



Zenith Minerals Limited

ABN: 96 119 397 938

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

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**Date of Meeting:** Monday, 28<sup>th</sup> November 2022  
**Time of Meeting:** 12.00 pm WST  
**Place of Meeting:** PKF Perth  
Level 5, 35 Havelock Street, WEST PERTH WA 6005

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Zenith Minerals Limited will be held at PKF Perth, Level 5, 35 Havelock Street, West Perth, Western Australia, at 12.00 pm WST on Monday, 28<sup>th</sup> November 2022.

### AGENDA

#### ORDINARY BUSINESS

##### AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2022 Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2022.

**Note: There is no requirement for Shareholders to approve these reports.**

### RESOLUTIONS

#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following Resolution as a **non-binding advisory resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual Remuneration Report as set out in the Directors' Report for the financial year ending 30 June 2022."*

Please note that in accordance with section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any member of the Key Management Personnel whose remuneration is included in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote cast on this Resolution by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or

- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

## 2. RESOLUTION 2 – ELECTION OF DIRECTOR – DAVID LEDGER

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, Mr David Ledger, who retires as a Director of Zenith Minerals Limited, pursuant to clause 12.7 of the Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."*

## 3. RESOLUTION 3 – ELECTION OF DIRECTOR – EMMA SCOTNEY

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, Ms Emma Scotney, who retires as a Director of Zenith Minerals Limited, pursuant to clause 12.7 of the Constitution and Listing Rule 14.4, and being eligible, offers herself for re-election, is re-elected as a Director of the Company."*

## 4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 20,000,000 ORDINARY SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to ASX Listing Rule 7.4 the issue on 19 January 2022 of 20,000,000 ordinary shares in the Company under the placement capacity available under Listing Rule 7.1A, be ratified."*

**Voting exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue and any Associates of those persons. However, this does not apply to a vote cast in favour of this resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5. RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of*

*the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely by reason of being a holder of ordinary securities) if the Resolution is passed, or any Associate of those persons. However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Important note:** The persons to whom any Equity Securities under the Additional 10% Placement Facility may be issued to are not as yet known or identified. In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless of its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

## **6. RESOLUTION 6 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR DAVID LEDGER**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,000,000 ESOP Options to Mr David Ledger (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 10.

## **7. RESOLUTION 7 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR MICHAEL CLIFFORD**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 2,000,000 ESOP Options to Mr Michael Clifford (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 10.

8. **RESOLUTION 8 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR STANLEY MACDONALD**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,000,000 ESOP Options to Mr Stanley Macdonald (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 10.

9. **RESOLUTION 9 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR JULIAN GOLDSWORTHY**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,000,000 ESOP Options to Mr Julian Goldsworthy (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 10.

10. **RESOLUTION 10 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MS EMMA SCOTNEY**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,000,000 ESOP Options to Ms Emma Scotney (or her nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolutions 6 to 10 by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit or an Associate of that person or those persons (**Excluded Persons**). However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution(s), in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution(s) in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution(s), in accordance with a direction given to the Chair to vote on the Resolution(s) as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution(s); and
  - (ii) the holder votes on the Resolution(s) in accordance with directions given by the beneficiary to the holder to vote in that way.

The Excluded Persons for Resolutions 6 to 10 under the ASX voting exclusions are set out in the table below.

Resolution	Excluded Persons
Resolution 6	Mr David Ledger or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 7	Mr Michael Clifford or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 8	Mr Stanley Macdonald or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 9	Mr Julian Goldsworthy or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 10	Ms Emma Scotney or her Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme

### ***Part 2D of the Corporations Act***

For the purposes of Part 2D of the Corporations Act, a vote on Resolutions 6 to 10 must not be cast by or on behalf of Mr David Ledger, Mr Michael Clifford, Mr Stanley Macdonald, Mr Julian Goldsworthy and Ms Emma Scotney or an associate of those persons for each of their respective Resolutions. However, this does not prevent the casting of a vote on Resolutions 6 to 10 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to above.

