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ZENITH MINERALS LIMITED
ABN 96 119 397 938

PROSPECTUS

A non-renounceable pro rata offer to Eligible Shareholders of up to approximately 27,726,922 New Shares at an issue price of 4 cents per New Share on the basis of one (1) New Share for every five (5) Existing Shares held, and 13,863,461 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued, to raise up to approximately \$1,109,077 before costs

Important Notice

This document is important and should be read in its entirety (including the 'Risk Factors' in **section 6**) before deciding whether to apply for New Securities. If after reading this Prospectus you have any questions about the New Securities being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The New Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

IMPORTANT NOTES

This Prospectus is dated 24 February 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No New Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Securities to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to **section 2.16** for treatment of overseas shareholders. Applications for New Shares and New Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section 6** of this Prospectus) that could affect the performance of the Company before making an investment decision.

Investors should note that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company nor any other person warrants or guarantees the future performance of the New Securities or any return on any investment made pursuant to this Prospectus.

The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward looking statements. The forward looking statements in this Prospectus are based on the Company’s current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Investors should specifically refer to the ‘Risk Factors’ in **section 6** of this Prospectus. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Prospectus.

Cooling-off rights do not apply to a subscription for New Securities under this Prospectus. This means that you cannot withdraw your application once it has been submitted except as required by law. Once the New Securities are issued and quotation is granted by ASX you may sell your New Securities on market.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 9**.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.zenithminerals.com.au>, or the ASX website. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Securities or to otherwise permit a public offering of the New Securities in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Securities is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Securities.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978 (New Zealand)*. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United Kingdom

Neither the information in this document nor any other document relating to the Offers has been delivered for approval to the Financial Control Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the Offers or the New Securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO)*, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Singapore

This document and any other materials relating to the Offers and the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, *Part XIII of the Securities and Futures Act, Chapter 289 of Singapore* (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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ENTITLEMENT AND ACCEPTANCE FORM

SUMMARY OF IMPORTANT DATES

| RIGHTS ISSUE OFFER | Date |
|---|--------------------------|
| 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 | 4 March 2016 |
| Rights Issue Offer opens for receipt of Applications | 4 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 |

| PLACEMENT OFFER – <i>Not open to the general public</i> | Date |
|--|------------------|
| 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 |

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the Listing Rules and Corporations Act.

1. LETTER FROM THE CHAIRMAN

24 February 2016

Dear Shareholder

On behalf of the Board I take pleasure in presenting the Prospectus for Zenith Minerals Limited's (**Company**) Rights Issue Offer to Eligible Shareholders.

On 22nd February 2016, the Company announced an intention to raise up to approximately \$1,500,000 through a two stage process comprised of:

- (a) a placement to institutional and sophisticated investors to raise approximately \$400,000 (before costs); and
- (b) a non-renounceable rights issue to raise up to approximately \$1,100,000 (before costs).

The Company has secured commitments totalling approximately \$400,000 under the Placement to be raised by the issue of approximately 10,000,000 Shares at 4 cents per Share.

The Rights Issue Offer is expected to raise up to approximately \$1,100,000 (before costs) through the issue of up to 27,726,922 New Shares at an issue price of 4 cents per share on the basis of one (1) New Share for every five (5) Existing Shares held, together with 13,863,461 free attaching New Options on the basis of one (1) New Option for every two (2) New Shares subscribed for and issued under the Rights Issue Offer. The Rights Issue Offer will be made to all Shareholders with registered addresses in Australia, New Zealand, United Kingdom and Singapore on the Record Date of 2 March 2016.

Use of funds

The Company intends to apply the funds raised under the Rights Issue Offer and Placement Offer towards advancing its portfolio of gold, copper-zinc and lithium exploration projects, and towards working capital.

At Develin Creek in Queensland, the Company has generated new targets at Wilsons South and Huntsman, in the same rock sequence as the Company's currently identified copper-zinc massive sulphide deposits which have Inferred Mineral Resources (JORC 2012) of 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver. Further geochemical sampling and mapping is planned along with drilling at the known deposits and new targets.

Reorganisation of Kavaklitepe gold project joint venture with a Turkish subsidiary of Teck Resources Limited taking over management under a new option agreement was announced to the ASX on the 30th November 2015. Kavaklitepe is a new gold discovery where rock traverse sampling along a road bank returned 54 metres @ 3.33g/t gold, including 21.5 metres at 7.2 g/t gold. An operational licence has been approved for the project, drill permits have been submitted with drilling planned in 2016. Zenith is free carried for the first US\$700,000 of expenditure (which is to include 1,500m of drilling) by Teck and new funds may be applied towards future joint venture contributions, post the Teck earn-in.

