



ABN 96 119 397 938

**Consolidated Interim Financial Report**  
**for the Half-Year Ended**  
**31 December 2018**

**Contents**

Corporate Information.....	1
Directors' Report.....	2
Auditor's Independence Declaration.....	23
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income ....	24
Condensed Consolidated Statement of Financial Position.....	25
Condensed Consolidated Statement of Changes in Equity.....	26
Condensed Consolidated Statement of Cash Flows .....	27
Notes to the Condensed Consolidated Financial Report.....	28
Directors' Declaration .....	39
Independent Auditor's Review Report.....	40

## **Corporate Information**

### **Directors**

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

### **Company Secretary**

Melinda Nelmes

### **Registered Office and Principal Office**

Level 2  
33 Ord Street  
WEST PERTH WA 6005

PO Box 1426  
WEST PERTH WA 6872

Telephone: +61 8 9226 1110

Email: [info@zenithminerals.com.au](mailto:info@zenithminerals.com.au)

Website: [www.zenithminerals.com.au](http://www.zenithminerals.com.au)

### **Auditors**

PKF Perth  
Level 5, 35 Havelock Street  
WEST PERTH WA 6005

Telephone: +61 8 9426 8999

Facsimile: +61 8 9426 8900

### **Share Registry**

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6953

Telephone: 1300 992 916

From Overseas: +61 3 9628 2200

Facsimile: +61 8 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### **Securities Exchange Listing**

Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX Code: ZNC

## Directors' Report

The Directors of Zenith Minerals Limited ("The Company") and subsidiaries ("Consolidated Entity") submit herewith the Interim Financial Report for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporation Act 2001, the directors' report is as follows:

### Directors

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

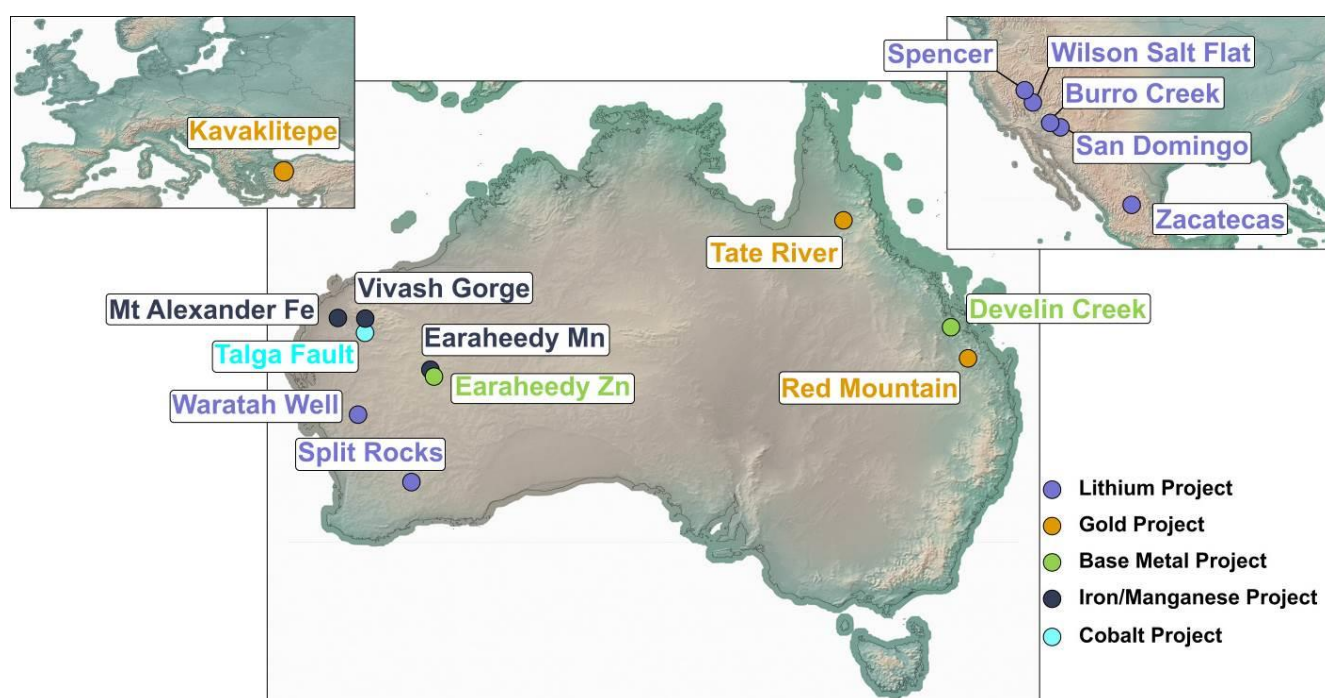
Rodney M Joyce	–	Non-Executive Chairman
Michael J Clifford	–	Managing Director
Stanley A Macdonald	–	Non-Executive Director
Julian D Goldsworthy	–	Non-Executive Director
Graham D Riley	–	Non-Executive Director

### Company Secretary

Melinda Nelmes

### Review of Operations

In the half year to 31 December 2018, the Company continued to progress its gold, lithium and base metal projects:



**Figure 1: Zenith Project Locations**

## **SPLIT ROCKS LITHIUM & GOLD PROJECT – WA (Zenith 100%)**

- The 100% owned Split Rocks Project covers a large portion (total area >500sqkm) of the Forrestania Greenstone Belt of Western Australia. This emerging lithium district is host to the new Earl Grey lithium deposit containing 189Mt @ 1.5% Li<sub>2</sub>O (KDR ASX Release 19<sup>th</sup> Mar 2018).
- RC drill testing of the Dulcie lithium pegmatite target confirmed thick pegmatite bodies containing broad anomalous levels of lithium including: 79m @ 284ppm Li<sub>2</sub>O with a peak value of 1m @ 1072ppm Li<sub>2</sub>O. The pegmatite body remains open to the north and west.
- Soil sampling has defined 7 lithium anomalies to date, of which 5 have had preliminary shallow RAB/aircore drill tests. A high tenor coincident lithium tantalum-niobium soil anomaly at Anomaly 2, requires field follow-up prior to drill testing;
- Significant gold mineralisation intersected at the Dulcie Prospect including: 5m @ 2.51 g/t gold including 1m @ 8.79 g/t gold, 2m @ 6.54g/t gold (end of hole) as detailed in ZNC ASX Release 5<sup>th</sup> June 2018 – follow-up drilling yet to be completed.

### **Activities During the Half Year**

RC drilling at the Dulcie lithium pegmatite prospect confirmed the presence of thick (up to 80m down hole widths) lithium anomalous pegmatite bodies, whilst 136 aircore drill holes tested five of seven lithium soil anomalies within the wider Split Rocks project area.

### **Split Rocks Lithium**

As detailed in Zenith's ASX releases on (21<sup>st</sup> Sept 2018, 17<sup>th</sup> April 2018, 14<sup>th</sup> September 2017, 4<sup>th</sup> December 2017, 6<sup>th</sup> July 2018 and 14<sup>th</sup> August 2018) first pass surface samples taken at Split Rocks, to date covering approximately 20% of the Company's tenements, defined seven large, coherent lithium anomalies with variable levels of associated caesium, tantalum and rubidium surrounding granite bodies that may be potential source rocks for lithium bearing pegmatites (Figure 2).

The tenor of these large-scale lithium anomalies is comparable with competitor surface results that upon drilling have returned significant bedrock lithium mineralisation in several instances. Field follow-up by Zenith indicated very little to no outcrop in the areas of the lithium soil anomalies and that drill testing was required.

The aircore program completed during the half year of 136 drill holes totalling 3644 metres on lines generally spaced 400 metres apart provided a first pass test of five of the seven lithium soil targets (Anomalies 1, 3, 4, 5 and 6). Drilling confirmed the presence of numerous pegmatite bodies beneath each of the soil anomalies, but assay results did not indicate lithium fertile geochemistry in the pegmatites intersected in the shallow wide spaced drilling, and no clear source for the lithium anomalies has been identified to date.

Soil anomalies 2 and 7 were deemed not yet ready for drill testing as they required further infill and extensional sampling to better define the drill targets. A further round of infill and extensional soil sampling was completed at Anomaly 2 during the half year (Figure 2), with the work defining a strong lithium zone (max 200ppm Li). Further surface sampling is required to better define Anomaly 7.

Protocols and details for soil sampling completed during the half year at Split Rocks are as previously reported in JORC tables in ZNC's ASX release dated 6<sup>th</sup> July 2018.

### **Split Rocks – Dulcie Lithium Prospect**

Zenith's Dulcie lithium prospect is a 950-metre-long zone of pegmatites, from which shallow aircore drill holes in Zenith's maiden program returned strongly anomalous lithium results up to 2m @ 0.12%Li<sub>2</sub>O.

Follow up RC drilling at Dulcie (ASX Release 14<sup>th</sup> August 2018) confirmed thick pegmatite bodies (up to 79m downhole widths) with lithium content in 4m composite samples strongly anomalous in the northern most drill hole ZDRC006 (80m @ 353ppm Li<sub>2</sub>O) (Figure 2). Subsequent one metre resampling confirmed the tenor of the 4m composite samples, ZDRC006 (79m @ 284ppm Li<sub>2</sub>O), with a peak value of 1m @ 1072ppm Li<sub>2</sub>O. The pegmatite body remains open to the north and east.

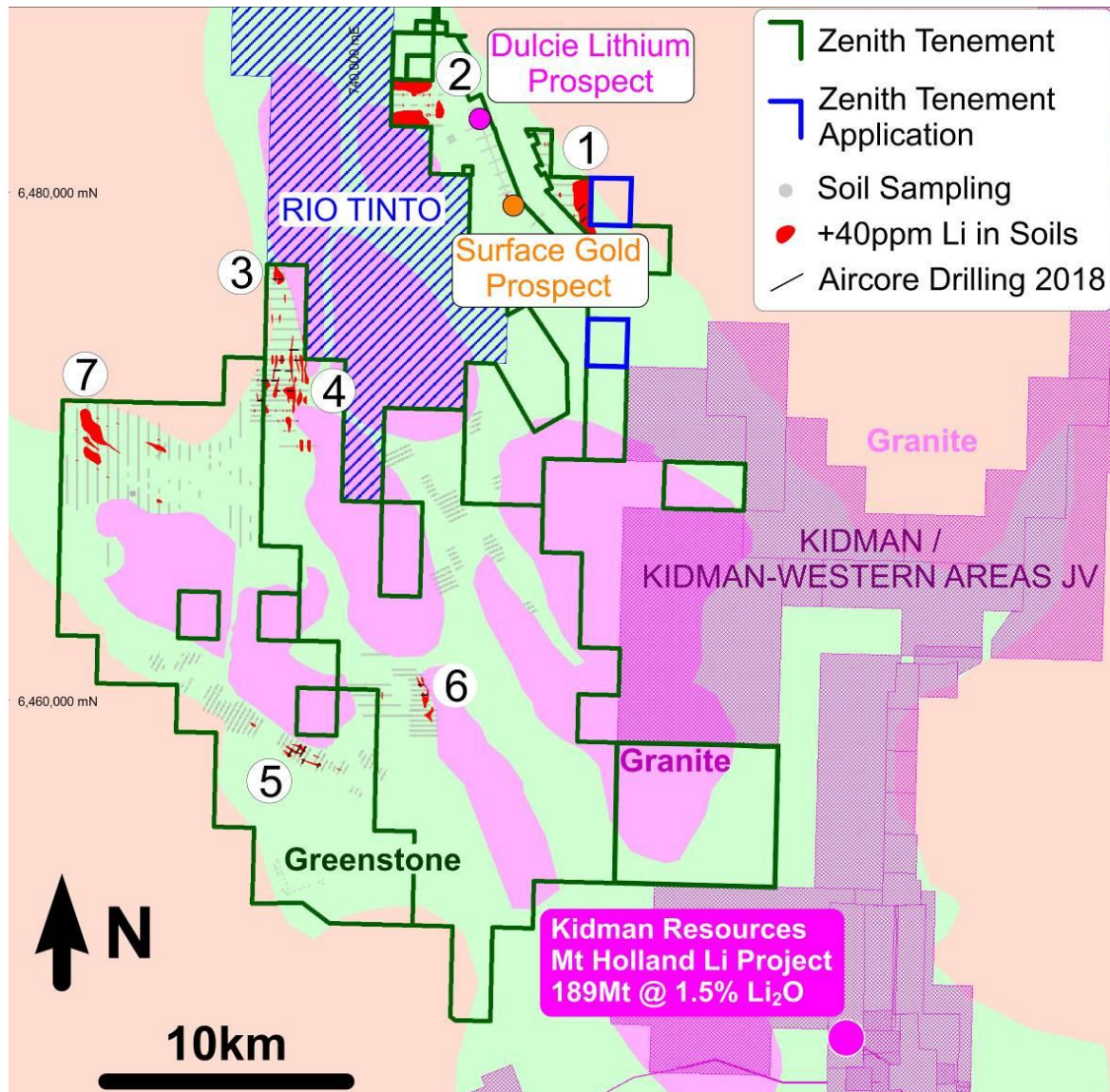


Figure 2: Split Rocks Project Prospects and Lithium Drill Targets

### Split Rocks Gold Results

Significant gold mineralisation was intersected in several drill holes in the south of the Dulcie prospect area (ZNC ASX Release 12<sup>th</sup> Apr 2018). Zenith's maiden aircore drill program confirmed the presence of gold mineralisation first identified in historic exploration in 1998 returning intersections of **5m @ 2.51 g/t gold including 1m @ 8.79 g/t gold** as well as outlining new gold mineralisation on Zenith's southernmost drill lines up to **2m @ 6.54g/t gold** (end of hole) – as detailed in ZNC ASX Release 5<sup>th</sup> June 2018.