The Company will disregard any votes cast on Resolutions 6 to 10 by any member of the Key Management Personnel, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolutions 6 to 10. However, the Company will not disregard any votes cast on Resolutions 6 to 10 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on a Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolutions 6 to 10 are connected with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

### **BY ORDER OF THE BOARD**



**Nicholas Ong**  
Company Secretary  
24<sup>th</sup> October 2022

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

### Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

*To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form. In order to be valid, the Proxy Form must be received by the Company at the address specified below, along with any power of attorney or certified copy of a power of attorney (if the Proxy Form is signed pursuant to a power of attorney), by no later than 48 hours before the Meeting (i.e., by no later than 12:00pm WST on 26 November 2022):*

**On-line:** <https://www.automicgroup.com.au>

#### By mail:

Automic

GPO BOX 5193

SYDNEY NSW 2001

#### By hand:

Level 5, 126 Phillip Street

SYDNEY NSW 2000

By e-mail: [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

*Any Proxy Forms received after that time will not be valid for the Meeting.*

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- a) each Shareholder has a right to appoint a proxy;
- b) the proxy need not be a Shareholder of the Company; and
- c) a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- a) if proxy holders vote, they must cast all directed proxies as directed; and
- b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

### Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

### Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 12:00pm (WST) on 26 November 2022.

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

**Voting by poll**

All Resolutions under this Notice will be determined by poll.

**Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at [info@zenithminerals.com.au](mailto:info@zenithminerals.com.au) by 7:00pm (AEDT) on 24 November 2022.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. Shareholders are limited to a maximum of two questions each (including any submitted in advance of the Meeting). The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9226 1110.***

## AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The 2022 Annual Financial Report for the period ended 30 June 2022 (including the financial statements, Directors' Reports and Auditor's Report) is tabled for the information of Shareholders. A copy of the 2022 Annual Financial Report can be accessed on-line at [www.zenithminerals.com.au](http://www.zenithminerals.com.au). Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve this report and no vote will be taken on the 2022 Annual Financial Report.

However, time will be allowed during the Annual General Meeting for consideration by Shareholders of the Annual Financial Report (including the associated Directors' Report and Auditor's Reports).

The Company's auditor, PKF Perth, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5.00pm (WST) on Thursday, 24<sup>th</sup> November 2022:

In person at: Level 2, 33 Ord Street, West Perth, Western Australia

By post to: PO Box 1426, West Perth WA 6872

By email to: [info@zenithminerals.com.au](mailto:info@zenithminerals.com.au).

### 1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the year ended 30 June 2022 is set out in the 2022 Annual Financial Report and is also available on the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

The Remuneration Report includes an explanation of the Company's remuneration policies and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, then the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote. If the Company's remuneration report receives at least 25% of the votes cast against its adoption at two consecutive annual general meetings (that is 'two strikes'), the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting (**Spill Meeting**) to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of that second annual general meeting. All of the Directors who were in office when the Company's Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company. Further information will be



provided on the Spill Resolution and Spill Meeting for any annual general meeting at which the Company may face a 'second strike'.

The Company's remuneration report for the financial year ended 30 June 2022 did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 30 November 2021. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the Remuneration Report are against the adoption of the Remuneration Report.

## **1.1 Board recommendations**

The Board unanimously recommends Shareholders vote in favour of this Resolution.

The Chair intends to vote all available proxies to the extent expressly authorised in favour of Resolution 1.

## **2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR DAVID LEDGER**

Pursuant to Listing Rule 14.4 and clause 12.3 of the Constitution a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

For this reason, Mr David Ledger retires as a Director of the Company and offers himself for re-election.

Further details about Mr David Ledger are set out in the Company's 2022 Annual Report which is available on the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

### **2.1 Board Recommendation**

The Directors (other than Mr David Ledger) unanimously recommend that Shareholders vote in favour of Resolution 2.

