



Zenith  
Minerals  
Limited

ABN 96 119 397 938

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2015**

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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)

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Australian Securities Exchange

Home Exchange: Perth, Western Australia

Code: ZNC

Dear fellow shareholders,

The 2014–2015 financial year was again a very testing time for small resource companies. Commodity prices continued to hit post GFC lows, with overall market perception that the commodity supercycle had passed meaning that capital markets remained effectively closed to mineral exploration and development plays. Zenith's move last year to diversify the Company's commodity emphasis away from bulk commodities iron ore and manganese, and into gold and copper-zinc certainly was timely.

In times like these, the Company is fortunate to have an experienced and invested management and Board who have been through market downturns before, and are prepared to support the Company, along with long term supportive shareholders. We have continued to protect the Company's capital structure, avoided highly dilutive raisings, and cut costs hard. The Company's employees and Board took significant voluntary cuts to remuneration during the year, and reviews of tenement prospectivity led to significant reductions in holding costs.

Despite the constraints on exploration spending, we continued to make significant progress at our key projects, particularly at Develin Creek in Queensland, where we have acquired control of an entire VHMS (volcanic hosted massive sulphide) belt with over 50 kilometres of strike. Drilling during the year intersected extensions to the massive sulphide deposits, leading to a significant resource upgrade from 1.76 million tonnes to 2.57 million tonnes, a 50% increase in tonnes at overall slightly higher copper grade. The Company has also generated numerous targets away from the 3 currently identified deposits, with new gossans discovered, over 7,000 surface soil samples collected, and geophysical surveys completed.

At Kavaklitepe in Turkey, Zenith announced a new partner in Teck Resources Limited. Teck's involvement has greatly facilitated the permitting process, including the recent grant of an Operational Licence. As soon as all approvals are in place, initial trenching and drilling is planned into a new gold discovery, including a rock traverse sample along a road bank through the target zone which returned 54 metres @ 3.33g/t gold, including 21.5 metres at 7.2 g/t gold.

High-grade gold in surface rock samples was also confirmed at the Mt Minnie project in Western Australia, and further soil and rock sampling is planned to define drill targets.

At our existing Mt Alexander magnetite iron and Earacheedy manganese projects, we completed low cost work on resource upgrades, and will minimise short term expenditure on these projects under retention status.

On behalf of the Board I thank Zenith's small and dedicated operational team for their efforts.



**Rodney (Mike) Joyce**  
**Chairman**

22 September 2015

## Exploration and Development Activities

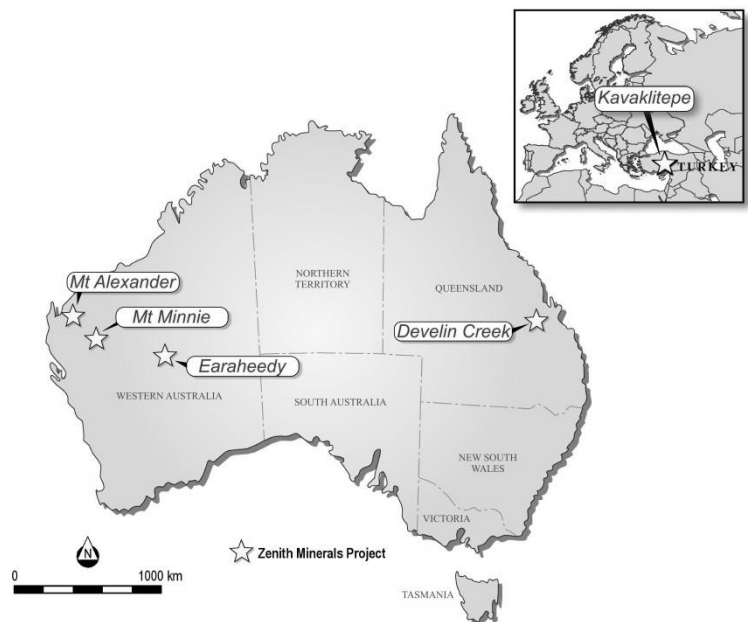
### Projects Overview

The Company has continued to advance its project portfolio refocusing its exploration efforts on copper and gold (Kavaklitepe – Turkey, Develin Creek – Queensland and Mt Minnie – Western Australia) whilst ensuring that its bulk commodity projects (Mt Alexander magnetite iron and Earahedy manganese both located in Western Australia) remain in good standing allowing for rapid reactivation when bulk commodity markets return to more buoyant levels.

Drilling at the Develin Creek copper-gold-zinc project in Queensland during the year resulted in a 50% increase in the inferred mineral resource. This increase is an outstanding achievement and the Company remains enthusiastic about the potential for the discovery of additional resources within the highly prospective landholdings held under the Company's tenure. Budget for the upcoming year is allocated to a mix of resource development studies to progress the three known massive sulphide copper-gold-zinc deposits and to discovering new resources via rapid, low cost screening techniques.

With the new involvement of Teck Resources Limited at the Kavaklitepe gold project in Turkey the Company has made steady progress in gaining the requisite permits for ground exploration activities including the recent grant of an Operational Licence to replace the recently expired Exploration Licence. Forestry permits for trenching and drilling to test the very large, high-grade gold in soil, rock chip and coincident geophysical anomalies have been submitted and are expected to be forthcoming in the new financial year. Although it is taking a significant period of time to gain access to Kavaklitepe for drilling the exploration target is high-calibre and the Company is prepared to remain patient and diligent in unlocking its potential.

During the year, surface sampling at the Woods Prospect within the Mt Minnie gold project in Western Australia returned exciting, early stage, surface gold results. Orientation work has shown that the outcropping, gold-rich quartz veins can be detected simply by the analysis of sieved surface soil samples. A systematic sampling program is planned, with follow-up drilling to test the size of the gold prospect, should it be warranted.



New resource estimates were completed this year for the Mt Alexander West magnetite iron deposit and the high-grade Lockeridge manganese oxide deposit, whilst resource updates were completed for the Mt Alexander magnetite iron and the high-grade Red Lake manganese oxide deposits.

Expenditure on both the Mt Alexander iron project and the Earraheedy manganese project will be minimized until such time as bulk commodity markets rebound.

### **DEVELIN CREEK COPPER-ZINC-GOLD-SILVER PROJECT – QUEENSLAND**

**(Zenith 51%, right to acquire 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.**
- **Mineralisation remains open at all 3 massive sulphide deposits, with upside to resource grades with Zenith RC hole twinning previous 1993 percussion hole returning significantly higher copper, zinc, gold and silver grades (300% to 700% higher);**
- **Initial metallurgical testwork show positive first stage “rougher” recoveries of 90%;**
- **Highly prospective host rock extends up to 50km north - south in Develin Creek tenure;**
- **Ongoing systematic soil geochemical programs proven a successful, initial screening tool;**
- **Soil sampling has generated several new targets including the Huntsman prospect, where follow-up mapping identified gossans containing up to 1.1% copper.**

Located 80km north-west of Rockhampton in Central Queensland, the Develin Creek base metals project hosts several copper-zinc-gold-silver volcanic hosted massive sulphide deposits and covers an extensive belt of underexplored prospective host rocks. Mineralisation comprises massive sulphide, stringer and breccia style copper-zinc-gold-silver deposits, hosted by basalts.

The Develin Creek deposits are of a style similar to those currently being mined by Sandfire Resources NL at DeGrussa and Independence Group NL at Jaguar-Bentley, which are both located in Western Australia. These types of deposits typically occur in clusters making them attractive exploration targets.

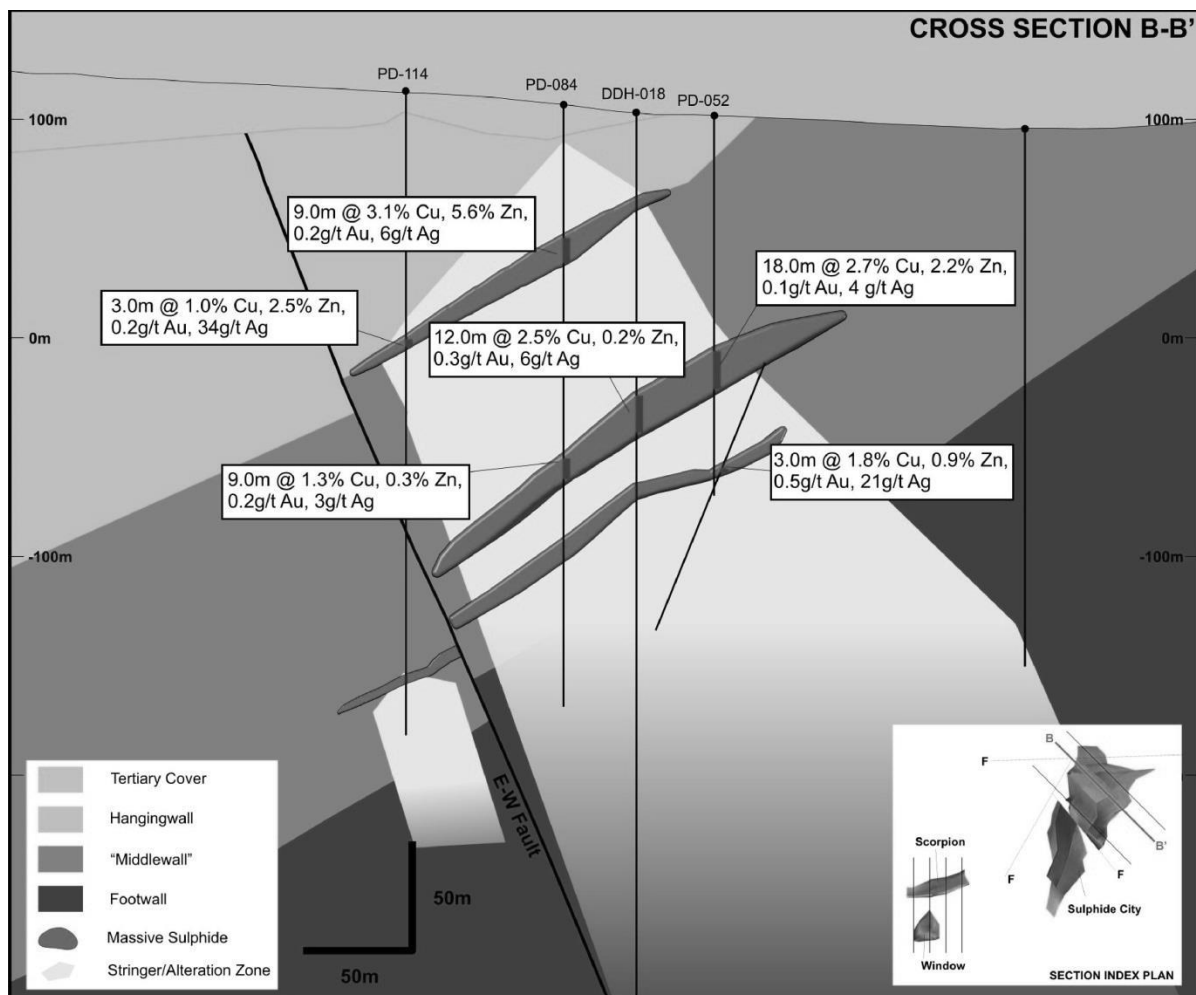
On the 15<sup>th</sup> February 2015 the Company announced a new mineral resource of: **2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq\*).**

***Develin Creek Inferred Mineral Resource (JORC 2012) - February 2015***

<b>Deposit</b>	<b>Tonnes</b>	<b>Cu% Grade</b>	<b>Zn% Grade</b>	<b>Ag g/t Grade</b>	<b>Au g/t Grade</b>
<b>SULPHIDE CITY</b>	<b>1,796,700</b>	<b>1.75</b>	<b>2.37</b>	<b>9.7</b>	<b>0.23</b>
<b>SCORPION</b>	<b>548,900</b>	<b>1.98</b>	<b>1.66</b>	<b>13.0</b>	<b>0.36</b>
<b>WINDOW</b>	<b>225,600</b>	<b>1.30</b>	<b>-</b>	<b>0.8</b>	<b>0.02</b>
<b>TOTAL</b>	<b>2,571,200</b>	<b>1.76</b>	<b>2.01</b>	<b>9.6</b>	<b>0.24</b>

The resource is classified under the JORC Code 2012 as Inferred, based on several criteria including drill spacing, continuity of mineralisation, wireframe geometry and confidence in assays from various drilling campaigns. \*CuEq refer to JORC Code Reporting Criteria Section 2, ASX Release 15<sup>th</sup> Feb 2015.

The resource update followed a successful resource extension drilling campaign by Zenith that confirmed the high-grade core of the Sulphide City deposit (Figure 1) extends a further 140m south of the previous resource whilst the thick sub-horizontal copper zone at Window was extended to the north of existing drilling. New results from holes in that drill campaign at Sulphide City included: 5m @ 2.45% copper, 2.14% zinc, 0.4 g/t gold and 30.7 g/t silver and 3m @ 2.63% copper, 0.88% zinc, 0.5 g/t gold and 36.7 g/t silver supporting results from a diamond drill hole completed in 2011 that returned an intersection of 13.2 metres @ 3.3% copper, 4.0% zinc and 0.4g/t gold.



**Figure 1: Sulphide City Deposit – Cross Section**

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

In addition, a Zenith RC hole completed in the drill program twinned a 1993 percussion drill hole as the older hole appeared to have anomalously low results compared to the more recent diamond drill holes and other older 1993 diamond drill hole results further to the north. Zenith's new hole returned significantly higher copper, zinc, gold and silver grades (3x copper, 5x zinc, 5x gold and 7x silver) for the equivalent drilled interval. Results from the newer twin hole replaced the older drill hole results allowing a zone of continuous high-grade copper to be defined through the core of the Sulphide City deposit.

The Sulphide City mineralisation consists of stockwork, disseminated and massive sulphide mineralisation. The main Sulphide City lens, outlined with a 1% copper equivalent cut-off, has a horizontal projection of about 400m x 150m. The lens varies from 2.5m to 29m in thickness, generally dips 25-30° west-northwest and has been intersected at depths between 80m and 200m. Better historic drill intersections include:

- **DDH-016**    **14.5m @ 0.6% Cu and 4.3% Zn (includes 2.5m @ 12.0% Zn)**
- **DDH-044**    **11.3m @ 2.1% Cu, 5.9% Zn, 16g/t Ag & 1.21g/t Au**
- **PD-052**     **15.0m @ 3.1% Cu, 2.3% Zn**

The Scorpion deposit, 500m south-west of the Sulphide City deposit occurs in a 400m x 200m zone in altered volcanic rocks. The sulphide body, 2.5m – 9.5m thick consists of brecciated massive sulphides and grades up to 6% Cu, 9% Zn, 43g/t Ag and 1g/t Au. Better historic drill results include:

- **DDH-001**    **21.6m @ 2.5% Cu, 1.5% Zn, 13g/t Ag & 0.5g/t Au (includes 16.2m @ 3.2% Cu, 1.6% Zn)**
- **DDH-002**    **31.6m @ 1.5% Cu, 1.5% Zn, 15g/t Ag & 0.3g/t Au (includes 16.7m @ 2.1% Cu, 2.0% Zn)**
- **PD-007**     **44.0m @ 1.6% Cu, 1.0% Zn, 8g/t Ag & 0.3g/t Au (includes 25.0m @ 2.6% Cu, 1.2% Zn)**

The highly weathered Window mineralisation consists of a ~40m thick sub-horizontal supergene blanket of copper mineralisation at 50m depth within a wider zone of stringer style mineralisation. The location and style of mineralisation indicates that the Window Deposit may be the partially eroded footwall stringer zone to the nearby Scorpion massive sulphide lenses. Better historic drilling results from Window include:

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

Initial metallurgical testwork has been completed on the 2014 Develin Creek drill samples for Zenith by Independent Metallurgical Operations Pty Ltd (IMO) at their Perth testwork facilities on a composite sample prepared from fresh Sulphide City RC drill chips.

Open cycle flotation testwork showed positive first stage “rougher” recoveries of greater than 90% copper and zinc and produced commercial grade copper cleaner concentrate grades of >22% copper albeit at modest recoveries of copper. Although it was known that the RC chips are not an optimal medium for metallurgical testwork the samples have provided an adequate initial indication as to how the copper-zinc sulphides will behave in a flotation recovery process.



Although the RC drill chips have given valuable information on total metal recovery, the samples appear to have been coated with a film of additive during drilling, activating the sulphides so that they can be floated without any collector agents that are normally added by the metallurgists to selectively float the copper, zinc and then iron sulphides. Testwork showed that it was possible to depress the sphalerite and pyrite in the sample to produce a copper concentrate grade of >22% copper at modest copper recoveries, however it is suspected that the actions of the RC drilling fluid inhibit the ability to selectively float the individual sulphide minerals to produce separate copper, zinc and iron rich sulphide concentrates.

Zenith is encouraged by these initial flotation testwork results that show the ability to produce commercial grades of copper concentrate.

