)
Depreciation and amortisation expense		(15,754)	(4,638)
Exploration expenditure expensed		(6,890)	(74,568)
Exploration expenditure written off	9	(243,252)	(55,948)
Impairment loss on exploration	9	(9,006)	(56,624)
Premise costs		-	(35,100)
Net fair value loss on other financial assets		(93,159)	(107,251)
Share of losses of Associate accounted for using equity method	6	(7,165)	(10,272)
Other operating expenses		(132,667)	(108,483)
Finance costs		(2,639)	-
<b>Loss before income tax</b>		(354,209)	(559,466)
Income tax benefit		-	-
<b>Loss after income tax benefit for the period</b>		(354,209)	(559,466)
<b>Other comprehensive income</b>			
<i>Items that might be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(10,057)	(2,505)
Other comprehensive income for the period (net of tax)		(10,057)	(2,505)
<b>Total comprehensive loss for the period</b>		(364,266)	(561,971)
<b>Loss per share</b>		Cents	Cents
Basic loss per share		(0.16)	(0.26)
Diluted loss per share		(0.16)	(0.26)

*The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2019**

	<b>Note</b>	<b>Consolidated 31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<b>Current assets</b>			
Cash and cash equivalents		1,575,194	1,063,317
Trade and other receivables	7	75,789	6,511
Financial asset at fair value through profit or loss	8	302,166	43,147
Other current assets		35,363	6,789
<b>Total current assets</b>		<u>1,988,512</u>	<u>1,119,764</u>
<b>Non-current assets</b>			
Trade and other receivables	7	8,400	-
Investment in associate	6	292,708	275,337
Financial asset at fair value through profit or loss	8	7,837	10,015
Plant and equipment		22,579	27,271
Right of use asset	10	26,107	-
Exploration and evaluation expenditure	9	3,634,021	3,199,220
<b>Total non-current assets</b>		<u>3,991,652</u>	<u>3,511,843</u>
<b>TOTAL ASSETS</b>		<u>5,980,164</u>	<u>4,631,607</u>
<b>Current liabilities</b>			
Trade and other payables		49,044	129,707
Lease liability		74,488	-
Employee benefits		69,291	66,148
<b>Total current liabilities</b>		<u>192,823</u>	<u>195,855</u>
<b>Non-current liabilities</b>			
Lease liability		12,772	-
<b>Total non-current liabilities</b>		<u>12,772</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>205,595</u>	<u>195,855</u>
<b>NET ASSETS</b>		<u>5,774,569</u>	<u>4,435,752</u>
<b>Equity</b>			
Issued capital	11	22,142,262	20,475,655
Reserves	12	43,450	138,131
Accumulated losses	12	(16,411,143)	(16,178,034)
<b>TOTAL EQUITY</b>		<u>5,774,569</u>	<u>4,435,752</u>

*The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Condensed Consolidated Statement of Changes in Equity  
For the Half-Year ended 31 December 2019**

	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2018</b>	20,475,655	104,048	(15,482,542)	5,097,161
Loss for the period	-	-	(559,466)	(559,466)
Other comprehensive income	-	(2,505)	-	(2,505)
Total comprehensive loss	-	(2,505)	(559,466)	(561,971)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of staff options (note 12a)	-	60,912	-	60,912
<b>Balance at 31 December 2018</b>	20,475,655	162,455	(16,042,008)	4,596,102
<b>Consolidated</b>				
<b>Balance at 1 July 2019</b>	20,475,655	138,131	(16,178,034)	4,435,752
Adjustment for change in accounting policy	-	-	(8,388)	(8,388)
<b>Restated balance at 1 July 2019</b>	20,475,655	138,131	(16,186,422)	4,427,364
Loss for the period	-	-	(354,209)	(354,209)
Other comprehensive income	-	(10,057)	-	(10,057)
Total comprehensive loss	-	(10,057)	(354,209)	(364,266)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 11)	1,666,607	-	-	1,666,607
Issue of staff options (note 12a)	-	44,864	-	44,864
Expiry of staff options (note 12a)	-	(129,488)	129,488	-
<b>Balance at 31 December 2019</b>	22,142,262	43,450	(16,411,143)	5,774,569