## **3. RESOLUTION 3 – ELECTION OF DIRECTOR – MS EMMA SCOTNEY**

Pursuant to Listing Rule 14.4 and clause 12.3 of the Constitution a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

For this reason, Ms Emma Scotney retires as a Director of the Company and offers herself for re-election.

Further details about Ms Emma Scotney are set out in the Company's 2022 Annual Report which is available on the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

### **3.1 Board Recommendation**

The Directors (other than Ms Emma Scotney) unanimously recommend that Shareholders vote in favour of Resolution 3.

## **4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 20,000,000 ORDINARY SHARES**

### **4.1 Background**

The purpose of Resolution 4 is for Shareholders to ratify the issue of 20,000,000 Shares issued to institutional and sophisticated investors (**Placement Shares**), which were issued on 19 January 2022 using the Company's additional 10% placement capacity under Listing Rule 7.1A.

### **4.2 Regulatory Requirements**

As noted at section 4.1, on 19 January 2022, the Company issued 20,000,000 Placement Shares to institutional and sophisticated investors under Listing Rule 7.1A.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting at which the Shareholders approve the 10% placement facility. The 10% placement facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Placement Share issue does not fit within any of the exceptions under Listing Rule 7.1 and 7.1A, and as the Placement Share issue has not yet been approved by Shareholders, it effectively uses up part of the 10% limit in Listing Rule 7.1A, reducing Zenith's capacity to issue further equity securities without Shareholder approval under these Listing Rules for the 12 month period following the date of Placement Share issue.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1A and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

Zenith wishes to maintain as much flexibility as possible to issue additional equity securities in the future without having to obtain shareholder approval under Listing Rule 7.1 and 7.1A.

To this end, Resolution 4 seeks shareholder approval of the Equity Raise Issue under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the Placement Share issued in the Resolution 4 Issue will be excluded in calculating Zenith's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Placement Share issue.

If Resolution 4 is not passed, the Placement Share issued in the Resolution 4 Issue will be included in calculating Zenith's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Placement Share issue.

The Placement Shares issued, for which approval and ratification is sought under Resolutions 4, comprise 5.6%<sup>1</sup> of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolution 4:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Placement Shares under Resolution 4 were issued to new and existing institutional and sophisticated investors who participated in the Placement Shares, undertaken via a placement, as announced to the ASX on 13 January 2022.

The shares were issued to EV Metals Group (and its nominees).

(b) **Number of securities issued**

Under Resolution 4, the Company seeks from Shareholders approval for, and ratification of, the issue of 20,000,000 Placement Shares.

(c) **Terms of the securities**

The Placement Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Placement Shares.

(d) **Date of issue**

The Placement Shares and Placement Options were issued on 19 January 2022.

(e) **Issue price or other consideration**

The issue price for Placement Shares was \$0.30 per Placement Share.

(f) **Purpose of the issue, including the intended use of the funds raised**

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<sup>1</sup> This percentage is based on the total number of ZNC shares and options on at the date of this Notice of Annual General Meeting, being 357,912,279 (rounded to two decimal places).

The use of the funds raised under the Placement Shares issue was for working capital purposes and to source new lithium opportunities, near term advancement of its gold and base metals portfolio.

(g) **Relevant agreement**

The Placement Shares were not issued pursuant to any agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 4 is included in the Notice of General Meeting preceding this Explanatory Statement.

#### **4.3 Board Recommendation**

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities under Listing Rules 7.1 and 7.1A during the next 12 months without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of each of Resolution 4.

