



ABN 96 119 397 938

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting: Wednesday 20th November 2019
Time of Meeting: 11.00 am WST
Place of Meeting: PKF Perth
Level 5, 35 Havelock Street, WEST PERTH WA 6005

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 11.00 am WST on Wednesday 20th November 2019.

AGENDA

ORDINARY BUSINESS

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2019 Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2019.

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 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 2019."

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 of the Meeting 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 – RE-ELECTION OF DIRECTOR – STANLEY MACDONALD

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

“That, Mr Stanley Allan Macdonald, who retires as a Director of Zenith Minerals Limited, pursuant to clause 14.4 of the Company’s Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company.”

SPECIAL BUSINESS

3. RESOLUTION 3 – APPROVAL OF ISSUES UNDER SHARE OPTION PLAN

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

“That, for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the issue of options under the Company’s Share Option Plan, on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting, be authorised and approved by Shareholders.”

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or an Associate of that person. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person as the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will disregard any votes cast on Resolution 3 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 Resolution 3. However, the Company will not disregard any votes cast on Resolution 3 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 this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 3 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.

4. RESOLUTION 4 - 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) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person as the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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 the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. 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.

5. RESOLUTION 5 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

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 Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 2,500,000 options under the Zenith Minerals Limited Employee Share Option Plan to Mr Michael Clifford (or his nominee), on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion:

Listing Rule 10.14

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any Director of the Company (who is eligible to participate in the employee incentive scheme in respect of which the approval is sought), or an Associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person as the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Part 2D of the Corporations Act

For the purposes of Part 2D of the Corporations Act, a vote on Resolution 5 must not be cast by or on behalf of:

- (a) Michael Clifford; and
- (b) an associate of Michael Clifford.

However, this does not prevent the casting of a vote on Resolution 5 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 in sub-paragraphs (a) or (b) directly above.

The Company will disregard any votes cast on Resolution 5 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 Resolution 5. However, the Company will not disregard any votes cast on Resolution 5 by such person if:

- (c) 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

- (d) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 5 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.

Explanatory Statement

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Proxies

Please note that:

- (e) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (f) a proxy need not be a member of the Company; and
- (g) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Entitlement to attend and vote

For the purposes of voting at this Annual General Meeting, a Shareholder's voting entitlement will be taken to be the entitlement of the Shareholder shown on the register of Shareholders at 11:00 am WST on 18th November 2019.

BY ORDER OF THE BOARD



Melinda Nelmes

Company Secretary

4th October 2019

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Explanatory Statement

This Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The 2019 Annual Financial Report for the period ended 30 June 2019 (including the financial statements, Directors' Reports and Auditor's Report) is tabled for the information of Shareholders. A copy of the 2019 Annual Financial Report can be accessed on-line at www.zenithminerals.com.au. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the 2019 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 (formerly PKF Mack), 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 Chairman 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 11.00am (WST) on Wednesday, 13th November 2019:

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.

1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the year ended 30 June 2019 is set out in the 2019 Annual Report and is also available on the Company's website at 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 2018 did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 27 November 2018. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2019 Remuneration Report are against the adoption of the 2019 Remuneration Report.

1.1 Board recommendations

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

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

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – STANLEY ALLAN MACDONALD

Pursuant to Listing Rule 14.4 and clause 14.4 of the Company's 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 Stanley Allan Macdonald retires as a Director of the Company and offers himself for re-election.

Further details about Mr Stanley Allan Macdonald are set out in the Company's 2019 Annual Report which is available on the Company's website at www.zenithminerals.com.au.

2.1 Board Recommendation

The Directors (other than Mr Stanley Allan Macdonald) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL OF ISSUES UNDER SHARE OPTION PLAN

3.1 Background

On 24 November 2016 Shareholders approved the employee incentive scheme known as the "Zenith Minerals Limited Employee Share Option Plan" (**Share Option Plan**). A summary of the terms of the Share Option Plan was set out in the Explanatory Statement accompanying the Notice of General Meeting.

In accordance with Listing Rule 7.2 (Exception 9(b)), the Company is only able to issue securities under the Share Option Plan without decreasing the company's annual 15% placement capacity under Listing Rule 7.1 for a maximum period of three years.

As this three-year period will expire on 24 November 2019, Resolution 3 seeks fresh shareholder approval pursuant to Listing Rule 7.2 (Exception 9(b)) to allow the Company to issue securities under the Share Option Plan (as amended) for a further three-year period following the Annual General Meeting.

In the absence of such approval, the Company can still issue securities under the Share Option Plan however such issue would be counted towards the Company's 12-month 15% placement capacity under Listing Rule 7.1.