Further diamond core drilling is required to provide fresh uncontaminated sulphide samples for future more definitive metallurgical testwork.

Field reconnaissance mapping during the year identified float samples of new gossans in an area of poor outcrop (ASX release 16<sup>th</sup> June 2015) within the centre of the Huntsman soil geochemical anomaly, only 3km from known massive sulphide resources at Develin Creek. Rock chip samples of the gossans (weathered surface expression of sulphide zones) returned copper samples up to 1.1% copper with associated anomalous pathfinder elements gold, arsenic and zinc. The discovery of well mineralised gossans at Huntsman is an outstanding result and elevated the prospect as a high-priority target for further more detailed exploration follow-up.

Within the Develin Creek project area, Zenith believes that there is good potential to discover previously undetected VHMS mineralisation, in the extensive landholdings totaling 300km<sup>2</sup>. Zenith controls over 50km of strike length of prospective volcanic host rock sequence.

Evaluation of the many high-priority regional targets commenced in late 2014 with an initial ~5,000 soil samples collected as part of a systematic geochemical surveying program. Historically there has been little to no systematic geochemical soil sampling over much of the prospective target horizons, and thus the Zenith program was the first to provide effective regional geochemical coverage over key portions of the target area. The initial sampling campaign resulted in the discovery of the Huntsman Prospect referred to in the section above.

A further 2400 soil samples have been collected late in the year. 1500 of those samples taken to the north of the known massive sulphide deposits have been analysed with anomalous samples again corresponding with known prospects including the Develin Creek East prospect. The remaining samples from that program along with additional samples will be analysed as part of a larger batch early in the new financial year.

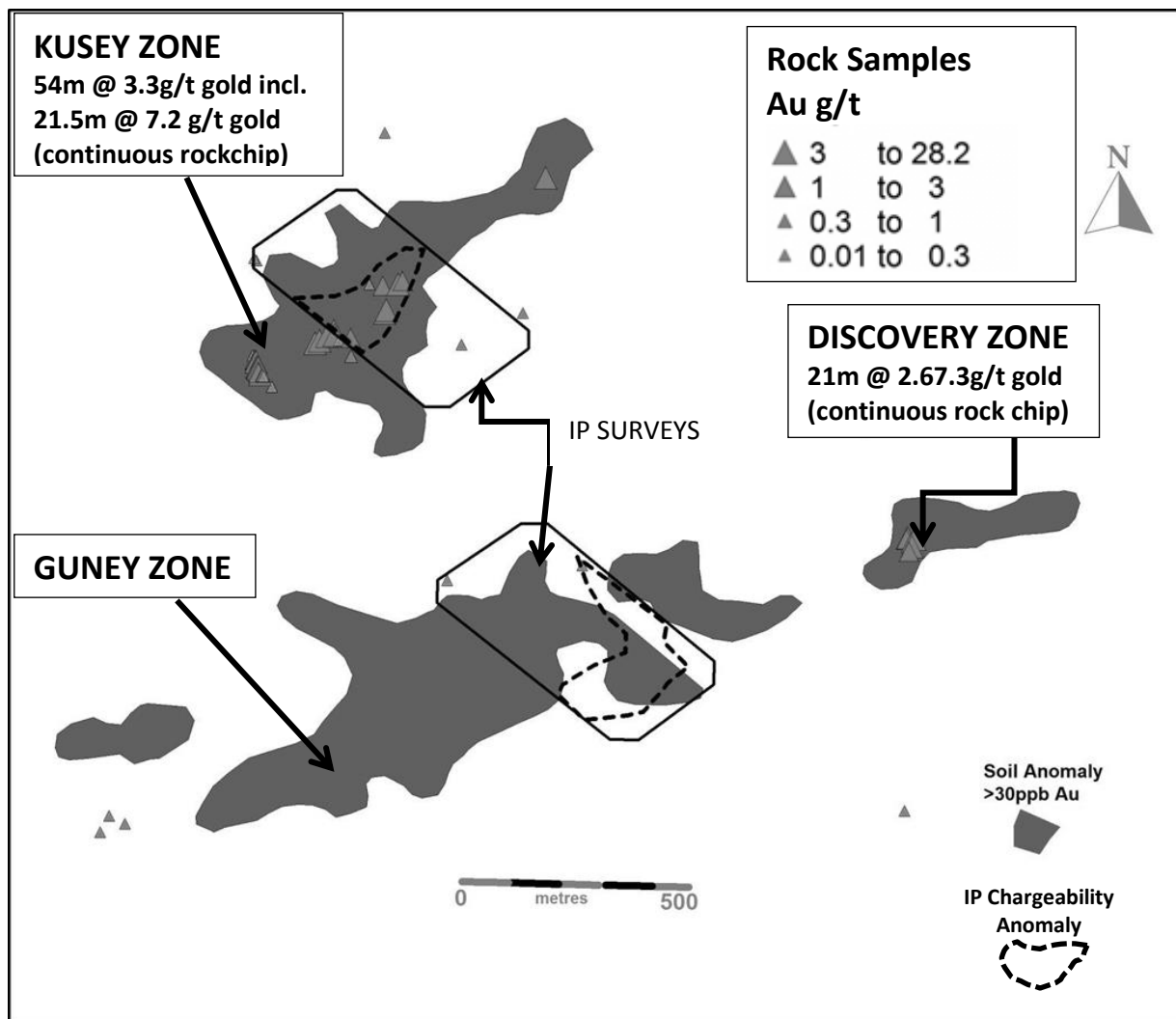
**KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith earning up to 70%)**

- Two coherent plus 800 metre long, high order gold in soil anomalies, with peak soil sample values over 1 g/t gold,
- Continuous rock chip traverse of 54.0 metres grading 3.33 g/t gold, including 21.5 metres grading 7.2 g/t gold within the northwest soil anomaly (Kuzey Zone),
- Continuous rock chip traverse of 21 metres grading 2.67 g/t gold at the Discovery Zone,
- Strong chargeable IP geophysical anomaly identified directly beneath high-grade surface rock chip samples (7.68, 22.7 g/t gold) and gold in soil (up to 6.05 g/t gold) at the Kuzey Zone,
- Kavaklitepe has yet to be drilled (only discovered in early 2013).

Zenith's wholly owned subsidiary S2M2 Coal Pty Ltd previously announced that it had entered into an exclusive option to earn up to a 70% interest in the Kavaklitepe gold property ("Kavaklitepe" or "the Property") located in western Turkey (see Zenith December 23, 2013 ASX release).

Columbus Copper discovered mineralization at Kavaklitepe by following up a stream sediment anomaly to a stream bed outcrop that returned 5.2 grams per tonne ("g/t") gold. Subsequently a small trench in a nearby road cut returned 2.67 g/t gold over 21 metres of exposure. About 1.4 kilometres northwest from the discovery outcrop four samples from a gold bearing breccia zone returned 28.2 g/t, 21.7 g/t, 6.7 g/t and 3.66 g/t gold respectively (see Columbus Copper release March 1, 2013). Further rock sampling along a road bank in this zone confirmed the presence of high-grade gold mineralization returning 54.0 metres of continuous rock chips with an average grade of 3.33 g/t gold, including 21.5 metres grading 7.2 g/t gold. A total of 2,127 soil samples were also collected on the Property in 50 metre x 50 metre and 100 metre x 100 metre grids covering an area of approximately 11 square kilometres, of which 176 samples returned gold grades higher than 50 ppb, 112 - higher than 100 ppb and 40 - higher than 250 ppb with 9 of these samples containing more than 1000 ppb (1 g/t) gold. The soil sampling outlined a potentially mineralized zone measuring 850 metres by 250 metres and continuing for another 800 metres to the southwest and possibly displaced by a northwest southeast trending fault at its southern margin. There are strong, coincident arsenic and antimony anomalies.

Successful IP geophysical survey trials by Zenith over two of the major gold-in-soil anomalies (Guney and Kuzey) identified strong chargeability anomalies beneath the high-grade gold in soil anomalies. Two survey configurations were tested (a grid of gradient array and single pole-dipole lines) both returning strong to moderate chargeable responses (>20Mv/v). Beneath the Kuzey zone a strong chargeable IP geophysical anomaly was identified directly beneath high-grade surface rock chip samples (7.68, 22.7 g/t gold) and gold in soil (up to 6.05 g/t gold), while a second strong chargeable IP geophysical anomaly was identified beneath the Guney Zone (Figure 2).



**Figure 2: Plan Showing Kavaklitepe Project - Gold in Soil Geochemical Anomaly, Rock Chip Samples overlain by IP Geophysical Surveys (chargeability anomaly at 25m below surface).**

Columbus Copper announced on the 7<sup>th</sup> January 2015 the sale of the subsidiary that holds the Bursa and Kavaklitepe properties in Turkey to an affiliate of Teck Resources Limited. Under the Turkish Agreement, S2M2 Coal may earn an initial 51% interest in the Property over three years by making a further US\$100,000 cash payment and completing US\$2,500,000 in cumulative exploration expenditures on the Property. If S2M2 earns the initial 51% interest in the Property, it may elect to earn a further 19%, for 70% in total, by making an additional US\$500,000 payment and by completing a bankable feasibility study within a four year period.

Teck Resources Limited through its office in Turkey has provided assistance to Zenith in the permitting process and has confirmed that conversion from exploration licence to operating licence has been received for the Kavaklitepe project. Forestry permits and environmental impact assessment application documents for trenching and drilling have been prepared and submitted.

The next step in evaluation will include trenching to expose the rock beneath the surface soil cover, followed by drilling. The possibility of using a low impact, small, man-portable, diamond drill rig as an initial screening tool is also being evaluated.

Zenith is considering its options with regards to the ongoing management of the Kavaklitepe Joint Venture.

**MT MINNIE GOLD PROJECT – WA (Zenith 100%)**

- **Zenith rock chip sampling confirms high-grade gold in quartz veins. New surface rock sample results include: 17.65 g/t gold and 11.45g/t gold;**
- **Previous high-grade rock samples returned up to 64.2 g/t gold & 21.5 g/t gold;**
- **Only cursory historic reconnaissance activity by previous explorer;**
- **Zenith is applying a new geological model to assess gold targets over 25km of strike, prospective for reduced intrusion related gold deposits;**
- **Zenith's detailed orientation sampling program confirmed that surface soil samples can detect gold mineralisation at the Woods Prospect, whereas historic soil sampling failed to detect the gold rich veins.**

The Mt Minnie project consisting of one exploration licence is situated approximately 240 km northeast of Carnarvon in Western Australia. The tenement covers a portion of terrain composed predominantly of mid-Proterozoic granite assigned to the Minnie Creek batholith prospective for reduced intrusion related gold deposits.

Previous rock chip sampling at the Woods Prospect identified a zone of very positive gold results up to 21.5 g/t gold. Sampling by Zenith confirmed the high-grade tenor of gold mineralisation at the Woods Prospect with new samples returning: 11.45 and 1.24 g/t gold from the core of a 2-3m wide ferruginous quartz vein over an outcrop strike length of 30 metres with a further sample taken 200 metres north returning 17.65 g/t gold. A continuous rock chip sample across the strike of the vein returned 2 metres @ 1.24 g/t gold. The prospect is on the edge of a soil covered plain and outcrop is sparse.

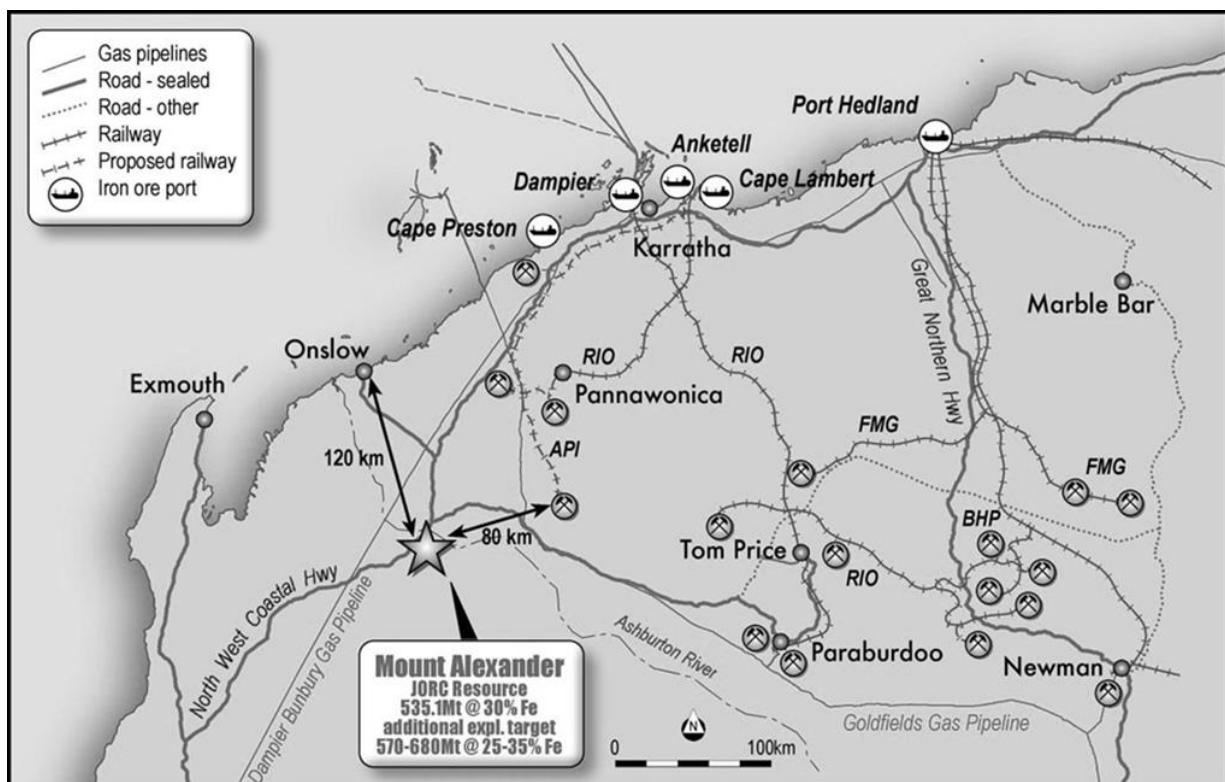
Zenith's field crew also conducted a detailed orientation soil sampling program over the Woods Prospect and confirmed that analysis of certain size fractions of surface soil samples can detect the gold mineralisation, whereas a previous explorer's attempt at soil geochemistry failed to detect the gold rich veins. This technical breakthrough provides Zenith with a cost effective, rapid screening tool to assess the size potential of the Woods Prospect and other gold mineralised veins systems in the project area.

Systematic soil geochemical sampling programs are planned to assess the extents of gold mineralisation at the Woods Prospect early in the new financial year.

**MT ALEXANDER IRON PROJECT – WA (Zenith 100%)**

- Advantages over other WA magnetite deposits;
  - Location close to coast and infrastructure (close to sealed roads, gas pipelines and only 120km from coast near Onslow (Mitsui, Chevron ports))
  - Coarser grained = better beneficiation
  - Low waste to ore ratio ~ 1:1, provides a good compact mining shape
- Base case in 2011 Scoping study - slurry pipeline, tranship by barge to vessel offshore
- 80km to API JV (Baosteel-AMCI) West Pilbara proposed railway to Anketell Port – third party access indicated by developers,
- Prominent range, magnetite zone +4 km long and up to 200 metres thick,
- JORC Inferred Resource of 566Mt @ 30 % Fe is only ~ 50% of target iron formation (“BIF”) area. Clear potential to grow resource.

The Mount Alexander Project is 120 km from the port of Onslow, and 260 km south west of Karratha in the West Pilbara region of Western Australia, close to the Pilbara coast, the sealed North West Coastal Highway and the Dampier Bunbury gas pipeline. Planned rail from the nearby West Pilbara Iron Project (Baosteel/AMCI JV) to a new port development at Anketell Point provides a possible alternative infrastructure solution (Figure 3).



**Figure 3: Mount Alexander Project location and proximity to coast and regional infrastructure**

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

A Scoping Study by consultants ProMet was reported to ASX on 10 May 2011. The Study assessed the basic mining, processing and infrastructure requirements, and estimated Capital Costs and Operating Costs. Based on detailed test work on diamond drill core the Study applied a weight recovery of 30.2% at p80 minus 40 micron grind and a DTR concentrate grade of 69.9% Fe and 3.0% SiO<sub>2</sub>. The Base Case selected included processing by crushing, grinding, wet magnetic separation. The Base Case transport option for the concentrate was by slurry pipeline 120 km to the coast near Onslow, and transport by barge to an offshore mooring for transfer into ships for export (transshipment).

*\* The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.*

Pre-feasibility study elements undertaken aimed at de-risking the project include; finalised Level 1 and Level 2 flora & flora surveys (which did not identify any major environmental triggers), work on securing access to a project water supply, and investigation of export infrastructure options and bulk material transshipment technology.

