

31st May 2022



Corporate Details

Zenith Minerals Limited (ASX:ZNC)

ABN: 96 119 397 938

Issued Shares	343.9M
Unlisted options	14.3M
Mkt. Cap. (\$0.38)	A\$130M
Cash (31 st Mar 22)	A\$9.3M
Equities (31 st Mar 22)	A\$14.2M
Debt	Nil

Directors

David Ledger	Executive Chairman
Michael Clifford	Managing Director
Stan Macdonald	Non-Exec Director
Julian Goldsworthy	Non-Exec Director
Emma Scotney	Non-Exec Director
Nic Ong	Co Sec
Nick Bishop	CFO

Major Shareholders

Directors	3.4%
HSBC Custody Nom.	8.7%
Citicorp Nom	8.3%
BNP Paribas Nom	6.2%
EV Metals Group	2.9%

Our Vision

Zenith has a vision to maximise shareholder value through superior project generation and exploration activities.

Focus is on 100% owned Zenith projects, whilst partners progress multiple additional opportunities.

Contact Us

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DIVESTMENT OF VIVASH GORGE IRON PROJECT

The Board of Zenith Minerals Limited (ASX: ZNC) ("Zenith" or "the Company") is pleased to advise that it has divested its Vivash Gorge Iron project, as foreshadowed in the Company's Quarterly Report dated 28-Apr-22.

Zenith has entered into a Binding Heads of Agreement with Alien Metals Ltd (LSE AIM:UFO), a global minerals exploration and development company for Alien to acquire, subject to the satisfaction of certain conditions, 100% of the Vivash Gorge Iron Ore Project in the Pilbara region of Western Australia. Alien is unrelated to Zenith.

The Vivash Gorge Iron Ore Project (E47/3071) covers ~47km² and is strategically located 60km south of the Alien's existing Brockman iron project and only 80km from the town of Tom Price.

Key Terms of the Vivash Gorge Heads of Agreement (HOA)

Alien can acquire a 100% interest in the Vivash Gorge iron ore project from Zenith through a mixture of upfront and performance-based consideration as follows:

- at completion, Alien will issue Zenith with A\$100,000 (GBP56,500) of new Common Shares in Alien at a deemed price equal to the VWAP of the Company's Common Shares in the 10 trading days prior to the date of Completion ("Consideration Shares"); and
- the issue of the following number of New Common Shares to Zenith as deferred consideration (Deferred Consideration Shares), subject to satisfaction of the following milestones (each, a Milestone):
 - I. that number of New Common Shares equal to the value of A\$50,000 at a deemed price equal to the VWAP of Common Shares in the 10 trading days prior to the release of an announcement confirming an initial, economic direct shipping ore (DSO) resource being defined at the area covered by the Vivash Gorge tenement, reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code (Milestone 1);
 - II. that number of New Common Shares equal to the value of A\$100,00 at a deemed price equal to the VWAP of the Common Shares in the 10 trading days prior to the release of an announcement on the London Stock Exchange (LSE) confirming the conversion of the Licence from an exploration licence to a mining licence (Milestone 2); and
 - III. that number of New Common Shares equal to the value of A\$200,000 at a deemed price equal to the VWAP of the Common Shares in the 10 trading days prior to the release of an announcement on the LSE confirming an economic, > 10Mt DSO resource, reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code (Milestone 3).

- Subject to satisfaction of the relevant Milestone, Alien will issue the relevant number of Deferred Consideration Shares within 7 days of each announcement being released on the London Stock Exchange

In addition to the Consideration, Alien agrees to grant Zenith an ongoing royalty payment whilst in production of \$1.00/dwt (Dry Wet Tonnes) of the quantity of shipped ore derived from the area within the boundaries of the Licence, as those boundaries exist at Completion (**Royalty**).