3.2 Features of the Option Plan

A summary of the key features of the Company's Share Option Plan is set out in Annexure A of this Notice of Annual General Meeting.

3.3 Number of Securities Issued Under the Scheme

The number of securities issued under the scheme since the date the Share Option Plan was last approved by shareholders totals 4,150,000 options, the details of which are set out in the table below.

Issue Date	Expiry Date	Number under Option	Exercise Price
28 September 2018	28 September 2021	1,650,000	\$0.18
29 November 2016	29 November 2019	2,500,000	\$0.161

3.4 Voting Exclusion Statement

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

3.5 Board Recommendation

The Board unanimously recommends that Shareholders approve Resolution 3.

4. RESOLUTION 4 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

4.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12-month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and 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 (market capitalisation of \$23 million) 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 4 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 4 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 4.2(b) 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.

4.2 Regulatory Requirements

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

(a) **Minimum Issue Price**

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue quoted Shares and Options.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the VWAP for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or

- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

(b) **Formula for calculating the 10% Placement Capacity**

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 x 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;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) 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;
- (4) less the number of fully paid shares cancelled in the 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the value of Variable "A" in Listing Rule 7.1A.2 is 212,762,128 Shares. Accordingly, if Shareholders approve Resolution 4, the Company will have the capacity to issue:

- (i) 31,914,319 Equity Securities under Listing Rule 7.1; and
- (ii) 21,276,213 Equity Securities under Listing Rule 7.1A.

The actual 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 formula prescribed in Listing Rule 7.1A.2 (above).

(c) **Dilution**

If Resolution 4 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 or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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.

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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			
		\$0.0315 50% decrease in Issue Price	\$0.063 Issue Price	\$0.0945 50% increase in Issue Price
Current Variable A 212,762,128 Shares	10% voting dilution	21,276,213	21,276,213	21,276,213
	Funds raised	\$670,201	\$1,340,401	\$2,010,602
50% increase in current Variable A 319,143,192 Shares	10% voting dilution	31,914,319	31,914,319	31,914,319
	Funds raised	\$1,005,301	\$2,010,602	\$3,015,903
100% increase in current Variable A 425,524,256 Shares	10% voting dilution	42,552,425	42,552,425	42,552,425
	Funds raised	\$1,340,401	\$2,680,803	\$4,021,204

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 1st October 2019.
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 6.3 cents, being the closing price of the Shares on ASX on 1st October 2019.

(d) **Issue Period**

If Shareholders approve Resolution 4, 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; and

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- (ii) 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.

(e) **Purpose of Issues**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and scoping and feasibility study expenditure on the Company's current assets and/or 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 3.10.5A.

(f) **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 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.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will be the vendors of the new resources assets or investments.

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

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

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2018 annual general meeting on 27 November 2018.

In the 12 months preceding this Notice of Annual General Meeting, the Company has issued 352,567 Equity Securities (comprising 352,567 Shares) which represents approximately 0.16% of the total number of Equity Securities on issue at the commencement of that 12-month period.

Details of the Equity Securities issued in the 12-month period are outlined in Schedule 3 of this Explanatory Statement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 4 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 the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. 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.

4.3 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 4.

5. RESOLUTION 5 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

5.1 Background

Shareholders are being asked to approve the issue of ESOP Options under the Plan (as set out above) to be issued to Michael Clifford, as set out below.

The Board is proposing the grant of ESOP Options under the Plan to Michael Clifford is an appropriate form of long term incentive for him, in his capacity as the Managing Director of the Company. The Board considers that Michael Clifford is essential to the operation of the Company's ongoing business.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to allot and issue 2,500,000 ESOP Options to Michael Clifford (or his nominee) under the Plan.

In determining Michael Clifford's 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 this proposed grant of options is appropriate.

5.2 Regulatory Requirements

Resolution 5 seeks Shareholder approval in order to comply with the requirements of Listing Rule 10.14. Approval is not being sought under Chapter 2E of the Corporations Act for Resolution 5 as the issue of the ESOP Options to Michael Clifford (or his nominee) as part remuneration for his role as managing director is considered by the Board to constitute "reasonable remuneration" within the meaning of section 211 of the Corporations Act.

Listing Rules

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 Resolution 5, the Company seeks approval from Shareholders for the issue of ESOP Options to Michael Clifford, who by virtue of his position as the Managing Director of the Company is a related party of the Company.