During the year the Company completed an update to the Mt Alexander resources and a maiden mineral resource estimate for the adjacent Mt Alexander West magnetite iron prospect.

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

Mount Alexander BIF Inferred Mineral Resource estimate as at June 2015							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
Inferred	565.7	30.0	48.1	2.2	-0.4	0.1	0.46
	DTR	DTR Concentrate Grade					
	Mass Recovery %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
	24.8	69.9	2.4	0.1	-2.7	0.01	1.1

In addition the Company completed a maiden Inferred Mineral Resource estimate for magnetite iron at the Mt Alexander West prospect. The new Inferred Mineral Resource (JORC12) for magnetite iron at Mount Alexander West is: **25.9 million tonnes @ 22.7% Fe**. The resource is classified as Inferred based on confidence in, and continuity of, the results from the drilling campaigns, detailed

aeromagnetic data and detailed structural surface mapping. Details are included in JORC Code Reporting Criteria Section 2 of the Company's June 2015 Quarterly Report.

<b>Mount Alexander West BIF Inferred Mineral Resource estimate as at June 2015 (18%Fe cut-off)</b>							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
Inferred	25.9	22.7	50.0	7.9	0.27	0.35	0.04

Substantial additional potential exists for increased tonnage at both Mt Alexander and Mt Alexander West with only ~55% of target BIF drill tested to date. The Company provides here a revised additional **Exploration Target of 510 to 620 million tonnes @ 25 to 35% Fe** (excluding the Inferred Mineral Resources), in accordance with Section 17 and Section 38 of the JORC Guidelines 2012. *The potential quantity and grade of this Exploration Target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The Exploration Target has been estimated on the basis of 3D modelling of the along strike extensions of resource wireframes at Mt Alexander and Mt Alexander West by using outcrop mapping (by Zenith and by Jigsaw Geoscience, assays from outcrop rock chip samples taken by Zenith, magnetic susceptibility measurements, 2.5D profile and 3D inversion modelling of detailed ground (~100-200m line spacing) and airborne magnetic (~50m line spacing) survey data by Core Geophysics,. A volume for the magnetite mineralisation was calculated to -100mRL and a bulk density range of 3.1g/cc to 3.7g/cc (consistent with a grade of 25-35wt% iron as magnetite) was applied to the volume derived from the modelling. Further drilling to test the validity of the Exploration Target is planned within the next 2 years subject to receipt of the necessary permits and approvals, and the availability of funding.*

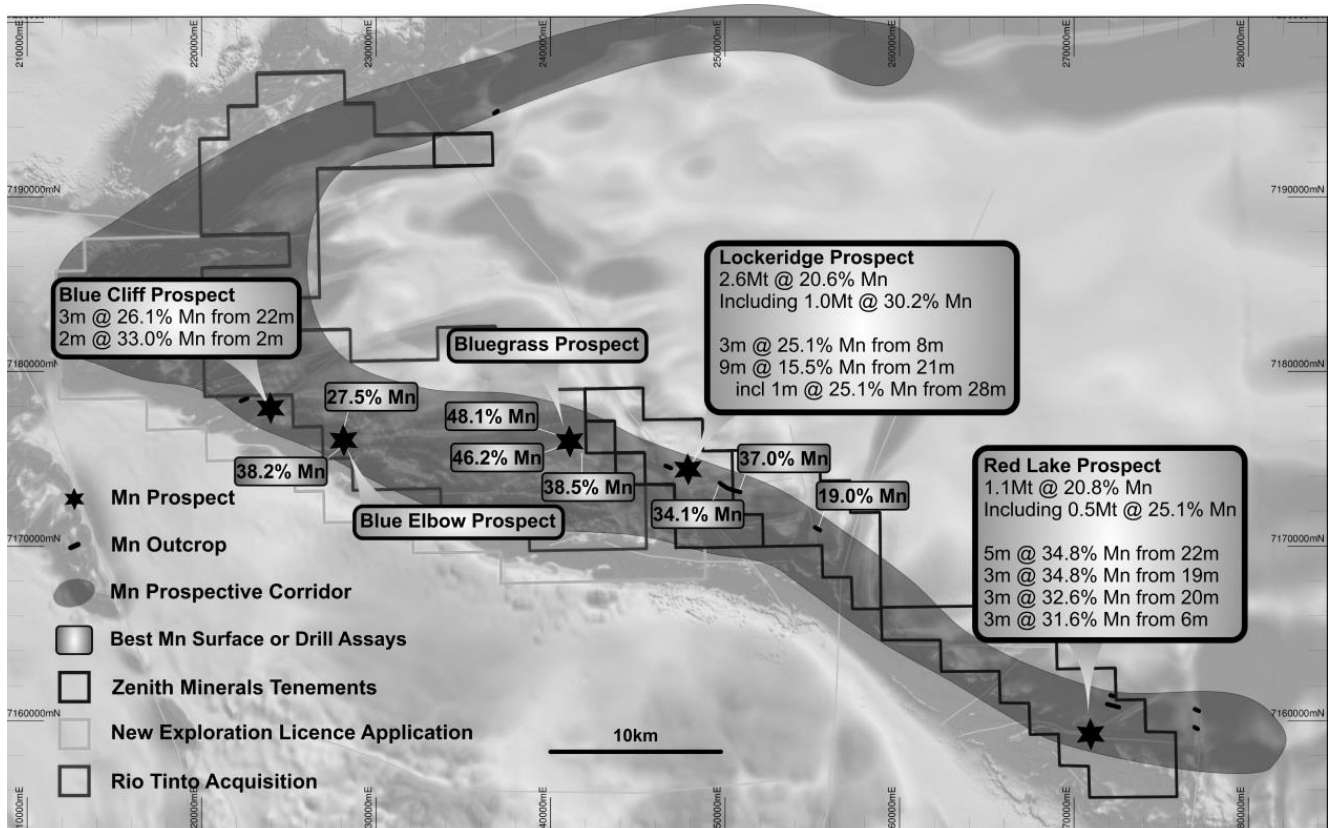
Zenith is continuing to assess opportunities for advancing the Mt Alexander project towards development as it contains key advantages over competitor magnetite iron projects, including:

- Location close to the coast only 120km from coast near Onslow (Mitsui, Chevron ports);
- Only 80km from the railway line being developed by the API JV to carry iron to their planned Anketell Port;
- Well located with respect to existing infrastructure - sealed roads and two gas pipelines;
- Coarser grained which results in easier beneficiation;
- Low waste to ore ratio of approximately 1:1 which provides a good compact mining shape.

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

- Zenith first mover and dominant landholder, recognised potential new manganese (Mn) province in Earacheedy Basin in 2010,
- Strong tenement position - 80 strike kilometres of target manganese horizon,
- Airborne VTEM survey data covering 30km of strike,
- Mineral Resources at Red Lake and Lockeridge,
- Zenith's priority target is high-grade near surface oxide grading >40% Mn,
- Red Lake 2012 – 1<sup>st</sup> direct shipping ore (DSO) grade Mn intersected by drilling in Earacheedy Basin;
  - 3m @ 41.0% Mn within 5m @ 34.8% Mn from 22m
  - 1m @ 40.2% Mn within 3m @ 30.7% Mn from 3m.

The Proterozoic aged Earacheedy Basin north of Wiluna in Western Australia is a potential new manganese province with similarities to the giant Kalahari manganese field in South Africa. As first mover Zenith established a strong land position with tenements now covering ~80 strike kilometres of prospective stratigraphy (Figure 4). Zenith's priority target is high-grade (>40% Mn) manganese oxide formed by weathering or supergene upgrade of primary mineralisation.



**Figure 4. Zenith Tenements and manganese prospects, Western Earacheedy Basin (overlying aeromagnetic image)**



Zenith completed the first ever drilling for manganese in the western Earraheedy area in late 2010 at the Lockeridge prospect, intersecting a shallow dipping bed of primary manganese carbonate mineralisation. Better results from Lockeridge include: 12m @ 11.1% Mn from 28m depth, and 3m @ 18.0% Mn from 37m depth.

Primary manganese carbonate at Lockeridge is supergene enriched near surface. Previous Zenith drilling completed in 2010 stepped out more than 250 metres down-dip from the outcrop, and intersected primary manganese carbonate with Mn grades in the range 3 to 10% Mn for up to 1.2 km down dip. The 2013 program established potential for supergene manganese oxide with both holes intersecting mineralisation. Hole ZTAC026 (3m @ 25.1% Mn incl. 1m @ 29.6%) intersected the target around 100 metres down dip from the high grade outcrop, and hole ZTAC025 (3m @ 20.2% Mn) hit partially oxidised mineralisation around 150m down dip from surface outcrop.

The first DSO grade Mn drill intersections recorded in the Earraheedy Basin were reported by Zenith in 2012 at the Red Lake prospect. Drilling results include; 3m @ 41% Mn (within 5m @ 34.8% Mn from 22m depth), and 3 metres @ 34.8% Mn from 19 metres, including 1m @ 42.3% Mn. Subsequent drill programs defined continuous near surface high-grade manganese at Red Lake. Based on a revised geological interpretation (ASX Release 9<sup>th</sup> September 2014) the Red Lake resource is: **1.4Mt @ 19.0% Mn** at a 10% Mn cut-off grade with a higher grade component of 0.2Mt @ 30.0% Mn at a 25% Mn cut-off grade as presented in the Table below. The resource is classified under the JORC Code 2012 as Inferred, based on confidence in, and continuity of, the results from the drilling campaigns, and surface mapping.

<b>Red Lake Manganese Mineral Resource Estimate as at August 2014</b>									
<b>Classification</b>	<b>Reporting Cut-off Grade</b>	<b>Tonnes (Mt)</b>	<b>Mn %</b>	<b>Fe %</b>	<b>Si %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>P %</b>	<b>S %</b>	<b>LOI %</b>
Inferred	25% Mn	0.2	30.0	14.1	13.85	7.9	0.24	0.03	12.1
	20% Mn	0.5	25.1	16.1	17.0	8.9	0.25	0.06	11.9
	15% Mn	1.1	20.8	17.7	20.5	9.3	0.24	0.17	11.5
	10% Mn	1.4	19.0	19.1	20.8	9.6	0.26	0.19	11.4

High-grade manganese mineralisation remains opens to the northwest and southeast of the existing Red Lake resource and is a priority target for follow-up by Zenith.

On the 15<sup>th</sup> April 2015 Zenith reported an Inferred Mineral Resource (JORC 12) for the near surface oxide portion of the Lockeridge manganese prospect. The maiden estimate is: **2.6Mt @ 20.6% Mn** at a 10%Mn cut-off grade as presented in the Table below. The resource is classified under the JORC Code 2012 as Inferred, based on confidence in, and continuity of, the results from the drilling campaigns, and surface mapping.

<b>Lockeridge Manganese Mineral Resource Estimate as at April 2015</b>									
<b>Classification</b>	<b>Reporting Cut-off Grade</b>	<b>Tonnes (Mt)</b>	<b>Mn %</b>	<b>Fe %</b>	<b>SiO<sub>2</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>P %</b>	<b>S %</b>	<b>LOI %</b>
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0

The Company is excited by the potential for further manganese discoveries within its extensive landholdings with the geophysical review defining greater than 60 new geophysical anomalies (VTEM conductors).

In addition an exploration licence application has been successfully applied for by Zenith to cover the Blue Cliff Manganese prospect where previous drilling by a JV managed by Cazaly Resources Limited intersected: 2 metres @ 33.0% Mn from 2 metres and 3 metres @ 26.1% Mn from 22 metres depth (as announced by Cazaly to the ASX – 27<sup>th</sup> July 2012). Zenith considers there to be potential for the development of additional Mn along strike of the Blue Cliffs occurrence as well as within the area adjacent to the tenure recently acquired from Rio Tinto.

### **Other Projects**

The Company continued to assess resource opportunities that have both synergies with existing Zenith projects or that will enhance the Company's existing project portfolio. The focus is on gold and copper projects in which 100% ownership can be secured.

The Company continued to hold at no additional cost an option over the Sungai Roi coal project in Indonesia. Given the lack of progress in obtaining a clean and clear certificate for the licence, the current low coal prices and gloomy outlook for coal futures, the project is unlikely to warrant further work.

## REVIEW OF OPERATIONS

### Mineral Resource Statement

**Zenith Minerals Limited**

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

On the 15th February 2015 the Company announced a new inferred mineral resource of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) for the Develin Creek copper-zinc-gold-silver deposits. The tonnage increased by approximately 50% from the previous July 2014 estimate primarily as a result of drilling completed throughout the year.

#### **Develin Creek Inferred Mineral Resource (JORC 2012) - February 2015**

Deposit	Tonnes	Cu% Grade	Zn% Grade	Ag g/t Grade	Au g/t Grade
SULPHIDE CITY	1,796,700	1.75	2.37	9.7	0.23
SCORPION	548,900	1.98	1.66	13.0	0.36
WINDOW	225,600	1.30	-	0.8	0.02
<b>TOTAL</b>	<b>2,571,200</b>	<b>1.76</b>	<b>2.01</b>	<b>9.6</b>	<b>0.24</b>

#### **Develin Creek Inferred Mineral Resource (JORC 2012) – July 2014**

Deposit	Tonnes	Cu% Grade	Zn% Grade	Ag g/t Grade	Au g/t Grade
SULPHIDE CITY	1,114,784	1.64	2.41	7.2	0.20
SCORPION	485,100	1.98	1.87	13.9	0.39
WINDOW	156,960	1.45	-	1.0	0.02
<b>TOTAL</b>	<b>1,756,844</b>	<b>1.71</b>	<b>2.05</b>	<b>8.5</b>	<b>0.24</b>

#### Red Lake Manganese Mineral Resource

There was no change to the Red Lake Inferred Mineral Resource for manganese.

#### **Red Lake Manganese Mineral Resource Estimate as at August 2014**

Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
Inferred	25% Mn	0.2	30.0	14.1	13.8	7.9	0.24	0.03	12.1
	20% Mn	0.5	25.1	16.1	17.0	8.9	0.25	0.06	11.9
	15% Mn	1.1	20.8	17.7	20.5	9.3	0.24	0.17	11.5
	10% Mn	1.4	19.0	19.1	20.8	9.6	0.26	0.19	11.4

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

#### Lockeridge Manganese Mineral Resource

On the 15th April 2015 Zenith reported an Inferred Mineral Resource (JORC 12) for the near surface oxide portion of the Lockeridge manganese prospect. The resource is classified under the JORC Code 2012 as Inferred, based on confidence in, and continuity of, the results from the drilling campaigns, and surface mapping.

#### **Lockeridge Manganese Mineral Resource Estimate as at April 2015**

Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0

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

**Mt Alexander Iron Mineral Resource**

In June 2015 the Company announced an updated Inferred Mineral resource (JORC12) for magnetite iron at Mount Alexander of: 565.7 million tonnes @ 30.0% Fe. The resource is the total of the 2013 Inferred Mineral Resource (535.1Mt @ 30.0%Fe) and the updated BIF extensions of the central and south west domains (30.6Mt @ 30.0% Fe), those domains lie within tenure that was acquired after May 2013.

Mount Alexander BIF Inferred Mineral Resource estimate as at June 2015							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
Inferred	565.7	30.0	48.1	2.2	-0.4	0.1	0.46
	DTR	DTR Concentrate Grade					
	Mass Recovery %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
	24.8	69.9	2.4	0.1	-2.7	0.01	1.1

Mount Alexander BIF Mineral Resource estimate as at May 2013							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
Inferred	535.1	30.0	48.0	2.2	-0.4	0.1	0.46
	DTR	DTR Concentrate Grade					
	Mass Recovery %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
	24.6	69.9	2.4	0.1	-2.7	0.01	1.1

The Company completed a maiden Inferred Mineral Resource estimate for magnetite iron at the Mt Alexander West prospect in June 2015. The new Inferred Mineral resource (JORC12) for magnetite iron at Mount Alexander West is: 25.9 million tonnes @ 22.7% Fe. The resource is classified as Inferred based on confidence in, and continuity of, the results from the drilling campaigns, detailed aeromagnetic data and detailed structural surface mapping.

Mount Alexander West BIF Inferred Mineral Resource estimate as at June 2015 (18%Fe cut-off)							
		Head Grade					
Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %	P %	S %
Inferred	25.9	22.7	50.0	7.9	0.27	0.35	0.04

**Mineral Resource Governance and Internal Controls**

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

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

**Competent Persons Statements**

*The information in this report that relates to Zenith Exploration Results and Exploration Targets is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith. Mr Clifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Clifford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this Report that relates to in-situ Mineral Resources at the Develin Creek project is based on information compiled by Ms Fleur Muller an employee of Geostat Services Pty Ltd. Ms Muller takes overall responsibility for the Report. She is a Member of the AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity she is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Ms Muller consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources at Zenith's Red Lake Earraheedy project is based on information compiled by Mr Dmitry Pertel, a Competent Person who is a fulltime employee of CSA Global Pty Ltd and a member of the Australian Institute of Geoscientists (AIG). Mr Pertel has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Pertel consents to the inclusion of such information in this report in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources at Zenith's Lockeridge - Earraheedy project, Mt Alexander project and Mt Alexander West project is based on information compiled by Mr Rodney Michael Joyce, a Competent Person who is a director of the Company and a Member of the AusIMM. Mr Joyce has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Joyce consents to the inclusion of such information in this report in the form and context in which it appears.*

*The information in this report that relates to Zenith Exploration Targets at Mt Alexander is based on information compiled by R M Joyce, who is a director of the Company and a Member of the AusIMM. Mr Joyce 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 Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The Directors present their report, together with the financial report of Zenith Minerals Limited and subsidiaries ("the Consolidated Entity") it controlled at the end of, or during, the year ended 30 June 2015, and the auditors' report thereon.

