



Zenith  
Minerals  
Limited

ABN 96 119 397 938

**Consolidated Interim Financial Report**  
**for the Half-Year Ended**  
**31 December 2014**

**Contents**

Corporate Information .....	1
Directors' Report .....	2
Auditor's Independence Declaration.....	14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income ..	15
Condensed Consolidated Statement of Financial Position .....	16
Condensed Consolidated Statement of Changes in Equity .....	17
Condensed Consolidated Statement of Cash Flows .....	18
Notes to the Condensed Consolidated Financial Report .....	19
Directors' Declaration .....	25
Independent Auditor's Review Report .....	26

**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

**Company Secretary**

Melinda Nelmes

**Registered Office and Principal Office**

Level 2  
33 Ord Street  
WEST PERTH WA 6005

PO Box 1426  
WEST PERTH WA 6872

Telephone: +61 8 9226 1110  
Facsimile: +61 8 9481 0411

Email: [info@zenithminerals.com.au](mailto:info@zenithminerals.com.au)  
Website: [www.zenithminerals.com.au](http://www.zenithminerals.com.au)

**Auditors**

PKF Mack  
Level 4, 35 Havelock Street  
WEST PERTH WA 6005

Telephone: +61 8 9322 2798  
Facsimile: +61 8 9481 2019

**Share Registry**

Security Transfer Registrars Pty Ltd  
PO Box 535  
APPLECROSS WA 6953

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

**Stock Exchange Listing**

Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX Code: ZNC

## Directors' Report

The Directors of Zenith Minerals Limited ("The Company") and subsidiaries ("Consolidated Entity") submit herewith the Interim Financial Report for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporation Act 2001, the directors report as follow:

### Directors

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

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

### Joint Company Secretaries

Melinda Nelmes	–	(appointed 20 March 2014)
Alex Dermedoglou	–	(period appointed 29 June 2007 to 16 February 2015)

### Review of Operations

In the half year to 31 December 2014 the Company continued to progress its copper and gold projects: the Develin Creek copper-zinc-gold-silver deposits in Queensland, Kavaklitepe gold project in Turkey and the Mt Minnie gold project in Western Australia. In addition, the Company is seeking to extract value for shareholders from its Mt Alexander magnetite iron deposit and the Earacheedy manganese project (Figure 1).

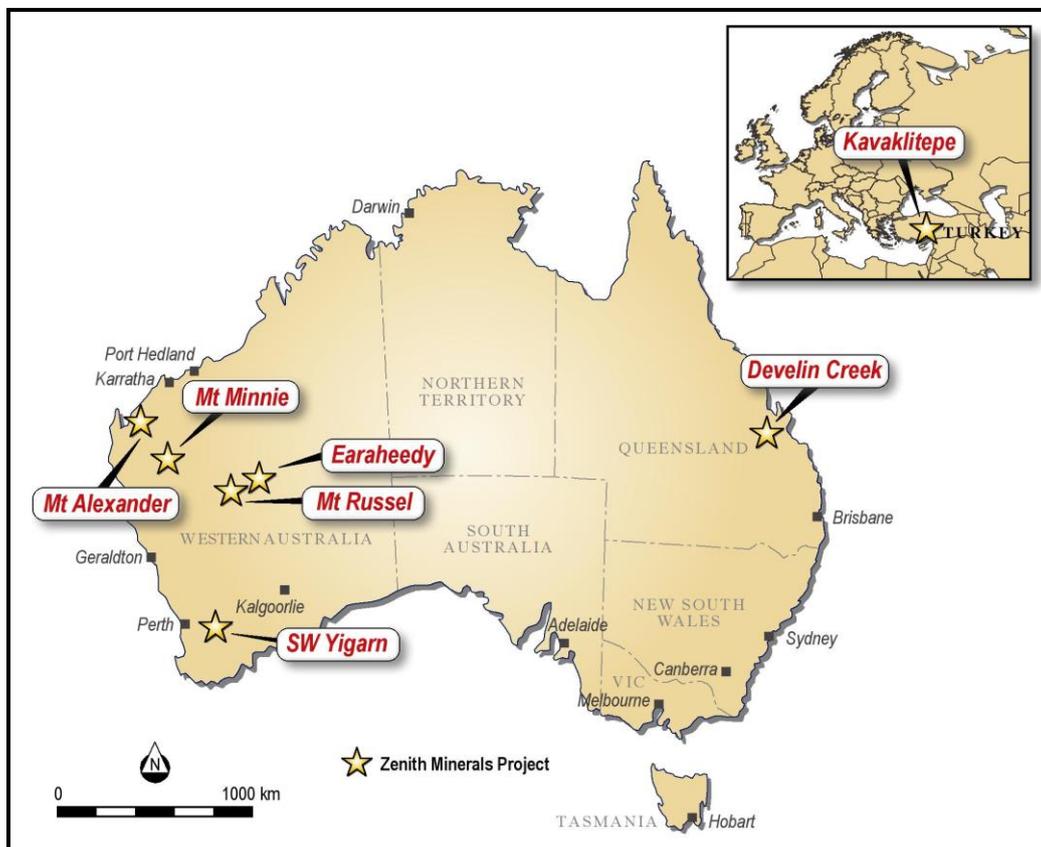


Figure 1: Zenith Project Locations

**Develin Creek Copper-Zinc-Gold-Silver Project (Zenith Minerals 51%, rights to 100%)**

Located 70km north-west of Rockhampton in Central Queensland, the Develin Creek base metals project hosts several copper-zinc-gold-silver volcanic hosted massive sulphide (VHMS) deposits and covers an extensive belt of underexplored prospective volcanic 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 - both of those deposits are located in Western Australia. These types of deposits typically occur in clusters making them attractive exploration targets.