### **5. RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY**

#### **5.1 Background**

Broadly speaking, and subject to a number of exception, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its member, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Additional 10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting

The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid shares issued in the 12-months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (2) plus the number of fully paid shares issued in the 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - a. the convertible securities were issue or agreed to be issued before the 12 month period; or
  - b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;
- (3) plus the number or fully paid shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - a. the agreement was entered into before the 12 month period; or
  - b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;

- (4) plus the number of partly paid shares that became fully paid in the 12-months;
- (5) plus the number of fully paid shares issued in the 12-months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (6) less the number of fully paid shares cancelled in the 12-months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

“relevant period” means the 12 month period immediately preceding the date of the issue or agreement.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(c) below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to a combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities (i.e. the Additional 10% Placement Capacity) without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

## 5.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

### (a) **Issue Period**

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period and that the approval will cease to be valid in the event that holders of the eligible entity's ordinary securities approve a transaction under rule 11.1.2 or rule 11.2.

### (b) **Minimum Issue Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 10 trading days of the date in paragraph (b)(i) above, the date on which the Equity Securities are issued.

(c) **Purpose of Issues**

The Company will only seek to issue the Equity Securities for cash consideration for the following purposes:

- (i) an acquisition of new assets or investments (including expense associated with such acquisition);
- (ii) continued exploration and scoping and feasibility study expenditure on the Company's current assets; and
- (iii) general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.3.

(d) **Dilution**

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues.

There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The below table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 or Listing Rule 10.11 that are approved at a Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2	Dilution			
		\$0.15 50% decrease in Issue Price	\$0.30 Issue Price	\$0.45 50% increase in Issue Price
<b>Current Variable A 344,762,279</b>	10% voting dilution	34,476,227	34,476,227	34,476,227

<b>Shares</b>	Funds raised	\$5,171,434	\$10,342,868	\$15,514,302
<b>50% increase in current Variable A 517,143,418 Shares</b>	10% voting dilution	51,714,341	51,714,341	51,714,341
	Funds raised	\$7,757,151	\$15,514,302	\$23,271,453
<b>100% increase in current Variable A 689,524,558 Shares</b>	10% voting dilution	68,952,455	68,952,455	68,952,455
	Funds raised	\$10,342,868	\$20,685,737	\$31,028,605

**The table has been prepared on the following assumptions:**

1. Variable A has been calculated in accordance with the formula in Listing Rule 7.1A.2 as at 12 October 2022.
2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
3. No Options are exercised into Shares before the date of the issue of the Equity Securities.
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
5. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
7. The issue price is 30 cents, being the closing price of the Shares on ASX on 12 October 2022.

**(e) Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued to will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue, a placement and a pro rata offer, a placement and an offer under securities purchase plan or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders.

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will not include related parties of the Company.

**(f) Previous issues of Equity Securities under Listing Rule 7.1A.**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2021 annual general meeting on 30 November 2021.

In the 12 months preceding this Notice of Annual General Meeting, the Company has issued 20,000,000 Placement Shares under Listing Rule 7.1A.2, which represents approximately 5.6% of the total number of Equity Securities on issue at the commencement of that 12-month period.

Details of all of the Equity Securities issued in the 12-month period are outlined in Schedule 2 of this Explanatory Statement. The Company notes that the only issue of Equity Securities under Listing Rule 7.1A.2 occurred on 19 January 2022 to institutional and sophisticated investors.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom any Equity Securities may be issued to under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

### 5.3 **Board Recommendation**

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.

## 6. **ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN**

### 6.1 **Background to Resolutions 6 to 10**

The Company is proposing to issue ESOP Options under the Plan (as set out below) to the Directors; Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworth, and Ms Emma Scotney, as set out below (**ESOP Issues**).

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme:

- (a) **Listing Rule 10.14.1:** a director of the company;
- (b) **Listing Rule 10.14.2:** an associate of a director of the company; or
- (c) **Listing Rule 10.14.3:** a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless the company obtains approval of its shareholders.

The ESOP Issues fall within Listing Rule 10.14.1 above and therefore require the approval of the Company's Shareholders under Listing Rule 10.14.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to allot and issue:

- (a) 2,000,000 ESOP Options exercisable at \$0.5922 expiring on 2 May 2025 and 2,000,000 ESOP Options exercisable at \$0.6768 expiring on 2 May 2025 to Mr David Ledger.