## **1. DIRECTORS**

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

**Rodney M Joyce**                      - Non Executive Director, appointed 6 December 2006.  
    - Non Executive Chairman, appointed 9 October 2013.

Qualifications                      - BSc (Hons), MSc, DIC

Experience                              - Mike Joyce is a geologist with 36 years experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree in Geology from Monash University. He also holds a MSc in Mineral Exploration from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Carosue Dam and Davyhurst in Western Australia prior to joining Giralia Resources NL initially as exploration manager. He later became Managing Director of Giralia Resources NL prior to its takeover by Atlas Iron Limited.

Other current directorships                      - Gascoyne Resources Limited (Non Executive Director since 20 April 2011 and Non Executive Chairman since 5 October 2012)

Former directorships (last 3 years)                      - Nil

Special Responsibilities                      - Technical and Corporate

**Michael J Clifford**                      - Managing Director, appointed 18 March 2014

Qualifications                      - BSc (Hons), 1987, MSc

Experience                              - Mick Clifford is a geologist with over 27 years experience in the exploration industry. Mick held senior technical and business development roles and explored for most major metal commodities during a successful career with Billiton Australia, Acacia Resources and AngloGold Ashanti rising to the position of Regional Exploration Manager Australia. Mick was Managing Director of ASX listed PacMag Metals Ltd from 2005 until its takeover in 2010, when he co-founded private explorer S2M2 Coal Pty Ltd. He is experienced in international exploration, exploring for gold, copper and coal and has had exposure to mining and exploration in Australia, USA, Brazil, Indonesia, PNG, Angola, Democratic Republic of Congo, Mexico and Mongolia.

Other current Directorships                      - Nil

Former directorships (last 3 years)                      - Black Fire Minerals Limited (Non Executive Director from 19 July 2010 to 17 December 2012)

Special Responsibilities                      - Executive Director

- Stanley A Macdonald** - Non Executive Director, appointed 24 April 2006.
- Experience - Stan Macdonald has been associated with the mining and exploration industry for over 21 years.
- Other current directorships - Lion One Australia Pty Ltd (previously Avocet Resources Limited - Non Executive Director from 6 October 2005).  
- Gascoyne Resources Limited (Non Executive Director from 20 April 2011)
- Former directorships (last 3 years) - Carpentaria Exploration Limited (10 April 2007 to 3 February 2012)
- Special Responsibilities - Company promotion and project acquisition.

**Julian D Goldsworthy** - Non Executive Director, appointed 29 August 2013

- Qualifications - B.App.Sc
- Experience - Julian was formerly Exploration Manager at Giralia Resources NL prior to its takeover by Atlas Iron Ltd, and is currently General Manager Business Development at Gascoyne Resources Limited. He has substantial prior experience in the minerals industry with Newcrest Mining (and its predecessor Newmont Australia) where he led and conducted successful exploration programs for gold in Australia and South America.
- Other Current Directorships - Nil
- Former directorships (last 3 years) - Nil
- Special Responsibilities - Technical and Corporate

*'Other current directorships'* mentioned above are current directorships for listed entities only, excluding directorships of all other types of entities, unless otherwise stated.

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

## **2. JOINT COMPANY SECRETARIES**

- Alex Dermedgoglou** - Alex Dermedgoglou was appointed Company Secretary on 29 June 2007 and ceased being an officeholder on 16<sup>th</sup> February 2015 following his death.
- Alex was a Chartered Accountant and certified Company Secretary with over 15 years experience auditing of a wide range of enterprises, including companies engaged in the mining and exploration industry. Alex was appointed Company Secretary on 29 June 2007.

- Melinda Nelmes** - Melinda Nelmes was appointed Company Secretary on 20 March 2014
- Melinda is a Chartered Accountant with over 24 years experience, including seven years in Company Secretarial roles for ASX listed and private companies. Prior experience to this

includes being a Financial Group Accountant in the financial services sector. Melinda has also gained experience from working in accounting firms, including Deloitte, in the audit and corporate services divisions, gaining experience in various industry sectors including the mining and resource sector.

### 3. DIRECTORS' MEETINGS

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

	MEETINGS		CIRCULAR RESOLUTIONS IN WRITING	
	A	B	A	B
Mr R M Joyce	3	3	12	12
Mr S A Macdonald	3	3	12	12
Mr J D Goldsworthy	3	3	12	12
Mr M J Clifford	2	3	12	12

**A** = Number of meetings attended

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

### 4. REMUNERATION REPORT – AUDITED

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

- A. Principles of Compensation
- B. Directors' and Executive Officers' Remuneration
- C. Analysis of bonuses included in remuneration
- D. Equity Instruments

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

Details of the remuneration of the key management personnel of the Consolidated Entity are set out in the following tables. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

#### A. Principles of Compensation - Audited

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

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

- competitiveness and reasonableness
- transparency
- acceptability to shareholders
- attracts and retains high calibre executives



- rewards capability, experience and performance
- performance alignment of executive compensation.

The full Board acts on behalf of Nomination and Remuneration Committee matters, and is responsible for determining and reviewing the remuneration packages for its directors and executives. Remuneration of key management personnel for the year ended 30 June 2015 has been determined by the Board. In this respect consideration is given to normal commercial rates of remuneration for similar levels of responsibility that is market competitive and complementary to the reward strategy of the consolidated entity. Alignment to shareholders interests focuses on pursuing long term growth in shareholder wealth, consisting of growth in share price and success of the Company within an appropriate control framework.

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

#### *Executive Remuneration*

The consolidated entity aims to reward executives with a level of remuneration based on their position and responsibility, which has a mix of both fixed and variable components. Remuneration of Executives comprises fees, quantified by having regard to industry practice and the need to obtain appropriately qualified, independent persons. Fees may contain non-monetary elements.

#### **Fixed Compensation**

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

#### **Performance-linked Compensation**

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

#### **Long-term Incentive**

Long-term incentives are comprised of share options, which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. The exercise price of the options is determined after taking into account the underlying share price performance during the period leading up to the date of the grant. Subject to specific vesting conditions, each option is convertible into one ordinary share. There is presently no stated policy restricting key management personnel from limiting their exposure to risk in relation to options granted.

#### **Consequences of Performance on Shareholder Wealth**

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

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

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
Loss attributable to owners of the Group	6,351,356	846,223	1,005,818	2,600,528	776,437
Basic Loss per Share	0.051	0.008	0.01	0.032	0.010
Share Price at financial year end (\$)	0.04	0.09	0.07	0.26	0.37
Changes in share price (from initial listing of 25 cents)	-0.21	-0.16	-0.18	0.01	0.12

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

### **Non-executive Compensation**

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

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

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

During the financial year ended 30 June 2015, the Chairman's fees were \$35,000 plus statutory superannuation of 9.50% per annum.

### **Voting and comments made at the Consolidated Entity's 2014 Annual General Meeting ('AGM')**

At the 2014 AGM, 62% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. There was no specific feedback received at the AGM, regarding its remuneration practices.

**Service Contracts**

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

**Rodney Michael Joyce** - Non Executive Chairman, appointed 6 December 2006

- Annually renewable contract
- Base Salary of \$40,000 per annum plus superannuation of 9.50% for period 1 July 2014 to 28 February 2015. From 1 March 2015, base salary of \$25,000 per annum plus superannuation of 9.50%

**Stanley A Macdonald** - Non Executive Director, appointed 24 April 2006

- Annually renewable contract
- Base Salary of \$30,000 per annum plus superannuation of 9.50% for period 1 July 2014 to 28 February 2015. From 1 March 2015, base salary of \$20,000 per annum plus superannuation of 9.50%

**Julian D Goldsworthy** - Non Executive Director, appointed 29 August 2013

- Annually renewable contract
- Base Salary of \$30,000 per annum plus superannuation of 9.50% for period 1 July 2014 to 28 February 2015. From 1 March 2015, base salary of \$20,000 per annum plus superannuation of 9.50%

**Michael J Clifford** - Managing Director appointed 18 March 2014

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

*Remuneration and Benefits*

- Annual Salary of \$210,481 inclusive of 9.50% superannuation from 1 July 2014 to 28 February 2015. From 1 March 2015, annual salary reduced by 10% to \$189,432 inclusive of 9.5% superannuation.

**Melinda J Nelmes** - Joint Company Secretary, appointed 20 March 2014

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

*Remuneration and Benefits*

- Permanent part-time agreement of base 15 hours per week with annual salary of \$99,225 inclusive of superannuation and allowances for the period ending 30 June 2015.

**Alex A Dermedgoglou** - Joint Company Secretary, appointed 29 June 2007 and ceased as Officeholder on 16<sup>th</sup> February 2015.

*Terms of Agreement* - The agreement is annually renewable. To terminate the agreement, either party must provide 3 months notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Group. On termination, the Group may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.

*Remuneration and Benefits*

- During the financial year up until Alex ceased employment on 16<sup>th</sup> February 2015, Alex was on extended leave without pay, due to health related issues.

## **B. Key Management Personnel Remuneration - Audited**

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

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

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

and the following persons:

- Mrs M J Nelmes – Joint Company Secretary
- Mr A Dermedgoglou – Joint Company Secretary (ceased 16 February 2015).

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

	Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payment	TOTAL	S300A(1)(e)(i)	S300A(1)(e)(vi)
	Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation		Options		Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
2015	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors:</b>									
RM Joyce (Chairman)	35,000	-	-	3,325	-	-	38,325	-	-
SA Macdonald	26,667	-	-	2,533	-	-	29,200	-	-
JD Goldsworthy	26,667	-	-	2,533	-	-	29,200	-	-
MJ Clifford	185,812	-	-	17,652	-	-	203,464	-	-
	274,146	-	-	26,043	-	-	300,189	-	-
<b>Other Key Management Personnel:</b>									
M J Nelmes	90,616	-	-	8,609	-	-	99,225	-	-
AA Dermedgoglou	-	-	-	-	-	-	-	-	-
<b>TOTAL:</b>	<b>364,762</b>	-	-	<b>34,652</b>	-	-	<b>399,414</b>	-	-

\* AA Dermedgoglou ceased as an officeholder on 16 February 2015.

**DIRECTOR'S REPORT**
**Zenith Minerals Limited**

	Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payment	TOTAL	S300A(1)(e)(i)	S300A(1)(e)(vi)
	Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation		Options		Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
2014	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors:</b>									
RM Joyce (Chairman)	40,000	-	-	3,700	-	-	43,700	-	-
SA Macdonald	30,000	-	-	2,775	-	-	32,775	-	-
JD Goldsworthy	25,000	-	-	2,312	-	-	27,312	-	-
NK Martin*	15,006	-	-	-	-	-	15,006	-	-
MJ Clifford***	56,064	-	-	5,186	-	48,485	109,735	-	44.2
	166,070	-	-	13,973	-	48,485	228,528	-	-
<b>Other Key Management Personnel:</b>									
AA Dermedgoglou	71,356	-	-	6,600	-	-	77,956	-	-
MJ Nelmes**	19,932	-	-	1,844	-	-	21,776	-	-
<b>TOTAL:</b>	<b>257,358</b>	-	-	<b>22,417</b>	-	<b>48,485</b>	<b>328,260</b>	-	-

\* NK Martin resigned 30 June 2013. He was paid his annual leave owing of \$15,006 in July 2013.

\*\*Represents remuneration from 21 April 2014 to 30 June 2014.

\*\*\*Commenced on 18 March 2014.

**Analysis of Bonuses Included in Remuneration – Audited**

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

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

	Fixed Remuneration		Remuneration linked to performance	
	2015	2014	2015	2014
<b>Directors:</b>				
R M Joyce	100%	100%	-	-
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
M J Clifford	100%	100%	-	-
<b>Other Key Management Personnel:</b>				
A A Dermedgoglou	100%	100%	-	-
M J Nelmes	100%	100%	-	-

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

**C. Equity Instruments – Audited*****Share-based compensation****i) Issue of shares*

There were no shares issued to the directors and other key management personnel as part of compensation during the year ended 30 June 2015 (2014:Nil)

*ii) Options*

There were no options granted over ordinary shares to the directors and other key management personnel as part of compensation during the year ended 30 June 2015.

**2014:**

Grant date	Expiry date	Share price at grant date	Exercise price	Fair value at grant date	Vesting Date
21 Mar 2013	21 Dec 2017	\$0.08	\$0.13	\$0.0485	Vests at date of grant

Options granted carry no dividend or voting rights.

During the year or since the end of the end of the financial year ended 30 June 2015, the number of options over unissued ordinary shares granted to and vested by the following directors and other key management personnel as part of their compensation are set out below:

Name	Number Granted during the Year 2015	Number Granted during the Year 2014	Number of options vested during the Year 2015	Number of options vested during the Year 2014
<b>Director:</b>				
M J Clifford	-	1,000,000	-	1,000,000

No options were granted during the financial year ended 30 June 2015. No options have been granted since the end of the financial year.

There were no options over ordinary shares granted, exercised, lapsed for directors and other key management personnel as part of compensation, during the year ended 30 June 2015.

#### *Shares issued on exercise of options*

No options granted under Zenith Minerals Limited's Employee Option Plan were exercised into ordinary shares during the year ended 30 June 2015.

#### *iii) Additional disclosures relating to key management personnel*

### **Share holding**

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

2015	Ordinary Shares				
Name	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other changes	Balance at the end of the year
<b>Directors:</b>					
Rodney M Joyce	5,407,756	-	2,550,336	-	7,958,092
Stanley A Macdonald	4,063,454	-	-	-	4,063,454
Julian D Goldsworthy	710,001	-	580,000	-	1,290,001
Michael J Clifford	1,813,753	-	-	-	1,813,753
<b>Other Key Management Personnel:</b>					
Alex A Dermedgoglou	165,544	-	-	-	165,544*
Melinda J Nelmes	25,096	-	-	-	25,096
	12,185,604	-	3,130,336	-	15,315,940

\* AA Dermedgoglou ceased as an officeholder on 16 February 2015.



**Option holding**

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

**2015**

Name	Balance at the start of the year	Granted as Remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>Directors:</b>					
Rodney M Joyce	-	-	-	-	-
Stanley A Macdonald	-	-	-	-	-
Julian D Goldsworthy	-	-	-	-	-
Michael J Clifford	1,000,000	-	-	-	1,000,000
<b>Other Key Management Personnel:</b>					
Alex A Dermedgoglou	100,000	-	-	-	100,000*
Melinda J Nelmes	-	-	-	-	-
	1,100,000	-	-	-	1,100,000

\* AA Dermedgoglou ceased as an officeholder on 16 February 2015.

**Other transactions with key management personnel and their related parties**

During the financial year ended 30 June 2015, payments in relation to a management service agreement between Zenith Minerals Limited and Gascoyne Resources Limited (a director related entity of Mr R M Joyce and Mr S A MacDonald) of \$65,600 were made plus reimbursement of expenses to Gascoyne Resources Limited of \$3,618. Reimbursement of expenses to Lion One Australia Pty Ltd (previously Avocet Resources Limited) which is a director related entity of Mr S A MacDonald, of \$4,593 and \$1,500 for the purchase of plant and equipment were made during the financial year ended 30 June 2015. Serviced office income fees were received by SM3 Resources Pty Ltd, a director related entity of Mr Stanley A MacDonald and Mr Michael J Clifford, during the financial year for the provision of a serviced office totaling \$8,500. Serviced office income fees were received by Cobalt Consulting Pty Ltd, a director related entity of Mr Michael Joseph Clifford, during the financial year for the provision of a serviced office totaling \$5,000 (2014: \$833).

An amount of \$16,034 was included in trade payables which is director related. An amount of \$3,518 was included in receivables which is director related. All transactions were made on normal commercial terms and conditions and at market rate.

*Loans to directors and executives*

There are no loans to directors and executives.

***This concludes the remuneration report, which is audited.***

**5. PRINCIPAL ACTIVITIES**

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration predominantly in Australia.

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

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

## 6. OPERATING & FINANCIAL REVIEW

### Overview

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

### Objectives

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

### Financial Results

The loss for the financial year ended 30 June 2015, attributable to members of the Consolidated Entity, after income tax is \$6,351,356 (2014: \$846,223).