The planned program to use an RC drill rig to drill test beneath and down dip of the better gold intersections reported above (such as **2m @ 6.54g/t gold** (end of hole) was previously cancelled due to excessive rainfall. Follow-up testing is still to be completed.

In addition, gold within surficial laterite has been outlined with results including 4m @ 1.16 g/t gold from surface (ASX Release 31<sup>st</sup> July 2018). Infill drilling completed during the half year to test the potential for one or more modest scale, laterite gold, surface deposits of a similar style to that currently being mined and treated at the adjoining Dulcie Heap Leach gold operation was completed (Figure 3). An additional 5 aircore drill holes intersected laterite hosted surface gold mineralisation of a tenor greater than 1m @ 0.4 g/t Au at depths less than 3 metres from surface. Further drilling will be required to define a mineral resource and to test for bedrock gold mineralisation below the surface gold zone. Protocols and details for aircore sampling completed during the half year at Split Rocks are as previously reported in JORC tables in ZNC's ASX release dated 31<sup>st</sup> July 2018.



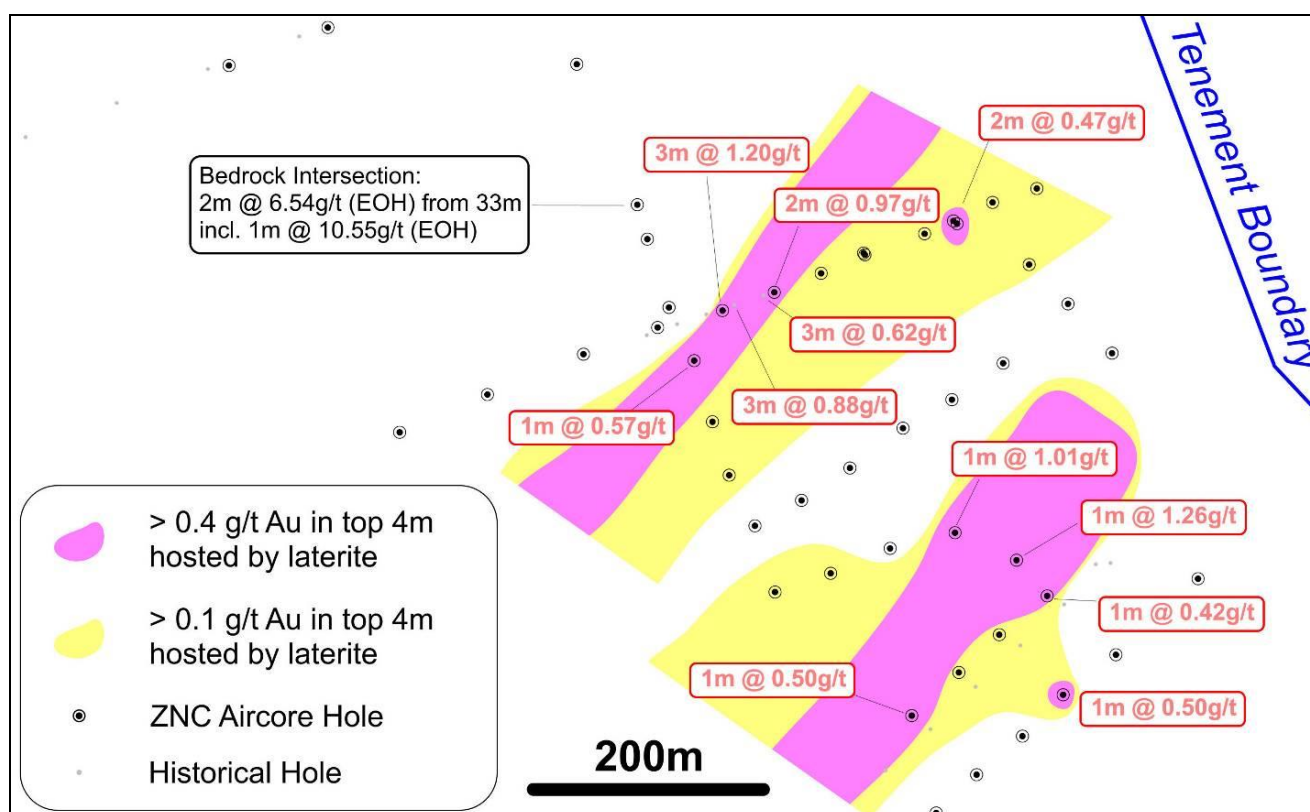


Figure 3: Split Rocks Dulcie Plan Showing Gold Significant Gold Results and Surface Gold Target Zone

### Planned Programs at Split Rocks

Field follow-up of the lithium Anomaly 2 is required prior to drill testing. Further drilling to test bedrock gold and surface gold targets will be completed in conjunction with lithium drill testing.

## AMERICAN LITHIUM JOINT VENTURE

The American Lithium Joint Venture includes a US\$5 million farm-in deal with a private company controlled by prominent UK investor Jim Mellon (Bradda Head Ltd) (ASX Release 7<sup>th</sup> March 2017) to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio.

The partners have identified new lithium opportunities and are in the final stages of completion, to add these to the project portfolio. Bradda Head Holdings Ltd ("Bradda Head") intends to seek the admission of its shares to London's AIM Market (AIM). In this regard, Bradda Head has appointed Allenby Capital, as its Nominated Advisor and are working on the requisite documentation for this transaction.



## **BURRO CREEK LITHIUM CLAY PROJECT – ARIZONA, USA (Option to Earn 100%)**

- Widespread, near surface lithium results were intersected in the maiden drill program at the Burro Creek project (ZNC – ASX Release 19/06/18), including:
  - Hole BCRC18-01 - 22.9 metres @ 1088ppm lithium and 2.94% potassium from 4.68m depth, and 9.1 metres @ 1325ppm lithium and 3.04% potassium from 33.5 metres depth;
  - Hole BCRC18-04 – 19.8 metres @ 1180ppm lithium and 2.23% potassium from 21.3 metres depth;
  - Hole BCRC18-14 - 24.4 metres @ 1361ppm lithium and 3.23% potassium from 19.8m depth.
- Depending on the cut-off grade used the lithium mineralised portion of the clay averages 23 to 54 metres in thickness, whilst recent testwork indicates a bulk density of 1.6 to 1.8 g/cm<sup>3</sup>.
- Drilling to date has tested only 1/4 of the total project area that has recently been expanded by staking claims to the west;
- Mapping and sampling in the new western claim area returned further widespread, high-grade lithium clays at surface with two new areas identified each equal in size to the zone of lithium mineralisation discovered in the current drill program;
- Maiden mineral resource estimate pending; and
- Metallurgical testwork has returned positive results.

### **Activities During the Half Year**

The mineral resource consultant is yet to provide the JV manager with the completed estimate.

### **Exploration Target**

Based on the drilling activity noted above, and surface sampling and mapping in the western claim area Zenith and Bradda Head have estimated an Exploration Target<sup>1</sup> for the Burro Creek project of 30-50 million tonnes at 1000 to 1100ppm lithium Li and 2% to 3% potassium (refer to Zenith ASX Release 19<sup>th</sup> June 2018). The upcoming maiden resource estimate will report on the eastern claim area only, representing approximately 1/3 of the Exploration Target<sup>1</sup>. It is expected that the western claim area targets will be the subject of a future drill campaign.

Exploration Target <sup>1</sup>	Tonnes	Lithium Grade	Potassium Grade
<b>Burro Creek Project</b>	<b>30 – 50 million</b>	<b>1000 to 1100ppm</b>	<b>2 to 3%</b>

<sup>1</sup>The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the “Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, the JORC Code” (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

### **Planned Activities**

Maiden mineral resource estimate pending. Further drilling and metallurgical testwork following Bradda Head’s AIM listing.

## **ZACATECAS LITHIUM BRINE PROJECT – MEXICO**

- Tenure (26,000 acres) over system of salt lakes in central Mexico;
- Lithium brines to 2.1% Li reported in regional sampling conducted by the Mexican Federal Government from solar evaporation ponds for salt production on adjacent salt lake (10km west of Zenith’s tenure).
- Government results confirm lithium enriched brines are present in district, as well as demonstrating that concentration of lithium by solar evaporation methods is possible: Four water samples returned 1.2%, 1.4%, 1.4% and 2.1% lithium, these very high-grade lithium brines are like post-concentration brine feedstock to lithium brine production facilities;
- Systematic surface geochemical sampling by Zenith on salt pans returned highly anomalous lithium in surface sediments up to 1046ppm Li - comparable to and higher than those from competitor lithium brine projects in Mexico and the USA;
- Initial 11-hole shallow auger drilling program in 2017 returned strong lithium in salt lake sediments up to 0.09% Li;
- Near surface water samples are not strongly saline, perhaps due to rainwater dilution. However, lithium and total salinity in brine samples increase with depth in all holes pointing to deeper target;
- Ground based magnetotelluric (MT) geophysical surveys indicate conductive layer beneath the Illescas salt lake; 200 – 400m thick, 2.5km in length sited below strongly anomalous surface sample results, representing a compelling lithium brine drill target;
- Conductive layer defined at the San Vicente-San Juan salt lake concession, target zone is 100m to 200m in thickness, at a depth of 50 to 300m depth below surface; and
- Permitting for drill testing at San Vicente target completed.



**Activities During the Half Year**

Nil this period.

**Planned Programs at Zacatecas**

Drill testing to proceed on Bradda Head re-listing on AIM.

**WILSON SALT FLAT LITHIUM BRINE PROJECT – NEVADA USA**

- Sampling by Zenith returned up to 192ppm lithium from salt lake surface;
- The high-grade lithium surface sample results are coincident with gravity low anomalies reflecting basin sedimentary sequences that potentially host lithium brines.
- Both aeromagnetic and gravity modelling indicate complex basement geology indicative of major faults capable of channelling and focusing lithium enriched geothermal fluids; and
- Ground based magnetotelluric (MT) geophysical surveys indicates conductive layer in upper 200 – 300m below surface, representing a lithium brine drill target.

**Activities During the Half Year**

Nil this period.

**Planned Activities**

An initial 2-hole drilling program has been permitted to test structural and stratigraphic targets identified by geophysical surveys. Given success with these preliminary exploratory drill holes in finding brine aquifers and lithium, additional holes would be placed to expand on the information relating to basin hydrogeology, leading to resource estimation. Drilling planned to commence following Bradda Head re-listing on AIM.