During the half year, the Company announced (ASX Release 27<sup>th</sup> November 2014) results from an initial 8 hole reverse circulation (RC) drilling program at the Develin Creek Copper-Zinc-Gold-Silver Project. The drilling was the first in 20 years at the Scorpion and Window deposits and aimed to extend the known deposits as well as provide material for initial sighter metallurgical testwork.

**Sulphide City Deposit**

Drilling by Zenith confirmed that the high-grade core of the Sulphide City deposit extends a further 140m south of the existing JORC resource. The results from Zenith drill holes ZDCRC0006 (5m @ 2.45% copper, 2.14% zinc, 0.4 g/t gold and 30.7 g/t silver) and ZDCRC0007 (3m @ 2.63% copper, 0.88% zinc, 0.5 g/t gold and 36.7 g/t silver) support 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 outside the current resource (Figure 2).

Of special note, Zenith RC hole ZDCRC0006 twinned a 1993 percussion drill hole PD-088 (the new RC hole was drilled parallel to and within 9m of the older percussion hole) as the older hole appeared to have anomalously low copper-zinc-gold and silver results compared to a more recent diamond drill hole and other older 1993 diamond drill hole results further to the north. The older percussion hole was sampled on 3m composite intervals from the collar, whereas Zenith's hole was drilled using a modern face sampling reverse circulation downhole hammer and was sampled on 1m intervals. Zenith's hole returned significantly higher copper, zinc, gold and silver grades (3x copper, 5x zinc, 5x gold and 7x silver) for the equivalent drilled interval.

Drill hole ZDCRC0006, with more robust sampling techniques will replace PD-088 in the revised resource estimate (released after the half year end), allowing a zone of continuous high-grade copper to be defined through the core of the new Sulphide City deposit southern extension (refer to Figure2). The Company will in conjunction with the competent person responsible for the resource estimate assess if further twinning of older percussion drill holes is warranted.

Of note, drill hole PD-084 drilled by percussion methods in 1993 at the northern end of Sulphide City deposit (Figure 1) also has anomalously low results compared with surrounding drill holes and Zenith will consider twinning that hole in follow-up drill programs.

In addition, hole ZDCRC0007, drilled in a 70m gap between existing holes in the southern portion of the existing resource, confirmed continuity of high-grade copper mineralisation, returning 3m @ 2.63% copper, 0.88% zinc, 0.5 g/t gold and 36.7 g/t silver.

**Window Deposit**

Zenith drilling at Window during the half year indicates that this copper deposit is a thick zone of flat-lying chalcocite dominant (copper sulphide) mineralisation. Hole ZDCRC0003 extended mineralisation a further 40m north of the existing resource wireframe with a broad intersection of 37m @ 0.98% copper including 13m @ 1.21% copper from 45m depth. Drill holes ZDCRC0004 and 0005 drilled west and east of the existing Window resource wireframe close off mineralisation in those respective directions but will have no impact on the existing resource.

**Scorpion Deposit**

Drilling at the Scorpion Deposit during the half year intersected the ore position with hole ZDCRC0002 intersecting a 2m wide zone of sphalerite (zinc sulphide) rich mineralisation returning 2m @ 1.59% zinc, 0.2% copper, 0.21 g/t gold and 16.4 g/t silver, however this did not confirm Zenith's interpretation of a continuous high-grade down plunge target. Holes ZDCRC0001 and ZDCRC0002 will not have any impact on the existing Scorpion resource. Both drill holes have been cased and will provide platforms for downhole EM surveying to be conducted in 2015. Massive bedded copper-zinc sulphide mineralisation remains open at depth beyond the main Scorpion deposit to the north and north-east.