No dividends were paid or recommended for payment during the financial year ended 30 June 2015.

### Review of Financial Condition

During the year the net assets of the Consolidated Entity decreased by \$5,001,356 from \$7,007,066 at 30 June 2014 to \$2,005,710 at 30 June 2015.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2015 of \$1,321,707 (2014: \$5,910,858). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$4,406,623 (2014: \$415,984) following its review of its portfolio of mineral tenements.

The directors believe that the Consolidated Entity has sufficient working capital to meet its exploration objectives for the following year, with net current assets at 30 June 2015 of \$640,100 (2014: \$1,037,470).

## 7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year ended 30 June 2015 were as follows:

- a) 833,334 Ordinary Shares were issued to Rio Tinto (ASX: RIO) subsidiary Rio Tinto Exploration Pty Limited at 12 cents per share on 23<sup>rd</sup> July 2014, as payment for the acquisition of tenements.
- b) 500,000 Ordinary Shares were issued to Fitzroy Resources Limited (ASX: FRY) subsidiary Fitzroy Copper Pty Ltd at 10 cents per share on 19<sup>th</sup> August 2014, as part payment for the acquisition of tenements.
- c) On 18<sup>th</sup> September 2014, Directors of Zenith Minerals Limited announced that the Company received commitments for a capital raising of \$1,000,000 through a share placement at 8 cents per share, comprising:
  - 10,000,000 Ordinary Shares that were issued as part of a capital raising at 8 cents per share to sophisticated investors on 18<sup>th</sup> September 2014; and
  - 2,500,000 Ordinary Shares that were issued to Director Rodney Michael Joyce at 8 cents per share following shareholder approval at the Company's Annual General Meeting held on 21<sup>st</sup> November 2014. These were issued on 25<sup>th</sup> November 2014.
- d) 2,500,000 Ordinary Shares were issued through a share placement at 8 cents per share to overseas sophisticated investor BMC (UK) Ltd on 28<sup>th</sup> April 2015.

**8. EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no other matters or material events that has arisen subsequent to 30 June 2015, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

**9. LIKELY DEVELOPMENTS**

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

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

**10. ENVIRONMENTAL REGULATION**

The Consolidated Entity is subject to significant environmental regulation in relation to its exploration activities and aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The directors are not aware of any significant breaches during the period covered by this report.

**11. INDEMNITY AND INSURANCE OF OFFICERS**

The Consolidated Entity paid a premium of \$10,004 (2014: \$9,914) to insure the directors and officers of the Group during the financial year.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers of the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Consolidated Entity. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Group.

**12. INDEMNITY AND INSURANCE OF AUDITORS**

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

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

**13. DIRECTORS' INTERESTS**

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

	Fully Paid Ordinary shares			Options		
	Number Directly Held	Number Beneficially Held	TOTAL	Number Directly Held	Number Beneficially Held	TOTAL
R M Joyce	-	7,958,092	7,958,092	-	-	-
S A Macdonald	1,797,100	2,266,354	4,063,454	-	-	-
J D Goldsworthy	1,160,000	130,001	1,290,001	-	-	-
M J Clifford	-	1,813,753	1,813,753	1,000,000	-	1,000,000
<b>TOTAL</b>	2,957,100	12,168,200	15,125,300	1,000,000	-	1,000,000

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

**14. SHARE OPTIONS***Shares under option*

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

Date options granted	Expiry date	Exercise Price	Number under option
20 November 2012	20 August 2016	\$0.29	200,000
21 March 2014	21 December 2017	\$0.13	1,000,000

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

**15. SHARES ISSUED ON THE EXERCISE OF OPTIONS**

There were no ordinary shares of Zenith Minerals Limited issued during the year ended 30 June 2015 and up to the date of this report, on the exercise of options granted.

**16. PROCEEDINGS ON BEHALF OF THE GROUP**

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

**17. DIVIDENDS**

No dividends were paid or provided for during the year.

**18. NON-AUDIT SERVICES**

Details of the amounts paid or payable to the auditor (PKF Mack) for audit and non-audit services provided during the year are set out below.

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

	<b>2015</b> \$	<b>2014</b> \$
<b>Assurance services</b>		
<b>Audit services</b>		
PKFMack		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	22,569	35,607
<b>Total remuneration for audit services</b>	22,569	35,607
<b>Non-audit services</b>	-	-
<b>Total remuneration</b>	22,569	35,607

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

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

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

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

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

**20. AUDITORS' INDEPENDENCE DECLARATION**

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

**21. AUDITOR**

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

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

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'R. M. Joyce', with a long horizontal flourish extending to the right.

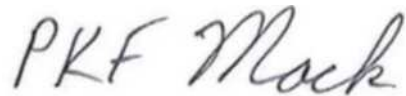
**Mr R M Joyce**  
**Chairman**

Dated: 22 September 2015  
Perth, WA


**AUDITOR'S INDEPENDENCE DECLARATION**

**TO THE DIRECTORS OF ZENITH MINERALS LIMITED**

In relation to our audit of the financial report of Zenith Minerals Limited for the year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



**PKF MACK**



**SHANE CROSS**  
**PARTNER**

**22 SEPTEMBER 2015**  
**WEST PERTH,**  
**WESTERN AUSTRALIA**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	<b>Consolidated Entity</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	5	29,102	33,917
Other income	6	73,798	256,020
<b>Expense</b>			
Loss on disposal of tenement/data		-	(22,871)
Employee benefits expenses		(146,757)	(202,209)
Share option based payment	25	-	(48,485)
Depreciation and amortisation expense		(16,335)	(20,431)
Management fee		(67,058)	(116,527)
Exploration expenditure expensed		(22,825)	(14,971)
Exploration expenditure write off		(1,571,489)	-
Other operating expenses	7	(223,169)	(294,682)
Impairment loss on exploration & evaluation expenditure		(4,406,623)	(415,984)
Loss before income tax		(6,351,356)	(846,223)
Income tax benefit	10	-	-
<b>Loss after income tax benefit for the year</b>		<b>(6,351,356)</b>	<b>(846,223)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period (net of tax)		-	-
<b>Total comprehensive loss for the period</b>		<b>(6,351,356)</b>	<b>(846,223)</b>
<b>Loss per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	9	(5.1)	(0.8)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	NOTE	Consolidated Entity	
		2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	726,277	862,038
Trade and other receivables	12	20,236	288,741
Other current assets	13	29,032	40,613
<b>TOTAL CURRENT ASSETS</b>		<b>775,545</b>	<b>1,191,392</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	14	43,903	58,738
Exploration and evaluation expenditure	15	1,321,707	5,910,858
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,365,610</b>	<b>5,969,596</b>
<b>TOTAL ASSETS</b>		<b>2,141,155</b>	<b>7,160,988</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	114,166	137,772
Employee benefits	17	21,279	16,150
<b>TOTAL CURRENT LIABILITIES</b>		<b>135,445</b>	<b>153,922</b>
<b>TOTAL LIABILITIES</b>		<b>135,445</b>	<b>153,922</b>
<b>NET ASSETS</b>		<b>2,005,710</b>	<b>7,007,066</b>
<b>EQUITY</b>			
Issued capital	18	14,774,740	13,424,740
Reserves	19(a)	90,973	90,973
Accumulated losses	19(b)	(12,860,003)	(6,508,647)
<b>TOTAL EQUITY</b>		<b>2,005,710</b>	<b>7,007,066</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2014</b>	<b>13,424,740</b>	<b>90,973</b>	<b>(6,508,647)</b>	<b>7,007,066</b>
Loss for the period	-	-	(6,351,356)	(6,351,356)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(6,351,356)	(6,351,356)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares	1,350,000	-	-	1,350,000
Issue of staff options	-	-	-	-
Cancellation of staff options	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>14,774,740</b>	<b>90,973</b>	<b>(12,860,003)</b>	<b>2,005,710</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2013</b>	<b>12,015,640</b>	<b>206,688</b>	<b>(5,826,624)</b>	<b>6,395,704</b>
Loss for the period	-	-	(846,223)	(846,223)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(846,223)	(846,223)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares	1,409,100	-	-	1,409,100
Issue of staff options	-	48,485	-	48,485
Cancellation of staff options	-	(164,200)	164,200	-
<b>Balance at 30 June 2014</b>	<b>13,424,740</b>	<b>90,973</b>	<b>(6,508,647)</b>	<b>7,007,066</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	Consolidated Entity	
		2015	2014
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		15,207	-
Cash paid to suppliers and employees		(479,668)	(642,769)
Receipt of research and development incentive		329,818	-
Interest received		14,902	32,794
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	27	<b>(119,741)</b>	<b>(609,975)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of S2M2 Coal Pty Ltd		-	596,444
Deposit refunded		16,721	25,000
Proceeds from sale of exploration assets		-	20,000
Payments for exploration and expenditure		(1,231,241)	(553,855)
Payments for plant and equipment		(1,500)	(1,742)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(1,216,020)</b>	<b>85,847</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of equity securities		1,200,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>1,200,000</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents		(135,761)	(524,128)
Cash and cash equivalents at the beginning of the financial period		862,038	1,386,166
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE 2015</b>	11	<b>726,277</b>	<b>862,038</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**1. REPORTING ENTITY**

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

The Consolidated Entity is involved in mineral exploration.

**2. BASIS OF PREPARATION****(a) Statement of Compliance**

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

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

The Consolidated Financial Statements were approved by the Board of Directors on 22 September 2015. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2013 to 30 June 2014.

**(b) Basis of Measurement**

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

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

**(c) Functional and Presentation Currency**

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

**(d) Use of Estimates and Judgements**

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

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

**2. BASIS OF PREPARATION (cont'd)***(i) Taxation*

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

*(ii) Exploration and Evaluation Expenditure*

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

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

As at 30 June 2015, the carrying value of capitalised exploration expenditure is \$1,321,707 (2014: \$5,910,858).

*(iii) Impairment of non-financial assets*

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Impairment loss recorded in the current financial year was \$4,406,623 (2014: \$415,984).

*(iv) Share based payments*

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

*(v) Estimation of useful lives of assets*

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

*(vi) Fair value measurement hierarchy*

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

**(e) Going Concern Basis**

The financial report has been prepared on the going concern basis. As at 30 June 2015, the Consolidated Entity had net assets of \$2,005,710 (2014: \$7,007,066) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2015, the Consolidated Entity had \$726,277 (2014: \$862,038) in cash and cash equivalents. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the Financial Report. Accordingly, there has been no adjustment in the Financial Report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**New, revised or amending Accounting Standards and Interpretations adopted**

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

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

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

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

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The Consolidated Entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The Group has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

**(a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zenith Minerals Limited (the "Company") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Zenith Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or the 'Group'.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

#### **(b) Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether the equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence of the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquire at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.



The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair values is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### **(c) Operating Segments**

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

### **(d) Foreign Currency Translation**

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

#### *Foreign currency transactions*

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

#### *Foreign operations*

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

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

**(e) Investments and other financial assets**

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

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

*Financial assets at fair value through profit or loss*

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

- i) held for trading and is acquired principally for the purpose of selling it in the near term with intention of making a profit; or
- ii) or is designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch.
- iii) a derivative that is not designated and effective as a hedging instrument.

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

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Consolidated Entity's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, fair value movements are recognised in other comprehensive income through the available for sale reserve in equity. When an investment is derecognised or impaired, the cumulative gain or loss in equity is transferred to profit or loss.

*Loans and receivables*

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(f) Revenue**

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

*Interest Revenue*

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

*Research and development tax incentive*

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

*Other Revenue*

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

**(g) Income Tax**

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

*Current tax*

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

*Deferred tax*

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is

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

probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

**(h) Current and non-current classification**

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

The asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

**(i) Impairment****(i) Financial Assets**

The carrying amount of a financial asset is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the

estimated future cash flows of that asset. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or there are indications from observable data that there is a measurable decrease in estimated future cash flows.

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

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

*(ii) Non-financial Assets*

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

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

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

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

**(j) Cash and Cash Equivalents**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(k) Receivables**

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

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

**(l) Property, Plant and Equipment***(i) Recognition and Measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

*(ii) Subsequent Costs*

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

*(iii) Derecognition*

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

*(iv) Depreciation*

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

The following rates are used in the calculation of depreciation:

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(m) Leases**

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

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

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

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

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

**(n) Exploration and Evaluation Expenditure**

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

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

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

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

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 2(i)(ii)).

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(o) Trade and Other Payables**

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

**(p) Provisions**

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

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

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

**(q) Employee Benefits***(i) Short term employee benefits*

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

*(ii) Other long term employee benefits*

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

*(iii) Share-based payment transactions*

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

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



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

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

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

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

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

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

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

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

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(r) Fair Value Measurement**

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

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

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

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

**(s) Share Capital**

Ordinary shares are classified as equity.

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

**(t) Earnings per Share****(i) Basic earnings per share**

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

**(ii) Diluted earnings per share**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(u) Goods and Services Tax**

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

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

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

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

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

**(v) New Standards and Interpretations Not Yet Mandatory or Early Adopted**

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Consolidated Entity has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

<b>AASB No.</b>	<b>Title</b>	<b>Effective for Annual Reporting Periods Beginning After</b>	<b>Issue date</b>
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part C - Financial Instruments	Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	June 2014
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]	1 January 2016	August 2014
AASB 2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	August 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2017	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9	1 January 2018	December 2014
AASB 2014-8	Amendments to Australian Accounting Standards Arising From AASB 9	1 January 2015	December 2014
AASB 2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	1 January 2016	December 2014
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2016	December 2014
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	1 January 2016	January 2015
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	January 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	January 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 July 2015	January 2015
AASB 15	Revenues from Contracts with Customers	1 January 2017	December 2014

**4. OPERATING SEGMENTS***Identification of reportable operating segments*

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

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

**Geographical Information**

	<b>Sales to external customers</b>		<b>Geographical non-current assets</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	-	-	947,435	5,619,191
Turkey	-	-	418,175	350,405
	-	-	<b>1,365,610</b>	<b>5,969,596</b>

**5. REVENUE**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Other Revenue</b>		
Interest	14,603	29,167
Other revenue	14,499	4,750
	<b>29,102</b>	<b>33,917</b>

**6. OTHER INCOME**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Research and development incentive	73,798	256,020
	<b>73,798</b>	<b>256,020</b>

**7. OTHER OPERATING EXPENSE**

		<b>Consolidated Entity</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Accounting and Admin Services		68,927	55,267
Auditors Remuneration	8	22,569	35,607
Computer Expenses		8,238	9,178
Consulting Fee		5,198	20,526
Legal Expenses		5,448	42,892
Motor Vehicle Expense		2,583	1,946
Shareholder Expense		-	8,724
Share Registry and Securities Exchange		47,022	44,768
Fringe Benefits Tax		13,238	-
Storage-Safety		-	10,670
Subscriptions, Publications, Memberships		6,038	5,363
Insurance		18,631	19,917
Sundry Administration Expenses		25,277	39,824
		<u>223,169</u>	<u>294,682</u>

**8. AUDITOR'S REMUNERATION**

		<b>Consolidated Entity</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Audit services			
Auditors of the Group			
Audit and review of financial reports – PKF Mack		22,569	35,607
		<u>22,569</u>	<u>35,607</u>

**9. LOSS PER SHARE**

		<b>Consolidated Entity</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Basic and diluted loss per share – cents		<b>(5.1)</b>	<b>(0.8)</b>
The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:			
Loss used in calculation of earnings per share		(6,351,356)	(846,223)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share		<u>123,284,380</u>	<u>100,065,853</u>

## 10. INCOME TAX EXPENSE

	Consolidated Entity	
	2015 \$	2014 \$
a) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss before tax	(6,351,356)	(846,223)
Prima facie tax benefit on loss at 30% (2014: 30%)	(1,905,407)	(253,866)
Add:		
Tax effect of:		
Other non-allowable items	836	14,877
Overs/unders from prior year	193,460	-
Tax losses not recognized (recognised)	1,587,442	309,795
Deferred tax balances not recognised (recognised)	145,808	-
Research and development refund received	(22,139)	(70,806)
Income tax expense on pre-tax net loss	-	-
The applicable average weighted tax rates are as follows:	0%	0%

**Deferred Tax Assets**  
**At 30%**

	Consolidated Entity	
	2015 \$	2014 \$
Carry forward losses	4,294,496	3,456,939
Capital raising cost	8,611	8,816
Provisions and accruals	9,024	9,630
Merger/acquisition costs	4,882	25,263
	<b>4,317,013</b>	<b>3,500,648</b>

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

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

**10. INCOME TAX EXPENSE (cont'd)****Deferred Tax Liabilities  
At 30%**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure	155,488	1,635,355
Property, plant and equipment	13,048	17,410
Accrued income	246	468
Prepayments	8,106	6,565
	<b>176,888</b>	<b>1,659,778</b>

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

**11. CASH AND CASH EQUIVALENTS**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	707,446	87,733
Deposits at call	3,561	574,305
Term deposits	15,270	200,000
	<b>726,277</b>	<b>862,038</b>

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

Balances as above	726,277	862,038
Cash and cash equivalents in statement of cash flows	726,277	862,038

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 20.