Further surface sampling is planned at the Woods prospect at Mt Minnie in Western Australia, where the discovery of high-grade (up to 11.4g/t gold) in surface rock samples has been confirmed and soil geochemical sampling has defined a gold in soil anomaly.

In addition, Lithium potential has recently been recognized at Zenith's existing 100% Mt Alexander Project, as announced to the ASX on the 2nd February 2016. Seven rock chip samples with lithium oxide assays ranging from 3.38%Li₂O to 4.05% Li₂O were reported from a lepidolite rich pegmatite dyke, one of more than 100 mapped pegmatite and granite dykes. The other pegmatite dykes do not appear to have been systematically mapped or sampled for lithium. Surface mapping and sampling along with an assessment of existing drill samples is planned. The Company is assessing the lithium potential of its entire

tenement portfolio as well as several new lithium target opportunities internationally and domestically.

Please read this Prospectus carefully before deciding whether or not to invest. An investment in the Company contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The Board commends the Rights Issue Offer to you and looks forward to your continuing support.

Yours sincerely

ZENITH MINERALS LIMITED

Rodney Michael Joyce
Chairman

2. DETAILS OF THE OFFER

2.1 Background

On 22nd February 2016, the Company announced an intention to raise up to approximately \$1.5 million through a two stage process comprised of:

- (a) a placement to sophisticated investors to raise approximately \$400,000 (before costs) (**Placement**); and
- (b) a non-renounceable rights issue to raise up to approximately \$1.1 million (before costs).

The Company has secured commitments under the Placement totalling approximately \$400,000 to be raised by the issue of approximately 10,000,000 Shares at 4 cents per Share (**Placement Shares**) with 5,000,000 free attaching options exercisable at \$0.10 by 31 December 2017 (**Placement Options**).

2.2 Rights Issue Offer

A non-renounceable pro rata offer to Eligible Shareholders of up to approximately 27,726,922 New Shares (assuming no existing Options are exercised before the Record Date) on the basis of one (1) New Share for every five (5) Existing Shares held as at the Record Date at an issue price of 4 cents each, and 13,863,461 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued, to raise up to approximately \$1,100,000 before costs (**Rights Issue Offer**).

2.3 Placement Offer

The Company also offers for subscription under this Prospectus, Placement Shares and Placement Options to certain sophisticated investors as announced to ASX on 22 February 2016 (**Placees**) (**Placement Offer**).

The Company intends to issue the Placement Shares and Placement Options prior to the Record Date for the Rights Issue Offer utilising its existing Listing Rule 7.1 capacity.

In the event that not all of the Placement Shares and Placement Options are issued prior to the Record Date, the figures in this Prospectus, in particular the number of securities under the Rights Issue Offer will be adjusted accordingly.

The Placees will need to follow procedures advised to them by the Company for submitting applications under the Placement Offer, including the completion of any application form.

The Placement Offer is not open to the general public. Do not apply for Placement Shares and Placement Options unless directed to do so by the Company.

2.4 No Minimum Subscription

There is no minimum subscription for the Rights Issue Offer or Placement Offer.

2.5 No Underwriting

The Rights Issue Offer and Placement Offer are not underwritten.

2.6 Entitlements

The Rights Issue Offer is available to Eligible Shareholders who are on the Company's share register at the Record Date.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

An Entitlement and Acceptance Form setting out Eligible Shareholders' Entitlement to New Shares and New Options accompanies this Prospectus.

The Placement Offer is only open to the Placees, and is not open to the general public.

2.7 Acceptances

The Rights Issue Offer may be accepted in whole or in part prior to 5.00pm (WST) on 17 March 2016 subject to the rights of the Company to extend the Rights Issue Offer period or close the Rights Issue Offer early.

Instructions for accepting your Entitlement are set out in **section 4** and on the Entitlement and Acceptance Form which accompanies this Prospectus.

The Placement Offer is only available to the Placees who will need to follow the procedures advised to them by the Company for submitting applications under the Placement Offer including the completion of any relevant application form. Do not apply for Placement Shares or Options unless directed to do by the Company.

2.8 No Rights Trading

The Rights Issue Offer is non-renounceable. This means that the Rights of Eligible Shareholders to subscribe for New Shares and New Options under the Rights Issue Offer are not transferable and there will be no trading of Rights on ASX. Eligible Shareholders who choose not to take up their Rights will receive no benefit and their shareholding in the Company will be diluted as a result.

There are no trading rights in relation to the Placement Offer.