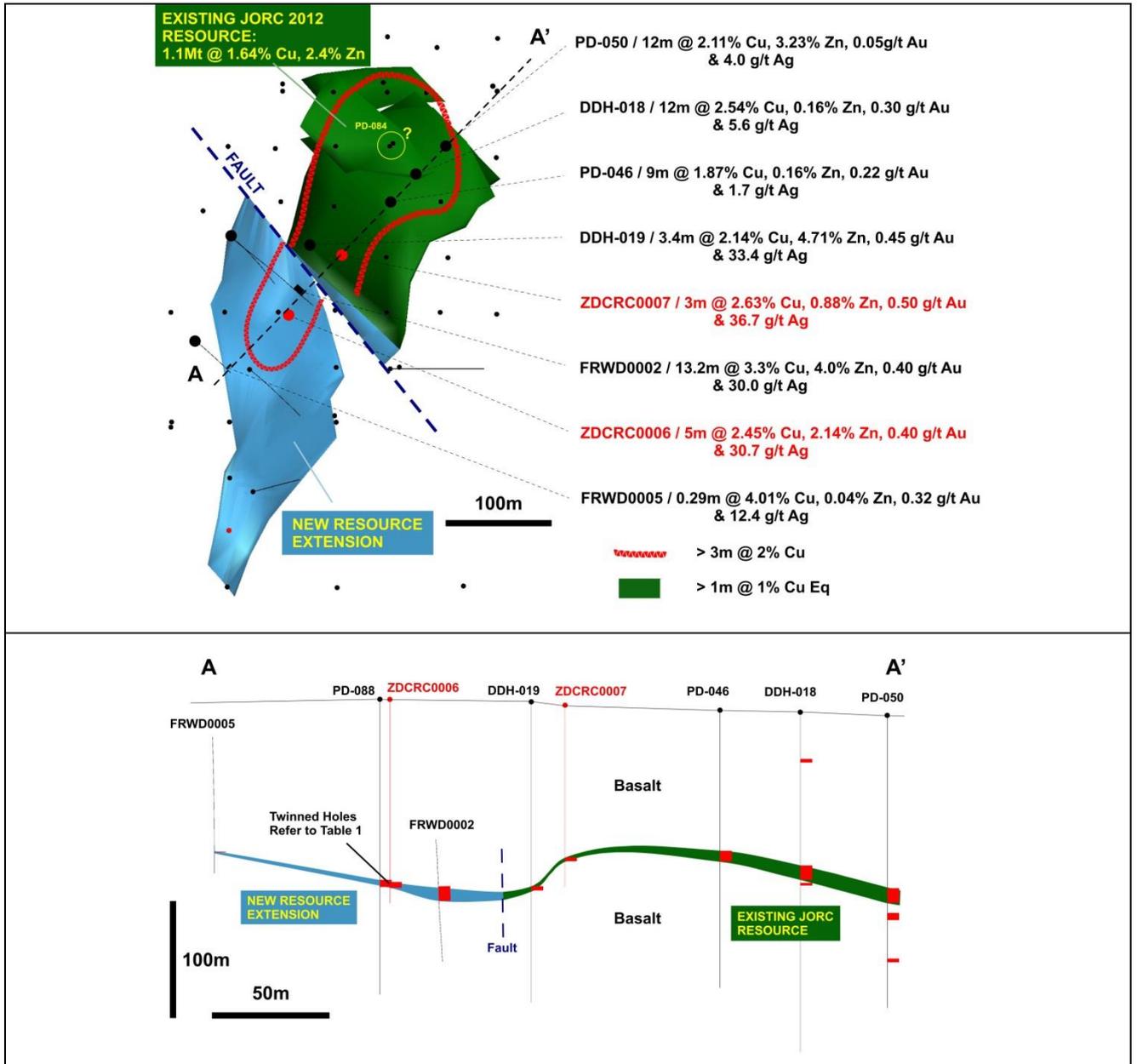


Figure 2: Plan View and Long Section of the Sulphide City Deposit

**Resource Update**

The Inferred Resources (JORC Code 2012, as at the end of the half year) for the three known mineralised bodies (Sulphide City, Scorpion and Window) at Develin Creek total: **1.76Mt @ 1.71% copper, 2.05% zinc, 8.5g/t silver and 0.24g/t gold**, at a 1% Cu equivalent cut-off (ASX Release-ZNC Qtlly Report June 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>

Refer to Competent Person sign-off at the end of this Report.

Note that drilling in late 2011 by Fitzroy Resources and in the half year period by Zenith extended mineralisation at the Sulphide City deposit by 200m to the south, this mineralisation is not included in the resource estimate reported above. Better intersections from drilling (previously reported by Fitzroy -ASX Releases 28<sup>th</sup> July 2011, 28<sup>th</sup> Oct 2011 and 30<sup>th</sup> Jan 2012) which extends high-grade

copper-zinc mineralisation to the north and south (refer to Figure 1) that are not included in the resource estimate include:

- **FRWD0002** 13.2m @ 3.3% Cu, 4.0% Zn & 0.4g/t gold (40m south of existing resource)
- **FRWD0004** 1.1m @ 3.5% Cu, 1.7% Zn & 0.6g/t gold (140m south of existing resource)
- **FRWD0001** 0.7m @ 4.4% Cu, 1.6% Zn & 0.8g/t gold (50m north of existing resource)
- **FRWC007** 2.0m @ 0.23% Cu, 2.41% Zn & 2.51g/t silver (200m south of existing resource)

Whilst Zenith drill results include:

- **ZDCRC0006** 5m @ 2.45% Cu, 2.14% Zn, 0.4 g/t Au & 30.7 g/t Ag
- **ZDCRC0007** 3m @ 2.63% Cu, 0.88% Zn, 0.5 g/t Au & 36.7 g/t Ag

A resource estimate update incorporating the new Zenith drill results was completed after the half year end (ASX release 5 February 2015).

### **Metallurgy**

Initial sighter metallurgical testwork commenced on recent Develin Creek drill samples. Composite samples prepared from both the Window and Sulphide City drill samples have been submitted for flotation recovery testwork.

### **Regional Targets**

Evaluation of the many high-priority regional targets commenced with an initial 5,000 soil samples collected during the half in a systematic geochemical surveying program. Historically there has been little to no systematic geochemical soil sampling over much of the prospective target horizons, so the Zenith program will be the first to provide effective geochemical coverage of portions of the target stratigraphy.

A detailed review of historic geophysical programs was completed during the half year. Previous electrical geophysical surveys were mostly completed 20 years ago. The review involved re-processing the historic geophysical data using modern computer techniques. The review confirmed that induced polarisation (IP) geophysical surveying can detect the pyrite rich stringer zone underlying the massive copper-zinc sulphides at Develin Creek however, the work also showed that previous airborne and ground based electromagnetic (EM) surveys were not optimally designed to directly detect the massive copper-zinc sulphides, providing only weak ambiguous responses.

### **Kavaklitepe Gold Project - Turkey (Zenith Minerals earning up to 70%)**

Zenith (via its 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 (TSX-V) 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 (Gunev 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 3).

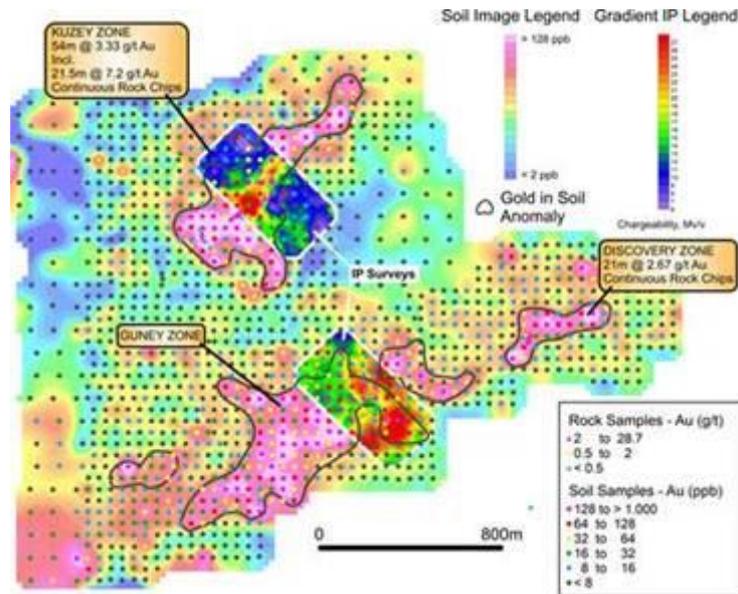


Figure 3: Plan Showing Kavaklitepe Project IP Geophysical Surveys (Images of chargeability at 25m below surface) overlying Gold in Soil Geochemical Anomaly

At Kuzey the chargeability anomaly lies directly beneath the 900m long (50ppb Au) high-grade gold in soil anomaly (maximum 6050ppb Au, 6.05 g/t Au) and can be detected in the survey data to a depth of at least 100m (Figure 4).