*The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Condensed Consolidated Statement of Cash Flows  
For the Half-Year ended 31 December 2019**

	<b>31 December 2019 \$</b>	<b>Consolidated 31 December 2018 \$</b>
<b>Cash flow from operating activities</b>		
Receipts from customers	50,111	22,312
Payments paid to suppliers and employees	(466,488)	(430,506)
Reimbursement of costs per Farm-in Agreement	-	50,000
Option Fee	-	60,000
Payments for exploration and evaluation expenditure	(720,575)	(651,529)
Interest received	554	1,789
<b>Net cash used in operating activities</b>	<u>(1,136,398)</u>	<u>(947,934)</u>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(3,185)	(7,818)
Payments to acquire investments	-	(189,874)
Proceeds for disposal of financial assets at fair value	-	11,147
<b>Net cash used in investing activities</b>	<u>(3,185)</u>	<u>(186,545)</u>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares and options	1,663,494	-
Transaction costs related to issue of shares	(21,887)	-
<b>Net cash provided by financing activities</b>	<u>1,641,607</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents held	502,024	(1,134,479)
Cash and cash equivalents at the beginning of the period	1,063,317	2,449,932
Effect of movement in exchange rates on cash held	9,853	31,208
Cash and cash equivalents at the end of the period	<u>1,575,194</u>	<u>1,346,661</u>

*The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019****1. Significant Accounting Policies****STATEMENT OF COMPLIANCE**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below.

**ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

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

Any new or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 16 Leases**

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

*Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)**

	<b>1 July 2019 \$</b>
Operating lease commitments as at 1 July 2019 (AASB 117)	139,707
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(2,205)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 July 2019 (AASB 16)	<u>(23,869)</u>
	<u>113,633</u>
Right-of-use assets (AASB 16)	41,633
Lease receivable (AASB 16) – current	43,200
Lease receivable (AASB 16) – non-current	28,800
Lease liabilities - current (AASB 16)	(71,550)
Lease liabilities - non-current (AASB 16)	<u>(50,471)</u>
Reduction in opening retained profits as at 1 July 2019	<u>(8,388)</u>

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)**

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Going Concern Basis**

The Group has net assets of \$5,744,569 (June 2019: \$4,435,752) as at 31 December 2019 and incurred a loss of \$354,209 (2018: \$559,466) and net operating cash outflow of \$1,136,398 (2018: \$947,934) for the period ended 31 December 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 condensed consolidated financial statements.

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.

**2. Operating Segments**

The Consolidated Entity operates in geographical locations, Australia, United States of America (USA) and in Turkey-Europe (as acquired in the 2014 acquisition), and is organised into one operating segment being mineral, mining and exploration and all of the Consolidated Entity's resources and 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 as described in the 30 June 2019 Annual Report.

**Geographical Information**

	Sales to external customers		Geographical non-current assets	
	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	\$	\$	\$	\$
Australia	-	-	3,190,767	2,782,848
USA	-	-	76,387	10,015
Turkey	-	-	724,498	718,980
	-	-	3,991,652	3,511,843

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**3. Revenue -  
From continuing operations**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Other Revenue</i>		
Exploration Income – Profit on Sale of 75% Tenement Interest	328,091	-
Exploration income – Option Fee	-	60,000
Exploration income - Other	17,124	16,039
Other revenue	12,581	52,808
	<u>357,796</u>	<u>128,847</u>
Revenue from continuing operations	<u>357,796</u>	<u>128,847</u>

**4. Other Income**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit on part disposal of right of use asset	6,897	-
Insurance recovery	-	1,712
	<u>6,897</u>	<u>1,712</u>

**5. Dividends**

During the current half-year ended 31 December 2019 and previous financial year, no dividends were paid, recommended or declared.