- (b) 2,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Michael Clifford (or his nominee);
- (c) 4,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Stanley Macdonald (or his nominee);
- (d) 1,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Julian Goldsworthy (or his nominee); and
- (e) 1,000,000 ESOP Options exercisable at \$0.5922 expiring on 5 May 2025 to Ms Emma Scotney (or her nominee),

under the Plan pursuant to Resolutions 6 to 10.

The Board is proposing the grant of ESOP Options under the Plan to the Directors as an appropriate form of long-term incentive for the Directors in their individual capacities in the Company. The Board considers that each of the Directors is essential to the operation of the Company's ongoing business.

In determining the Directors' remuneration packages, including this proposed issue of ESOP Options under the Plan, the Board considered the scope of the Directors' roles, the business challenges facing the Company and market practice for the remuneration of executive officers in positions of similar responsibility. Accordingly, they determined the proposed grant of options is appropriate.

If Resolution 6 to 10 are passed, the Company will be able to proceed with the respective ESOP Issue under the passed Resolutions.

If Resolution 6 to 10 are not passed, the Company will not be able to proceed with the relevant ESOP Issue and the Company may seek to obtain Shareholder approval for the relevant ESOP Issue under Listing Rule 10.11 at a separate meeting.

## 6.2 Regulatory requirements

Resolutions 6 to 10 seek Shareholder approval in order to comply with the requirements of Listing Rules 10.14 and 10.19 and sections 200B and 200E of the Corporations Act.

### (a) Listing Rule 10.14

Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

Listing Rule 10.14 provides that a company must not issue Equity Securities to a director of the company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Under Resolutions 6 to 10, the Company seeks approval from Shareholders for the issue of ESOP Options to Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney (or their nominees) who by virtue of their positions as Directors of the Company are related parties of the Company.

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

#### (i) The name of the person and category in rules 10.14.1 - 10.14.3

The ESOP Options under Resolution 6 are to be issued to Mr David Ledger.

The ESOP Options under Resolution 7 are to be issued to Mr Michael Clifford.

The ESOP Options under Resolution 8 are to be issued to Mr Stanley Macdonald.

The ESOP Options under Resolution 9 are to be issued to Mr Julian Goldsworthy.

The ESOP Options under Resolution 10 are to be issued to Ms Emma Scotney.

Each of the above are Directors of the Company (Listing Rule 10.14.1).

#### (ii) Maximum number of securities that may be issued pursuant to Resolutions 6 to 10

The maximum number of securities that may be issued to the Directors under Resolutions 6 to 10 are:



- (A) Resolution 6: 2,000,000 ESOP Options exercisable at \$0.5922 expiring on 2 May 2025 and 2,000,000 ESOP Options exercisable at \$0.6768 expiring on 2 May 2025 to Mr David Ledger (or his nominee);
- (B) Resolution 7: 2,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Michael Clifford (or his nominee);
- (C) Resolution 8: 4,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Stanley Macdonald (or his nominee);
- (D) Resolution 9: 1,000,000 ESOP Options exercisable at \$0.39 expiring 7 February 2025 to Mr Julian Goldsworthy (or his nominee); and
- (E) Resolution 10: 1,000,000 ESOP Options exercisable at \$0.5922 expiring on 5 May 2025 to Ms Emma Scotney (or her nominee).

Each ESOP Option is exercisable into one Share.

(iii) **Previous issues under the Plan**

Previous issues under the Plan include:

- (A) 2,000,000 Options were issued in 2020 to Mr Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration;
- (B) 1,250,000 Options were issued in 2020 to Mr Stanley Macdonald under the current Zenith Minerals Limited Share Option Plan for no consideration; and
- (C) 1,250,000 Options were issued in 2020 to Mr Julian Goldsworthy under the current Zenith Minerals Limited Share Option Plan for no consideration.