Completion of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- completion of technical, financial and legal due diligence by Alien on the Sale Assets, within 14 days of the date of execution of the HOA (**Execution Date**), with the results of those due diligence enquiries being satisfactory to the Purchaser in its sole and absolute discretion;
- there being no Material Adverse Effect in respect of Alien on or before the date of satisfaction or waiver of the other Conditions Precedent;
- Alien applying to LSE for, and obtaining all required approvals for, the issue and quotation of the Consideration Shares and Deferred Consideration Shares;
- Zenith and Alien entering into the Royalty Deed;
- The Parties having obtained all necessary shareholder, third party, FIRB and regulatory approvals required under the Corporations Act, listing rules of the LSE or any applicable law which is required to be obtained to allow the Parties to lawfully complete the Acquisition;
- if requested by Alien, Zenith procuring any statutory licences, approvals, consents, authorisations, rights or permits relating to the Licence from the Department or other similar government department or agency, in so far as they may be transferred by Zenith; and
- the Parties entering into a deed of covenant with FMG pursuant to the Access Deed,

(together, the **Conditions Precedent**).

The HOA otherwise contains standard terms, such as representations and warranties, as customary for a transaction of this nature.

Zenith Lithium Joint Venture

Zenith is being developed as a pure lithium company to refocus on minerals containing lithium and related metals required for rechargeable lithium-ion batteries for electric vehicles and renewable energy storage ("Battery Minerals"), backed by a new alliance with the EV Metals Group (EVM), as detailed in ASX Release 13-Jan-22. Key commercial terms of the Zenith Lithium Joint Venture with EVM include:

- EVM may earn a 60% interest in the lithium rights in two initial 100% owned Zenith projects, namely Waratah Well and Split Rocks (Figure 1), by sole funding the completion of a feasibility study within 24 months, with Zenith retaining a 40% project share.
- On and from completion of a feasibility study, Zenith and EVM will form a joint venture in respect of the project lithium rights. EVM will sole fund expenditure to a decision to mine, following which the parties will be required to fund future joint venture expenditure in accordance with their respective percentage shares.
- EVM must arrange all financing for the development, construction and commissioning of any future mine including Zenith's share. Zenith must repay its proportionate share of the project finance including interest from the sale of its proportionate share of minerals produced.
- EVM to spend a minimum of A\$7M on exploration on the projects, in 24 months, before being able to voluntarily withdraw provided that if EVM does not complete a feasibility study within 24 months it will be deemed to have withdrawn and will not earn an interest in the project lithium rights.
- The agreement includes a joint venture over Zenith's Split Rocks and Waratah Well projects in Western Australia, as well as a non-exclusive right to bring additional projects to the joint venture by either party, to explore for lithium/EV metals.
- In addition, EVM or its nominees subscribed for 20,000,000 ordinary ZNC shares @ \$0.30 cents per share (representing a premium of 20% above the then VWAP for ZNC shares for the preceding 10 Business Days) raising A\$6M (Placement), with funds applied to source new lithium opportunities, near term advancement of its gold and base metals portfolio and working capital (ASX Release 19-Jan-22).



Figure 1: Zenith Lithium Joint Venture - Project Locations (stars) and Alliance Project (square)

Australian Lithium Alliance

Zenith and EV Metals Group have also agreed to work together on a non-exclusive basis to assess lithium opportunities in Australia under a strategic initiative referred to herein as the Australian Lithium Alliance (ALA). Zenith and EV Metals Group will each fund their respective share of costs on assessing, exploring and any future development capital on a 40% - 60% basis respectively, with EV Metals Group owning marketing rights to any offtake. Each party will bring to the arrangement their respective technical, financial and management skills to assess lithium opportunities. The Mt Ida North option agreement announced to the ASX on 23-May-22 is being pursued under the ALA partnership.

The ALA is a separate arrangement to the existing Zenith Lithium Joint Venture with EV Metals Group that is detailed below and in ZNC ASX Release dated 14-Jan-22.