2.9 Applying for Additional New Securities under the Rights Issue Offer

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares and New Options under the Rights Issue Offer regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Securities which may be placed by the Company. It is possible that there will be few or no Additional New Securities available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Securities are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Rights Issue Offer that applicants for Additional New Securities will be bound to accept a lesser number of Additional New Securities allocated to them than applied for, if so allocated. If a lesser number of Additional New Securities is allocated to them than applied for, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Securities in its absolute discretion.

2.10 Stamping Fee

The Company may pay a broker stamping fee of up to 5% of the funds raised under the Rights Issue Offer as a result of Shareholders accepting their Entitlement where the Entitlement and Acceptance Form contains the broker stamp of certain participating brokers as determined by the Directors in their sole discretion.

2.11 Placement of Shortfall Securities under the Rights Issue Offer

A Shortfall will arise if the Applications received for New Shares and New Options under the Rights Issue Offer are less than the number of New Shares and New Options offered.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Securities remaining after the satisfaction of applications for New Shares and New Options by Eligible Shareholders (including pursuant to **section 2.9**) (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months from the closing date of the Rights Issue Offer.

The issue price for each New Share to be issued under the Shortfall Offer will be not less than 4 cents, being the price at which New Shares are being offered under the Rights Issue Offer. Applicants for New Shares will receive one New Option for every two New Shares subscribed for and allotted under the Shortfall Offer.

The Shortfall Securities to be issued under the Shortfall Offer will be issued on the same terms as the New Shares and New Options issued under the Rights Issue Offer (except that the issue price of the New Shares offered under the Shortfall Offer may be higher than the issue price of the New Shares being offered under the Rights Issue Offer).

Investors who the Company invites to participate in the Shortfall Offer will need to follow the procedures advised to them by the Company for applications under the Shortfall Offer.

2.12 Effect of the Offers on the Control of the Company

(a) General

Assuming the issue of all of the Placement Shares and Placement Options (see **section 2.3**), and no existing Options and Placement Options are exercised prior to the Record Date, the maximum number of New Shares which will be issued pursuant to the Rights Issue Offer is 27,726,922. This equates to approximately 16.7% of all the issued Shares in the Company following completion of the issue of Shares under the Rights Issue Offer and Placement Offer.

The potential effect the Rights Issue Offer will have on the control of the Company's undiluted share capital will depend on the extent to which Eligible Shareholders take up their Entitlements under the Rights Issue Offer.

If all Eligible Shareholders take up their Entitlements in full, the Rights Issue Offer will have no material effect on the control of the Company.

Shareholders should be aware that if they do not participate in the Rights Issue Offer and the Rights Issue Offer is fully subscribed, their holdings are likely to be diluted by approximately 17% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

(b) Substantial Shareholders and control of the Company

As at the date of this Prospectus, HSBC Custody Nominees and Nada Granich each have relevant interest in 10,767,899 (8.4%) and 8,822,783 (6.9%) respectively of the Company's total issued Shares and are, therefore, substantial Shareholders of the Company. In the event that HSBC Custody Nominees or Nada Granich applies for Additional New Securities which become available as a result of a Shortfall (if any), the Company will not allocate any Additional New Securities such that their relevant interest in voting shares in the Company would exceed 20% of the total issued voting shares in the Company other, than in accordance with the Corporations Act.

2.13 Allotment and Application Money

The New Shares and New Options under the Rights Issue Offer will be issued only after all Application Money has been received and ASX has granted permission for the New Shares and New Options to be quoted. It is expected that New Shares and New Options will be issued on 24 March 2016 and normal trading of the New Shares and New Options on ASX is expected to commence on 29 March 2016.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

It is expected that the Placement Shares and Placement Options will be issued on 25 February 2016 and normal trading of the Placement Shares is expected to commence on 26 February 2016.

2.14 Quotation

Application will be made within seven days of the date of issue of this Prospectus for the New Shares and New Options to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Securities is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Shares and New Options and the Application Money received will be repaid as soon as practicable, without interest.

The Company will also apply for the Placement Shares to be granted Official Quotation by the ASX.

The fact that ASX may agree to grant Official Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities. ASX takes no responsibility for the contents of this Prospectus.

2.15 Issue Outside Australia and New Zealand

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for New Securities under this Prospectus.

Intending non-resident applicants should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Entitlement and Acceptance Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the New Securities or the Offers, or otherwise to permit a public offering of the New Securities in any jurisdiction outside Australia and New Zealand. Please refer to the front of this Prospectus under the heading "Foreign Jurisdictions" for details on the offer restrictions applicable to the Offers.

2.16 Treatment of Overseas Shareholders

The Rights Issue Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand, Singapore or the United Kingdom because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Singapore and the United Kingdom. The Prospectus is sent to those Shareholders for information only.

