

26 February 2016

Dear Shareholder,

On 24 February 2016, Zenith Minerals Limited (**Company**) announced a capital raising of approximately \$1.5 million through a two stage process comprised of:

- (a) a placement to institutional and sophisticated investors to raise approximately \$400,000 by the issue of 10,000,000 shares at 4 cents per share (**Placement Shares**) with 5,000,000 free attaching options (**Placement Options**) (**Placement**); and
- (b) a non-renounceable rights issue of one (1) fully paid ordinary share (**New Share**) for every five (5) existing shares held as at 5:00pm on 2 March 2016 (**Record Date**) to shareholders with registered addresses in Australia, New Zealand, United Kingdom and Singapore (**Eligible Shareholders**) to raise approximately \$1.1 million (before costs) (**Rights Issue Offer**). Subscribers to the Rights Issue Offer will also receive 1 free attaching option (**New Option**) for every two (2) New Shares subscribed for and issued under the Rights Issue Offer.

A prospectus in relation to the Rights Issue Offer was lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX on 24 February 2016 (**Prospectus**) and will be mailed to Eligible Shareholders in accordance with the timetable below. The Prospectus also contains an offer for subscription, Placement Shares and Placement Options to placees under the Placement (**Placement Offer**). The Placement Offer is not open to the general public.

#### Details of the Rights Issue Offer

Pursuant to the Rights Issue Offer, the Company will issue up to approximately 27,726,922 New Shares at an issue price of 4 cents per New Share and 13,863,461 free attaching New Options to raise approximately \$1.1 million before costs.

The Rights Issue Offer is not underwritten.

The New Shares will rank equally in all respects with the Company's existing shares. The New Options will be exercisable at 10 cents each on or before 31 December 2017. The Company will apply to the ASX for quotation of the New Shares and New Options.

Shareholders who choose not to take up their entitlement will receive no value in respect of their entitlement and their shareholding in the Company will be diluted.

#### Details of the Placement Offer

The Company has secured commitments totalling approximately \$400,000 under the Placement to be raised by the issue of approximately 10,000,000 Placement Shares at 4 cents per Share. The Company expects to issue the Placement Shares and Placement Options prior to the Record Date utilising its ASX Listing Rule 7.1 placement capacity. The Company will seek shareholder approval for the issue of any Placement Shares and Placement Options in excess of its available placement capacity under the ASX Listing Rules. Further details of the Placement Offer are contained in the Prospectus.

## Timetable

The Company expects the Rights Issue Offer to be conducted in accordance with the following timetable:

<b>RIGHTS ISSUE OFFER</b>	<b>Date</b>
Lodgment Date	24 February 2016
“Ex” date	29 February 2016
Record date to determine Entitlements for the Rights Issue Offer	2 March 2016
Prospectus with Entitlement and Acceptance Form dispatched	7 March 2016
Rights Issue Offer opens for receipt of Applications	7 March 2016
Closing date for acceptances for the Rights Issue Offer	5pm WST on 17 March 2016
New Shares and New Options quoted on a deferred settlement basis	18 March 2016
Notify ASX of under subscriptions for the Rights Issue Offer	22 March 2016
Allotment and issue of New Shares and New Options	24 March 2016
Dispatch of holding statements for New Shares and New Options	24 March 2016
Normal trading of New Shares and New Options commences on the ASX	29 March 2016

The Company expects the Placement Offer to be conducted in accordance with the following timetable:

<b>PLACEMENT OFFER – <i>Not open to the general public</i></b>	<b>Date</b>
Placement Offer opens	24 February 2016
Placement Offer closes	25 February 2016
Issue of Placement Shares and Placement Options	25 February 2016
Quotation of Placement Shares on ASX	26 February 2016

*The above dates are indicative only. The Company reserves the right to vary the above dates, subject to ASX Listing Rules and the Corporations Act.*

## Use of funds

The Directors intend to apply the proceeds from the Placement Offer and Rights Issue Offer together with the Company's existing cash reserves for the following purposes:

- further exploration including drilling, sampling, evaluation and development studies on the Develin Creek, Kavaklitepe, Mt Minnie and lithium projects;
- provide additional working capital; and
- to fund expenses of the Placement Offer and Rights Issue Offer – including legal costs, marketing and other administrative expenses (including ASX, ASIC and Share Registry fees).

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to shareholders.

## Capital Structure

A table setting out the capital structure of the Company as a consequence of the Rights Issue Offer and Placement Offer are set out below (assuming the Rights Issue Offer and Placement Offer are fully subscribed and no options are exercised):

Event	Shares
Shares on issue at the date of this Prospectus	128,634,608
Shares to be issued under the Placement Offer	10,000,000 <sup>1</sup>
New Shares to be issued under the Rights Issue Offer	27,726,922
<b>TOTAL ISSUED SHARES</b>	<b>166,361,530</b>

Event	Options
Unlisted Options exercisable \$0.29 on or before 20 August 2016 on issue at the date of this Prospectus	200,000
Unlisted Options exercisable at \$0.13 on or before 21 December 2017 on issue at the date of this Prospectus	1,000,000
New Options to be issued under the Rights Issue Offer	13,863,461
Options to be issued under the Placement Offer	5,000,000
<b>TOTAL ISSUED OPTIONS</b>	<b>20,063,461</b>

Eligible Shareholders will receive a copy of the Prospectus and Entitlement and Acceptance Form shortly. You must follow the instructions on the Entitlement and Acceptance Form to take up your entitlements. Eligible Shareholders may also apply for additional New Shares in excess of their entitlement under the Rights Issue Offer.

Should you have any questions regarding the Rights Issue Offer or Placement Offer you may contact the Company Secretary on +61 8 9226 1110 or consult your stockbroker or professional adviser.

A copy of the Prospectus may be viewed on the ASX website, or alternatively at the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

The Company thanks you for your continuing support.

Yours faithfully,

Mr Michael Clifford

**MANAGING DIRECTOR**

**ZENITH MINERALS LIMITED**

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<sup>1</sup> The Company intends to issue the Placement Shares prior to the Record Date for the Rights Issue Offer utilising, to the extent available its existing Listing Rule 7.1 capacity. In the event that not all of the Placement Shares are issued prior to the Record Date, the figures in the Prospectus, in particular the number of securities under the Rights Issue Offer will be adjusted accordingly.