**12. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Accrued interest	819	1,118
Other receivables (a)	19,417	287,623
	<b>20,236</b>	<b>288,741</b>

**a) Terms and conditions**

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



**13. OTHER CURRENT ASSETS**

	Consolidated Entity	
	2015	2014
	\$	\$
Bonds & deposits	2,010	18,731
Prepayments	27,022	21,882
Prepayments and other assets	<b>29,032</b>	<b>40,613</b>

**14. PROPERTY, PLANT AND EQUIPMENT**

	Consolidated Entity	
	2015	2014
	\$	\$
Plant and equipment – at cost	23,793	22,293
Less: Accumulated depreciation	(19,029)	(17,093)
	<b>4,764</b>	<b>5,200</b>
Motor vehicles – at cost	94,192	94,192
Less: Accumulated depreciation	(59,388)	(47,786)
	<b>34,804</b>	<b>46,406</b>
Computer equipment and software – at cost	39,206	39,206
Less: Accumulated depreciation	(34,871)	(32,074)
	<b>4,335</b>	<b>7,132</b>
Carrying Amount	<b>43,903</b>	<b>58,738</b>

**a) Movement Reconciliation**

Cost	Plant & Equipment	Motor Vehicles	Computer Equipment & Software	Total
	\$	\$	\$	\$
<b>Consolidated</b>				
Balance at 1 July 2013	22,293	94,192	34,492	150,977
Additions	-	-	1,742	1,742
Additions through acquisitions	-	-	2,972	2,972
Disposals	-	-	-	-
Balance at 30 June 2014	<b>22,293</b>	<b>94,192</b>	<b>39,206</b>	<b>155,691</b>
Balance at 1 July 2014	22,293	94,192	39,206	155,691
Additions	1,500	-	-	1,500
Disposals	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>23,793</b>	<b>94,192</b>	<b>39,206</b>	<b>157,191</b>
<b>Depreciation and Impairment</b>				
Balance at 1 July 2013	14,532	32,318	27,176	74,026
Depreciation on acquisitions	-	-	2,496	2,496
Depreciation for the year	2,561	15,468	2,402	20,431
Depreciation on asset disposal	-	-	-	-
Balance at 30 June 2014	<b>17,093</b>	<b>47,786</b>	<b>32,074</b>	<b>96,953</b>
Balance at 1 July 2014	17,093	47,786	32,074	96,953
Depreciation for the year	1,936	11,602	2,797	16,335
Depreciation on asset disposal	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>19,029</b>	<b>59,388</b>	<b>34,871</b>	<b>113,288</b>
<b>Carrying Amount</b>				
At 30 June 2014	5,200	46,406	7,132	58,738
<b>At June 2015</b>	<b>4,764</b>	<b>34,804</b>	<b>4,335</b>	<b>43,903</b>

## 15. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity	
	2015	2014
	\$	\$
Balance at beginning of financial period	5,910,858	4,990,554
Additions through acquisitions	-	744,681
Capitalised expenditure	1,388,961	591,607
Less capitalised expenditure written off	(1,571,489)	-
Less impairment of exploration expenditure	(4,406,623)	(415,984)
Balance at 30 June 2015	<b>1,321,707</b>	<b>5,910,858</b>

**Exploration and evaluation assets**

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

During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$4,406,623 (2014: \$415,984) following its review of its portfolio of mineral tenements, whereby decisions have been made for certain areas of interest, not to incur substantial expenditure on further exploration for and evaluation of mineral resources. Capitalised expenditure written off totaling \$1,571,489 (2014: Nil) 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.

## 16. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2015	2014
	\$	\$
Other payables (a)	57,282	118,819
Accrued fees and employment expenses (b)	40,850	18,002
Owed to related parties (note 24 (e))	16,034	951
	<b>114,166</b>	<b>137,772</b>

**Terms and conditions**

Terms and conditions relating to the above financial instruments

- a) Other payables are non-interest bearing and are normally settled on 30 day terms.
- b) Sundry creditors and accruals are non-interest bearing and have an average term of 30 days.

## 17. EMPLOYEE BENEFITS

	Consolidated Entity	
	2015	2014
	\$	\$
<b>Current liabilities:</b>		
Employee benefits	21,279	16,150
	<b>21,279</b>	<b>16,150</b>

**18. ISSUED CAPITAL**

	Shares No	2015 \$	Shares No	2014 \$
<b>(a) Share capital</b>				
Fully paid ordinary shares Balance at beginning of year	112,301,274	13,424,740	95,031,434	12,015,640
Issue of ordinary shares	16,333,334	1,350,000	17,270,000	1,409,100
Costs of issue	-	-	-	-
<b>Total</b>	<b>128,634,608</b>	<b>14,774,740</b>	<b>112,301,274</b>	<b>13,424,740</b>

**2015**

During the year to 30 June 2015, the following changes to equity securities took place:

- i) 833,334 Ordinary Shares were issued to Rio Tinto (ASX: RIO) subsidiary Rio Tinto Exploration Pty Limited at 12 cents per share on 23<sup>rd</sup> July 2014, as payment for the acquisition of tenements from them.
- ii) 500,000 Ordinary Shares were issued to Fitzroy Resources Limited (ASX: FRY) subsidiary Fitzroy Copper Pty Ltd at 10 cents per share on 19<sup>th</sup> August 2014, as part payment for the acquisition of tenements from them.
- iii) On 18<sup>th</sup> September 2014, Directors of Zenith Minerals Limited announced that the Company received commitments for a capital raising of \$1,000,000 through a share placement at 8 cents per share, comprising:
  - 10,000,000 Ordinary Shares that were issued as part of a capital raising at 8 cents per share to sophisticated investors on 18<sup>th</sup> September 2014; and
  - 2,500,000 Ordinary Shares that were issued to Director Rodney Michael Joyce at 8 cents per share following shareholder approval at the Company's Annual General Meeting held on 21<sup>st</sup> November 2014. These were issued on 25<sup>th</sup> November 2014.
- iv) 2,500,000 Ordinary Shares were issued through a share placement at 8 cents per share to overseas sophisticated investor BMC (UK) Ltd on 28<sup>th</sup> April 2015.

**2014**

During the year to 30 June 2014, the following changes to equity securities took place:

- i) 1,000,000 \$0.29 unlisted options with an expiry date of 20 August 2016 were forfeited upon departure of director from the company. These had a fair value of 16.42 cents.
- ii) 500,000 Ordinary Shares were issued to Northern Manganese Limited as part of the payment for the acquisition of tenements from them for a fair value of 13.5 cents on 31 October 2013.
- iii) 16,770,000 Ordinary Shares were issued as consideration to S2M2 Coal Pty Ltd shareholders for their shares in S2M2 Coal Pty Ltd at 8 cents on 21 March 2014.
- iv) 1,000,000 fair value unlisted options were granted with expiry date 21 December 2017 exercisable at 13 cents.

The fair value of options granted during the year was calculated at the date of grant using the Black-Scholes option-pricing model. Refer to Share Based Payment Note 25 which gives the assumptions made in determining the fair value of options on grant date.

**(b) Ordinary Shares**

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

**(c) Options**

Information relating to Zenith Minerals Limited's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 25.

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

**19. RESERVES AND RETAINED LOSSES**

	Consolidated Entity	
	2015 \$	2014 \$
<b>(a) Reserves</b>		
Options reserve		
Balance at beginning of financial year	90,973	206,688
Cancellation of staff options (refer note 18(a) (i))	-	(164,200)
Issue of staff options (refer note 18(a) (iv))	-	48,485
<b>Balance at end of financial year</b>	<b>90,973</b>	<b>90,973</b>
<b>(b) Accumulated losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	(6,508,647)	(5,826,624)
Cancellation of staff options (refer note 18(a) (i))	-	164,200
Loss for the year	(6,351,356)	(846,223)
<b>Balance at end of financial year</b>	<b>(12,860,003)</b>	<b>(6,508,647)</b>

*Options reserve*

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

**20. FINANCIAL INSTRUMENTS****Overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

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

**20. FINANCIAL INSTRUMENTS (cont'd)****Credit Risk**

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from customers and investment securities. For the Consolidated Entity, it arises from receivables due from director related parties. At the reporting date there were no significant concentrations of credit risk.

**Cash and Cash Equivalents**

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

**Trade and Other Receivables**

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

**Exposure to Credit Risk**

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

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Other receivables	20,236	288,741
Cash and cash equivalents	726,277	862,038
	<b>746,513</b>	<b>1,150,779</b>

**Impairment Losses**

None of the Consolidated Entity's other receivables are past due (2014: Nil).

The allowance accounts in respect of other receivables and held to maturity investments are used to record impairment losses unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2015 the Consolidated Entity does not have any collective impairment on its other receivables (2014: Nil).

**Guarantees**

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

**Liquidity Risk**

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

**20. FINANCIAL INSTRUMENTS (cont'd)**

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

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

**Consolidated Entity**  
**30 June 2015**

Non-derivative Non Interest Bearing	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Other payables*	114,166	114,166	114,166	-	-	-	-

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

**Consolidated Entity**  
**30 June 2014**

Non-derivative Non Interest Bearing	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Other payables	137,772	137,722	137,722	-	-	-	-

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

**Market Risk**

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

**Currency Risk**

At reporting date, the Consolidated Entity is not exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the functional currency of the Consolidated Entity, which is the Australian dollar (AUD).

The Consolidated Entity has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

*Exposure to Currency Risk*

The Consolidated Entity has no exposure to foreign currency risk at reporting date (2014:Nil).

**Interest Rate Risk**

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

**20. FINANCIAL INSTRUMENTS (cont'd)****Cash Flow Sensitivity Analysis for Variable Rate Instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis as for 2014.

	2015 Profit or Loss		2014 Profit or Loss	
	100 bp Increase \$	100 bp Decrease \$	100 bp Increase \$	100 bp Decrease \$
Cash & cash equivalents	7,263	(7,263)	8,620	(8,620)

**Fair Values****Fair Values versus Carrying Amounts**

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

	30 June 2015		30 June 2014	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Other receivables	20,236	20,236	288,741	288,741
Cash & cash equivalents	726,277	726,277	862,038	862,038
Trade & other payables	(114,166)	(114,166)	(137,722)	(137,722)
	<b>632,347</b>	<b>632,347</b>	<b>1,013,057</b>	<b>1,013,057</b>

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

**Capital Management**

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

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

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

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

**21. OPERATING LEASE COMMITMENTS**

Effective 1 May 2014, the Consolidated Entity entered a service agreement with Gascoyne Resources Limited, whereby the Consolidated Entity is provided with secretarial services and office facilities for a monthly fee of \$6,666.67. This agreement expired on 28 February 2015. Effective 1<sup>st</sup> March 2015, the Consolidated Entity renewed its service agreement with Gascoyne Resources Limited, whereby the Consolidated Entity is provided with office facilities for a monthly fee of \$3,066.67. This agreement expires on 29<sup>th</sup> February 2016.

During 2014 and prior to the service agreement with Gascoyne Resources Limited entered into on 1 May 2014 as mentioned above, the Consolidated Entity had a service agreement with Lion One Australia Pty Ltd (previously name Avocet Resources Limited), a director related company, whereby the Consolidated Entity was provided with secretarial services and office facilities for a monthly fee of \$10,000. This agreement was completed on 30 April 2014. Committed at the reporting date but not recognised as liabilities, payable:

	Consolidated Entity	
	2015	2014
	\$	\$
Within one year	24,533	53,333

**22. EXPLORATION COMMITMENTS**

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately \$639,304 during the next 12 months (2014: \$792,190). 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.

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

	Consolidated Entity	
	2015	2014
	\$	\$
Short-term employee benefits	364,762	257,358
Post-employment benefits	34,652	22,417
Other long-term benefits	-	-
Share-based payments	-	48,485
	<b>399,414</b>	<b>328,260</b>

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

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

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



**24. RELATED PARTY TRANSACTIONS (cont.d)****(b) Subsidiaries**

Interests and subsidiaries are set out in Note 29.

**(c) Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 23.

**(d) Transactions with Related Parties**

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

- i) The Consolidated Entity entered into a service agreement with Gascoyne Resources Limited effective 1 May 2014. Gascoyne Resources Limited is a director related entity of Mr Rodney M Joyce and Mr Stanley A Macdonald. The Consolidated Entity was provided with the following services:

- a) secretarial services; and
- b) provision of fully furnished and equipped offices.

Under the agreement, Gascoyne Resources Limited is remunerated by the Consolidated Entity monthly on a basis of actual cost reimbursement of services provided, plus a service fee of \$6,666.67 per month. The service agreement expired on 28<sup>th</sup> February 2015. A new service agreement was entered into on 1 March 2015 whereby Gascoyne Resources Limited is remunerated by the Consolidated Entity monthly on a basis of actual cost reimbursement of services provided, being the provision of fully furnished and equipped offices, plus a service fee of \$3,066.67 per month. The total management service fee paid to Gascoyne Resources Limited for the financial year ended 30 June 2015 is \$65,600 (2014: \$13,333.34). The Consolidated Entity made payments of \$3,618 to Gascoyne Resources Limited for reimbursement of expenses not covered by the agreement. (2014:\$3,658).

- ii) During comparative year 2014, the Consolidated Entity had a service agreement with Lion One Australia Pty Ltd (previously named Avocet Resources Limited) up until 30 April 2014. This is a director-related entity of Mr Stanley A Macdonald.

The Consolidated Entity was provided with the following services:

- a) secretarial services; and
- b) provision of fully furnished and equipped offices.

Under the agreement, Lion One Australia Pty Ltd is remunerated by the Consolidated Entity monthly on a basis of actual cost reimbursement of services provided, plus a service fee of \$10,000 per month. The total management service fee paid to Lion One Australia Pty Ltd for the period ended 30 June 2015 is \$Nil (2014: \$100,000).

During 2015, the Consolidated Entity made payments of \$4,593 to Lion One Australia Pty Ltd for reimbursement of expenses not covered by the agreement (2014: \$10,594). A payment of \$1,500 was made to Lion One Australia Pty Ltd for the purchase of plant and equipment (2014: Nil). The Consolidated Entity received \$3,811 (2014: Nil) from Lion One Australia Pty Ltd for reimbursement of expenses incurred on behalf of Lion One Australia Pty Ltd.

**24. RELATED PARTY TRANSACTIONS (cont'd)****(d) Transactions with related parties (cont'd)**

- iii) Serviced Office Income - Fees were received by SM3 Resources Pty Ltd, a director related entity of Mr Stanley A MacDonald and Mr Michael J Clifford, during the financial year for the provision of a serviced office totaling \$8,500 (2014: \$1,417).

Fees were received by Cobalt Consulting Pty Ltd, a director related entity of Mr Michael Joseph Clifford, during the financial year for the provision of a serviced office totaling \$5,000 (2014: \$833).

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

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current receivables:</b>		
Amount receivable – director related entities	3,518	1,237
	<b>3,518</b>	<b>1,237</b>
<b>Current payables:</b>		
Amount payable – director related entities	(16,034)	(951)
	<b>(16,034)</b>	<b>(951)</b>

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

**25. SHARE BASED PAYMENTS****Employee Option Plan**

The establishment of the Zenith Minerals Limited's Employee Option Plan was approved by Directors resolution dated 27 February 2007. The Board may offer free options to persons ("Eligible Persons") who are:

- i) full time or part time employees (including a person engaged by the Consolidated Entity under a consultancy agreement); or
- ii) Directors of the company or any subsidiary based on a number of criteria including contribution to the Consolidated Entity, period of employment, potential contribution to the Consolidated Entity in the future and other factors the Board considers relevant.

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

When exercisable, each option is convertible into one ordinary share within fourteen days after the receipt of a properly executed notice of exercise and application monies. The Consolidated Entity will issue to the option holder, the number of shares specified in that notice. The Consolidated Entity will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options.

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

**25. SHARE BASED PAYMENTS (cont'd)**

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

**2015:**

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
20 Nov 2012	20 Aug 2016	\$0.29	200,000	-	-	-	200,000	200,000
21 Mar 2014	21 Dec 2017	\$0.13	1,000,000	-	-	-	1,000,000	1,000,000
			1,200,000	-	-	-	1,200,000	1,200,000

Nil unlisted options lapsed during the period.

**2014:**

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
20 Nov 2012	20 Aug 2016	\$0.29	1,200,000	-	-	(1,000,000)	200,000	200,000
8 Jan 2010	31 Dec 2013	\$0.14	100,000	-	-	(100,000)	-	-
21 Mar 2014	21 Dec 2017	\$0.13	-	1,000,000	-	-	1,000,000	1,000,000
			1,300,000	1,000,000	-	(1,100,000)	1,200,000	1,200,000

1,000,000 \$0.29 unlisted options were forfeited upon departure of a director from the Consolidated Entity and 100,000 \$0.14 unlisted options lapsed during the period, covered by the above table.