The Rights Issue Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any securities under this Prospectus.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

It is the responsibility of any Shareholder who submits an Entitlement and Acceptance Form to obtain all necessary approvals for the allotment and issue of the New Shares and New Options under this Rights Issue Offer. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

2.17 Market Prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares and Placement Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

| | 3 months high | 3 months low | Last Market Sale Price |
|-----------------|---------------|--------------|------------------------|
| Existing Shares | \$0.055 | \$0.032 | \$0.045 |

2.18 Opening and Closing Dates

The Rights Issue Offer will open for receipt of acceptances on 4 March 2016 and will close at 5.00pm (WST) (2.00pm (WST) for BPAY®) on 17 March 2016, subject to the right of the Company to vary these dates.

The Placement Offer will open for receipt of acceptances on 24 February 2016 and will close on 25 February 2016, subject to the right of the Company to vary these dates. Note that the Placement Offer is not available to the general public.

2.19 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Securities.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.20 Rights and Liabilities attaching to the New Securities

The New Shares issued under the Rights Issue Offer and Placement Shares issued under the Placement Offer will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

The New Options issued under the Rights Issue Offer and Placement Options issued under the Placement Offer will be exercisable at 10 cents each on or before 31st December 2017.

A summary of the rights and liabilities attaching to the New Securities is set out in **section 5**.

2.21 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offers or Shareholders or other eligible applicants applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders under the Offers. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

2.22 Notice to nominees and custodians

Nominees and custodians that hold Existing Shares should note that the Rights Issue Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue Offer is compatible with applicable foreign laws.

2.23 Enquiries

Any queries regarding the Offers should be directed to Ms Melinda Nelmes, Company Secretary on +61 8 9226 1110.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry, Security Transfer Registrars Pty Ltd on +61 8 9315 2333.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offers.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offers

The purpose of the Placement Offer and the Rights Issue Offer is to raise up to approximately \$1.5 million before issue costs.

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 in accordance with the table set out below:

- 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 Offers – including legal costs, marketing and other administrative expenses (including ASX, ASIC and Share Registry fees).

The table assumes that Entitlements are taken up in full and that no Options are exercised before the Record Date.

| Use of Funds | Amount (\$M) |
|--|--------------|
| Exploration | |
| Develin Creek – surface sampling, drilling and metallurgical testwork | 0.3 |
| Kavaklitepe – (post Teck earn-in joint venture contributions) – drilling/resource studies if required | 0.2 |
| Mt Minnie – surface sampling and trenching/drilling | 0.1 |
| Mt Alexander Lithium – surface sampling and drilling if required | 0.15 |
| New Lithium Opportunities – evaluation studies, due diligence activities, surface sampling and drilling if required | 0.15 |
| Corporate | |
| Working capital | 0.55 |
| Expenses of the Offers (including legal, printing, postage and lodgment fees) | 0.05 |
| TOTAL | 1.5 |

The table above is a statement of the Directors' current intentions as at the date of this Prospectus. 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.

3.2 Effect of the Offer

The effect of the Placement Offer and Rights Issue Offer will be (assuming all of the Placement Shares are issued (see **section 2.3**), no Options are exercised prior to the Record Date and the Rights Issue Offer is fully subscribed) that:

- (a) cash reserves will initially increase by approximately \$1.45 million (after payment of costs);
- (b) the number of Shares on issue will increase from 128,634,608 to 166,361,530; and
- (c) the number of Options on issue will increase from 1,200,000 to 20,063,461.

This above incorporates the assumed effect of the Placement Offer, which will raise approximately \$400,000 (before costs) and will result in the issue of 10,000,000 Placement Shares at 4 cents per Share, and 5,000,000 Placement Options exercisable at \$0.10 by 31 December 2017.

3.3 Pro-forma Statement of Financial Position

Set out on the following pages is the Statement of Financial Position of the Company as at 31st December 2015 (unaudited), and the Pro-Forma Statement of Financial Position as at 31 December 2015 (unaudited) on the basis of the assumptions detailed below. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audit reviewed financial report for 12 months ended 30 June 2015.