(iv) **Details of current remuneration package**

Mr David Ledger's remuneration package for FY22 includes total fees of \$42,500.

Mr Michael Clifford's remuneration package for FY22 includes total fees of \$288,207.

Mr Stanley Macdonald's remuneration package for FY22 includes total fees of \$37,200.

Mr Julian Goldsworthy's remuneration package for FY22 includes total fees of \$95,535.

Ms Emma Scotney's remuneration package for FY22 includes total fees of \$8,250.

(v) **Material terms of ESOP Options**

The terms of the ESOP Options are detailed at Schedule 3 of this Notice of Annual General Meeting. The Company notes that no performance conditions are attached to the ESOP Options. The Company opted to issue the ESOP options as it is the only incentive plan that was previously approved by shareholders. The total value of ESOP Options, based on Black Scholes\* valuation is \$1.837 million.

\* share price of \$0.315; risk free rate of 3.35%; volatility of 100% was used for the calculation.

(vi) **Eligible participants under the Plan**

Under the terms of the Plan, all Directors are entitled to participate under the Plan.

(vii) **Issue date**

The latest date that the Company will issue the ESOP Options under Resolutions 6 to 10 will be no later than 12 months after the date of the Annual General Meeting.

(viii) **Material terms of the Plan**

A summary of the material terms of the Plan is provided at Schedule 3 of this Notice of Meeting.

(ix) **Loan arrangements**

There are no loan arrangements associated with the issue or exercise of the ESOP Options.

(x) **Voting exclusion statement**

A voting exclusion statement for Resolutions 6 to 10 is included in the Notice of Annual General Meeting (immediately after Resolution 10) preceding this Explanatory Statement.

Details of any securities issued under the scheme will be published in the annual report of the entity relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who became entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

(b) **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (ii) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the public company. As such, Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley are related parties of the Company for the purposes of Section 208 of the Corporations Act by virtue of their directorships.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

Shareholder approval is not being sought for the purposes of section 208 of the Corporations Act on the basis that the benefit is considered by the Board (in the absence of Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company’s and the related party’s circumstances. Having considered the Company’s circumstances and each of the Directors’ position with the Company, the Board considers that the financial benefit conferred by the issue of ESOP Options to is reasonable given it constitutes reasonable compensation for the reduction in the Directors’ fees for the financial year ended 30 June 2022.

(c) **Sections 200B and 200E of the Corporations Act**

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term “benefit” has a wide meaning and may include benefits resulting from the

Board exercising certain discretions under the rules of the Plan, including the discretion to determine the vesting or non-forfeiture of ESOP Options in certain circumstances. Resolutions 6 to 10 seek Shareholder approval for the purposes of section 200E of the Corporations Act for benefits which will arise in relation to the ESOP Options issued to Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney in respect of their remuneration for the financial year ending 30 June 2022.

Under the Plan, a participant may become entitled to vesting of ESOP Options if there is a change of control of the Company or if the Board exercises its discretion and provides that ESOP Options will not be forfeited upon cessation of employment. It is the Board's intention to exercise its discretion so that the ESOP Options to be issued to Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney for past performance shall not be forfeited by virtue of their resignation. Accordingly, Shareholder approval is sought for Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney to be given a benefit in connection with their retirement from office with the Company.

The value of the benefit relating to any ESOP Options held by Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney which will arise in connection with their retirement cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the market price of the Company's Shares on ASX at the relevant time; and
- (b) the risk free rate of return in Australia and the estimated volatility of the Company's Shares on ASX at the relevant time.

(d) **Listing Rule 10.19**

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in section 6.2(c) of this Notice, it is the Board's intention to exercise its discretion so that the ESOP Options to be issued to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) for past performance shall not be forfeited by virtue of their resignation.

The value of the termination benefit payable to Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney (or their nominees) under Resolutions 6 to 10 depends on the factors set out above in section 6.2(c) of this Notice. It is possible that the provision of the benefit associated with the vesting and exercise of ESOP Options in the future may exceed 5% of the equity interests of the Company at the relevant time, although it is unlikely.