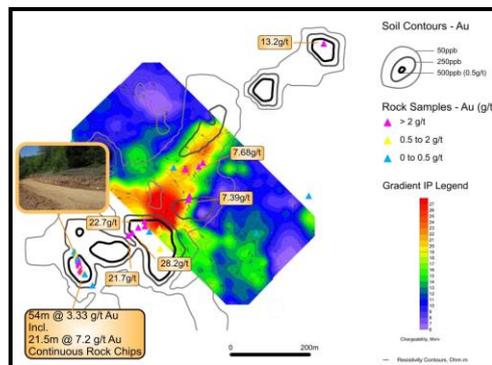


Figure 4: Plan Showing Kuzey Zone Gold in Soil Geochemical Anomaly Contours and Rock Chip Sample Locations overlying IP Geophysical Survey Image of Chargeability (25m depth slice)

Subsequent to the half year period, Columbus Copper announced 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.

**Earaheedy Project (Zenith Minerals 100%)**

Zenith announced during the half year (ASX release 8<sup>th</sup> December 2014) that it is a successful applicant in Round 10 of the WA Government Co-funded Exploration Incentive Scheme (EIS), under which Zenith plans to drill test 7 high-priority manganese targets in 2015 including two new prospects Bluegrass and Blue Elbow where outcropping high-grade manganese returned assays up to 48.1% manganese.

The drill program is the culmination of Zenith's targeting exercise incorporating recent reconnaissance mapping data with a detailed assessment by Zenith's geophysical consultants of the airborne electromagnetic survey data (VTEM), flown previously by Rio Tinto for iron ore exploration and covering 3 recently acquired exploration licences that contain newly identified high-grade outcropping manganese mineralisation. Assessment of the VTEM data has been highly encouraging with discrete near surface conductors occurring co-incident with surface outcrop of high-grade manganese as well as conductors along strike of the manganese outcrops and a series of additional conductors in areas where field work is yet to be completed. Deeper conductive layers have also been resolved providing insights into the geological architecture of the host sequence and potential manganese accumulation zones.

The Company is excited by the potential for further manganese discoveries within its extensive landholdings with the geophysical review defining greater than 60 new VTEM conductors of which 7 will be tested in the planned 2015 drill program.

**Background on Earraheedy Project**

The Proterozoic aged Earraheedy 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 5). Zenith's priority target is high-grade (>40% Mn) manganese oxide formed by weathering or supergene upgrade of primary mineralisation.

Zenith completed the first ever drilling for manganese in the western Earraheedy 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.

In late 2013 two additional holes drilled at the Lockeridge prospect were very positive, confirming that manganese oxide could persist up to 200m down dip from the high-grade manganese surface outcrops. The primary manganese carbonate at Lockeridge is supergene enriched near surface. Previous Zenith drilling completed in 2010 was 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.