**SAN DOMINGO LITHIUM PEGMATITE PROJECT – ARIZONA USA**

- Abundant lithium bearing pegmatite dykes within Zenith's claims over an area 9km by 1.5km;
- Initial continuous rock chip sampling returned very encouraging results up to 5m @ 1.97% Li<sub>2</sub>O including 2.4m @ 2.49% Li<sub>2</sub>O within 14.1m zone @ 1.02%Li<sub>2</sub>O from spodumene rich pegmatites;
- In the SW of the project area select grab samples returned high-grade lithium from pegmatite dykes of 5.8% and 8.0% Li<sub>2</sub>O. Systematic composite rock chip sampling of more strongly weathered spodumene rich pegmatite returned: 2.9m @ 0.86% Li<sub>2</sub>O, 2.8m @ 0.69% Li<sub>2</sub>O, 3m @ 0.71% Li<sub>2</sub>O, and 3m @ 0.56% Li<sub>2</sub>O, the latter two samples are part of a near true width zone of 12.7m @ 0.45% Li<sub>2</sub>O; and
- Lithium as spodumene and amblygonite concentrates along with tantalum was produced from pegmatites within the district during the period 1947 – 1952.

**Activities During the Half Year**

Nil this period.

**Planned Programs**

Initial drill testing of the western San Domingo claim lithium pegmatite targets followed by drilling of the central and eastern pegmatite targets is planned.

**SPENCER LITHIUM BRINE PROJECT – NEVADA USA**

- Initial reconnaissance sampling by Zenith returned up to 550ppm lithium in surface sediments - comparable to and higher than those from competitor lithium brine projects in the USA;
- The high-grade lithium surface sample results are coincident with gravity low anomalies reflecting basin sedimentary sequences that potentially host lithium brines.
- Local geothermal springs indicate active circulating hot waters capable of leaching lithium whilst both aeromagnetic and gravity modelling indicate complex basement geology indicative of major faults capable of channelling and focusing lithium enriched geothermal fluids; and
- Infill surface sampling and ground based geophysical surveys are planned prior to drill testing.

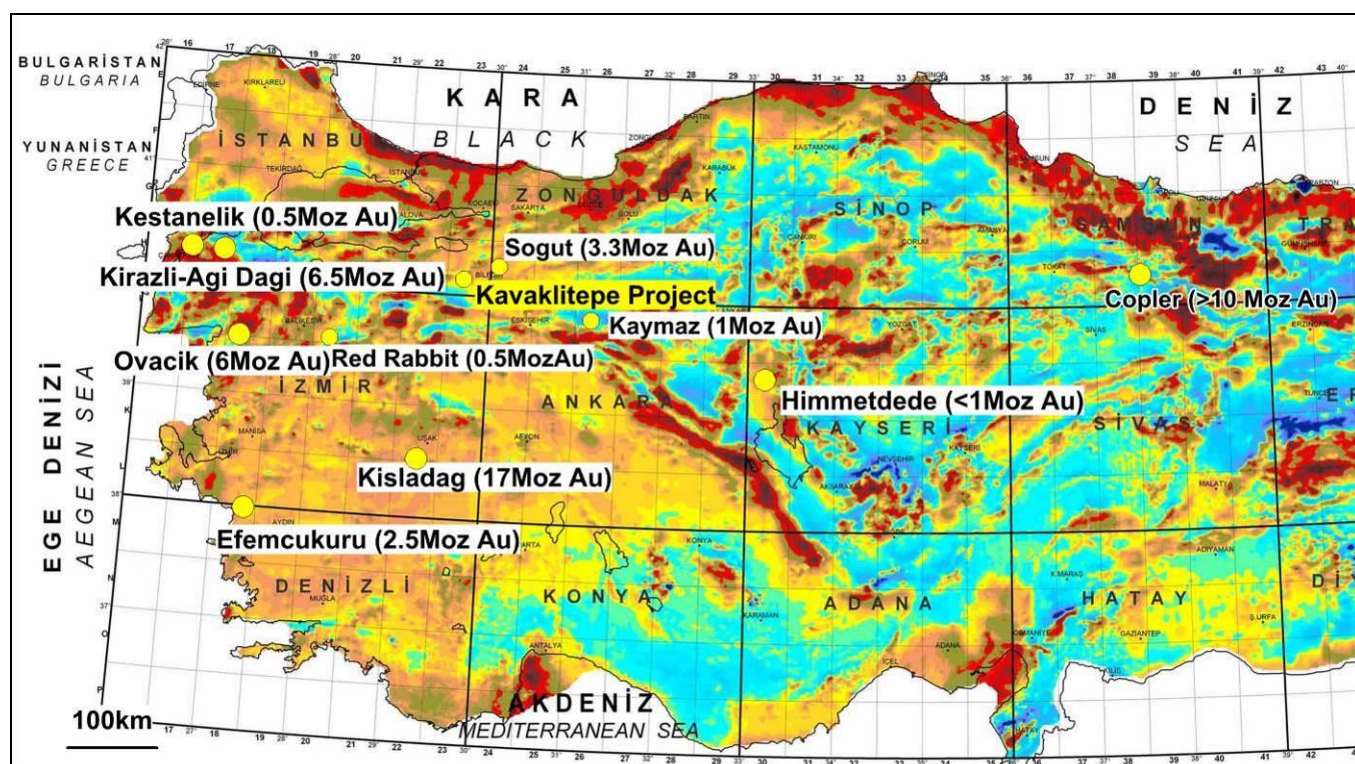
**Activities During the Half Year**

Nil this period.

**Planned Activities**

Infill surface sampling and electrical geophysical surveys followed by drilling are the next steps in exploration of the Spencer project.

## KAVAKLITEPE GOLD JOINT VENTURE



*Kavaklitepe Project Location and Regional Gold Endowment (Image is Total Magnetic Intensity)*

### KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith 30%)

- Two coherent plus 800-metre-long, high order gold in soil anomalies (+50 ppb), with peak soil sample values over 1 g/t gold;
- Kuzey Zone Drill results include: 21m @ 3.29 g/t Au, 14m @ 6.09 g/t Au, 16m @ 4.7 g/t, 9m @ 5.2g/t and 7.8m @ 7.3g/t gold, and continuous surface rock chip results include: 54.0m @ 3.33 g/t gold, 10m @ 12.2 g/t Au; 44m @ 3.37 g/t Au, 15m @ 10.10 g/t Au and 6.5m @ 5.18 g/t Au;
- At the Discovery Zone continuous rock chip sampling results include: 21m grading 2.67 g/t Au whilst sampling returned 12m @ 2.5 g/t gold from the Guney Zone.

#### Activities During the Half Year

During the half year period a 2,275 metre (15 hole) RC drill program was completed at the Kuzey Prospect, one of 3 gold mineralised zones within the Kavaklitepe Gold Project. Samples were collected simultaneously over 1m and composite 4m intervals. Initial 4m composite assays outlined thick high-grade gold mineralisation with highlight intersections including: 24m @ 4.15 g/t Au in KTRC-35 and 28m @ 2.78 g/t Au in KTRC-29, (see ASX Release 11<sup>th</sup> December 2018). Subsequently 1m samples through the mineralized zones were assayed and confirm and refine the distribution of the gold mineralisation. Significant intersections from the 1m sampling include: **26m @ 2.89 g/t Au, including 21m @ 3.29 g/t Au in KTRC-29, 14m @ 6.09 g/t Au in KTRC-35 and 8m @ 2.29 g/t Au in KTRC-38** (ASX Release 11<sup>th</sup> Dec 2018) .

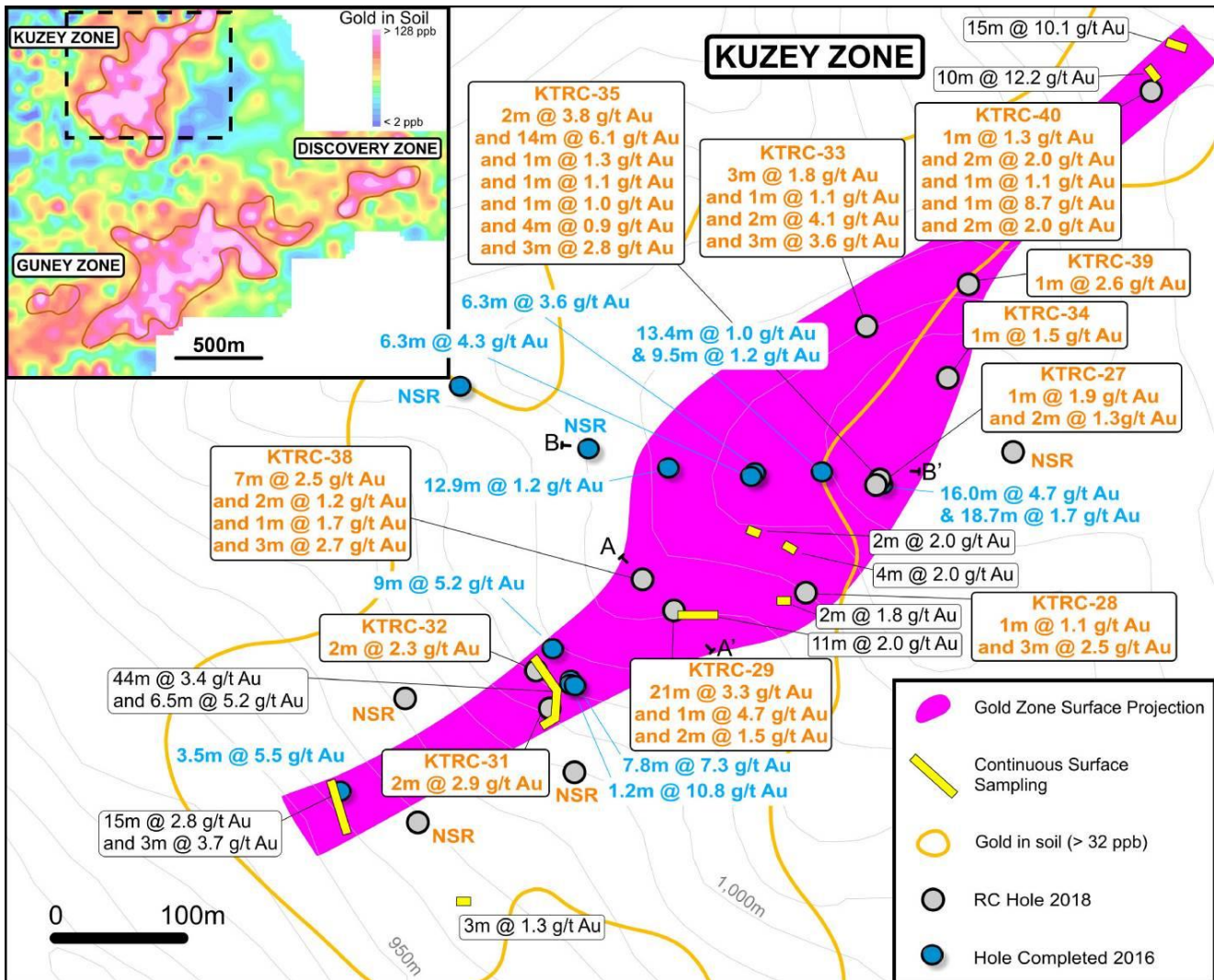
A complete table of all significant gold intersections from the 1m sampling is included below.

Continuous surface rock samples taken along access tracks constructed for the RC drill program returned: **10m @ 12.2 g/t Au, 44m @ 3.37 g/t Au, 15m @ 10.10 g/t Au and 6.5m @ 5.18 g/t Au** (ASX Release 11<sup>th</sup> December 2018).