Demerger of Gold and Base Metals Assets

To allow the Zenith team to focus on activities to generate Battery Minerals projects, ZNC is planning to demerge the non-Battery Minerals projects, including base metals and gold assets into a new Company to be listed on ASX. Any such demerger will be subject to ZNC Board approval, tax advice favourable to ZNC, as well as shareholder, ASX, ASIC and other regulatory approvals. ZNC shareholders to benefit by way of an in-specie distribution of the shares in the new listed Company. Further updates and information on the Demerger will be provided by Zenith in due course.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith Minerals Limited. 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.

Material ASX Releases Previously Released

The Company has released all material information that relates to Exploration Results, Mineral Resources and Reserves, Economic Studies and Production for the Company's Projects on a continuous basis to the ASX and in compliance with JORC 2012. The Company confirms that it is not aware of any new information that materially affects the content of this ASX release and that the material assumptions and technical parameters remain unchanged.

Authorised for release by the Zenith Minerals Limited Board of Directors – 31st May 2022

For further information contact Zenith Minerals Limited:

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Zenith Minerals Limited (ASX:ZNC)

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Key Australian gold and base metal projects include:

Earaheedy	Zinc	Western Australia	25% free carry to BFS
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New major zinc discovery to be fast tracked with extensive accelerated exploration program underpinned by a recent \$40M capital raising by partner Rumble Resources Limited (ASX:RTR) (ASX Releases 28-Apr-21, 2-Jun-21, 8-Jun-21, 18-Oct-21, 13-Dec-21, 21-Dec-21, 31-Jan-22, 7-Feb-22, 21-Feb-22, 9-Mar-22, 26-May22).

Develin Creek	Copper - Zinc	Queensland	100% Owned
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Inferred Mineral Resource 2.57Mt @ 1.76% Cu, 2.01% Zn, 0.24g/t Au & 9.6g/t Ag (ASX Release 15-Feb-15). Massive sulphides intersected at 2 new prospects Wilsons North & Snook.

Sulphide City (ASX Release 5-Jul-21).	34m @ 3.5% Cu+Zn incl 10m @ 6.0% Cu+Zn	29m @ 3.5% Cu+Zn incl 12.3m @ 6.7% Cu+Zn
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Red Mountain	Gold	Queensland	100% Owned
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Drilling is following-up the high-grade near surface gold and silver intersected in the maiden & subsequent drill programs (ASX Releases 3-Aug-20 & 13-Oct-20, 9-Nov-20, 21-Jan-21, 19-May-21).

Results incl:	13m @ 8.0 g/t Au	15m @ 3.5 g/t Au
	5m @ 10.4 g/t Au	12m @ 4.9 g/t Au

Split Rocks	Gold	Western Australia	100% Owned
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Zenith drilling returned - high-grade near surface gold mineralisation at multiple targets (ASX Release 5-Aug-20, 2-Sep-20, 19-Oct-20, 28-Oct-20, 15-Jan-21, 11-Mar-21, 21-Apr-21, 24-Jun-21, 30-Sep-21, 18-Jan-22). Results include:

Dulcie North	32m @ 9.4 g/t Au, incl 9m @ 31.4 g/t Au	16m @ 1.3 g/t Au
Dulcie Laterite Pit	2m @ 14.5 g/t Au	18m @ 2.0 g/t Au
	14m @ 3.5 g/t Au	
Estrella	2m @ 9.8 g/t Au	
Dulcie Far North	5m @ 5.6 g/t Au	3m @ 70 g/t Au
Water Bore	3m @ 6.6 g/t Au	
Scotts Grey	8m @ 4.1 g/t Au	4m @ 4.8 g/t Au

Investments



43.9M shares in Bradda Head Holdings Limited (AIM)



3.88M shares in Rumble Resources Limited (ASX:RTR)



2.5M shares in American Rare Earths (ASX:ARR)



0.5M shares in Nickel-X Limited (ASX:NKL)