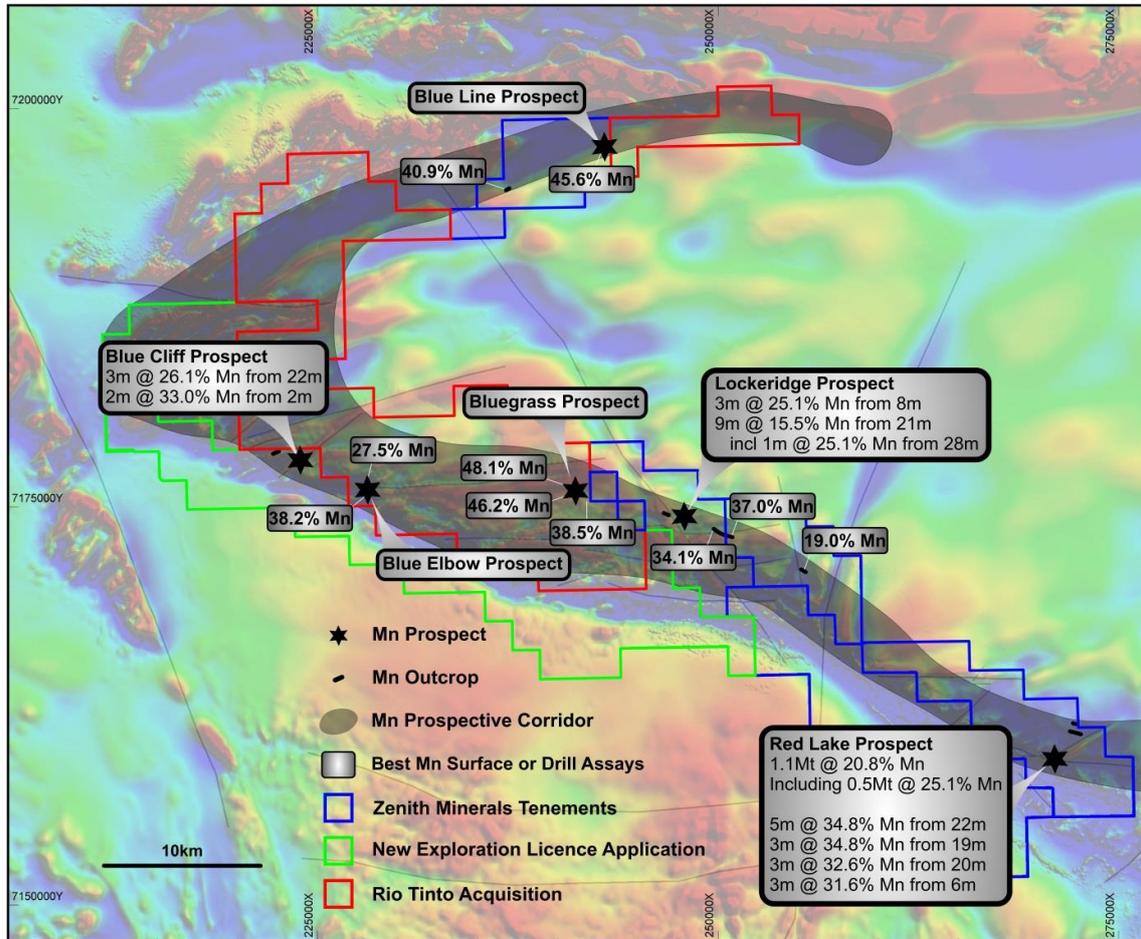


Figure 5. Zenith Tenements and Manganese Prospects, Western Earaaheedy Basin

The first DSO grade Mn drill intersections recorded in the Earaaheedy 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.

Red Lake Manganese Mineral Resource Estimate as at August 2014									
Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	Si %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
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

*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.*

Geological assessment during the Red Lake resource estimation process resulted in identification of a new fault that controls the location of the high-grade manganese zones. The recognition of this fault as an important control on high-grade manganese mineralisation now opens up a high-potential resource extension target to the northwest and southeast of the existing Red Lake resource. The newly identified zone is a priority target for follow-up by Zenith.

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.

**Earaheedy Base Metals (Zenith Minerals 100%)**

The Earahedy project also includes a 30 km long zone of carbonate-hosted zinc (Zn) and lead (Pb) mineralisation in the Yelma Formation at the base of the Earahedy Basin stratigraphy. Broadly spaced drilling by RGC Exploration from 1992 to 1996 defined several prospects containing drill intersections of oxidised and primary Zn-Pb mineralisation, including;

- Navajoh: 7.3 m @ 6.1 % Zn, 0.77% Pb (incl. 3.3 m @ 11.2% Zn, and 0.93% Pb)
- Magazine: 5 m @ 5.6% Zn + Pb (incl. 2 m @ 8.2% Zn, 2.8% Pb)
- Chinook: 6 metres @ 3.63% Zn + Pb.

**Mt Alexander Iron (Zenith Minerals 100%)**

During the half year period the Company continued discussions with various potential partners interested in advancing the Mt Alexander Iron Project. Field work was also complete during the half year to assess an area of potential high-grade DSO hematite mineralisation, however mapping and sampling indicated that high-grade hematite is restricted in surface extent.

**Background on Mt Alexander Project**

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 6).

Zenith has discovered magnetite iron mineralisation occurs in a banded iron formation (BIF) associated with a sequence of amphibolite, dolomite, schist and quartzite of Proterozoic age in the northern Gascoyne Province. These rocks have been metamorphosed to upper greenschist and amphibolite grade.

In May 2013 the Company announced a significant upgrade to the magnetite resource at Mount Alexander. The new Inferred Resource now stands at **535 million tonnes @ 30.0% Fe**.

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

Substantial additional potential exists for increased tonnage with only ~50% of target BIF drill tested to date. The Company has released (24 May 2013) an **additional Exploration Target of 570 to 680 million tonnes @ 25 to 35% Fe** (excluding the Inferred Resource), 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 outcrop mapping (by Zenith and by Jigsaw Geoscience, assays from outcrop rock chip samples taken by Zenith, drilling by Zenith (12 RC holes within the Exploration Target) at nominal 300m centres , magnetic susceptibility measurements and total iron*

and DTR analyses from drill samples, 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. The updated resource model wireframe was utilised for the Mt Alexander prospect area where appropriate. 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.

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 (transhipment).

\* 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 transhipment technology.