If Resolutions 6 to 10 are passed, the Company will be able to give termination benefits which may exceed 5% threshold to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that managerial or executive office in accordance with the rules of the Plan.

If Resolutions 6 to 10 are not passed, The Company will not be able to give termination benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that managerial or executive office in accordance with the rules of the Plan where those termination benefits exceed the 5% threshold without obtaining separate shareholder approval with respect to that specific termination benefit before it is provided.

(e) **Board Recommendation**

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the ESOP Options to Messrs

David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney (or their nominees) pursuant to this Resolutions 6 to 10.

The Directors (other than Messrs David Ledger, Michael Clifford, Stanley Macdonald and Julian Goldsworthy, and Ms Emma Scotney (or their nominees) who have material personal interest in the outcome of their respective Resolution) recommend that Shareholders vote in favour of Resolutions 6 to 10 on the basis that the grant of the ESOP Options will allow the Company to adequately reward and incentivise the Directors whilst preserving the Company's limited cash reserves.

## GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires

<b>2022 Annual Financial Report</b>	The Company's annual report dated 30 <sup>th</sup> September 2022.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited.
<b>Board</b>	board of Directors.
<b>Chair</b>	chairperson of the Annual General Meeting.
<b>Company or Zenith</b>	Zenith Minerals Limited can 119 397 938.
<b>Company Secretary</b>	the company secretary of the Company.
<b>Constitution</b>	the constitution of the Company adopted on 25 November 2020.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	director of the Company.
<b>Directors' Report</b>	the annual directors' report of the Company.
<b>Equity Securities</b>	has the meaning given to that term in the Listing Rules.
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice of Annual General Meeting.
<b>Key Management Personnel</b>	key management personnel of the Company (as defined in Section 9 of the Corporations Act).
<b>Listing Rules</b>	listing rules of the ASX.
<b>Meeting or Annual General Meeting</b>	the annual general meeting convened by this Notice of Annual General Meeting.
<b>Notice or Notice of Annual General Meeting or Notice of Meeting</b>	this notice of Annual General Meeting.
<b>Option</b>	an option to subscribe for a Share.
<b>Placement Share</b>	has the meaning given to that term in Schedule 1 of the Explanatory Statement.
<b>Proxy Form</b>	the proxy form enclosed with this Notice of Annual General Meeting.
<b>Remuneration Report</b>	the Company's remuneration report for the year ended 30 June 2022.
<b>Resolution</b>	Resolution contained in this Notice of Annual General Meeting.
<b>Schedule</b>	Schedule to this Notice of Annual General Meeting.
<b>Share</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	holder of a Share in the Company.
<b>VWAP</b>	volume weighted average price.
<b>WST</b>	Australian Western Standard Time.

## SCHEDULE 1 – TERMS OF SHARES

A summary of the rights attaching to the Placement Shares are set out below.

- (a) The Shares rank equally in all respects with existing Shares in the Company.
- (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.

## SCHEDULE 2 – DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
19 January 2022	20,000,000	Shares	Schedule 1	<p>The Placement was made to EV Metals Group (EVM) and professional and sophisticated investors introduced by EVM. None of the participants in the placement were material investors that are required to be disclosed pursuant to Guidance Note 21. Their names are:</p> <ul style="list-style-type: none"> <li>• EV Metals Group</li> <li>• Russell Thomson &lt;Russell Thomson Family A/c&gt;</li> <li>• Comma Pty Ltd &lt;The Jonal Superfund&gt;</li> <li>• Comma Pty Ltd The Jonal&gt;</li> <li>• Michael Naylor</li> <li>• LIMAR Pty Ltd &lt;LIMAR&gt;</li> <li>• Rob Klug &lt;Klug Family&gt;</li> <li>• Snug Investments</li> <li>• Ian Mulholland</li> </ul>	\$0.30	Closing price of Zenith shares when the placement was agreed was \$0.29.	\$6m	Entire \$6m still available in bank account. The Company intends to apply the funds raised for working capital purposes and to source new lithium opportunities, near term advancement of its gold and base metals portfolio.