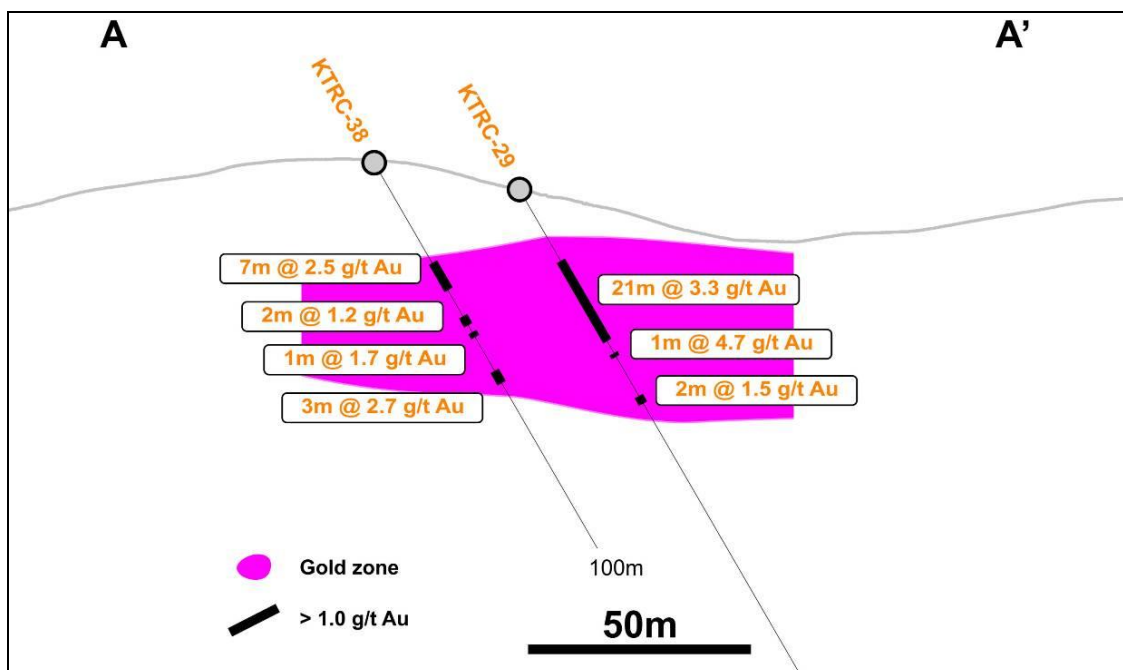
The 2018 RC drill results are in addition to 2016 diamond drill results that included: 16m @ 4.73 g/t Au in KT-09 (fresh rock), 9m @ 5.25 g/t Au in KT-02 and 7.8m @ 7.34 g/t Au in KT-03 (surface oxide zone).

The 2018 RC drill program has successfully defined gold mineralisation over the length of the 900-metre-long Kuzey Prospect (Figures 4, 5, 6 and 7). A review is in progress to decide on the future of the project.





**Figure 4: Kuzey Zone Drill Hole Locations, Gold Intersections & Location of Cross Sections (A-A' & B-B')** (Results in orange are from the 2018 RC program, those in blue from 2016 DD program)



**Figure 5: Kuzey Zone Preliminary Cross Section A-A'–** (Refer to Figure 1 for Location of Cross Section)

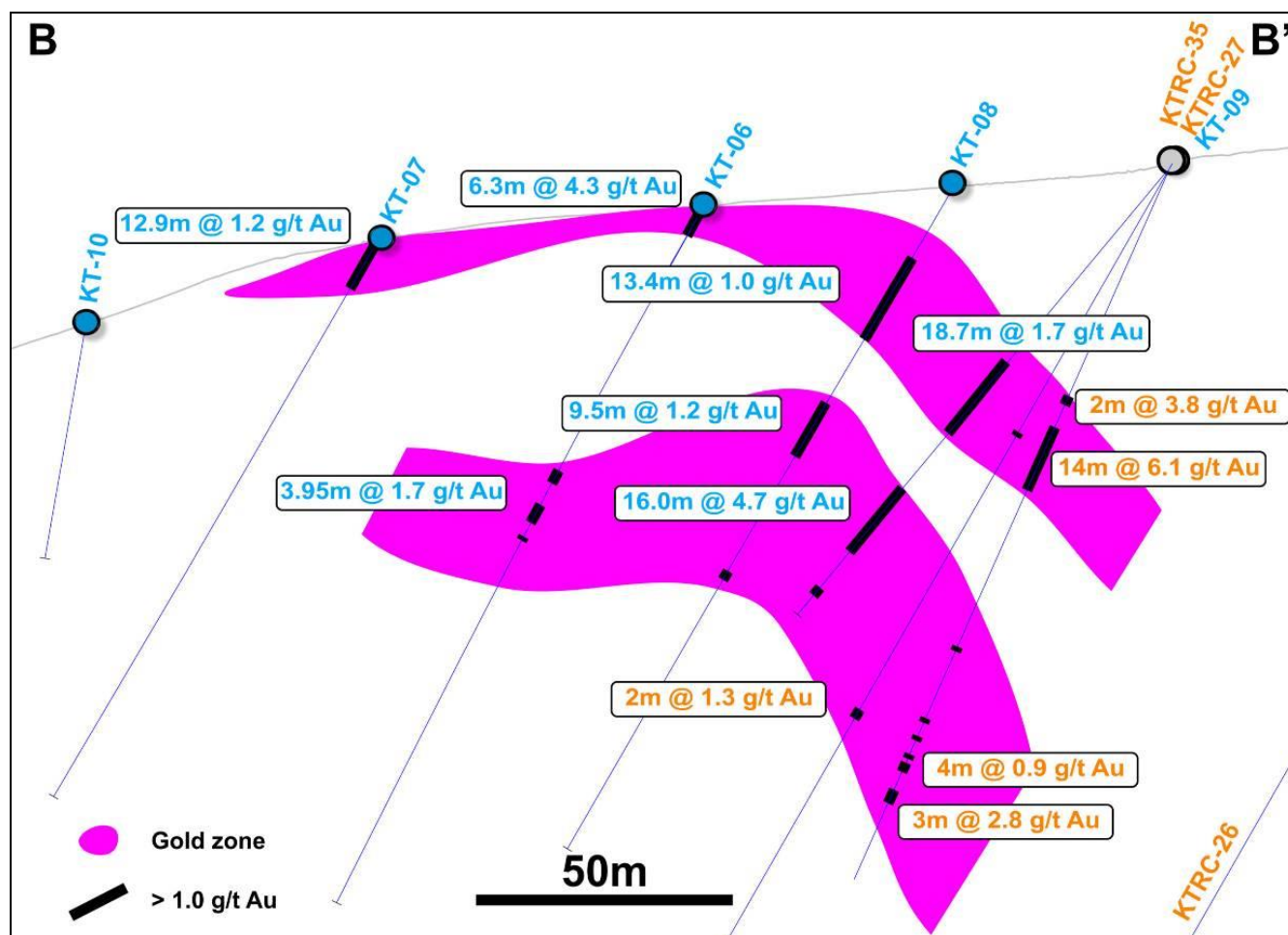


Figure 6: Kuzey Zone Preliminary Cross Section B-B'– (Refer to Figure 1 for Location of Cross Section)

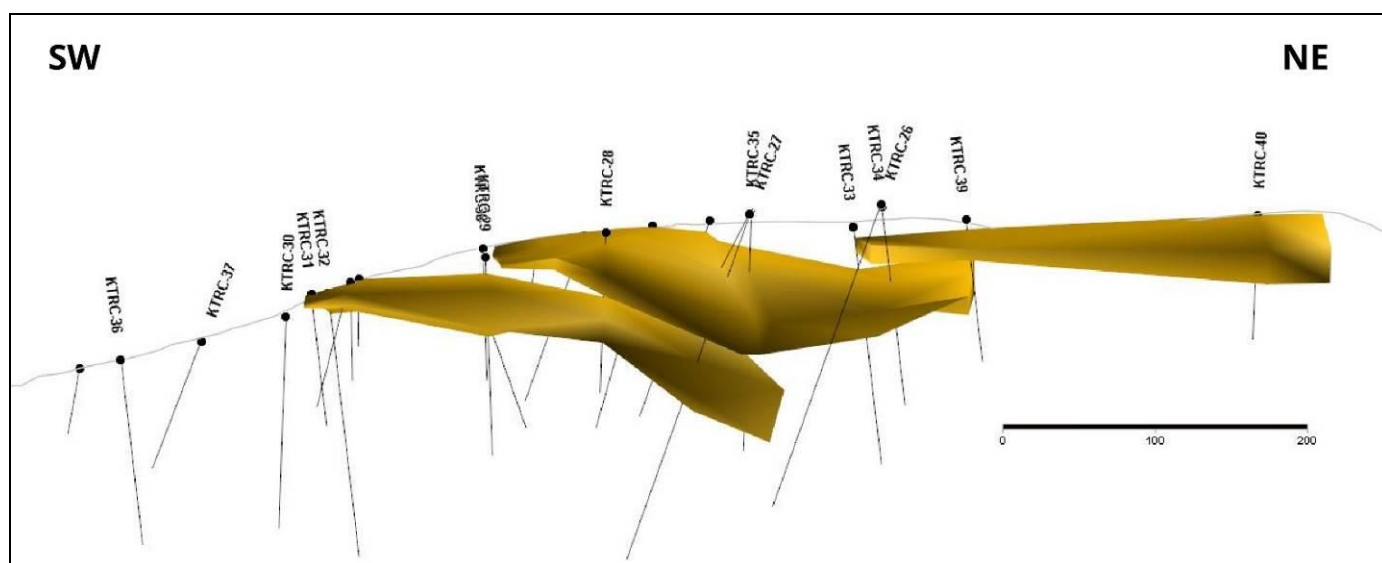


Figure 7: Kuzey 3D View of Gold Zones Looking North West (Preliminary Interpretation)

**Table 1-** Kuzey Prospect RC Drilling Significant Gold Intersections from 1m sampling (lower cut-off grade 0.5 g/t Au, higher cut-off grade 1.0 g/t and high-grade cut-off 3.0 g/t Au, maximum 2m internal dilution).

	4m samples					1m samples				
Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)		From (m)	To (m)	Interval (m)	Gold (g/t)	Cut-off grade (g/t)
KTRC-26	NSR									
KTRC-27	60	64	4	0.67		59	61	2	1.21	0.5
					incl	60	61	1	1.9	1
					and	114	115	1	0.96	0.5
and	120	124	4	1.42	and	121	124	3	1.03	0.5
					incl	122	124	2	1.26	1
KTRC-28						15	16	1	1.06	1
					and	20	21	1	0.68	0.5
	24	28	4	0.59	and	25	26	1	0.55	0.5
and	48	52	4	2.81	and	49	55	6	1.43	0.5
					incl	49	52	3	2.54	1
					incl	49	50	1	4.31	3
KTRC-29						15	16	1	0.85	0.5
	16	44	28	2.78	and	18	44	26	2.90	0.5
					incl	18	39	21	3.29	1
incl	32	40	8	6.01	incl	31	35	4	4.25	3
					incl	37	39	2	13.4	3
					incl	42	43	1	4.69	3
					and	51	56	5	1.05	0.5
and	52	56	4	1.27	incl	53	55	2	1.52	1
KTRC-30	NSR									
KTRC-31	0	4	4	0.87		0	2	2	2.87	1
					incl	0	1	1	4.11	3
KTRC-32	0	12	12	0.68		0	2	2	2.30	1
					incl	0	1	1	3.28	3
					and	5	11	6	0.69	0.5
KTRC-33	12	20	8	0.94		10	11	1	0.59	0.5
					and	14	18	4	1.53	0.5
					incl	14	17	3	1.81	1
					and	34	35	1	1.11	1
and	44	52	8	2.45	and	42	45	3	2.97	0.5
					Incl	43	45	2	4.14	1
					incl	43	44	1	5.49	3
incl	48	52	4	3.34	and	49	55	6	2.13	0.5
					incl	50	53	3	3.57	1
					incl	50	52	2	4.45	3
KTRC-34	64	68	4	2.62		65	67	2	1.18	0.5
					incl	65	66	1	1.51	1
					and	73	74	1	0.68	0.5



	4m samples					1m samples				
Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)		From (m)	To (m)	Interval (m)	Gold (g/t)	Cut-off grade (g/t)
KTRC-35	52	76	24	4.15		52	55	3	2.72	0.5
					incl	52	54	2	3.77	3
incl	60	76	16	5.20	and	59	73	14	6.09	3
and	108	112	4	0.69	and	108	112	4	0.76	0.5
					incl	108	109	1	1.29	1
and	124	128	4	0.82	and	118	125	7	0.72	0.5
					incl	124	125	1	1.08	1
					and	128	129	1	1.03	1
and	132	136	4	0.56	and	132	136	4	0.94	1
and	140	144	4	2.32	and	140	143	3	2.81	1
					incl	140	141	1	4.44	3
					incl	142	143	1	3.54	3
KTRC-36	NSR									
KTRC-37	NSR									
KTRC-38	24	56	32	1.28		25	33	8	2.29	0.5
incl	28	32	4	3.20	incl	26	33	7	2.54	1
					incl	30	32	2	4.09	3
					and	36	38	2	0.61	0.5
					and	40	45	5	1.06	0.5
					incl	40	42	2	1.21	1
					incl	44	45	1	1.67	1
					and	50	51	1	0.98	0.5
					and	53	57	4	2.26	0.5
					incl	54	57	3	2.70	1
					incl	55	57	1	3.34	3
KTRC-39						12	13	1	0.73	0.5
					and	41	42	1	0.79	0.5
					and	44	47	3	0.68	0.5
	72	76	4	0.78	and	74	76	2	1.63	1
					incl	75	76	1	2.56	1
KTRC-40	16	32	16	1.91		16	17	1	1.29	1
					and	19	21	2	1.95	1
incl	24	28	4	3.91	and	24	31	7	2.12	0.5
					incl	24	25	1	1.09	1
					incl	27	28	1	8.74	3
					incl	29	31	2	2.01	1

## Background

### Kuzey Zone

Drilling completed in 2016 (11 holes, (KT-01 to KT-11, including KT-06A)) provided an initial wide spaced test of only 360m of the 900m by 250m wide Kuzey Zone gold-in-soil anomaly target (Figure 8).