PRO-FORMA STATEMENT OF FINANCIAL POSITION

| | 31 December 2015 (Unaudited) \$ | Effect of Placement & Rights Offer | Pro-forma 31 December 2015 (Unaudited) \$ |
|--|---------------------------------------|--|--|
| Current Assets | | | |
| Cash and cash equivalents | 429,890 | 1,459,077 | 1,888,967 |
| Trade and other receivables | 17,256 | | 17,256 |
| Other current assets | 27,827 | | 27,827 |
| Total Current Assets | 474,973 | 1,459,077 | 1,934,050 |
| Non-Current Assets | | | |
| Plant and equipment | 39,901 | | 39,901 |
| Exploration and evaluation expenditure | 1,231,079 | | 1,231,079 |
| Total Non-Current Assets | 1,270,980 | - | 1,270,980 |
| TOTAL ASSETS | 1,745,953 | 1,459,077 | 3,205,030 |
| Current Liabilities | | | |
| Trade and other payables | 81,480 | | 81,480 |
| Provisions | 33,836 | | 33,836 |
| Total Current Liabilities | 115,316 | - | 115,316 |
| TOTAL LIABILITIES | 115,316 | - | 115,316 |
| NET ASSETS | 1,630,637 | 1,459,077 | 3,089,714 |
| Equity | | | |
| Issued Capital | 14,774,740 | 1,459,077 | 16,233,817 |
| Reserves | 90,973 | | 90,973 |
| Accumulated losses | (13,235,076) | | (13,235,076) |
| TOTAL EQUITY | 1,630,637 | 1,459,077 | 3,089,714 |

Assumptions and adjustments for Unaudited Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 31 December 2015 and the close of the Offers other than the following:

- Increase in cash of approximately \$1.1 million from Rights Issue Offer (after costs).
- The Company issues 10,000,000 Shares at 4 cents per Share pursuant to the Placement Offer raising cash by \$400,000.

- The Company issues 27,726,922 New Shares at 4 cent per New Share, pursuant to the Rights Issue Offer.
- No existing Options are exercised.

3.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offers are set out below, assuming the Offers 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 ¹ |
| New Shares to be issued under the Rights Issue Offer | 27,726,922 |
| TOTAL ISSUED SHARES | 166,361,530 |

| 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 |
| TOTAL ISSUED OPTIONS | 20,063,461 |

¹ 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 this Prospectus, in particular the number of securities under the Rights Issue Offer will be adjusted accordingly.

4. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

4.1 What you may do

As an Eligible Shareholder, you may, in relation to the Rights Issue Offer:

- subscribe for all of your Entitlement (refer **section 4.2**);
- apply for Additional New Securities (refer **section 4.3**); or
- allow all or part of your Entitlement to lapse (refer **section 4.4**).

4.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form. The Entitlement and Acceptance Form sets out the number of New Shares and New Options you are entitled to subscribe for. The completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft made payable to **“Zenith Minerals Limited – Share Application Trust Account”** and crossed **“Not Negotiable”** for the appropriate Application Money in Australian dollars calculated at 4 cents per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00pm (WST) on 17 March 2016. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares and New Options you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares and New Options as your cleared Application Money will pay for (and to have specified that number of New Shares and New Options in your Entitlement and Acceptance Form) or your Application may be rejected.

| By hand delivery: | By post: |
|---|--|
| C/- Security Transfer Registrars Pty Limited 770 Canning Highway Applecross WA 6153 | C/- Security Transfer Registrars Pty Limited PO Box 535 Applecross WA 6953 |

Alternatively, if you are paying by BPAY® payment, you do not need to mail the Entitlement and Acceptance Form. Please refer to your personalised instructions on your Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than 2.00pm (WST) on 17 March 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

4.3 To apply for Additional New Securities

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding. Refer to **section 2.9** if you wish to apply for Additional New Securities.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Securities you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than 2.00pm (WST) on 17 March 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

4.4 Entitlements not taken up

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares or New Options and your Entitlement will be dealt with in accordance with **section 2.9** and/or **section 2.11** (as applicable).

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

4.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares and New Options on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares and New Options. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Rights Issue Offer;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares and New Options to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Shares and are an Australian, New Zealand, United Kingdom or Singapore resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares and New options are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Shares and New Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, New Zealand, United Kingdom and Singapore and accordingly, the New Shares and New Options may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

Melinda Nelmes, Company Secretary - Tel: +61 8 9226 1110

or contact your stockbroker or professional adviser

5. RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES

The following is a summary of the more significant rights and liabilities attaching to the New Securities to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to the New Securities arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

5.1 Rights attaching to New Shares and Placement Shares

The New Shares and Placement Shares to be issued pursuant to this Prospectus are fully paid ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New Shares and Placement Shares is set out below.

- (a) The New Shares and Placement Shares rank equally in all respects with Existing Shares.
- (b) Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.
- (c) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.
- (d) Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, ASX Settlement Operating Rules or under the Company's Constitution.
- (e) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.
- (f) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.
- (g) Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

5.2 Rights attaching to New Options

The New Options and Placement Options (in this **section 5.2**, each an **Option**) issued pursuant to this Prospectus will be issued on the following terms and conditions:

- (a) Each Option will entitle the holder to subscribe for one Share.