**6. Interest in Associate**

The consolidated entity has a 23% (June 2019: 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, as it is deemed to have significant influence.

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Movement Reconciliation</b>		
Balance at beginning of financial year	275,337	147,733
Payments for investment	21,487	189,874
Share of loss recognised	(7,165)	(35,441)
Profit on part disposal of investment	13,106	-
Foreign exchange gain/(loss)	(10,057)	(26,829)
Balance at end of financial period/year	<u>292,708</u>	<u>275,337</u>

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**7. Trade and Other Receivables**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Lease receivables (i)	50,400	-
Other receivables	25,389	6,390
Interest receivable	-	121
	75,789	6,511
<i>Non-Current</i>		
Lease receivables	8,400	-
	8,400	-

(i) The Company has a number of sub-leases with various parties which are the same term as the Company's lease, i.e. expiry date of 28 February 2021 with an option to extend for another year. They are on a fixed monthly rent payable within 30 days.

**8. Financial Assets at Fair Value through Profit and Loss**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Listed ordinary shares – at fair value through profit and loss	302,166	43,147
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	43,147	49,428
Additions	350,000	-
Disposals	-	(11,147)
Revaluation decrement	(90,981)	4,866
Closing fair value	302,166	43,147
<i>Non-Current</i>		
Unlisted investment – at fair value through profit and loss	7,837	10,015
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years		
Opening fair value	10,045	115,772
Revaluation decrement	(2,178)	(105,757)
Closing fair value	7,837	10,015

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**9. Exploration and Evaluation Expenditure**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial period	3,199,220	2,504,425
Capitalised expenditure	730,454	904,608
Less: capitalised expenditure written against proceeds on sale of interest in tenement	(21,909)	-
Less: capitalised expenditure reimbursed – Farm in Agreement	-	(46,961)
Less: capitalised exploration expenditure recognised as equity investment in associate	(21,486)	-
Less: exploration expenditure written off	(243,252)	(65,079)
Less: impairment of exploration expenditure	(9,006)	(97,773)
Balance at end of financial period	<u>3,634,021</u>	<u>3,199,220</u>

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 half year ended 31 December 2019, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$9,006 (30 June 2019: \$97,773) 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 totalling \$243,252 (30 June 2019: \$65,079) 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.

**10. Right-of-use asset**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Land and buildings – right-of-use	37,730	-
Less: Accumulated depreciation	(11,623)	-
	<u>26,107</u>	<u>-</u>

The Company leases land and buildings for its offices under a two-year agreement. There is an option to renew for a further twelve months at the discretion of the landlord. The Company sub-leased 68.8% of the offices, and has thus reclassified this portion of the right-of-use asset to lease receivables.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**11. Issued Capital**

		<b>31 December 2019</b>		<b>30 June 2019</b>
	<b>Shares No.</b>	<b>\$</b>	<b>Shares No.</b>	<b>\$</b>
Fully paid ordinary shares balance at beginning of period	212,762,128	20,475,655	212,762,128	20,475,655
Issue of ordinary shares	30,597,902	1,688,494	-	-
Cost of issue	-	(21,887)	-	-
<b>Total</b>	<b>243,360,030</b>	<b>22,142,262</b>	<b>212,762,128</b>	<b>20,475,655</b>

During the half year ended 31 December 2019, the following changes to Equity Securities took place:

- (a) On 20 August 2019, 352,567 fully paid ordinary shares were issued at \$0.07091 for consideration amounting to \$25,000, for geochemical assay data.
- (b) On 28 October 2019, the Company announced a capital raising by way of a Non-renounceable entitlement offer to existing shareholders of 1 new fully paid ordinary share for every 6 fully paid ordinary shares held by eligible shareholders at record date being 5pm (AEDT) on 31<sup>st</sup> October 2019. A total of 30,245,335 ordinary ZNC shares were issued during the Half Year raising \$1,663,494.
- (c) On 25 November 2019, Zenith Minerals Limited issued 3,950,000 unlisted employee share scheme options exercisable at \$0.087 each expiring on 24 November 2022.
- (d) On 29 November 2019, 2,500,000 unlisted employee share scheme options (ASX Class/Code ZNCAC) exercisable at \$0.161 each expired.