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

- (a) Maximum number of securities that may be issued pursuant to Resolution 5
- The maximum number of securities that may be issued to Michael Clifford under Resolution 5 is 2,500,000 ESOP Options under the Plan. Each ESOP Options is exercisable into one Shares at an exercise price equal to a 40% premium to the 20-day VWAP of Shares in the period before the date of Annual General Meeting.
- (b) Issue price
- The ESOP Options are to be issued for nil consideration under the Plan. A summary of the terms of the Plan is set out in Schedule 2.
- The exercise price of the ESOP Options will be equal to a 40% premium to the 20 day VWAP of Shares in the period before the date of Annual General Meeting
- (c) Previous issues under the Plan
- i) 1,000,000 Options were issued in 2014 to Michael Clifford under the previous Zenith Minerals Limited Share Option Plan for no consideration.
- ii) 1,350,000 Options were issued in 2016 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration.
- iii) 1,000,000 Options were issued in 2018 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration.
- (d) Eligible participants under the Plan
- Under the terms of the Plan, all Directors are entitled to participate under the Plan, although the current proposal is to only issue ESOP Options to Michael Clifford.
- (e) Issue date
- The latest date that the Company will issue options under Resolution 5 will be no later than 12 months after the date of the Annual General Meeting.
- (f) Loan arrangements
- There are no loan arrangements associated with the issue or exercise of the ESOP Options.
- (g) Voting exclusion statement
- A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

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 section 200B 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.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan.

If Shareholder approval is given under this Resolution the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

Details of Termination Benefit

The Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their ESOP Options, that some or all of the ESOP Options do not lapse.

The exercise of this discretion may constitute a “benefit” for the purposes of section 200B of the Corporations Act.

In addition, a participant may become entitled to accelerated vesting or automatic vesting of the ESOP Options if there is a change of control of the Company. This accelerated or automatic vesting of ESOP Options may constitute a “benefit” for the purposes of section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretions and for the provision of such accelerated or automatic vesting rights in respect of any current or future participant in the Plan who holds:

- (h) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the three years prior to their leaving; and
- (i) ESOP Options under the Plan at the time of their leaving.

The Board’s current intention is to only exercise the above discretion:

- (j) where the employee leaves employment without fault on their part; and
- (k) so as only to preserve that number of unvested ESOP Options as are pro-rated to the date of leaving.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

Value of the Termination Benefits

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company’s Share price at the time of vesting and the number of ESOP Options that vest.

The following additional factors may also affect the benefit’s value:

- (l) the participant’s length of service and the portion of vesting periods at the time they cease employment;
- (m) the status of the performance hurdles attaching to the ESOP Options at the time the participant’s employment ceases; and

the number of unvested ESOP Options that the participant holds at the time they cease employment or at the time the change of control occurs (as applicable).

5.3

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 Michael Clifford pursuant to this Resolution 5.

The Directors (other than Michael Clifford who has a material personal interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5 on the basis that the grant of the ESOP Options will allow the Company to adequately reward and incentivise Michael Clifford whilst preserving the Company’s limited cash reserves.

GLOSSARY

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

2019 Annual Financial Report	The Company's annual report dated 16 th September 2019.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Listing Rules.
ASX	ASX Limited.
Board	board of Directors.
Chair	chairperson of the Annual General Meeting.
Company or Zenith	Zenith Minerals Limited ACN 119 397 938.
Company Secretary	the company secretary of the Company.
Constitution	the constitution of the Company adopted on 27 November 2018.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Directors' Report	the annual directors' report of the Company.
ESOP Option	an Option issued under the Plan to subscribe for a Share.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of Annual General Meeting.
Key Management Personnel	key management personnel of the Company (as defined in Section 9 of the Corporations Act).
Listing Rules	listing rules of the ASX.
Meeting or Annual General Meeting	the annual general meeting convened by this Notice of Annual General Meeting.
Notice or Notice of Annual General Meeting or Notice of Meeting	this notice of Annual General Meeting.
Option	an option to subscribe for a Share.
Plan	the Zenith Minerals Limited Employee Share Option Plan.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.
Remuneration Report	the Company's remuneration report for the year ended 30 June 2019.
Resolution	Resolution contained in this Notice of Annual General Meeting.
Schedule	Schedule to this Notice of Annual General Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
VWAP	volume weighted average price.
WST	Australian Western Standard Time.

SCHEDULE 1 – TERMS OF SHARES

A summary of the rights attaching to the Shares issued in the 12 months prior to the date of the Annual General Meeting is 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 – 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.

SCHEDULE 3 – 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
20 August 2019	352,567	Shares	Fully paid ordinary shares issued at \$0.07091 each for consideration amounting to \$25,000 for geochemical data.	Counterparty to agreement with Company.	\$0.07091 per share	Issued at a 11.36% discount or to closing price on 20 August 2019 of \$0.08.	\$25,000	\$25,000 used for additional working capital and to fund further exploration including drilling, sampling, evaluation and development studies on the Company's exploration projects.

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