- (b) Each Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Options are exercisable in whole or in part at a price of 10 cents per Option (**Exercise Price**) by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Options are exercised.
- (d) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then existing Shares.
- (e) Application will be made to ASX for Official Quotation of the Options.
- (f) Application will be made to ASX for official quotation by ASX of all Shares allotted pursuant to the exercise of Options within the time period required by the Listing Rules after the date of allotment.
- (g) The holders of Options may only participate in new issues of securities as holders of Shares if an Option has been exercised and Shares have been allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules or any waiver from the Listing Rules provided to the Company by ASX.
- (h) There will be no change to the exercise price of a Option or the number of Shares over which a Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (i) If, from time to time, before the expiry of the Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (j) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, the Options will be reorganised in the manner set out in and to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued, and a holding statement provided to the holders of Options in respect of those Shares, on the above terms and conditions not more than 15 business days after the receipt of a duly executed form of notice of exercise and the Exercise Price in immediately available funds in respect of the Options exercised.

6. RISK FACTORS

6.1 Overview

- (a) The New Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers, before deciding whether to apply for New Securities pursuant to this Prospectus.
- (b) There are specific risks which relate directly to the business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.
- (c) The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company Specific Risks

- (a) General risks associated with operating overseas.

As a result of operating in Turkey, and potentially other locations, the Company will be subject to the risks associated with operating in such countries. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.
- (b) Legal environment

The legal systems in overseas countries may be less developed than more established countries and this could result in the following risks:

 - (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
 - (ii) a higher degree of discretion held by various government officials or agencies;
 - (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
 - (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
 - (v) relative inexperience of the judiciary and court in matters affecting the Company.
- (c) Sovereign risk

Turkey is subject to differing legal and political systems, when compared with the systems in place in Australia.

Possible risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

(d) Operating risks

There can be no assurance that the Company's intended goals will lead to successful exploration, mining and/or production operations. Further, no assurance can be given that the Company will be able to initiate or sustain minerals production, or that future operations will achieve commercial viability.

When additional exploration is undertaken and if a JORC compliant resource or reserve is not defined, then it may have a negative impact on the Company.

Future operations of the Company may be affected by various factors including:

- (i) geological and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns and monsoon activity;
- (iii) delays associated with the obtaining of permits and approvals to undertake exploration activity including allowing ground disturbing activity associated with operations in Turkey;
- (iv) delays associated with obtaining or failure to negotiate native title, heritage or aboriginal access agreements and delays associated with compliance with Australian and foreign heritage laws and regulations;
- (v) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (vi) electrical and/or mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) equipment failure, fires, spills or industrial and environmental accidents;
- (viii) unavailability of aircraft or equipment to undertake airborne surveys and other geological and geophysical investigations;
- (ix) risk that exploration, appraisal, development, plant or operating costs prove to be greater than expected or that the proposed timing of exploration, development or production may not be achieved;
- (x) failure to achieve exploration success;
- (xi) the supply and cost of skilled labour;
- (xii) unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and
- (xiii) prevention and restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

No assurances can be given that the Company's operations will achieve commercial viability through successful exploration and/or mining.

(e) Exploration and operating costs

The proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

(f) Title risk

The licences and other mining claims in which the Company will, or may acquire an interest in the future are subject to the applicable local laws and regulations.

Claims in which the Company has an interest are subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the claims or licenses liable for forfeiture.

The licences and other mining claims will be subject to application for claim renewal from time to time. Renewal of the term of each claim is subject to applicable legislation. If the claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that claim.

(g) Contractual risks

The ability of the Company to achieve its objectives will depend on the performance by the counterparties to any agreements that the Company may enter into. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly. Furthermore, certain contracts to which the Company is a party may be governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

(h) Commodity prices

Increases in commodity prices may encourage increases in exploration, development and construction activities, which can result in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause exploration and project costs to increase materially, resulting in delays if services cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to co-ordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's financial condition.

A decrease in commodity prices may render mineral properties uneconomic or may result in material reductions in the value of exploration, development or developed mineral properties.

(i) Health, safety and the environment

The conduct of business in the resources sector involves a variety of risks to the health and safety of personnel and to the environment. If it is conceivable that an incident may occur which might negatively impact on the Company's business.

(j) Compliance risk

Title to a mining claim may be subject to the holder complying with the terms and conditions of the claim, including any minimum annual expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each claim, it may lose its relevant interest or be subject to fines or other variations to the terms and conditions to its mining claims.