**12. Reserves and Accumulated Losses**

	<b>Consolidated 31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<b>(a) Reserves</b>		
<i>Option Reserve</i>		
Balance at beginning of financial period	200,048	139,136
Issue of staff options (note 11(c))	44,864	60,912
Expired/cancelled staff options (note 11(d))	(129,488)	-
Balance at end of financial period	<u>115,424</u>	<u>200,048</u>
<i>Foreign currency Translation Reserve</i>		
Balance at beginning of financial period	(61,917)	(35,088)
Foreign currency translation	(10,057)	(26,829)
Balance at end of financial period	<u>(71,974)</u>	<u>(61,917)</u>
<b>Total Reserves</b>	<u>43,450</u>	<u>138,131</u>
<b>(b) Accumulated Losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of financial period	(16,178,034)	(15,482,542)
Expired staff options	129,488	-
Adjustment for change in accounting policy	(8,388)	-
Loss for the period	(354,209)	(695,492)
Balance at end of financial period	<u>(16,411,143)</u>	<u>(16,178,034)</u>

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2019 (continued)**

**13. Share Based Payments**

Set out below is the movement of options granted:

**31 December 2019:**

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted and vested 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
25 Nov 2019	24 Nov 2022	\$0.087	-	3,950,000	-	-	3,950,000	3,950,000
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)*	-	-
			4,150,000	3,950,000	-	(2,500,000)	5,600,000	5,600,000

\*2,500,000 \$0.161 unlisted options expired on 29 November 2019. These had a fair value of \$0.05179

**30 June 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

For the options granted during the half year ended 31 December 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:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25 Nov 2019	24 Nov 2022	\$0.055	\$0.087	50.55%	-	0.69%	\$0.011358

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.

Total expense recognised as share-based payments during the half year ended 31 December 2019 was \$44,864 (2018: \$60,912).

**14. Related Party Transactions**

Arrangements with related parties continue to be in place. For details on these arrangements, please refer to the 30 June 2019 Annual Report.

**15. Contingent Liabilities and Assets**

The Consolidated Entity had no contingent liabilities or assets as at 31 December 2019 or 2018.

**Notes to the Condensed Consolidated Financial Report**  
**For the Half-Year ended 31 December 2019 (continued)**

**16. Fair Value Measurement**

*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 – 31 December 2019**

	<b>Level 1</b> <b>\$</b>	<b>Level 2</b> <b>\$</b>	<b>Level 3</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<i>Assets</i>				
Financial assets at fair value through profit or loss	302,166	7,837	-	310,003
Total Assets	302,166	7,837	-	310,003

**Consolidated – 30 June 2019**

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

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.

**Valuation techniques for fair value measurements categorised within level 2:**

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

**17. 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 \$317,289 during the next 12 months (30 June 2019: \$574,192). 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.

**18. Events after the reporting period**

There are no other matters or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of operations, or the consolidated entity's state of affairs in future financial years.

**Directors' Declaration**

In the Directors' opinion:

1. The Financial Statements and notes thereto, comply with the *Corporations Act 2001* including:
  - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2019 and of its performance for the financial half year ended on that date.
2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



**Rodney Michael Joyce**  
**Chairman**

Perth, 10<sup>th</sup> March 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ZENITH MINERALS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Zenith Minerals Limited (the "Company") and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company and the entities it controlled at 31 December 2019, or during the half year.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zenith Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$354,209 (2018: \$559,466) and operating cash outflows of \$1,136,398 (2018: \$947,934) during the period ended 31 December 2019. This condition, along with other matters as set out in note 1, 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 going concern.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the Directors' of the Company a written Auditor's Independence Declaration.

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## Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Zenith Minerals Limited during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF PERTH



SHANE CROSS  
PARTNER

10 MARCH 2020  
WEST PERTH,  
WESTERN AUSTRALIA