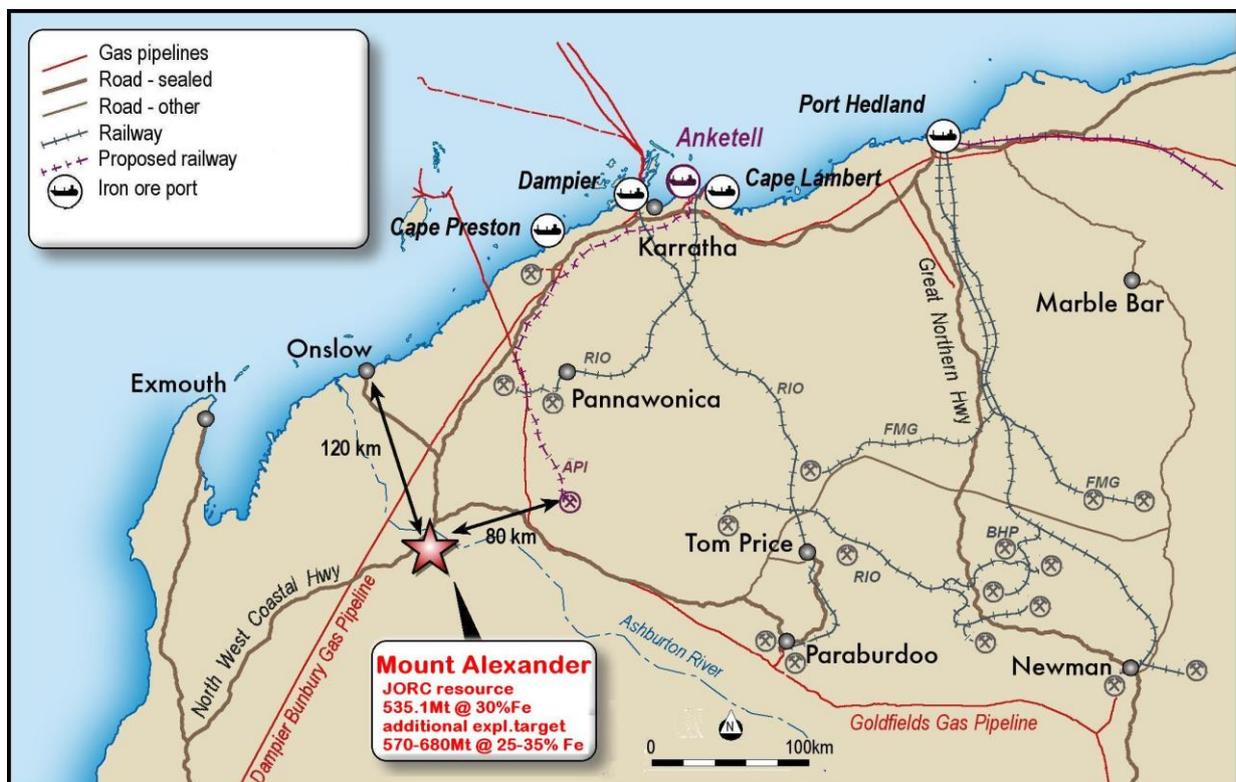
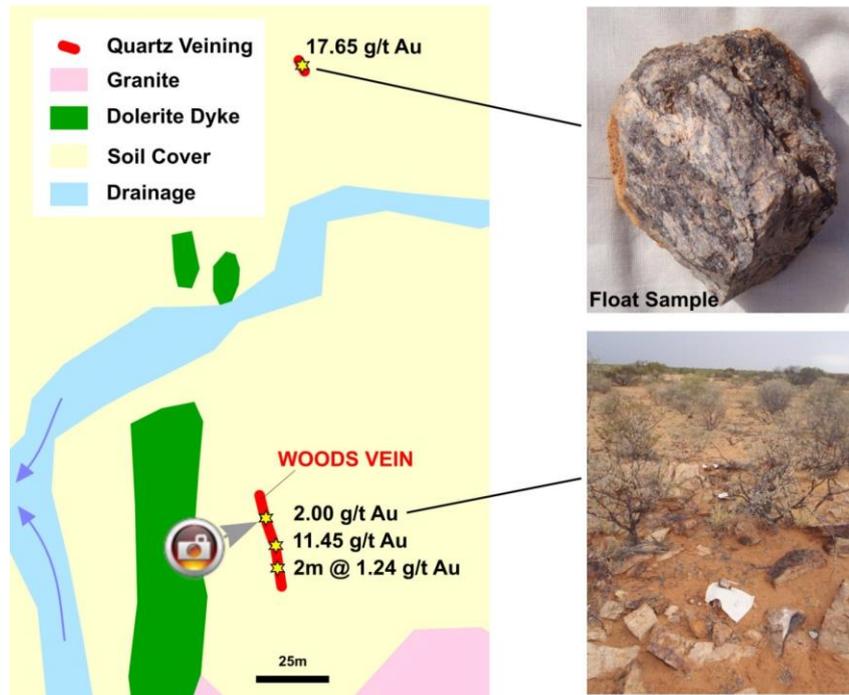


Figure 6: Mount Alexander Project Location Map – (Note Proximity to Coast and Regional Infrastructure)

**Mt Minnie Gold Project (Zenith Minerals 100%)**

Zenith announced to the ASX (3<sup>rd</sup> December 2014) new high-grade gold results from samples taken during an initial reconnaissance site visit at the Mt Minnie Gold Project, located in Western Australia.

Previous rock chip sampling at the Woods Prospect identified a zone of very positive gold results up to 21.5 g/t gold (Au). 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 Au 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 Au. A continuous rock chip sample across the strike of the vein returned 2 metres @ 1.24 g/t Au. The prospect is on the edge of a soil covered plain and outcrop is sparse (Figure 7).



**Figure 7: Woods Prospect – Significant Rock Sampling Results (only results greater than 1g/t Au shown). Note lack of outcrop and extensive soil cover surrounding the vein as shown in photo).**

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.

The next steps in evaluation of the project will include interpretation of geophysical and remote sensing data to establish structural setting and controls on mineralisation followed by systematic soil geochemical sampling programs to assess the extents of gold mineralisation at the Woods Prospect.

**Background on Mt Minnie Project**

The Mt Minnie project consisting of two exploration licences is situated approximately 240 km northeast of Carnarvon in Western Australia. The Mt Minnie North – Ram West tenements cover a portion of terrain composed predominantly of mid-Proterozoic granite assigned to the Minnie Creek batholith prospective for reduced intrusion related gold deposits. The project has seven existing gold prospects requiring follow-up that to date have only been the subject of cursory reconnaissance exploration activity.

Mt Minnie North (E09/2063) – Previous rock chip sampling at the Woods Prospect has identified a zone of very positive gold results including: 21.5 g/t Au, 0.49 g/t Au, 0.3 g/t Au, 0.15 g/t Au and 1.09 g/t Au. In addition rock chip sampling has returned up to 6.64g/t Au from the Osborne Well/Neptune Prospect area, located approximately 12 km to the south east of Woods Prospect. Mineralisation at all prospects is associated with quartz veining and sheared-altered granite.

Ram West (E09/2064) – Previous prospecting has defined 5 gold prospects over an area 10km x 5km that have not been followed up after their initial discovery: Ram West – gold to 0.85 g/t Au with associated bismuth (0.14%), tungsten and molybdenum, Fenceline – gold up to 64.2 g/t Au, Roadside – gold up to 0.3 g/t Au with associated tungsten and molybdenum, Michelle’s Copper – gold up to 0.6 g/t Au with associated bismuth (0.2%), molybdenum (278 ppm), tungsten (0.12%) and copper (3.6%), Clay pan – gold up to 0.28 g/t Au.