Better intersections from that program that are considered close to true width of high-grade, near surface, gold mineralisation (previously reported) include: KT-01; **3.5m @ 5.5 g/t Au** from surface, KT-02; **9.0m @ 5.2 g/t Au** from surface, KT-03; **7.8m @ 7.3 g/t Au** from 3.3m depth, KT-05; **1.2m @ 10.8 g/t Au** from 14.7m, KT-06; **6.3m @ 4.3 g/t Au** from surface, KT-06A; **6.3m @ 3.6 g/t Au** from surface and KT-07; **12.9m @ 1.2 g/t Au** from surface.

Deeper drill results previously reported (5<sup>th</sup> October 2016) from the Kuzey Zone include: hole KT-09; an overall 67.7m gold mineralised zone from 46.2 to end of hole at 113.9m (true width unknown) including several zones of higher grade: **18.7m @ 1.7 g/t Au** from 50.2m, **16.0m @ 4.7 g/t Au** from 82.1m, (including **8.0 m @ 7.1 g/t Au**) and **8.8m @ 1.0 g/t Au** with the drill hole ending in mineralisation at 113.9m and hole KT-08; an overall 76.0m mineralised zone from 12.5m to 88.5m including: **13.4m @ 1.0 g/t Au** from 16.1m, **1.5m @ 1.3 g/t Au** from 33.0m, **2.0m @ 3.0 g/t Au** from 48.8m, and **9.5m @ 1.2 g/t Au** from 56.8m.

Reporting cut-off criteria and associated JORC tables are included in ASX release dated 22<sup>nd</sup> December 2016.

### Discovery and Guney Zones

2016 drilling at the Discovery Zone (2 holes (KT-18A and KT-23)) intersected gold mineralisation over a 23.5m interval from 22.5m to 46.0m depth with results including: **9.4m @ 1.5 g/t Au** and **3.5m @ 2.1 g/t Au** (true width intervals). The near surface gold mineralisation dips to the northwest and is 60m down dip of previously reported continuous roadside surface sample results that include: 21.0m @ 2.7 g/t Au and 27.0m @ 1.4 g/t Au (Figure 8). The roadside sampling was conducted as an initial test of the 400m long gold-in-soil anomaly at the Discovery Zone.

The new **Discovery Zone** gold mineralisation remains open to the northeast and southwest and is open down dip. A second drill hole 275m southwest along strike where surface rock chip samples returned up to 2.4g/t Au, intersecting 1.3m @ 1.3 g/t Au within a 17.9m wide altered zone from 17.5m to 35.4m with associated anomalous silver, arsenic and antimony.

Drilling at the **Guney Zone** (11 holes, (KT-12 to KT-17 & KT-19 to KT-22 & KT-24 to KT-25)) has been technically difficult, intersecting a thick, flat-lying, massive sequence of calc-silicate rocks which contained multiple underground cavities up to 4 metres deep that caused several holes to fail at shallow depths and provided locally only very poor diamond drill core sample recoveries. Hole KT-12 returned 1.2m @ 1.4g/t Au from 12.5m and 1.3m @ 0.6g/t Au from 17.2m before being abandoned in a cavity and drill hole KT-21 drilled on the northern part of the prospect intersected a wide zone (30.7 m) of silicified and altered breccia crosscutting a meta-siltstone rock sequence from 54.9m to 85.6m with associated higher concentrations of trace elements arsenic, antimony and silver more similar to those returning significant gold intersections at the Kuzey and Discovery zones.

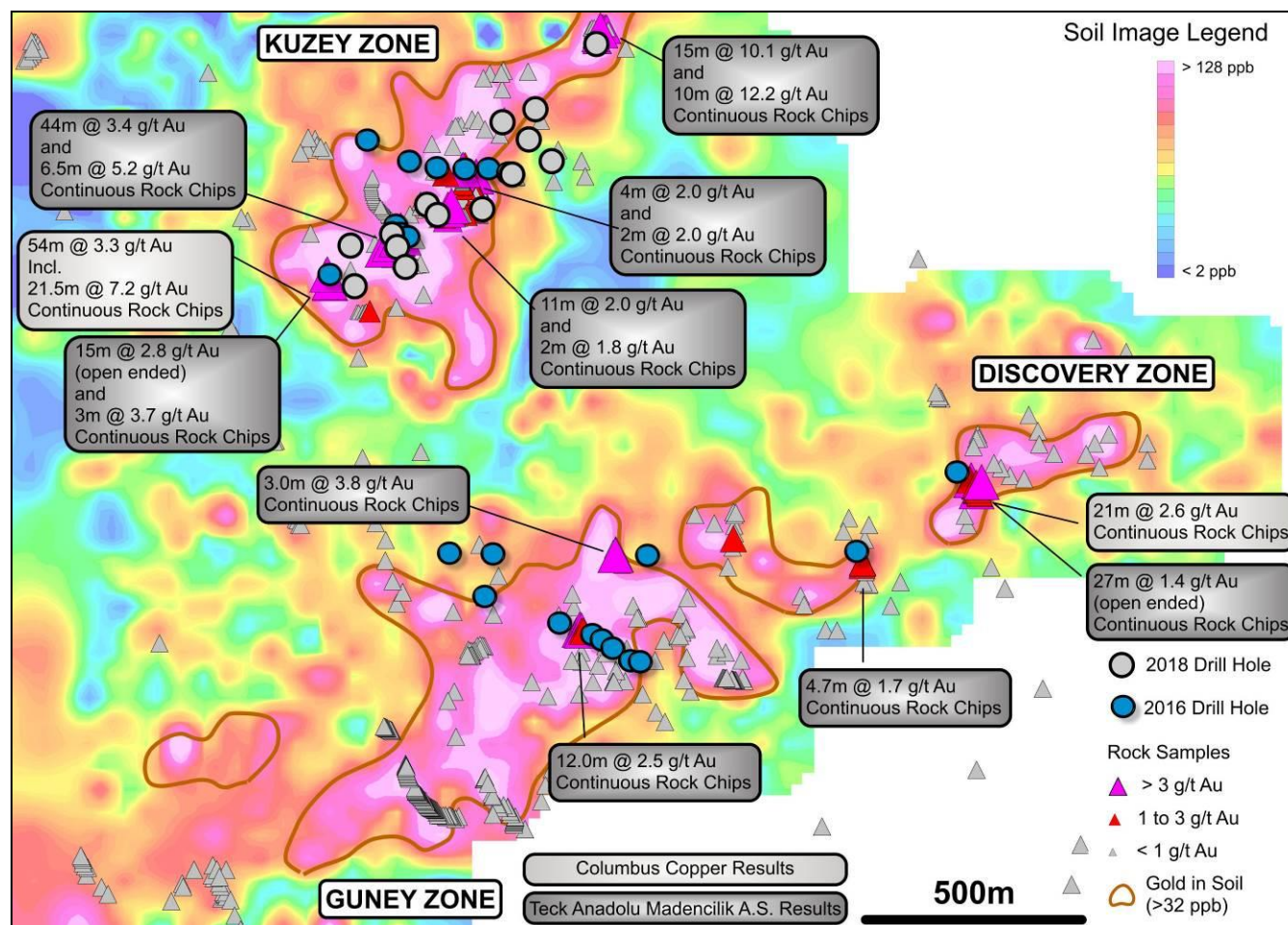
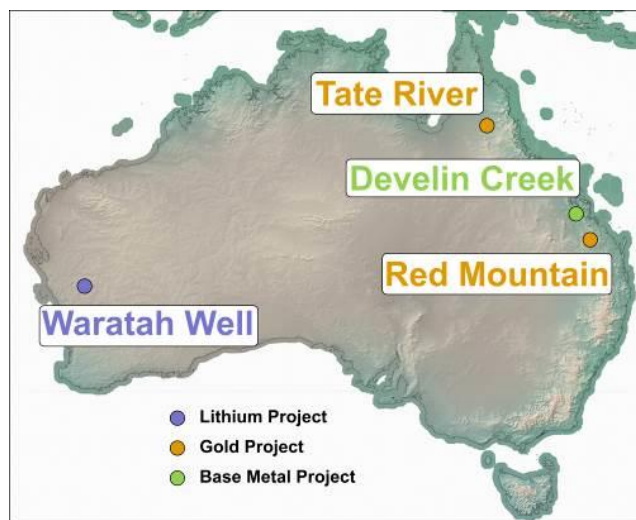


Figure 8: Plan Showing Kavaklitepe Project Gold Geochemistry

## OTHER AUSTRALIAN EXPLORATION PROJECTS

The Company is continuing to explore projects that possess strong technical merit. The Company's focus is advancing its project portfolio of high-quality lithium, gold and base metals projects.



### DEVELIN CREEK COPPER-ZINC-GOLD-SILVER PROJECT – QUEENSLAND (Zenith 100%)

- Inferred Mineral Resource (JORC 2012) of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) released to ASX on the 15<sup>th</sup> February 2015.
- Upside to resource grades with Zenith RC hole twinning previous 1993 percussion hole returning significantly higher copper, zinc, gold and silver grades (300% to 700% higher);
- Initial metallurgical testwork results show positive first stage “rougher” recoveries of 90%;
- Highly prospective host rock extends for up to 50km north - south in Develin Creek tenure;
- New zinc soil anomalies defined post half year end – require field assessment;
- Drilling planned to test new targets and twin historical potentially ineffective drill holes.

#### Activities During the Half Year

Analysis (pXRF) of a further 2,300 surface samples from the Develin Creek copper-zinc project in Queensland was completed during the half year period defining two new soil anomalies within the Rookwood Volcanic rock sequence, which is host to the Company's existing massive sulphide copper-zinc deposits (Figure 9). Samples were taken every 50m along 200m spaced east -west orientated lines.

Immediately following the half year end the Company announced (ASX Release 30<sup>th</sup> Jan 2019) that a strong new zinc anomaly (max 296ppm Zn) was defined by three samples over 100m width located 20km to the south of the Company's existing massive sulphide copper-zinc deposits. The new peak pXRF zinc result of 296ppm is statistically significant, ranking 36 out of 13,363 samples analysed to date.

A second new soil anomaly (max 206ppm Zn) with coincident copper (max 140ppm Cu) and lead (max 45ppm Pb) was outlined 48km to the south the Company's existing massive sulphide copper-zinc deposits and 3km west of the Wilsons copper-zinc prospect. Anomalous zinc samples define a 1.5km long zone.

Protocols and details for soil sampling during the half year at Develin Creek are as per previously reported in JORC tables in ZNC's ASX release dated 19<sup>th</sup> March 2015.

#### Planned Activities

Field follow-up and assessment of the new zinc soil anomalies is required.