(k) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(l) Environmental risks

The proposed activities of the Company are subject to the laws and regulations of Australia and Turkey (and other locations where the Company may have operations) concerning the environment. As with most exploration projects, the

Company's activities are expected to have an impact on the environment, particularly during advanced exploration and future mining activities. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(m) International operations

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(n) Commodity price volatility and exchange rate risks

If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate fluctuations and risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for gold and other commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities (including gold) are denominated in United States dollars, whereas the expenditure of the Company is and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

In the future, a significant proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and the commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

Furthermore, at this stage the Company has decided to not put in place any hedges in relation to foreign exchange. This may result in the Company being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Company.

6.3 General Risks

(a) General economic climate

The Company's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

(b) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these

senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

(c) Additional requirements for capital

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity financing or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity market for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

(d) Insurance risks

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(e) Market risk and interest rate volatility

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(f) Competition

There is a risk that the Company will not be able to continue to compete in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(g) Share market

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(h) Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(i) Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Securities which will be issued pursuant to this Prospectus are in the same class as, or are options to acquire, Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Rights Issue Offer:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the most recent annual financial report of the Company lodged with the ASIC; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgment of the annual financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following material announcements with ASX since the lodgement of the annual financial report for the financial year ended 30 June 2015:

| Date | Description of Announcement |
|--------------------------------|--|
| 22 nd February 2016 | Capital Raising - Placement and Rights Issue |
| 17 th Feb 2016 | Trading Halt |
| 2 nd Feb 2016 | High-Grade Lithium at Mt Alexander |
| 29 th January 2016 | Quarterly Activities Report & Cashflow Dec2015 |
| 30 th November 2015 | Teck to Drill Kavaklitepe Gold Project |
| 5 th November 2015 | Earaheedy New Manganese Discovery |
| 26 th October 2015 | Update on Woods High-Grade Gold |
| 22 nd October 2015 | Quarterly Activity Report & Appendix 5B- Sept 2015 |
| 7 th October 2015 | Develin Creek - Huntsman copper-zinc target upgraded |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

7.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Securities pursuant to this Prospectus; or
- (c) the offer of New Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or offer of New Securities pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

| Name | Shares | Options |
|--------------------|-----------|--|
| Michael Joyce | 8,822,783 | - |
| Michael Clifford | 1,813,753 | 1,000,000 unlisted options exercisable at 13 cents on or before 21 December 2017 |
| Stanley Macdonald | 4,063,454 | - |
| Julian Goldsworthy | 1,708,095 | - |

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive Directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-executive Directors and in default of agreement then in equal shares.

In the two years preceding lodgement of this Prospectus, approximately \$557,293 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

On 18 March 2014, Shareholders approved the acquisition of all of the issued shares in S2M2 Coal Pty Ltd (**S2M2**) in consideration for the issue of 16.8 million Shares in the Company (**Transaction**).

As part of the Transaction, the following Shares were issued to related parties of the Company:

- (a) Creekwood Nominees Pty Ltd – 1,693,814 Shares; and
- (b) Cobalt Consulting Pty Ltd – 1,693,814 Shares.

Creekwood Nominees Pty Ltd is a related party of the Company as it is an entity controlled by a Director of the Company, Stanley Macdonald. Cobalt Consulting Pty Ltd is a related party of the Company as it is an entity controlled by a Director of the Company, Michael Clifford.

In addition, the appointment of Michael Clifford as Managing Director of the Company post Transaction, was a condition to completion of the Transaction. As part of the terms of his appointment, Michael Clifford was issued 1,000,000 Options under the Company's Employee Share Option Plan. The issue of these Options was approved by Shareholders on 18 March 2014.

7.3 Interests and Consents of Experts and Advisers

Allion Legal, in its capacity as solicitors to the Company have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named.

Allion Legal has not:

- authorised or caused the issue of this Prospectus;
- made any express or implied representation or warranty in relation to the Company, this Prospectus or the Offers;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offers of securities pursuant to this Prospectus; or
- the offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of securities pursuant to this Prospectus.

Allion Legal is entitled to be paid \$12,000 for advice and assistance in relation to certain aspects of this Prospectus, and in relation to application for quotation of the New Securities on ASX.

Allion Legal has been paid \$54,198 (exclusive of GST) for the provision of professional services to the Company in the two years prior to the date of this Prospectus.

References to PKF Mack appear for information purposes only. PKF Mack has not been involved in, authorised or caused the issue of this Prospectus.

References to Security Transfer Registrars Pty Limited appear for information purposes only. Security Transfer Registrars Pty Limited has not been involved in, authorised or caused the issue of this Prospectus.