### **Competent Person 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. 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 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.*

*This information this Report that relates to in-situ Mineral Resources at Zenith’s Mount Alexander project is extracted from the 24 May 2013 ASX release entitled 'Mount Alexander Resource Upgrade' which is available to view on the Company’s website ([www.zenithminerals.com.au](http://www.zenithminerals.com.au)) . The Company confirms that it is not aware of any new information or data that materially affects the information included in the 24 May 2013 market announcement, and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the 24 May 2013 market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.*

*The information in this report that relates to Mineral Resources at Zenith’s Earahedy 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 net loss of the Consolidated Entity after income tax for the half-year ended 31 December 2014 was \$3,581,374 (31 December 2013: \$281,621). No dividends were paid or provided for during the half-year.

At 31 December 2014, the Company had \$956,798 (30 June 2014: \$862,038) in cash and term deposits to finance its operations.

### **Review of Operations**

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

**Auditor's Independence Declaration**

The Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, for the half-year ended 31 December 2014 has been received and included on page 14 of the Interim Financial Report.

Signed in accordance with a Resolution of Directors.

On behalf of the Directors



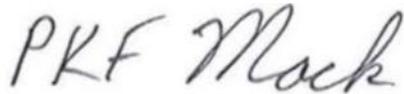
**Chairman**  
Perth

Dated: 10 March 2015

## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF ZENITH MINERALS LIMITED

In relation to our review of the financial report of Zenith Minerals Limited for the half year ended 31 December 2014, 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

10 MARCH 2015  
WEST PERTH,  
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkf.com.au](http://www.pkf.com.au)

PKF Mack | ABN 74 254 453 660

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

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

PKF Mack is a member of the PKF International Limited network of legally independent member firms. PKF Mack is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Half-Year ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Revenue	15,550	15,541
<b>Expense</b>		
Employee benefits expenses	(86,449)	(106,946)
Depreciation and amortisation expense	(8,401)	(10,863)
Exploration expenditure written off	(645,111)	-
Impairment loss on exploration	(2,709,535)	-
Management fee	(40,012)	(61,000)
Other operating expenses	(107,416)	(118,263)
<b>Loss before income tax</b>	(3,581,374)	(281,621)
Income tax benefit	-	-
<b>Loss after income tax benefit for the year</b>	(3,581,374)	(281,621)
<b>Other comprehensive income</b>		
Other comprehensive income for the period (net of tax)	-	-
<b>Total comprehensive loss for the period</b>	<b>(3,851,374)</b>	<b>(281,621)</b>
<b>Loss per share</b>	<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	(2.9)	(0.3)

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

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2014**

	Note	Consolidated 31 December 2014 \$	30 June 2014 \$
<b>Current assets</b>			
Cash and cash equivalents		956,798	862,038
Trade and other receivables		34,138	288,741
Other current assets		29,773	40,613
<b>Total current assets</b>		1,020,709	1,191,392
<b>Non-current assets</b>			
Plant and equipment		50,337	58,738
Exploration and evaluation expenditure	5	3,604,594	5,910,858
<b>Total non-current assets</b>		3,654,931	5,969,596
<b>TOTAL ASSETS</b>		4,675,640	7,160,988
<b>Current liabilities</b>			
Trade and other payables		70,166	137,772
Provisions		29,782	16,150
<b>Total current liabilities</b>		99,948	153,922
<b>TOTAL LIABILITIES</b>		99,948	153,922
<b>NET ASSETS</b>		4,575,692	7,007,066
<b>Equity</b>			
Issued capital	6	14,574,740	13,424,740
Reserves		90,973	90,973
Accumulated losses		(10,090,021)	(6,508,647)
<b>TOTAL EQUITY</b>		4,575,692	7,007,066

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

**Condensed Consolidated Statement of Changes in Equity  
For the Half-Year ended 31 December 2014**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Consolidated</b>				
<b>Balance at 1 July 2013</b>	12,015,640	206,688	(5,826,624)	6,395,704
Loss for the period	-	-	(281,621)	(281,621)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(281,621)	(281,621)
<i>Transactions with owners, recorded directly in equity</i>				
Cancellation of staff options	-	(164,200)	164,200	-
Issue of shares	67,500	-	-	67,500
<b>Balance at 31 December 2013</b>	<b>12,083,140</b>	<b>42,488</b>	<b>(5,944,045)</b>	<b>6,181,583</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2014</b>	13,424,740	90,973	(6,508,647)	7,007,066
Loss for the period	-	-	(3,581,374)	(3,581,374)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(3,581,374)	(3,581,374)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares	1,150,000	-	-	1,150,000
<b>Balance at 31 December 2014</b>	<b>14,574,740</b>	<b>90,973</b>	<b>(10,090,021)</b>	<b>4,575,692</b>

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

**Condensed Consolidated Statement of Cash Flows  
For the Half-Year ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities</b>		
Receipts from customers	8,874	-
Payments paid to suppliers and employees	(283,441)	(212,820)
Receipt of research and development incentive	256,020	-
Interest received	8,505	18,571
	(10,042)	(194,249)
<b>Net cash used in operating activities</b>		
<b>Cash flow from investing activities</b>		
Deposits refunded	18,731	-
Payments for exploration and evaluation expenditure	(913,929)	(384,026)
	(895,198)	(384,026)
<b>Net cash used in investing activities</b>		
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares and options	1,000,000	-
	1,000,000	-
<b>Net cash provided by financing activities</b>		
Net increase/(decrease) in cash and cash equivalents held	94,760	(578,275)
Cash and cash equivalents at the beginning of the period	862,038	1,386,166
Cash and cash equivalents at the end of the period	<b>956,798</b>	<b>807,891</b>

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

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2014**

**1. Corporate Information**

Zenith Minerals Limited and controlled entities ("Consolidated Entity") are incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The Company was granted official quotation on the Australian Securities Exchange ("ASX") on 25 May 2007 as an exploration company.