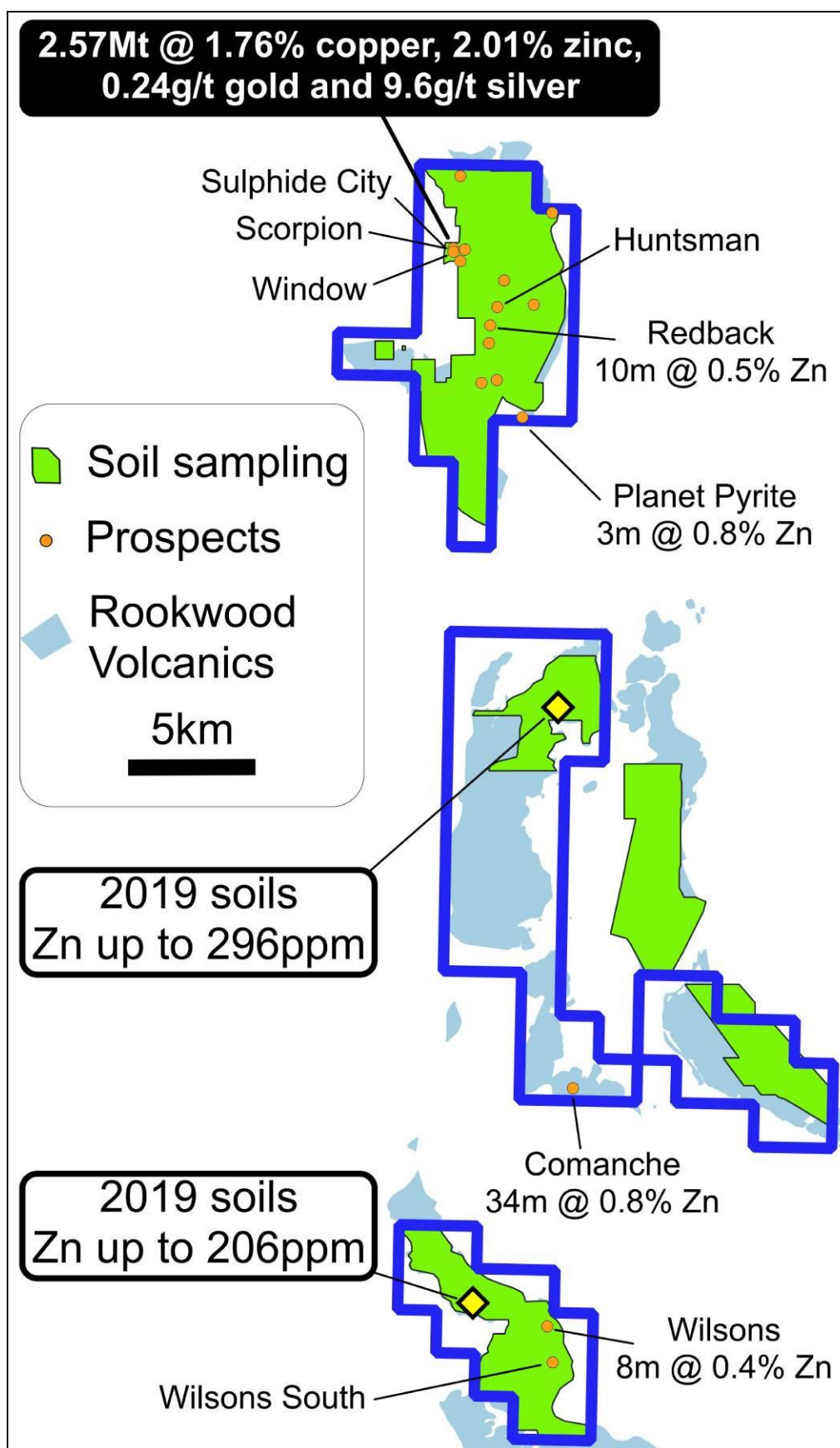


Figure 9: Develin Creek Prospects and New Geochemical Anomalies



## TATE RIVER GOLD PROJECT – QLD (Zenith Earning up to 70%)

- Widespread bedrock gold mineralisation confirmed by Zenith excavator trenching program at the Guppy Strike prospect: with results including: 5m @ 3.92g/t Au, 3m @ 1.72 g/t Au, 3m @ 1.09 g/t Au and 2m @ 0.82g/t Au. Wide zones of strongly anomalous gold i.e. Trench GT12 (entire length average 166m @ 0.14g/t Au) indicate large scale gold mineralised system.
- Setting and geochemical association is indicative of an intrusion related gold system. Nearby deposits of this type include Mungana / Red Dome gold mine that had gold endowment of 2.7Moz Au.
- The Company commenced assessing the large gold prospective land-holding as part of the wider Tate River project area, including:
  - North East Target – rock chip samples to 2.1 g/t Au with associated high arsenic and antimony in colloform banded quartz veins and quartz breccia hosted by rhyolite, and schist whilst wide spaced (400m x 100m) soil sampling returned high-order gold results up to 0.2g/t gold;
  - Far North prospect rock samples up to 1.7g/t gold also with strong arsenic & antimony hosted in quartz veins; and
  - Guppy Strike West – rock samples to 1.17g/t gold in association with strong bismuth & tellurium.

### Activities During the Half Year

Both initial and infill soil sample assay results were received during the half year. The assay results defined new gold targets at the Far North & North East Prospects (ASX Release 2<sup>nd</sup> September 2018).

Systematic soil sampling and rock samples (taken by the soil sampling crew) in this initial assessment of the north east of the Tate River project area have confirmed the presence of gold bearing quartz veins and vein breccia.

At the North East prospect rock sample results returned up to 2.1g/t gold with associated high arsenic and antimony in colloform banded quartz veins and quartz breccia hosted by rhyolite, and schist whilst wide spaced (400m x 100m) soil sampling returned high-order gold results up to 0.2g/t gold. In addition, rock samples taken at the Far North prospect returned up to 1.7g/t gold also with strong arsenic & antimony hosted in quartz veins, whilst a single rock sample of a quartz vein in an area of soil cover 1.3km west of the Guppy Strike Prospect returned 1.17g/t gold in association with strong bismuth & tellurium (Figure 10).

The Company is seeking a joint venture partner to advance this large prospective land-holding.

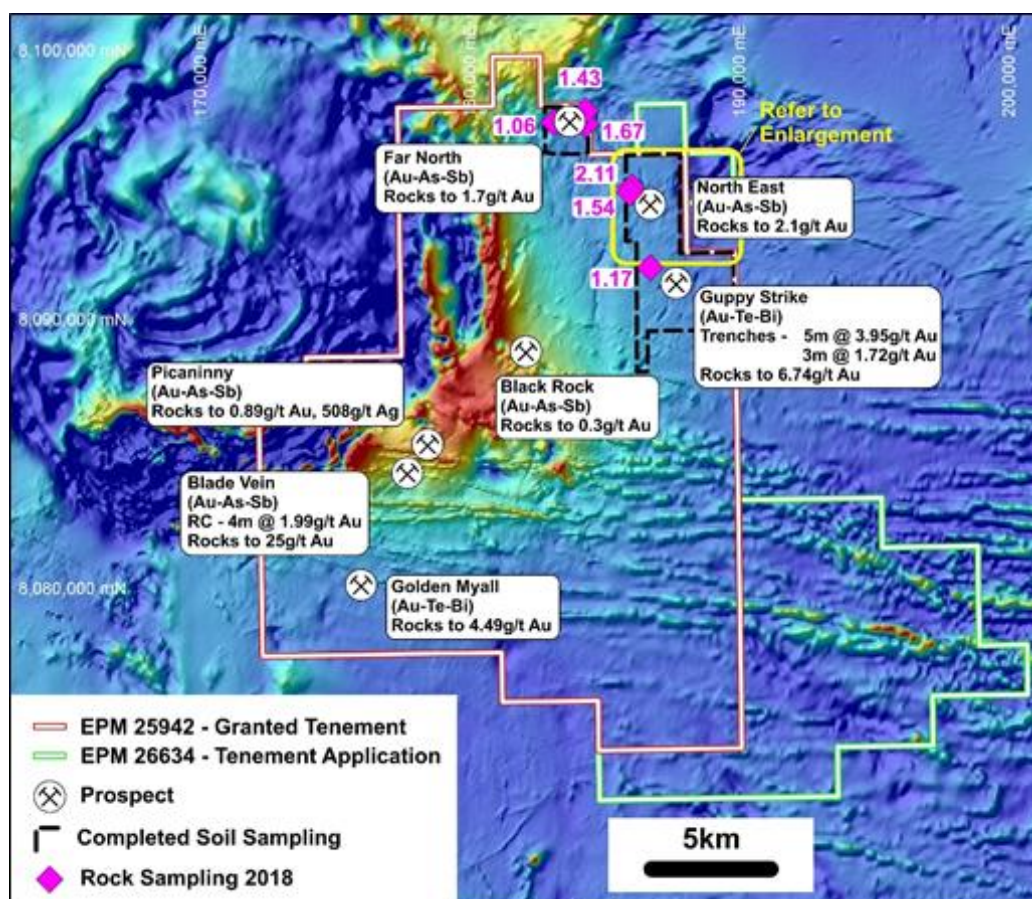


Figure 10: Tate River Prospect Locations and North East & Far North Targets



## RED MOUNTAIN GOLD-SILVER PROJECT – QLD (Zenith 100%)

- Initial reconnaissance field work by Zenith returned highly encouraging silver and gold rock chip sample results up to 114 g/t silver and 0.69 g/t gold;
- 1km long, high-order (>100 ppb) silver soil geochemical anomaly confirmed with results up to 1 g/t silver. Open ended silver soil anomaly provides target scale and immediate follow-up opportunity;
- Mineralisation hosted in felsic volcanic sequence that has not been previously recognized in this area and does not appear on regional government geological maps.

### Activities During the Half Year

Nil this period.

### Planned Activities

Follow-up mapping and sampling to define the extents of the gold-silver mineralisation is planned along with trenching to test the true thickness of the poorly exposed gold-silver zones and to track mineralisation where it extends beneath shallow soil cover to the southwest is planned.

## WARATAH WELL LITHIUM-TANTALUM PROJECT – WA (Zenith 100%)

- Waratah Well Project covers area of extensive outcropping pegmatites (3km x 2km) in area where no reported previous exploration for lithium;
- Widespread, high-grade tantalum up to 1166ppm Ta<sub>2</sub>O<sub>5</sub> and lithium up to 1.75% Li<sub>2</sub>O (ZNC ASX release - 27/04/18);
- Initial tantalum deportment study confirms the potential for a marketable tantalum product;
- Conceptual lithium target beneath tantalum bearing pegmatites.

### Activities During the Half year

Further surface sampling was completed during the half year period that confirmed the widespread nature of the high-grade tantalum mineralisation.

### Planned Activities

The Company is seeking a partner to progress the evaluation and potential development of this high-grade tantalum opportunity.

## JOINT VENTURES & OPTIONS ON ZENITH PROPERTIES

The company has continued to implement its strategy of being an exploration project generator. Projects are either advanced by the Company's experienced team applying innovative exploration techniques or by partners who have the technical and financial capability, depending on how the Board believes shareholders' best interests are served.

The company has three projects optioned to partners:

- Earacheedy Zinc;
- Vivash Iron; and
- Talga Fault Cobalt



## **EARAHEEDY ZINC PROJECT – WA (Zenith 100%, ASX: RTR option to acquire 75%)**

- Wide spaced drilling defined stratiform zinc and lead mineralisation over 20km of strike within carbonate sediments of the Earaheedy Basin in Western Australia.
- Historical drilling intercepted high-grade zinc up to 18.6% within an intersection 3.3m @ 11.2% Zn, and 0.93% Pb from 150m. Other drill-holes include 2m @ 8.23% Zn and 2.77% Pb from 103m.
- Coarse grain sphalerite (Zn) and galena (Pb) with pyrite and marcasite occurs as breccias, veins and replacement zones within carbonates.
- Mineralisation style like Mississippi Valley Type (MVT) large, high-grade base metal deposits that include the Devonian Lennard Shelf deposits of the Kimberley Region of Western Australia.
- Gravity survey outlined several non-magnetic and non-topographic related gravity anomalies and trends that lies close to both northwest (basement faults) and northeast (cross faults) that provide potential new target zones structures;
- Drill testing planned in March 2019 by RTR.

### **Activities During the Half Year**

Rumble Resources completed infill ground gravity surveying and modelling as well as a partial leach geochemistry program over areas where previous explorers have defined significant Zn mineralisation including: 7.3m @ 6.12% Zn, 0.77% Pb (inc. 3.3m @ 11.2% Zn, 0.93% Pb).

### **Planned Activities**

Finalisation of gravity modelling to aid Rumble in optimising drill targets prior to upcoming RC/diamond drilling program – scheduled for March 2019, which has \$100,000 WA Government - EIS funding available towards drilling costs.

### **Rumble Resources Limited Transaction**

An option agreement was executed with Rumble Resources Limited (RTR) over the Earaheedy Zinc project, as announced to the ASX by RTR on the 12<sup>th</sup> October 2017. Zenith received RTR shares worth \$50,000 as an initial option payment. RTR may purchase a 75% interest in the Earaheedy Zinc project for \$550k in shares within 2 years, subject to a 2-year extension (for a further payment of \$200k cash/shares at ZNC's election). Upon exercise of option to purchase the Earaheedy Zinc project by RTR, ZNC is then free carried at 25% to the end of a BFS.