## SCHEDULE 3 – SUMMARY OF TERMS OF SHARE OPTION PLAN

### 1.1 Eligibility

The Board may, in its absolute discretion, invite an eligible person to participate in the Plan. An eligible person includes a director, full-time, part-time or casual employee of the Company, a contractor or an associated body corporate of the Company who have accepted a written offer of engagement.

### 1.2 Terms of Options

- (a) Each ESOP Option will be granted to eligible persons under the Plan for no more than nominal consideration.
- (b) Each ESOP Option will entitle its holder to subscribe for and be issued, one fully paid ordinary Share (upon vesting and exercise of that ESOP Option).
- (c) ESOP Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested ESOP Options.
- (d) The grant date and expiry date of an ESOP Option shall be as determined by the Board when an offer to participate in the Plan is made.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its ESOP Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those ESOP Options.
- (f) There are no participating rights or entitlements inherent in the ESOP Options and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the ESOP Options.
- (g) Following the issue of Shares following exercise of vested ESOP Options, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the ESOP Options.
- (h) If there is a reconstruction of the issued capital of the Company prior to the expiry of any ESOP Options, the number of ESOP Options to which each participant is entitled or the exercise price of his or her ESOP Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

### 1.3 Performance conditions

When granting ESOP Options, the Board may make their vesting conditional on the satisfaction of a performance condition within a specified period. The Board may at any time waive or change a performance condition or performance period in accordance with the Plan rules if the Board (acting reasonably) considers it appropriate to do so.

### 1.4 Vesting

The ESOP Options will vest following satisfaction of the performance conditions or such other date as determined by the Board in its discretion.

Subject to the Plan rules, the Board may declare that all or a specified number of any unvested ESOP Options granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable performance conditions up to that date.

Subject to the Plan rules, the Board may in its absolute discretion, declare the vesting of an ESOP Option where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent ESOP Options, which have not vested by the day the reconstruction takes place, will vest.

### 1.5 Cashless Exercise Facility

Participants may, at their election and subject to the approval of the Board, elect to pay the exercise price for an ESOP Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.

If a Participant elects to use the Cashless Exercise Facility, the participant will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value to the difference between the



exercise price otherwise payable for the ESOP Options and the then market value of the Shares at the time of exercise (determined as the VWAP of Shares on the ASX over the five trading days prior to exercise).

#### **1.6 Disposal restrictions**

A participant may not transfer an ESOP Option granted under the Plan without the prior consent of the Board.

#### **1.7 Overriding restrictions**

No issue or allocation of ESOP Options and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

#### **1.8 Lapse**

An Option will immediately lapse upon the first to occur of:

- (i) its expiry date;
- (ii) the performance condition(s) (if any) not being satisfied prior to the end of the performance period(s);
- (iii) the transfer or purported transfer of the ESOP Option in breach of the Plan rules;
- (iv) if the ESOP Option has not vested, the day that is 30 days following the date the participant voluntarily or for a bona fide reason ceases to be employed or engaged by the Company or an associated body corporate;
- (v) termination of the participant's employment or engagement with the Company or an associated body corporate for cause; or
- (vi) 6 months after an event which gives rise to a vesting under the Plan rules.

Where a participant ceases to be employed or engaged by the Company or an associated body corporate by reason of their death, disability, voluntary resignation, bona fide redundancy, and the ESOP Options have vested, they will remain exercisable by that participant, participant's estate or legal representative until the ESOP Options lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's ESOP Options will be deemed to have vested and will be exercisable by that participant, participant's estate or legal representative.

# Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **12.00pm (WST) on Saturday, 26 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

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Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

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+61 2 8583 3040

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