Zenith Minerals Limited	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2015	2015	2014	2014
Outstanding at the beginning of the period	\$0.16	1,200,000	\$0.29	1,300,000
Exercised during the period	-	-	-	-
Granted during the period	-	-	\$0.13	1,000,000
Forfeited during the period	-	-	\$0.1642	(1,000,000)
Lapsed during the period	-	-	\$0.14	(100,000)
Outstanding at end of the period	\$0.16	1,200,000	\$0.16	1,200,000
Exercisable at the end of the period	\$0.16	1,200,000	\$0.16	1,200,000

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.25 years (2014: 3.26 years) and have an exercise price in the range of \$0.13 to \$0.29 (2014: range of \$0.13 to \$0.29).

**25. SHARE BASED PAYMENTS (cont'd)**

There were no options granted during the current financial year. For the options granted during the 2014 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

**2014:**

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21 Mar 2014	21 Dec 2017	\$0.08	\$0.13	100.90%	-	2.65%	\$0.0485

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 the year was \$Nil (2014: \$48,485).

**26. ACQUISITION OF S2M2 COAL PTY LIMITED**

During 2014, Shareholders of Zenith Minerals Limited approved at a General Meeting held on 18<sup>th</sup> March 2014, for Zenith Minerals Limited to issue 16,770,000 shares as consideration to acquire 100% of the ordinary shares from the shareholders of S2M2 Coal Pty Limited. The transaction was completed on 21st March 2014 and the total consideration was 16,770,000 shares at 8 cents totalling \$1,341,600. S2M2 Coal Pty Ltd main business activity is minerals exploration. It was acquired to provide positive benefits to Zenith Minerals Limited including a Turkish gold project 'Kaveklitepe' and a boost to cash reserves. The acquired entity contributed revenues of \$6,890 and profit/(loss) after tax of (\$389,902) to the Consolidated Entity for the period from 21 March 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of \$38,579 and profit/(loss) after tax of (\$680,915). The values identified in relation to the acquisition of S2M2 Coal Pty Ltd are final as at 30 June 2014.

Details of the 2014 acquisition are as follows:

	Fair value \$
Cash and cash equivalents	598,802
Other receivables	1,681
Capitalised exploration expenditure	744,681
Plant and equipment	476
Trade payables	(4,040)
Net assets acquired	1,341,600
Goodwill	-
Acquisition-date fair value of the total consideration transferred	1,341,600
Representing:	
Consideration shares of 16,770,000 at \$0.08 paid to S2M2 Coal Pty Ltd shareholders	1,341,600
Acquisition cost expensed to profit or loss	67,937

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

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
(a) Loss for the year	(6,351,356)	(846,223)
Add:		
Non cash items		
Exploration expenditure written off	1,571,489	-
Impairment loss on exploration & evaluation expenditure	4,406,623	415,984
Depreciation	16,335	20,431
Net gain on disposal of exploration technical data	-	22,870
Share-based payment	-	48,485

**Changes in operating liabilities:**

Decrease/(Increase) in trade and other receivables	272,775	(234,674)
Decrease/(Increase) in other assets	(5,140)	1,247
Increase/(Decrease) in trade and other payables	(35,596)	(26,788)
Increase/(Decrease) in employee benefits	5,129	(11,307)
Net cash (used in) operating activities	<b>(119,741)</b>	<b>(609,975)</b>

**(b) Non-cash investing and financing activities.**

During 2015, as noted in note 18a(i) and (ii) there were share-based payments made during the year for acquisition of tenements totaling \$150,000. During 2014, as noted in note 18a(ii) and (iii) there were share-based payments made during the year for acquisition of tenements and S2M2 Coal Pty Ltd totaling \$1,409,100.

**28. SUBSEQUENT EVENTS**

There have been no other matter or material events that has arisen since 30 June 2015, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

**29. SUBSIDIARIES**

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

<b>Name</b>	<b>Principal place of business/country of incorporation</b>	<b>Ownership interest</b>	
		<b>2015</b>	<b>2014</b>
		<b>%</b>	<b>%</b>
Nanutarra Minerals Pty Ltd	Australia	100%	100%
Earaheedy Minerals Pty Ltd	Australia	100%	100%
S2M2 Coal Pty Ltd <sup>(1)</sup>	Australia	100%	100%
Kalicoal Pty Ltd <sup>(1)</sup>	Australia	100%	100%
Mamucoal Pty Ltd <sup>(1)</sup>	Australia	100%	100%
S2M2 Eastern Coal Pty Ltd <sup>(1)</sup>	Australia	100%	100%
BlackDragon Energy (Aus) Pty Ltd <sup>(1)</sup>	Australia	100%	100%

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

(1) All these entities were acquired on 21 March 2014 upon the acquisition of S2M2 Coal Pty Ltd. Refer to note 26 for further details.

**30. PARENT ENTITY DISCLOSURES**

As at and throughout the financial year ending 30 June 2015, the parent entity of the Group was Zenith Minerals Limited.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Result of Parent Entity:</b>		
Profit (loss) for the period	(7,258,029)	(455,848)
Other comprehensive income (loss)	-	-
<b>Total Comprehensive Income (loss) for the period</b>	<b>(7,258,029)</b>	<b>(455,848)</b>
<b>Financial Position of Parent Entity at Year End:</b>		
Current assets	566,790	594,462
<b>Total Assets</b>	<b>1,626,381</b>	<b>7,552,855</b>
Current liabilities	135,445	153,890
<b>Total Liabilities</b>	<b>135,445</b>	<b>153,890</b>
<b>Total Equity of the Parent Entity Comprising of:</b>		
Share capital	14,774,740	13,424,740
Reserves	90,973	90,973
Retained earnings/(losses)	(13,374,777)	(6,116,748)
	<b>1,490,936</b>	<b>7,398,965</b>

**31. DIVIDENDS**

No dividends have been paid or provided for.

**32. CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets and liabilities at reporting date (2014: a security deposit guarantee for the Minister Responsible for the Mining Act 1978 of \$10,000).

1. In the opinion of the directors of Zenith Minerals Limited:
  - (a) the Financial Statements and notes thereto, are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the financial position of the Company and Consolidated Entity's financial position as at 30 June 2015, and of their performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a);
  - (c) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.

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

On behalf of the Directors



**Mr R M JOYCE**  
**Chairman**

**Dated: 22 September 2015**  
**PERTH, WA**

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

### Report on the Financial Report

We have audited the accompanying consolidated financial report of Zenith Minerals Limited (the company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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PKF Mack | ABN 64 591 268 274

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PO Box 609 | West Perth | Western Australia 6872 | Australia



## Opinion

In our opinion:

- (a) the financial report of Zenith Minerals Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(e) in the financial report, which confirms that the financial report has been prepared on a going concern basis. The consolidated entity, however, incurred a loss of \$6,351,356 for the year ended 30 June 2015. These conditions, along with other matters as set forth in Note 2 (e), indicate the existence of a material uncertainty that may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern and therefore, the company and the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.


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

## Report on the Remuneration Report


We have audited the Remuneration Report included in pages 22 to 31 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



PKF MACK



SHANE CROSS  
PARTNER

22 SEPTEMBER 2015  
WEST PERTH,  
WESTERN AUSTRALIA

This statement outlines the main corporate governance practices of Zenith Minerals Limited and its subsidiaries ('Group') in place throughout the financial year ended 30 June 2015, which comply with the 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council unless otherwise stated. The company's ASX Appendix 4G, which is a checklist that cross-references the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Annual Report or the company website, is contained in the website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au). This statement is current as at 22 September 2015 and has been approved by the Board of Directors of Zenith Minerals Limited.

## PRINCIPLES OF BEST PRACTICE RECOMMENDATIONS

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Recommendation 1.1:

A Listed Entity should disclose:

- a) the respective roles and responsibilities of its board and management; and
- b) those matters expressly reserved to the board and those delegated to management.

The Board of directors of Zenith Minerals Limited is ultimately responsible for leadership and the performance of the Group. The Board monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected, and to whom they are accountable. It is responsible for setting the strategic objectives of the company, overseeing all corporate reporting systems, governance issues and risk management, remuneration frameworks and shareholder communications.

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and longer term, and seek to balance sometimes competing objectives in the best interests of the Group. Their focus is to enhance the interests of shareholders and other key stakeholders, and to ensure the Group is properly managed.

The Board operates in accordance with the broad principles set out in its charter, which is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html>. The charter details the roles and responsibilities of the board and management, including the matters expressly reserved to the board and those delegated to management.

Management is responsible for implementing Board strategy and day to day running of general operations and the financial business for the company, ensuring that all risks and performance issues are brought to the Boards attention. Management must operate in accordance within delegated authority parameters set by the Board.

#### Senior Executive Responsibilities

The Group is served by two senior executives;

- A Managing Director and a Company Secretary/Chief Financial Officer (CFO).

The Managing Director is responsible for:-

- Developing budgets, business plans and strategies for board consideration and to the extent approved by the Board, implementing these plans;
- Managing all exploration activity including the selection of area to be subject to exploration, determining the nature, type and extent of exploration activity;

- Identifying and managing operational and other risks and where those risks may have a material impact on the business, formulating strategies for consideration by the Board in managing these risks;
- Ensuring that tenements are maintained in good standing with applicable State Authorities;
- Reporting to the Board on exploration activity;
- Reporting to Board on exploration budget and financial activity;
- Periodical high-level review of key controls to ensure that they are operating as required/designed.

The Company Secretary/CFO is responsible for:

- Advising and supporting the Chairman and the Board to manage day to day governance framework of the Company;
- Ensuring the efficient operation of the registered office of the Group;
- Preparation of monthly financial reports;
- Preparation of half-year and annual financial statements;
- Reporting to and ensuring compliance with ASX Listing rules and other regulatory authorities eg. Australian Securities and Investment Commission, Australian Taxation Office;
- Ensuring the continuous operation of key controls;
- Maintenance of Group's risk register;
- Maintenance of Group records.

#### Recommendation 1.2:

A Listed Entity should:

- a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to the appointment of a director or putting forward that person to security holders as a candidate for election as a director, the Company undertakes comprehensive reference checks of that person's character, experience, education, criminal record, bankruptcy history and ability to undertake Board duties and responsibilities as a director.

The Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Group. The company ensures that shareholders are provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, together with whether the Board supports the appointment or re-election. This is outlined in the Company's Notice of Annual General Meeting.

#### Recommendation 1.3:

A Listed Entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and senior executive of the Company has a written agreement outlining the key terms of their appointment as agreed upon at the time of appointment.

**Recommendation 1.4:**

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is assessable to all directors.

The responsibilities of the Company Secretary are outlined in above in recommendation 1.1 of this Corporate Governance Statement and in the Board Charter located at Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html>, Corporate Governance Policy No. 1 Board Charter.

**Recommendation 1.5:**

A listed entity should:

- a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b) disclose that policy or a summary of it; and
- c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  - i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act.

Zenith Minerals Limited has a diversity policy which is available from the Corporate Governance Information Section of the Group website at:  
<http://www.zenithminerals.com.au/corporate.27.html>.

The diversity policy aims to achieve workforce diversity in all forms including gender, age, ethnicity and cultural background. Zenith Minerals Limited recognises that it will benefit from engaging its workforce, at employee and board level, from a broad and diverse pool of talented, well qualified, experienced and diverse backgrounds who are motivated to most effectively represent the Company and its achievement of its corporate objectives.

The Board of Directors acting as the Nomination Committee is responsible for establishing measurable diversity objectives for the Company to strive to achieve and assessing annually the objectives and progress of achievement of these objectives. Measurable objectives for achieving diversity have not been set by the Board, as the Group is too small to achieve any meaningful diversity without raising the risk that diversity for the sake of diversity may adversely affect the corporate culture. Notwithstanding this, for the existing and prospective employees of all backgrounds, the Group seeks to provide the best possible opportunities that can best facilitate the future growth and innovation of the Company in a manner which reflects the principles and objectives of the Group's Diversity Policy.

The following table shows the respective proportion of men and women on the board, in senior executive positions and across the whole organisation, for the financial year ended 30 June 2015:

2015			
	Women	Men	Total
Board of Directors	0	4	4
Senior Executive Positions	1	1	2
Employees across whole organisation	1	2	3

The Board defines “Senior Executive” as a person who makes, or participates in the making of decisions that affect the business or has the capacity to affect significantly the company’s financial standing. This includes all senior management as listed in the Remuneration Report contained within the Company’s 2015 Annual Report.

#### Recommendation 1.6:

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The chairman undertakes an annual assessment of the performance of the Board, its individual directors and its committees. The process involves conducting individual interviews of its directors and board discussions. The review covers various matters including review of responsibilities set out in the Board Charter located at the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html>. Directors whose performance is unsatisfactory are asked to retire.

Each Director has the right to seek independent advice at the Group's expense, however prior approval by the chairman is required, which will not be unreasonably withheld.

During the reporting period, the Chairman conducted a performance evaluation of the Board, its individual directors and its committees in accordance with these processes.

#### Recommendation 1.7:

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Managing Director is accountable to the Board for management of the Group, with authority levels approved by the Board, and is subject to the supervision of the Board. Similarly, the performance of the Company Secretary/CFO is evaluated by the Board annually. In assessing the performance of the senior executives, the review includes consideration of the senior executives achievement of their responsibilities as outlined in Recommendation 1.1, and overall performance of the company in achieving its targets.

All senior executives were evaluated during the current financial year in accordance with the process disclosed above.

## PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

### Recommendation 2.1:

The Board of a listed entity should:

- a) have a nomination committee which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
    - 3) the charter of the committee
    - 4) the members of the committee; and
    - 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Due to the small size and structure of the Board, there is no separate nomination committee. The Board considers it more appropriate to set aside time at Board meetings to specifically address those matters and issues arising that would ordinarily be considered by a nomination committee. When considering nomination matters, the Board operates in accordance with its Nomination Charter which is available in the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 5 of the Corporate Governance Policies. The following Directors comprise the Board which currently considers the nomination committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)

For details of the Board members and their independence status, please refer below to Recommendation 2.3 and as outlined in the Directors Report under the heading "1. Directors". The majority of the members of the Board are independent non-executive directors.

Mr Rodney M. Joyce, a non executive director, was appointed Chairman by the Board on 9 October 2013 and has been determined by the Board to be independent. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives.

The Board reviews its composition on an annual basis to ensure that it has the appropriate mix of skills, knowledge, experience and diversity to adequately discharge its responsibilities and duties. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.

The Board held 3 board meetings during the year and 12 circular resolutions in writing during the year ended 30 June 2015, as disclosed in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the three board meetings, 1

board meeting specifically addressed Nomination Committee related matters and 1 out of 12 circular resolutions specifically addressed Nomination matters.

### Recommendation 2.2:

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board aims to have an appropriate mix of skills, expertise, experience and diversity in its composition, to be effective in discharging its responsibilities of good corporate governance and oversight for the company and its shareholders.

The mix of skills currently comprising the Board and those that the Board consider appropriate to maintain is outlined in the Board's Skill Matrix found at the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under title 'Board Skills Matrix'.

The Board is committed to having a diverse mix of experience and expertise, gender, age, geographic, and culture in the composition of Zenith Minerals Limited's board, so as to enable good corporate governance and value for the Company's shareholders.

### Recommendation 2.3:

A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position, association, or relationship of the type described in Box 2.3, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director.

Details of the Board of directors and appointment date is outlined in the Directors Report under the heading "1. Directors". Details of the directors length of service and independence status is as follows:

Director Name	Executive status	Length of service at reporting date	Independence Status
R M Joyce	Non-executive Chairman	9 years (appointed 6 December 2006)	Independent
S A Macdonald	Non-executive director	9 years (appointed 24 April 2006)	Independent
J D Goldsworthy	Non-executive director	2 years (appointed 29 August 2013)	Independent
M J Clifford	Executive director	1 year (appointed 18 March 2014)	Not-independent

The Board assesses independence each year. Directors must provide all information that may be relevant to this assessment. There are three non-executive directors who are deemed independent at reporting date. Directors of the Board are entitled to the right to have adequate access at all times, in appropriate circumstances, to independent professional advice that will facilitate independent judgement in board decisions at the expense of the Company.

The board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations, 3<sup>rd</sup> Edition.



Details of directors that the Board has declared as independent, but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Boards determination are as follows:

An entity connected with Mr S A Macdonald and another entity connected with Mr R M Joyce and Mr S A Macdonald had business dealings with the entity during the year, as described in **Note 24 – Related Party Transactions**, to the Financial Statements. In accordance with the Board Charter, the directors concerned declared their interests in those dealings to the Group and took no part in decisions relating to them or the preceding discussions. The materiality of the interest was assessed by the Board and it was determined that it would not interfere with the director's capacity to:

- a) bring independent judgement before the board (as they took no part in decisions relating to them or any preceding discussions), and
- b) act in the best interests of the entity and its security holders.