## **VIVASH GORGE IRON PROJECT – WA (ZENITH 100%, OPTION TO RTX)**

- The Vivash Gorge project covers areas of prospective Brockman and Marra Mamba iron formations along strike of Rio Tinto Iron Ore's Brockman 4 operating iron ore mine in the Pilbara region of Western Australia.
- RTX planning to drill test in 2019.

### **Activities During the Half year**

Rio Tinto Exploration Pty Ltd (RTX) undertook a helicopter supported heritage survey in November with Traditional Owners. Survey covered 17 potential drill pads and associated access tracks. Preliminary heritage report received and is being reviewed.

### **Planned Activities**

Planning of drill program and associated earthworks with initial RC drill program planned for the 2019 field season (likely in the September quarter 2019) to test a concealed Brockman iron ore target.

### **Background on Vivash Gorge Iron Project**

The Vivash Gorge Iron Project (exploration licence E47/3071) is situated approximately 80km west of Tom Price in the Pilbara region of Western Australia. The project covers approximately 8km of strike of prospective Brockman and Marra Mamba iron formations along trend of Rio Tinto Iron Ore's Brockman 4 operating iron ore mine.

### **Option Terms**

- RTX paid Zenith an initial option fee of \$50k for a 1-year option period (post land access, including heritage clearances) to exclusively explore the Vivash Gorge iron project;
- RTX able to extend the option period by a further 2 years by paying Zenith \$50k/annum;
- RTX able to exercise option to acquire 100% of the Vivash Gorge iron project before the end of the option period by paying Zenith a once off cash payment of \$500k;
- RTX to pay a success fee to Zenith of a further \$1.0m when RTX expends more than \$7.5m on the Vivash Gorge iron project, excluding tenement rents, rates & native title related costs;
- Should RTX on-sell the Vivash Gorge project to a third party within 5 years of acquiring it, an on-sale payment of 10% of the consideration would be payable to Zenith; and other terms and conditions that are of an industry standard nature.

## TALGA FAULT COBALT PROJECT – WA (ZENITH 100%, OPTION TO ION/ASX:GPP)

- The Talga Fault project covers areas prospective for cobalt mineralisation.
- Evaluation to commence once land access obtained.

### Activities During the Half Year

In October, Greenpower (ASX:GPP) through its subsidiary, Ion Minerals Pty Ltd, signed an option agreement with Zenith to acquire a further four Exploration Licence Applications (ELAs) in Western Australia, totalling 223.2 km<sup>2</sup> (Refer to GPP ASX Release 30<sup>th</sup> Oct 2018).

### Background on Talga Fault Cobalt Project

The Ashburton cobalt project area is focused on the northern limit of the Bangemall Basin, around the Talga Fault where the basin abuts the Ashburton Basin. Historic exploration activities in 2008 – 2009 reported anomalous cobalt values adjacent to the Talga Fault zone, including:

- E08/3018 – 13 blocks, cobalt results to 0.52%
- E08/3019 – 2 blocks, cobalt results to 0.28%
- E08/3020 – 4 blocks, cobalt results to 0.17%
- E08/2966 – 52 blocks, cobalt results to 0.80%

Historically, several companies have explored the project area for base metals, gold and uranium. Within the area of E08/2966, Aurora Minerals Limited completed 400m spaced, north-south orientated soil lines in addition to rock chip sampling exploring for base metal mineralisation. Four strong surface cobalt anomalies each 1 – 2km in length occurring away from the large dolerite dykes/sills and overlying the carbonate rich sequences of the Devil Creek Formation exist within the ELA. The rock chip sampling database compiled to date has identified several encouraging cobalt assay results that GPP plans to further investigate.

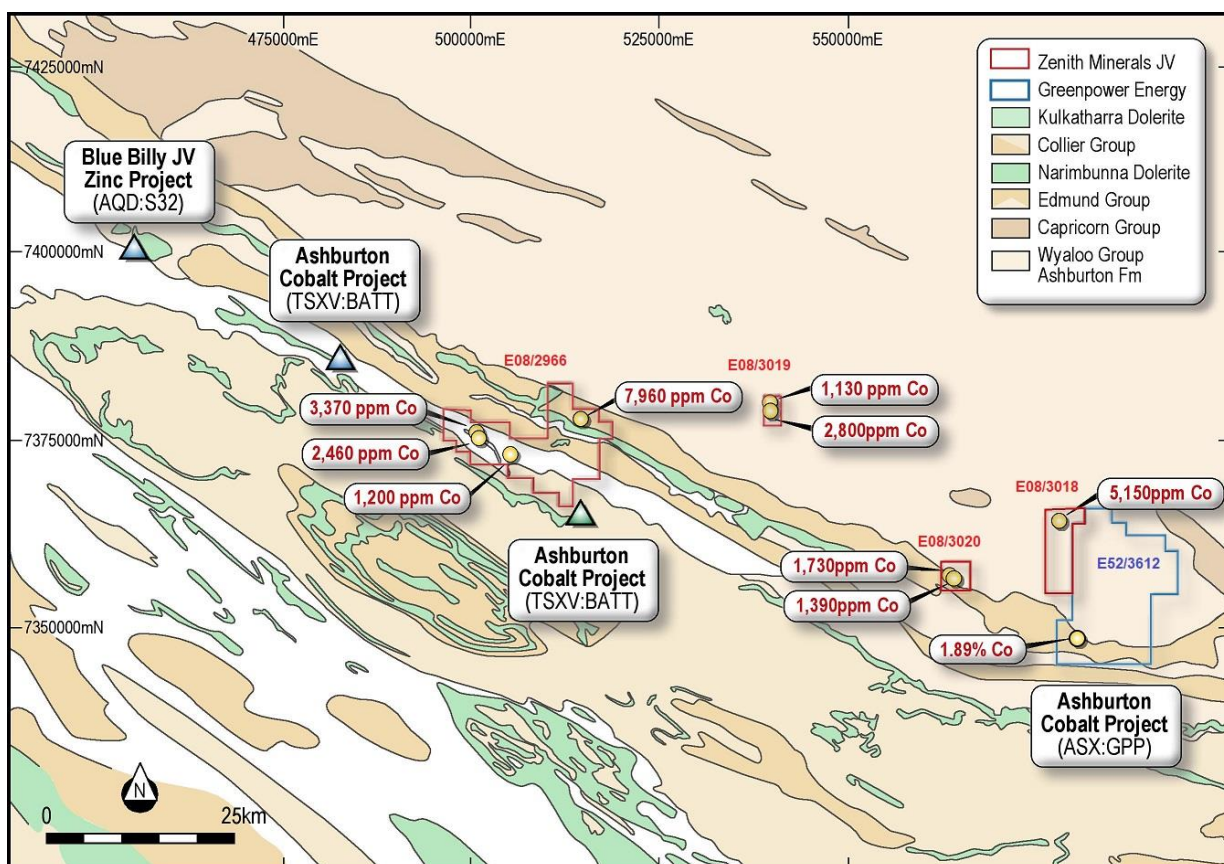


Figure 11: Ashburton Project Location

### Option Terms

- \$60k cash up-front, non-refundable for a 1-year option to purchase 70%;
- Can extend for further 1 year for an additional \$30k cash & \$30k scrip;
- Can extend for a further 2 years for \$150K cash or script at Zenith's election.
- \$100k minimum expenditure, keeping the project in good standing
- Ion can exercise the option and purchase the 70% interest for \$300K in scrip at any time during option period.
- Zenith can then convert remaining 30% to GPP equity or contribute on a pro rata basis.



## MINERAL RESOURCES IN RETENTION

The Company has secured retention licences over the Earraheedy Manganese and Mt Alexander Iron deposits. The retention licence/status allows Zenith to hold the Mineral Resources but negates any ongoing Department of Mines statutory annual expenditure requirements for those licences for an extended period.

The Company regularly assesses the iron and manganese market conditions to determine if a development review of these assets is warranted.



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

Magnetite iron ore Mineral Resources are retained under retention licences pending an improvement in market conditions. Refer to the Company's website [www.zenithmineralsl.com.au](http://www.zenithmineralsl.com.au) for further details.

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

Manganese Mineral Resources at Red Lake and Lockeridge are retained under retention licences pending an improvement in market conditions. Refer to the Company's website [www.zenithminerals.com.au](http://www.zenithminerals.com.au) for further details.

## NEW OPPORTUNITIES

In conjunction with its American lithium JV partner Bradda Head Ltd, the Company is progressing towards completion on an additional lithium opportunity.

## COMPETENT PERSONS STATEMENTS

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

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

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

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

## **COMPETENT PERSONS STATEMENTS (cont.)**

*The information in this report that relates to Zenith Exploration Targets at Mt Alexander is based on information compiled by R M Joyce, who is a director of the Company and a Member of the AusIMM. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

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



## **Review of Operations (cont.)**

The net loss of the Consolidated Entity after income tax for the half-year ended 31 December 2018 was \$559,466 (31 December 2017: \$340,635). No dividends were paid or provided for during the half-year.

At 31 December 2018, the Company had \$1,346,661 (30 June 2018: \$2,449,932) in cash and term deposits to finance its operations.

## **Significant Changes in the State of Affairs**

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

## **Events after the reporting period**

On 25 February 2019, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd, made a cash call of AUD\$21,846 (CAD\$20,144) to Kavak Madencilik A.Ş. (a for-profit joint venture established to explore mineral resources in Turkey), which represents Mamucoal Pty Ltd's 30% interest.

Other than the matter mentioned above, no other matters or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of operations, or the consolidated entity's state of affairs in future financial years.

The Condensed Consolidated Financial Report of Zenith Minerals Limited and controlled entities ("Consolidated Entity") for the half-year ended 31 December 2018 was authorised for issue in accordance with a Resolution of the Directors on 11 March 2019.

## **Auditor's Independence Declaration**

The Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, for the half-year ended 31 December 2018 has been received and included on page 23 of the Interim Financial Report.

Signed in accordance with a Resolution of Directors.

On behalf of the Directors



**Rodney Michael Joyce**  
**Chairman**  
Perth

Dated: 11 March 2019

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF ZENITH MINERALS LIMITED

In relation to our review of the financial report of Zenith Minerals Limited for the half year ended 31 December 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SHANE CROSS  
PARTNER

11 MARCH 2019  
WEST PERTH,  
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005  
PO Box 609, West Perth, WA 6872  
T: +61 8 9426 8999 F: +61 8 9426 8900 [www.pkfperth.com.au](http://www.pkfperth.com.au)

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Half-Year ended 31 December 2018**

	<b>Note</b>	<b>Consolidated 31 December 2018 \$</b>	<b>31 December 2017 \$</b>
<b>Revenue from continuing operations</b>	3	128,847	87,259
Other income	4	1,712	7,666
Interest revenue		1,795	1,847
<b>Expense</b>			
Employee benefits expenses		(178,024)	(145,838)
Share option based payment	11	(60,912)	-
Depreciation and amortisation expense		(4,638)	(3,415)
Exploration expenditure expensed		(74,568)	(2,030)
Exploration expenditure written off	9	(55,948)	(53,521)
Impairment loss on exploration	9	(56,624)	(48,720)
Loss on sale subsidiary		-	(7,313)
Premise costs		(35,100)	(35,100)
Net fair value loss on other financial assets		(107,251)	-
Share of losses of Associate accounted for using equity method	6	(10,272)	(4,112)
Other operating expenses		<u>(108,483)</u>	<u>(137,358)</u>
<b>Loss before income tax</b>		(559,466)	(340,635)
Income tax benefit		<u>-</u>	<u>-</u>
<b>Loss after income tax benefit for the period</b>		(559,466)	(340,635)
<b>Other comprehensive income</b>			
<i>Items that might be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		<u>(2,505)</u>	<u>(18,440)</u>
Other comprehensive income for the period (net of tax)		<u>(2,505)</u>	<u>(18,440)</u>
<b>Total comprehensive loss for the period</b>		<u>(561,971)</u>	<u>(359,075)</u>
<b>Loss per share</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.26)	(0.18)
Diluted loss per share		(0.26)	(0.18)