7.4 Competent Person Statement

The information in this Prospectus that relates to Exploration Results and Mineral Resources is based on information compiled by Michael Clifford, who is a Member of the Australasian Institute of Geoscientists. Mr Clifford is a full time employee of the Company and 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 appear.

The information in this Prospectus 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 Prospectus of the matters based on her information in the form and context in which it appears.

7.5 Estimated Expenses of Offer

The estimated expenses of the Offers are approximately \$50,000 including fees payable for, legal, ASIC, ASX and printing costs.

7.6 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.7 Privacy Act

If you complete an application for New Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for securities, the Company may not be able to accept or process your application.

7.8 Directors' Consent

Each Director has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'Mike Joyce', is positioned above the printed name.

Mike Joyce

Chairman

Zenith Minerals Limited

8. CORPORATE DIRECTORY

Directors

Rodney Michael Joyce (Non-Executive Chairman)
Michael Clifford (Managing Director)
Stanley Macdonald (Non-Executive Director)
Julian Goldsworthy (Non-Executive Director)

Share Registry*

Security Transfer Registrars Pty
Limited
770 Canning Highway
Applecross WA 6153

Solicitors

Allion Legal
Level 9, 863 Hay Street
Perth WA 6000

Company Secretary

Melinda Nelmes

Auditors*

PKF Mack
35 Havelock Street
West Perth WA 6005

ASX Code: ZNC

ABN: 96 119 397 938

Registered Office

2nd Floor, 33 Ord Street
West Perth, WA 6005

Telephone: +61 8 9226 1110
Facsimile: +61 8 9321 0070
Email: info@zenithminerals.com.au
Website: www.zenithminerals.com.au

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

9. GLOSSARY

\$ and dollars means Australian dollars, unless otherwise stated.

Additional New Securities means New Shares and New Options in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application.

Application means an application for New Shares and New Options under the Rights Issue Offer pursuant to the Entitlement and Acceptance Form.

Application Money means the money received from Eligible Shareholders in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement.

Board means the board of Directors.

CHES means ASX Clearing House Electronic Sub-register System.

Company or Zenith means Zenith Minerals Limited (ABN 96 119 397 938).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means directors of the Company at the date of this Prospectus and **Directors** has a corresponding meaning.

Eligible Shareholders means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

Entitlement means a Shareholder's entitlement to subscribe for New Shares and New Options offered by this Prospectus pursuant to the Rights Issue Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to or accompanying this Prospectus.

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

JORC means the Australasian Joint Ore Reserves Committee.

Listing Rules or ASX Listing Rules means the official listing rules of the ASX.

New Option means an Option exercisable at 10 cents on or before 31 December 2017 to be issued under this Prospectus on the basis of one New Option for every two New Shares subscribed for and issued under the Rights Issue Offer.

New Securities means the New Shares, New Options, Placement Shares, and Placement Options to be issued pursuant to this Prospectus.

New Share means a fully paid ordinary share in the capital of the Company to be issued pursuant to the Rights Issue Offer.

Non-qualifying Foreign Shareholders means a Shareholder whose registered address is not in Australia, New Zealand, United Kingdom and Singapore.

Offers means the Rights Issue Offer and Placement Offer.

Official Quotation means official quotation on ASX.

Option means an option to subscribe for a Share.

Placement Offer means the offer to Placees of up to approximately 10,000,000 Placement Shares at an issue price of 4 cents per Placement Share, and 5,000,000 free attaching

Placement Options on the basis of one (1) Placement Option for every two (2) Placement Shares subscribed for and issued to raise up to approximately \$400,000 before costs.

Placees has the meaning in section 2.3.

Placement Option means an Option exercisable at \$0.10 on or before 31 December 2017, to be issued under this Prospectus under the Placement Offer.

Placement Share means a fully paid ordinary share in the capital of the Company to be issued pursuant to the Placement Offer.

Prospectus means the prospectus constituted by this document.

Record Date means 5.00pm (WST) on 2 March 2016.

Rights Issue Offer means the offer to Eligible Shareholders of up to approximately 27,726,922 New Shares at an issue price of 4 cents per New Share on the basis of one (1) New Share for every five (5) Existing Shares held at the Record Date, and 13,863,461 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued to raise up to approximately \$1.1 million before costs.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Shortfall will occur if the Company does not hold successful valid Applications for all the New Shares and New Options offered by the Company pursuant to the Rights Issue Offer under this Prospectus by the closing date for the Rights Issue Offer, being 17 March 2016.

Shortfall Securities means New Shares and New Options for which successful valid Applications have not been received by the closing date for the Rights Issue Offer, being 17 March 2016.

US person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

WST means Australian Western Standard Time.