The Chairman, Mr R M Joyce, has close family ties with a person (spouse) who is a substantial security holder of the entity. The Board is of the opinion, that this does not compromise the independence of Mr R M Joyce because the holding aligns the interests of the director with those of the shareholders and is encouraged by the company.

**Recommendation 2.4:**

A majority of the board of a listed entity should be independent directors.

Given consideration to the responses outlined above in Recommendation 2.3, the majority of the Board comprise independent directors at reporting date.

**Recommendation 2.5:**

The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Mr Rodney M. Joyce, a non executive director, was appointed Chairman by the Board on 9 October 2013 and has been determined by the Board to be independent as detailed above in recommendation 2.3. Mr M J Clifford is the appointed Chief Executive Officer of the Group.

**Recommendation 2.6:**

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

All new directors participate in a comprehensive, formal induction program which covers the operation of the Board and company policies, its committees and financial, strategic, operations and risk management issues. To ensure directors maintain and enhance their skills to effectively perform their role as directors, they are encouraged to undertake continuing professional education through the attendance at industry seminars and relevant education courses, as approved by the company.

The Board acting as the Nomination Committee oversees and reviews director induction programs and continuing professional development in accordance with its Nomination Charter which is available in the Corporate Governance Information Section, under policy 5 of the Corporate Governance Policies of the Group, found on the website at <http://www.zenithminerals.com.au/corporate.27.html> .



**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY****Recommendation 3.1:**

A listed entity should:

- a) have a code of conduct for its directors, senior executives and employees; and
- b) disclose that code or a summary of it.

The company has a code of conduct for its which has been fully endorsed by the Board and applies to all directors, senior executives and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behavior and professionalism and the practices necessary to maintain confidence in the Group's integrity.

The code of conduct is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 8 of the Corporate Governance Policies.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING****Recommendation 4.1:**

The board of a listed entity should:

- a) have an audit committee which
  - 1) has at least three members, all of whom are non executive directors and a majority of whom are independent directors; and
  - 2) is chaired by an independent director, who is not the chair of the board, and disclose:
    - 3) the charter of the committee;
    - 4) the relevant qualifications and experience of the members of the committee; and
    - 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

There is no separate audit committee. This is because, in the opinion of the Board, the added expense associated with the establishing a separate independent audit committee, cannot be justified in a Group the size of Zenith Minerals Limited.

The Board considers those matters and issues arising that would normally fall to the audit committee. The Board, acting as the audit committee, has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The following non executive directors comprise the Board which currently considers the audit committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)

For details of the Board members and their independence status, please refer above to Recommendation 2.3. The Board's relevant qualifications and experience are as outlined in the Directors Report under the heading "1. Directors". The majority of the Board includes three non-executive directors who are deemed independent.

The Chair is deemed independent as outlined above in recommendation 2.5. Mr Rodney M. Joyce, a non executive director, was appointed Chairman by the Board on 9 October 2013. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives. As explained above, due to the size of Zenith Minerals Limited, the Board acts in accordance with the Charter of the Audit Committee as there is no separate audit Committee and hence no separate Chair from the Chair of the Board as recommended in 4.1(a)(2) of the 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations.

The Board, acting as the audit committee, operates in accordance with a charter which is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 3 of the Corporate Governance Policies, which also includes the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board held 3 board meetings during the year and 12 circular resolutions in writing during the year ended 30 June 2015, as disclosed in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the three board meetings, 2 board meeting specifically addressed audit committee related matters and 3 out of 12 circular resolutions specifically addressed audit committee matters.

**Recommendation 4.2:**

The board of a listed entity should before it approved the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In relation to the financial year ended 30 June 2015 and the half year ended 31 December 2014, the Board has obtained a written declaration from the Managing Director (CEO) and the Company Secretary/CFO, in the form set out in Recommendation 4.2.

**Recommendation 4.3:**

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends each Annual General Meeting and is available to answer shareholder questions relevant to the audit.

**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE****Recommendation 5.1:**

A listed entity should have:

- a) a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

The Group has a written policy titled “Disclosure Policy and Communications Strategy” which outlines the processes followed by the Group and its directors, executives and employees in ensuring compliance with its continuous disclosure obligations and its market communications strategy.

A summary of these policies and procedures is available from the Corporate Governance Information Section of the Group’s website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 10 ‘Disclosure Policy and Communications Strategy’ of the Corporate Governance Policies.

**PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS****Recommendation 6.1:**

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Group and its operations is located at <http://www.zenithminerals.com.au> . Information about the Group’s corporate governance is available from the Corporate Governance Information Section of the Group’s website at <http://www.zenithminerals.com.au/corporate.27.html> .

**Recommendation 6.2:**

A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.

And

**Recommendation 6.3:**

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Group’s written policy titled “Disclosure Policy and Communications Strategy” outlines processes designed to encourage effective, timely, balanced and understandable information concerning the Group to its shareholders and the market which adheres to the principles of continuous disclosure. It also outlines policies and processes in relation to communications with analysts, media or other external parties to ensure communications comply with continuous disclosure requirements. A summary of these policies and procedures is available from the Corporate Governance Information Section of the Group’s website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 10 ‘Disclosure Policy and Communications Strategy’ of the Corporate Governance Policies.

Initiatives to facilitate this include making all Group announcements, media briefings, and details of Group meetings, press releases for the last three years and financial reports for the last five years available on the Group's website. All information released to the market and related information (such as information provided to analysts or the media) is placed on the Group's website as soon as possible following the release to the ASX.

The Annual Report is provided via the Group's website to all shareholders, unless a shareholder has specifically requested to receive a physical copy. The annual report includes relevant information about the operations and activities of the Company and its subsidiaries during the year, changes in the state of affairs and details of future developments. The half year report contains summarised financial information and a review of operations of the Company and its subsidiaries. This is sent to shareholders upon shareholder request.

The website also includes a feedback mechanism and an option for shareholders to register their email address for direct email updates on Group matters.

Full texts of notices of meetings and explanatory material are placed on the Group's website.

The Group encourages full and effective shareholder participation at general meetings. Shareholders generally participate in these meetings through the appointment of a proxy.

**Recommendation 6.4:**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Group manages with its Share Registry, the majority of communications with Shareholders. Shareholders are encouraged to receive correspondence from the Group electronically to enable a more efficient and effective communication methodology with shareholders. The Group's website found at <http://www.zenithminerals.com.au> also provides links to its share registry, Security Transfer Registrars Pty Limited, and includes a feedback mechanism and an option for shareholders to register their email address for direct email updates on Group matters.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK****Recommendation 7.1:**

The board of a listed entity should:

- a) have a committee or committees to oversee risk and each of which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
    - 3) the charter of the committee
    - 4) the members of the committee; and
    - 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board, acting as the audit committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Board, acting as the audit committee, operates in accordance with a charter and its risk management policy which is

available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 3 and policy 11 of the Corporate Governance Policies.

Recommendation 4.1 provides the information and/or location of information referred to in Recommendation 7.1 paragraph (a).

**Recommendation 7.2:**

The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Group's risk management policy requires the Board, acting as the audit committee, to review the risk management framework and material risks that could impact the Group's business activities, at least twice a year. The risk management policy is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 11 of the Corporate Governance Policies.

In the reporting period, the Board reviewed the Group's risk management framework twice a year, during half-year reporting and year end reporting, to satisfy itself that it continues to be sound.

**Recommendation 7.3:**

A listed entity should disclose:

- a) if it has an internal audit function, how the function is structured and what role it performs; or
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

In the opinion of the Board, the added expense associated with the establishing a separate independent internal audit function, cannot be justified in a Group the size of Zenith Minerals Limited.

As there is no separate internal audit function, the Board, acting as the audit committee, operates in accordance with a charter which is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 3 of the Corporate Governance Policies, which addresses the monitoring and reviewing of the effectiveness of the Group's internal control environment covering:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

Ultimate responsibility for risk oversight and risk management rests with the full Board. The risk management policy which sets out a risk management framework is available from the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 11 of the Corporate Governance Policies.

In accordance with its risk management policy, management is responsible for developing and implementing a sound system of risk management and internal control. Management carries out regular systematic monitoring of control activities and reports to the Board. The Board

requires management to design and implement a risk management and internal control system to manage the Group's identified risks. Risk analysis determines the appropriate risk management strategies and internal controls that are needed to best manage those risks. Once these have been determined, appropriate internal control and other risk mitigation strategies are identified and implemented. The Managing Director, with assistance from senior management as required, regularly monitors and assesses the effectiveness and performance of internal controls and the risk mitigation strategies. The results of these reviews are to be reported by the Managing Director to the Board at least twice a year.

#### Recommendation 7.4:

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Group strives to achieve industry practice in safety, business conduct, social, environmental and economic activities and seeks to identify, assess and manage those risks to the best of the Group's ability in its operations. As outlined in the Corporate Governance Information Section of the Group website at <http://www.zenithminerals.com.au/corporate.27.html> under policy 12 "Health, Safety, Environment and the Community" of the Corporate Governance Policies, the Group aims for sustainable and ethical business practices and is committed to respectful, fair and responsible treatment of employees, business partners and positive impact on communities in which it operates.

The Group has in place policies and procedures, including its Risk Management Policy which enables the identification, assessment, monitoring, and management of material business risks that could have material impact on its business activities as outlined above in recommendation 7.1 and 7.2.

The Board is of the view that it has adequately disclosed in the Annual Report the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Group does not currently have any specific material exposure to environmental and social sustainability risks.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

#### Recommendation 8.1:

The board of a listed entity should:

- a) have a remuneration committee which:
  - 1) has at least three members, a majority of whom are independent directors; and
  - 2) is chaired by an independent director, and disclose:
    - 3) the charter of the committee
    - 4) the members of the committee; and
    - 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

There is no separate remuneration committee. This is because the Board is of the opinion that the Group is too small to justify the extra expense of forming and running a remuneration committee. Accordingly, the Board considers those matters and issues arising that would usually fall to the



remuneration committee, in accordance with its Remuneration Committee Charter, which is available in the Corporate Governance Information Section, under policy 7 of the Corporate Governance Policies of the Group website <http://www.zenithminerals.com.au/corporate.27.html>.

The following non executive directors comprise the Board which currently considers the remuneration committee matters:

- R M Joyce (Non-Executive Director and Chairman)
- S A Macdonald (Non-Executive Director)
- J D Goldsworthy (Non-Executive Director)

For details of the Board members and their independence status, please refer above to Recommendation 2.3 and as outlined in the Directors Report under the heading "1. Directors". The majority of the Board includes three non-executive directors who are deemed independent. Mr Rodney M. Joyce, a non executive director, was appointed Chairman by the Board on 9 October 2013 and is has been determined by the Board to be independent.

The Board held 3 board meetings during the year and 12 circular resolutions in writing during the year ended 30 June 2015, as disclosed in the Directors' Report under the heading "3. Directors Meetings", including the number of meetings attended by each director. Out of the three board meetings, 1 board meeting specifically addressed nomination related matters and 1 out of 12 circular resolutions specifically addressed nomination related matters.

**Recommendation 8.2:**

A listed entity should separately disclose its policies and practices regarding the remuneration of non executive directors and the remuneration of executive directors and other senior executives.

The Group's policies and practices regarding remuneration of non executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration Committee Charter which is available in the Corporate Governance Information Section, of the Group website <http://www.zenithminerals.com.au/corporate.27.html> under policy 7 of the Corporate Governance Policies. Further details in relation to Zenith Minerals Limited's remuneration policies are contained in the Remuneration Report at section 4. of the Directors Report in this Annual Report.

**Recommendation 8.3:**

A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

The Group has an equity based remuneration scheme in the form of share options, which are granted from time to time to encourage longer term performance objectives. The Group's Securities Trading Policy and Guidelines details that recipients of equity-based remuneration (eg. incentives options) are prohibited from entering into any transactions that would limit the economic risk of options or other unvested entitlements.

The Securities Trading Policy and Guidelines is available in the Corporate Governance Information Section, of the Group website at <http://www.zenithminerals.com.au/corporate.27.html>.

**In Compliance with ASX Requirements**

The shareholder information set out below was applicable as at 16 September 2015.

**1. DISTRIBUTION OF EQUITY SECURITIES**

a) Analysis of numbers of shareholders by size of holding (ZNC).

	<b>Number of Shareholders</b>	<b>Number of Fully Paid Ordinary Shares</b>
1 – 1,000	475	182,734
1,001 – 5,000	494	1,139,730
5,001 – 10,000	166	1,431,392
10,001 – 100,000	546	16,635,230
100,001 and over	124	109,245,522
	<b>1,805</b>	<b>128,634,608</b>

b) Number of shareholders holding less than a marketable parcel – 1,328 (at 16 September 2015).

c) Particulars of twenty largest shareholders. The names of the twenty largest holders of quoted shares are listed below:

<b>Shareholder Shares Issued</b>	<b>Fully Paid Ordinary Shares</b>	
	<b>Number held</b>	<b>% of total</b>
1 HSBC CUSTODY NOMINEES AUSTRALIA LTD	10,767,899	8.37%
2 GRANICH NADA	8,490,092	6.60%
3 GDR PTY LTD	6,150,000	4.78%
4 MIQUILINI SUZI QUELI	5,922,256	4.60%
5 CITICORP NOM PTY LTD	5,009,303	3.89%
6 BREAMELEA PTY LTD	4,500,000	3.50%
7 HERNSTADT WILLIAM HENRY	3,932,241	3.06%
8 ABINGDON NOM PTY LTD	3,294,299	2.56%
9 YANDAL INV PTY LTD	3,262,417	2.54%
10 NATIONAL NOM LTD	2,555,383	1.99%
11 BMC UK NO.2 LTD	2,500,000	1.94%
12 CREEKWOOD NOMINEES PTY LTD	2,266,354	1.76%
13 TILBROOK P & J B & J E	2,191,697	1.70%
14 CHRISTOPHER JAMES A G	2,097,767	1.63%
15 JENKINS EUAN WILLIAM	2,087,331	1.62%
16 ABINGDON NOM PTY LTD	2,022,840	1.57%
17 TILBROOK JOHN BEVAN	1,931,355	1.50%
18 MACDONALD STANLEY ALLAN	1,797,100	1.40%
19 GREY WILLOW PTY LTD	1,792,401	1.39%
20 COBALT CONSULTING PTY LTD	1,693,814	1.32%



**VOTING RIGHTS**

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

**2. SUBSTANTIAL SHAREHOLDERS**

Substantial shareholders in the Company are:

Ordinary Shares	Number held	% Interest
HSBC Custody Nominees Australia Ltd	10,767,899	8.37%
NADA GRANICH	8,490,092	6.60%

**3. UNQUOTED EQUITY SECURITIES**

(a) The following unquoted options are on issue:

	Number on Issue	Number of Holders
Options issued under the Company's Employee Option Plan to take up ordinary shares: Exercisable at 29 cents each by 20 <sup>th</sup> August 2016.	200,000*	2
Persons holding 20% or more each: <ul style="list-style-type: none"> <li>• AA Dermedgoglou</li> <li>• A D'Hulst</li> </ul>	50% 50%	
Options issued under the Company's Employee Option Plan to take up ordinary shares: Exercisable at 13 cents each by 21 <sup>st</sup> December 2017.	1,000,000*	1
* Persons holding 20% or more: M J Clifford	100%	

**INTERESTS IN MINING TENEMENTS at 16 September 2015**

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy	Western Australia	E69/1771	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2734	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2736	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2737	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2256	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/2257	Zenith Minerals Limited	100%	Granted
Earaheedy	Western Australia	E69/3370	Zenith Minerals Limited	100%	Application
Mount Alexander	Western Australia	E08/1410	Zenith Minerals Limited	100%	Granted
Mount Alexander	Western Australia	E08/1972	Zenith Minerals Limited	100%	Granted
Mount Alexander	Western Australia	E08/1987	Nanutarra Minerals Pty Ltd	100%	Granted
Vivash Gorge	Western Australia	E47/3071	Zenith Minerals Limited	100%	Application
Kavaklitepe	Turkey	EL20079861	Empire International Anadolu Madencilik Anonim Sirketi	Earning to 70%	Granted
Develin Creek	Queensland	16749	Kalicoal Pty Ltd	51% with right to acquire 100%	Granted
Develin Creek	Queensland	18845	Kalicoal Pty Ltd	51% with right to acquire 100%	Granted
Develin Creek	Queensland	17604	Kalicoal Pty Ltd	51% with right to acquire 100%	Granted
Cardinals Gossan	Western Australia	E45/4445	S2M2 Eastern Coal Pty Ltd	100%	Granted
Bocrabee	Western Australia	E46/1033	S2M2 Eastern Coal Pty Ltd	100%	Application
Minnie Creek	Western Australia	E09/2063	S2M2 Eastern Coal Pty Ltd	100%	Granted
Sungai Roi, Indonesia	Indonesia	IUP08/HAR/ 111/208	PT Hasil Kharisma Alam	Option to acquire	Granted