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

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<b>Current assets</b>			
Cash and cash equivalents		1,346,661	2,449,932
Trade and other receivables	7	18,610	42,745
Financial asset at fair value through profit or loss	8	33,190	49,428
Other current assets		37,369	6,729
<b>Total current assets</b>		<u>1,435,830</u>	<u>2,548,834</u>
<b>Non-current assets</b>			
Investment in associate	6	324,830	147,733
Financial asset at fair value through profit or loss	8	13,612	115,772
Plant and equipment		27,667	24,487
Exploration and evaluation expenditure	9	2,946,087	2,504,425
<b>Total non-current assets</b>		<u>3,312,196</u>	<u>2,792,417</u>
<b>TOTAL ASSETS</b>		<u>4,748,026</u>	<u>5,341,251</u>
<b>Current liabilities</b>			
Trade and other payables		73,339	161,361
Income Tax		12,481	12,481
Employee benefits		66,104	70,248
<b>Total current liabilities</b>		<u>151,924</u>	<u>244,090</u>
<b>TOTAL LIABILITIES</b>		<u>151,924</u>	<u>244,090</u>
<b>NET ASSETS</b>		<u>4,596,102</u>	<u>5,097,161</u>
<b>Equity</b>			
Issued capital	10	20,475,655	20,475,655
Reserves	11	162,455	104,048
Accumulated losses	11	(16,042,008)	(15,482,542)
<b>TOTAL EQUITY</b>		<u>4,596,102</u>	<u>5,097,161</u>

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

**Condensed Consolidated Statement of Changes in Equity  
For the Half-Year ended 31 December 2018**

	<b>Issued Capital \$</b>	<b>Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2017</b>	18,099,778	193,363	(14,848,098)	3,445,043
Loss for the period	-	-	(340,635)	(340,635)
Other comprehensive income	-	(18,440)	-	(18,440)
Total comprehensive loss	-	(18,440)	(340,635)	(359,075)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares	2,023,013	-	-	2,023,013
Cancellation of staff options	-	(48,485)	48,485	-
<b>Balance at 31 December 2017</b>	20,122,791	126,438	(15,140,248)	5,108,981
<b>Consolidated</b>				
<b>Balance at 1 July 2018</b>	20,475,655	104,048	(15,482,542)	5,097,161
Loss for the period	-	-	(559,466)	(559,466)
Other comprehensive income	-	(2,505)	-	(2,505)
Total comprehensive loss	-	(2,505)	(559,466)	(561,971)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of staff options	-	60,912	-	60,912
<b>Balance at 31 December 2018</b>	20,475,655	162,455	(16,042,008)	4,596,102

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



**Condensed Consolidated Statement of Cash Flows  
For the Half-Year ended 31 December 2018**

	<b>31 December 2018 \$</b>	<b>Consolidated 31 December 2017 \$</b>
<b>Cash flow from operating activities</b>		
Receipts from customers	22,312	33,181
Payments paid to suppliers and employees	(430,506)	(450,573)
Reimbursement of costs per Farm-in Agreement	50,000	-
Option Fee	60,000	-
Payments for capitalised exploration and evaluation expenditure	(651,529)	(596,999)
Interest received	1,789	1,841
<b>Net cash used in operating activities</b>	<u>(947,934)</u>	<u>(1,012,550)</u>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(7,818)	(1,375)
Payments to acquire investments	(189,874)	(191,499)
Proceeds for disposal of financial assets at fair value	11,147	-
<b>Net cash used in investing activities</b>	<u>(186,545)</u>	<u>(192,874)</u>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares and options	-	2,327,002
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>2,327,002</u>
Net (decrease)/increase in cash and cash equivalents held	(1,134,479)	1,121,578
Cash and cash equivalents at the beginning of the period	2,449,932	2,004,505
Effect of movement in exchange rates on cash held	31,208	(11,073)
Cash and cash equivalents at the end of the period	<u>1,346,661</u>	<u>3,115,010</u>

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

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018****1. Significant Accounting Policies****STATEMENT OF COMPLIANCE**

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

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**BASIS OF PREPARATION**

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

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

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)****ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)**

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 9 Financial Instruments**

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

***AASB 15 Revenue from Contracts with Customers***

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There is no material impact of these standards on the Financial Report.

**Revenue recognition**

The consolidated entity recognises revenue as follows:

***Revenue from contracts with customers***

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)****ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)**

For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Contract assets**

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)****ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)****Customer acquisition costs**

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

**Customer fulfilment costs**

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract, (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.



**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)**

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**Contract liabilities**

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

**Going Concern Basis**

The Group has net assets of \$4,596,102 (June 2018: \$5,097,161) as at 31 December 2018 and incurred a loss of \$559,466 (2017: \$340,635) and net operating cash outflow of \$947,934 (2017: \$1,012,550) for the period ended 31 December 2018.

The Directors consider there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The Group has the ability to adjust its exploration expenditure subject to results of its exploration activities and the company's funding position.
- The Directors are confident that the Group will be able to raise further capital as required.

The Directors believe that the above indicators demonstrate that the Group will be able to pay their debts as and when they fall due and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the 2018 condensed consolidated financial statements.

In the event that the Group does not achieve the above actions, there exists significant uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**2. Operating Segments**

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

The CODM review expenditure in exploration. The accounting policies adopted for Internal reporting to the CODM are consistent with those adopted in the financial statements as described in the 30 June 2018 Annual Report.

**Geographical Information**

	Sales to external customers		Geographical non-current assets	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	\$	\$	\$	\$
Australia	-	-	2,492,268	2,106,755
USA	-	-	13,612	115,772
Turkey	-	-	806,316	569,890
	-	-	3,312,196	2,792,417

**3. Revenue  
From continuing operations**

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
<i>Other Revenue</i>		
Exploration income - Option Fee	60,000	-
Exploration income - Other	16,039	50,000
Other revenue	52,808	37,259
Revenue from continuing operations	128,847	87,259

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**4. Other Income**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Insurance recovery	1,712	-
Net fair value gain on other financial assets	-	7,666
	<u>1,712</u>	<u>7,666</u>

**5. Dividends**

During the current half-year ended 31 December 2018 and previous financial year, no dividends were paid, recommended or declared.

**6. Interest in Associate**

The consolidated entity has a 30% interest in Kavak Madencilik A.Ş., which is a for-profit joint venture established to explore mineral resources in Turkey. The consolidated entity's investment in Kavak Madencilik A.Ş. is accounted for using the equity method in the consolidated financial statements.

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Movement Reconciliation</b>		
Balance at beginning of financial year	147,733	-
Payments for investment	189,874	194,285
Share of loss recognised	(10,272)	(11,463)
Foreign exchange gain/(loss)	(2,505)	(35,089)
Balance at end of financial year	<u>324,830</u>	<u>147,733</u>

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**7. Trade and Other Receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade Receivables	-	-
Less: Allowance for expected credit losses	-	-
	-	-
Other receivables	18,464	42,604
Interest receivable	146	141
	18,610	42,745

**8. Financial Assets at Fair Value through Profit and Loss**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Listed ordinary shares – at fair value through profit and loss.	33,190	49,428
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	49,428	-
Additions	-	50,000
Disposals	(11,147)	-
Revaluation decrement	(5,091)	(572)
Closing fair value	33,190	49,428
<i>Non-Current</i>		
Unlisted ordinary shares – at fair value through profit and loss.	13,612	115,772
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	115,772	2,786
Additions	-	115,772
Disposals	-	(2,786)
Revaluation decrement	(102,160)	-
Closing fair value	13,612	115,772

**9. Exploration and Evaluation Expenditure**

	<b>Consolidated</b>	
	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Balance at beginning of financial period	2,504,425	1,506,386
Capitalised expenditure	588,195	1,265,085
Less: capitalised expenditure reimbursed – Farm in Agreement	(33,961)	-
Deconsolidation of subsidiary capitalised amount	-	(38,059)
Less: exploration expenditure written off	(55,948)	(77,125)
Less: impairment of exploration expenditure	(56,624)	(151,862)
Balance at end of financial period	2,946,087	2,504,425

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

During the half year ended 31 December 2018, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$56,624 (30 June 2018: \$151,862) following its review of its portfolio of mineral tenements, whereby decisions have been made for certain areas of interest, not to incur substantial expenditure on further exploration for and evaluation of mineral resources.

Capitalised expenditure written off totalling \$55,948 (30 June 2018: \$77,125) is as a result of decisions being made for certain areas of interest being abandoned or the right to explore has expired or will not be renewed.

**10. Issued Capital**

		<b>31 December 2018 \$</b>		<b>30 June 2018 \$</b>
	<b>Shares No.</b>		<b>Shares No.</b>	
Fully paid ordinary shares balance at beginning of period	212,762,128	20,475,655	189,003,360	18,099,778
Issue of ordinary shares	-	-	23,758,768	2,375,877
Cost of issue	-	-	-	-
<b>Total</b>	212,762,128	20,475,655	212,762,128	20,475,655

During the half year ended 31 December 2018, the following changes to Equity Securities took place:

- (a) 1,650,000 unlisted options exercisable @ \$0.18 expiring on 28 September 2021 were issued. These had a fair value of \$0.0369. The fair value of each option was calculated using a Black-Scholes model and the following assumptions:

Share Price: \$0.115  
Exercise price: \$0.180  
Period to maturity: 3 years  
Risk-free rate: 2.06%  
Volatility: 65.34%



**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**11. Reserves and Accumulated Losses**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reserves</b>		
<i>Option Reserve</i>		
Balance at beginning of financial period	139,136	187,621
Issue of staff options	60,912	-
Expired/cancelled staff options	-	(48,485)
Balance at end of financial period	<u>200,048</u>	<u>139,136</u>
 <i>Foreign currency Translation Reserve</i>		
Balance at beginning of financial period	(35,088)	5,742
Foreign currency translation	(2,505)	(35,088)
Reversal of translation reserve	-	(5,742)
Balance at end of financial period	<u>(37,593)</u>	<u>(35,088)</u>
<b>Total Reserves</b>	<u>162,455</u>	<u>104,048</u>

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Accumulated Losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of financial period	(15,482,542)	(14,848,098)
Expired/Cancelled staff options	-	48,485
Loss for the period	(559,466)	(682,929)
Balance at end of financial period	<u>(16,042,008)</u>	<u>(15,482,542)</u>

**Notes to the Condensed Consolidated Financial Report  
For the Half-Year ended 31 December 2018 (continued)**

**12. Related Party Transactions**

Arrangements with related parties continue to be in place. For details on these arrangements, please refer to the 30 June 2018 Annual Report.

**13. Contingent Liabilities and Assets**

The Consolidated Entity had no contingent liabilities or assets as at 31 December 2018 or 2017.

**14. Commitments**

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately \$479,209 during the next 12 months (30 June 2018: \$692,481). There are no commitments beyond 12 months in relation to tenements. These obligations may be varied from time to time, subject to approval and are expected to be fulfilled in the normal course of operations of the entity.

**15. Events after the reporting period**

On 25 February 2019, subsidiary of Zenith Minerals Limited, Mamucoal Pty Ltd, made a cash call of AUD\$21,846 (CAD\$20,144) to Kavak Madencilik A.Ş.(a for-profit joint venture established to explore mineral resources in Turkey), which represents Mamucoal Pty Ltd's 30% interest.

Other than the matter mentioned above, no other matters or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of operations, or the consolidated entity's state of affairs in future financial years.

**Directors' Declaration**

In the Directors' opinion:

1. The Financial Statements and notes thereto, comply with the *Corporations Act 2001* including:
  - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2018 and of its performance for the financial half year ended on that date.
2. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



**Rodney Michael Joyce**  
**Chairman**

Perth, 11 March 2019

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

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Zenith Minerals Limited (the company) and controlled entities (consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2018, or during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$559,466 (2017: \$340,635) and operating cash outflows of \$947,934 (2017: \$1,012,550) during the period ended 31 December 2018. This condition, along with other matters as set out in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Level 4, 35 Havelock Street, West Perth, WA 6005  
PO Box 609, West Perth, WA 6872  
T: +61 8 9426 8999 F: +61 8 9426 8900 [www.pkfperth.com.au](http://www.pkfperth.com.au)

PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

## Independence

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

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

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

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Zenith Minerals Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF PERTH



SHANE CROSS  
PARTNER

11 MARCH 2019  
WEST PERTH,  
WESTERN AUSTRALIA