The Condensed Consolidated Financial Report of Zenith Minerals Limited and controlled entities ("Consolidated Entity") for the half-year ended 31 December 2014 was authorised for issue in accordance with a Resolution of the Directors on 10 March 2015.

**2. Basis of Preparation and Accounting Policies**

**STATEMENT OF COMPLIANCE**

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

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2014 (continued)**

**GOING CONCERN**

The half-year consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss after tax of \$3,581,374 for the period ended 31 December 2014 (31 December 2013: \$281,621).

The ability of the Consolidated Entity to continue to pay its debts as and when they are due is dependent upon the Consolidated Entity successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Consolidated Entity's current exploration projects, the Directors believe that any additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

The half-year consolidated financial statements have been prepared on the basis that the Consolidated Entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

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

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

The Consolidated Entity 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.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2014 (continued)**

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

The Consolidated Entity 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 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.

**3. Operating Segments**

The Consolidated Entity operates in geographical locations, Australia and in Turkey-Europe (as acquired through the acquisition outlined in the 30 June 2014 Annual Report), and is organised into one operating segment being mineral, mining and exploration and all of the Consolidated Entity's resources and are employed for this purpose. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM review expenditure in exploration. The accounting policies adopted for Internal reporting to the CODM are consistent with those adopted in the financial statements as described in the 30 June 2014 Annual Report.

***Geographical Information***

	<b>Sales to external customers</b>		<b>Geographical non-current assets</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
	\$	\$	\$	\$
Australia	-	-	3,238,587	5,619,191
Turkey	-	-	416,344	350,405
	-	-	<b>3,654,931</b>	<b>5,969,596</b>

**Notes to the Condensed Consolidated Financial Report  
for the Half-Year ended 31 December 2014 (continued)**

**4. Dividends**

During the current half-year ended 31 December 2014 or previous financial year, no dividends were paid, recommended or declared.

**5. Exploration and Evaluation Expenditure**

	<b>Consolidated</b>	
	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
Balance at beginning of financial period	5,910,858	4,990,554
Additions through acquisition	413,461	744,681
Capitalised expenditure	634,921	591,607
Less: exploration expenditure written off	(645,111)	-
Less: impairment of exploration expenditure	(2,709,535)	(415,984)
Balance at end of financial period	<u><b>3,604,594</b></u>	<u><b>5,910,858</b></u>

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

**6. Issued Capital**

	<b>Shares No.</b>	<b>31 December 2014 \$</b>	<b>Shares No.</b>	<b>30 June 2014 \$</b>
Fully paid ordinary shares balance at beginning of period	112,301,274	13,424,740	95,031,434	12,015,640
Issue of ordinary shares	13,833,334	1,150,000	17,270,000	1,409,100
<b>Total</b>	<u><b>126,134,608</b></u>	<u><b>14,574,740</b></u>	<u><b>112,301,274</b></u>	<u><b>13,424,740</b></u>

**Notes to the Condensed Consolidated Financial Report  
for the Half-Year ended 31 December 2014 (continued)**

**6. Issued Capital (cont.)**

During the half year ended 31 December 2014, the following change to Equity Securities took place:

- (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 from them.
- (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 from them.
- (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.

**7. Fair value measurement of financial instruments**

Management assessed that the fair value of cash and short-term deposits, trade & other receivables and trade & other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

**8. Related Party Transactions**

Arrangements with related parties continue to be in place. For details on these arrangements, please refer to the 30 June 2014 Annual Report.

**9. Contingent Liabilities and Assets**

The Consolidated Entity had no contingent liabilities or assets as at 31 December 2014 or 2013.

**10. Commitments**

There has been no significant changes in commitments in the six months ended 31 December 2014. For details on commitments, please refer to the 30 June 2014 Annual Report.

**Notes to the Condensed Consolidated Financial Report  
for the Half-Year ended 31 December 2014 (continued)**

**11. Events after the reporting period**

On 8<sup>th</sup> January 2015, Zenith Minerals Limited announced that Teck Resources Limited Group of companies ("Teck") is the new partner at the Kavaklitepe Gold Project in Turkey, following Columbus Copper Corporation (CCU: TSX-V) announcing it completed its sale of its Bursa and Kavaklitepe properties in Turkey through its sale of its Turkish subsidiary for total consideration of USD\$1,000,000, the purchaser being Teck Resources Limited group of companies. Teck Resources Limited is a Canadian metals and mining company.

Other than the matter mentioned above, no other matters or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of operations, or the consolidated entity's state of affairs in future financial years.

**Directors' Declaration**

In the Directors' opinion:

1. The Financial Statements and notes thereto, comply with the *Corporations Act 2001* including:
  - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2014 and of its performance for the half year ended on that date.
2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



---

**Chairman**

Perth, 10 March 2015

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Zenith Minerals Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2014, or during the half year.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Zenith Minerals Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkf.com.au](http://www.pkf.com.au)

PKF Mack | ABN 74 254 453 660

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

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

PKF Mack is a member of the PKF International Limited network of legally independent member firms. PKF Mack is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

## Independence

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

## Conclusion

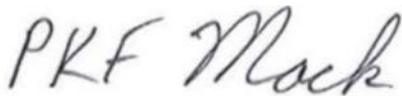
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zenith Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of \$3,581,374 during the half year ended 31 December 2014. These conditions, along with other matters as set out in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company and consolidated entity's ability to continue as a going concern and therefore, the Company and 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 and the Company 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 Company and/or the consolidated entity not continue as a going concern.



PKF MACK



SHANE CROSS  
PARTNER

10 MARCH 2015  
WEST PERTH,  
WESTERN AUSTRALIA